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#### Financial summary (1)

As of December 31	2005	2006	2007	2008	2009
Water revenues	121,919	125,655	126,200	129,364	145,617
Sewerage revenues	106,712	114,940	115,469	123,080	139,292
Other regulated revenues	10,824	10,954	8,720	15,500	12,681
Other non-regulated revenues	17,415	19,962	25,952	31,260	29,635
Total revenues	256,870	271,512	276,340	299,204	327,225
Operating income	121,207	132,010	132,111	146,041	155,684
Net earnings for the year	90,690	98,973	105,697	88,226	123,048
Total assets	924,617	901,051	913,488	1,354,508	1,398,897
Current liabilities	217,056	107,398	84,551	122,580	115,636
Long-term liabilities	251,340	336,328	357,585	557,971	599,680
Minority interest	4	12	13	67,351	66,945
Shareholder's Equity	456,215	457,312	471,339	606,606	616,633

<sup>(1)</sup> Figures for years 2005 to 2007 under Accounting Standards Generally Accepted in Chile, in millions of Chilean Pesos as of December 2008. Figures for years 2008 and 2009 under IFRS norms, in millions of Chilean Pesos as of each period.

#### Operations (2)

Al 31 de diciembre de	2005	2006	2007	2008	2009
Water clients	1,502,634	1,550,008	1,597,537	1,828,328	1,871,287
Sewerage clients	1,474,391	1,520,662	1,569,392	1,784,324	1,828,606
Water invoiced (millions of m <sup>3</sup> )	463.1	477.4	479.3	492.3	510.4
Sewage collection invoiced (millions of m <sup>3</sup> )	460.3	471.3	471.9	496.1	495.9
Sewage treatment and disposal invoiced (millions of m <sup>3</sup> )	399.9	407.3	407.3	416.9	432.1
Sewerage interconnections invoiced (millions of m <sup>3</sup> )	109.8	112.4	114.1	113.7	114.3
Water coverage	100.00%	100.00%	100.00%	100.0%	100.00%
Sewage collection coverage	98.30%	98.41%	97.78%	97.87%	_ (3)
Sewage treatment coverage	69.10%	72.02%	73.99%	74.13%	_ (3)
Total employees	1.397	1.440	1.477	1.821	1.801

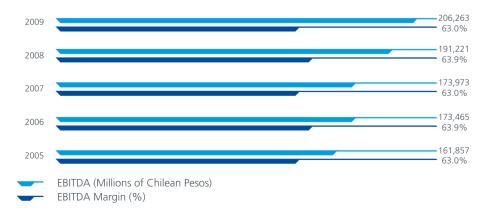
<sup>(2)</sup> Includes ESSAL as of July 2008.

<sup>(3)</sup> Estimate by the Superintendence of Sanitation Services to be published during the year 2010.



(1) Source: Santiago Stock Exchange; Basis IPSA: CLP 193.33 as of December 28, 2007.

#### Ebitda – Ebitda Margin (2) (3)



#### Distribution of Income



O SEWAGE 43%

OTHER NON-REGULATED REVENUES 9%

OTHER REGULATED REVENUES 4%



(2) Ebitda = Earnings Before Interest, Taxes, Depreciation and Amortization.

(3) Figures for periods 2005 to 2007 under Accounting Principles Generally Accepted in Chile, in millions of Chilean Pesos as of December 2008. Figures for 2008 and 2009 under IFRS norms, in millions of Chilean Pesos as of each period.

# 008 MILESTONES

Milestones during the year

Best rated. For the second year running, Aguas Andinas was rated the best basic services company according to the Image study undertaken by Adimark.



Standards that stand out 100% coverage in water. 97,87% in sewerage.

**74,13%** in sewage treatment.





Clean Urban Mapocho is almost a fact. With this, the Mapocho River, Santiago's symbol, could unveil its decontaminated waters in 2010, Chile's Bicentennial year.



CSP is initiated. Start-up of the Customer Strategic Plan, corporate plan for the next 3 years which implies a complete renewal of the computer platform that provides support to the customer service procedures, the incorporation of better practices and the consolidation of a corporate culture centered on the client.





Conclusion of the 5th setting of tariffs for Aguas Andinas. At year's end, an agreement was reached with the Superintendence of Sanitation Services to cover the five-year period from 2010 to 2015.





Prize for Energy Efficiency.
In March, the Production and
Commerce Federation (CPC)
awarded Aguas Andinas the
"Energy Efficiency 2009" prize
for its Biogas Plant project
which, together with Metrogas,
will satisfy the energy
requirements of 35 thousand
homes in Santiago.



The El Yeso Reservoir opens its doors to the public. The El Yeso Reservoir opened its doors to host the Aguas Andinas Trekking event which involved a 15 kilometer circuit.



Prize for Social Responsibility. In March, the Manufacturing and Industrial Development Society (SOFOFA) awarded the company the "SOFOFA Responsabilidad Social" prize in the "Large Companies" Category.

### **010** HISTORY

1861

Empresa de Agua Potable de Santiago was founded.

1865

Construction of the first reservoirs for storing water.



1909

Installation of 1,112 domestic connections and the first fire hydrants in Santiago.

1917

Inauguration of the Laguna Negra Aqueduct, which transports water from the mountains through its 87-kilometer extension.

1946

The Las Vizcachas Plant comes into operation with the purpose of producing potable water for Santiago.

1977

Change of name: the Company now becomes Empresa Metropolitana de Obras Sanitarias (EMOS).

1984

Inauguration of the Ingeniero Antonio Tagle Potable Water Production Plant.

1989

EMOS was transformed into a corporation, subsidiary of Corporación de Fomento de la Producción (CORFO), the Chilean State Development Corporation. 1993

The West Santiago Sewage Treatment Plant comes on stream.

1997

Inauguration of the Corporate Building located in the Parque de los Reyes in the municipal commune of Santiago.



1990

Initiation of the first water treatment projects in the region: Zanjón Collector - Interceptor and the piping of the A-H Canal.

1999

Process of privatization of the Company: 51.2% of its ownership was acquired by Inversiones Aguas Metropolitanas Ltda., owned by the Agbar Group (50%) and Suez (50%). The La Florida Potable Water Plant was inaugurated.

2000

Initiation of the construction of the El Trebal Sewage Treatment Plant. Acquisition of 100% of Aguas Cordillera and 50% of Aguas Manquehue. Initiation of the Vita Plan that sought a service of excellence and to improve the efficiency and quality of the product.

1894

Initiation of the construction of drains in Vitacura and of a 20-thousand cubic meter tank on Calle Antonio Varas.

1903

The Sewerage and Paving of Santiago Law was enacted, boosting the construction of mains for potable water and sewerage in the city. 1967

The El Yeso reservoir comes into operation.

1969

The Las Vizcachitas Plant together with the Paralelo Aqueduct came into operation.

Change of name: The Company became Aguas Andinas S.A. The El Trebal Sewage Treatment Plant came into operation, the construction of La Farfana began and the SAP platform was implemented. Subsidiaries Anam and EcoRiles were established. Aguas Maipo S.A. changed its name to Gestión y Servicios S.A.





011

### 2002

Inauguration of the most advanced Operations Control System in Latin America. Acquisition of the other 50% of Aguas Manquehue. Initiation of the Eureka Plan with the object of consolidating an organization network. Inauguration of the new Sewage Treatment Plants in San José de Maipo and Paine.

### 2003

The La Farfana Sewage Treatment Plant, the largest of its type in Latin America, commenced operations. Received the ISO 9000 certification for customer service.

### 2004

The Valdivia de Paine and El Monte Sewage Treatment Plant commenced operations in localities. The SAP platform was updated. Received the ISO 9,001 certification on invoicing and collections.

#### 2005

Received the OHSAS certification in occupational health and safety. The Sewage Treatment Plants at Talagante and Curacaví commenced operations.

### 2006

The Aura Plan was initiated, providing a new vision of the Company. The ADN program commenced with the purpose of improving customer service. Inauguration of the Aguas de Ramón Nature Park in the Santiago Basin foothills. Initiation of the construction of the Sewage Treatment Plant in Melipilla. Received the ISO 9,001 certification on the process of incorporating new clients.

### 2007

Initiation of the construction works on the Clean Urban Mapocho Project. The ISO 9,000, ISO 14,000 and OHSAS 18,000 certifications were renewed and the company became the first sanitation company in the country to receive, jointly, all three certifications on its treatment installations. Merger of Comercial Orbi II S.A. and Aguas Cordillera S.A. Gestión y Servicios S.A. initiated its participation in the project to supply biogas from the La Farfana Plant to Metrogas.

### 2008

By means of the acquisition of 53.5% of its property, control of Empresa de Servicios Sanitarios de Los Lagos (ESSAL) was obtained. Merger by absorption of the subsidiaries Aguas Cordillera S.A. and Aguas Los Dominicos S.A. (the former of the latter). The first Virtual Sales Branch of the Group was created.

#### 2009

The construction of the Clean Urban Mapocho project advances to a 97% completion and this is expected to be in operation during the first quarter of 2010. The fifth process of tariff setting for Aguas Andinas was concluded, establishing the fees for water and sewage services for the 2010 – 2015 period. The SAP platform is updated in order to Allow IFRS applications. Start up of the Customer Strategic Plan (CSP) that seeks to renew the computer systems for customer services, incorporating better practices and consolidating a culture directed at the clients.

# CHAIRMAN'S LETTER



As Chairman of the Board, I am able to declare, once again, that we have had a good year for our company. The results confirm this as do the achievements obtained and the projects undertaken in a particularly complex and difficult year that was marked by the world economic crisis, which we experienced profoundly during the first half of the year.

Despite this initial unfavorable scenario, the company maintained its significant investments plans unaltered, reaching a figure over CLP 85,000 million during the year. This permitted the company to comply with its objectives, staying strictly on the path towards continuous improvement, care for the environment and giving a full life to the inhabitants of the Metropolitan, De los Lagos and De los Ríos Regions.

As a sanitation company, we have a great responsibility: to preserve and protect the reserves of water, which are becoming scarcer with time. We are very aware that we are working with one of the principal resources on the planet and, therefore, our role is to ensure the quality and continuity of the service and to treat wastewater for it to return, cleansed, to its natural river beds. In short, we must perform a serious and responsible water cycle, sustainable in time.

In 2009 we embarked on this task with great strength. Thus, on matters related to Customer Services we initiated a significant challenge, the Customer Strategic Plan (CSP), a three-year program that seeks to renew completely the computer platform of the customer service procedures, incorporate the best practices and, most important, consolidate a corporate culture centered on the client. During the year, we also advanced on a faster, more agile and comfortable attention by consolidating a new Service Model in the sales agencies.

Once again, this genuine vocation for service was acknowledged by our clients. For the second consecutive year, we were selected as the best rated basic services company, according to an image opinion poll undertaken by Adimark, which put us in first place. With this we can be certain that our efforts are not in vain and that they are perceived and valued by our target groups.

One of our company's, and also our country's emblematic projects is the treatment of sewage. During the year, we practically concluded the works on the Clean Urban Mapocho project which,



in December 2009, had reached 97% completion and was initiating its operating trials. In this way, we are accomplishing Santiago's and its inhabitants' greatest desires: decontaminate the waters of the Mapocho River along its urban stretch and change its face, just in time for Chile's Bicentenary. We can be proud of the successful conclusion of this challenge which is a veritable milestone in the history of our nation.

To continue with these advances, the Environmental Impact Study on our third large treatment plant in the Metropolitan Region, named Mapocho, was approved in 2009. This plant will permit us to reach the sanitation of 100% of the Santiago River Basin by the year 2012. Furthermore, the authorities also gave the go-ahead to the construction of the El Rutal Comprehensive Treatment of Biosolids Platform, a pioneer project in this country with respect to the disposal and treatment of biosolids. Added to this, is the initiation of operations of the new Buin Maipo Plant which decontaminates sewage from 55 thousand inhabitants.

Year 2009 was also firmly centered on Aguas Andinas' V Tariff Process. Professional teams from our company participated in this task which implied many hours of studies and dedication. Finally, in the month of November, the company reached an agreement with the Superintendence of Sanitation Services on setting the tariffs for the five-year period from 2010 to 2015.

All these actions have had a positive effect on the 2009 Financial Statements, to which I shall now refer.

We closed the year with net earnings of CLP 123,048 million, which correspond to a growth of 39.5% over the year 2008. Operating income rose to CLP 155,684 million, an increase of 6.6% with respect to the previous year. These results reflect the company's commitment to growth and expansion.

Total investments for the year amounted to CLP 85,239 million. Of this amount, 27.9% went to works on the distribution and production of potable water, 63.7% to the disposal and collection of sewage and the other 8.4% to other activities.

Thanks to our consolidated financial policy, we launched a successful bond issue raising over CLP 60,000 million from the market at an excellent interest rate, being the first issue to obtain a spread below one hundred basis points during the period following the financial crisis. The industry's low

operating risk, together with our solid credit profile, allowed us to achieve this result and, jointly, to confirm our AA+ credit risk rating, obtaining one of the best categories assigned to a private company in Chile.

Furthermore, thanks to the professionalism and dedication of a large team of professionals in the company, we became one of the first companies to implement the new International Accounting Norms (IFRS), which has permitted us to present financial statements in accordance with these new standards.

The good results for the year were not achieved by chance. Quite the contrary, they are the result of serious and responsible work done by all those of us that form part of this group of companies. In each one of our areas of development, we have committed ourselves to a sustainable conduct, which is reflected in our social, environmental and financial performance.

And this spirit has been acknowledged and highlighted publicly. Examples of this are the "SOFOFA Social Responsibility" prize, in the category of "Large Companies" awarded to us by SOFOFA, the Manufacturing and Industrial Development Society and the "Energy Efficiency 2009" Award from the Production and Commerce Federation, for the Biosolids Plant.

These awards make us very proud and confirm to us that we are on the right track. Now our challenge is to enhance our work.

015

Alfredo Noman Chairman

# 016 BOARD OF DIRECTORS



**018** BOARD OF DIRECTORS

Vice-Chairman Joaquín Villarino Herrera Attorney

Director José Vila Bassas Industrial Engineer

Director Arturo Vergara Del Río Attorney

Director

Mónica Singer González

Business Administration

Director
Jaime Arellano Quintana
Attorney

Director Rodrigo Azócar Hidalgo Civil and Industrial Engineer **ALTERNATE DIRECTORS** 

Juan Antonio Guijarro Ferrer Economist

**Diane D'Arras**Bridges and Roads Engineer

Marta Colet Gonzalo Economist

**Antoni Siurana Zaragoza** Economist

**Osvaldo Andrade Lara** Attorney

Mario Castillo Astudillo Civil and Industrial Engineer

Jorge Bande Bruck Economist



Chairman of the Board **Alfredo Noman** Industrial Engineer

Alternate: Juan Antonio Guijarro



Vice-Chairman

Joaquín Villarino

Attorney

Alternate: Diane D'Arras



Director José Vila Industrial Engineer

Alternate: Marta Colet



Director **Arturo Vergara**Attorney

Alternate:
Antoni Siurana



Director **Mónica Singer** Business Administration

Alternate: Osvaldo Andrade



Director

Jaime Arellano

Attorney

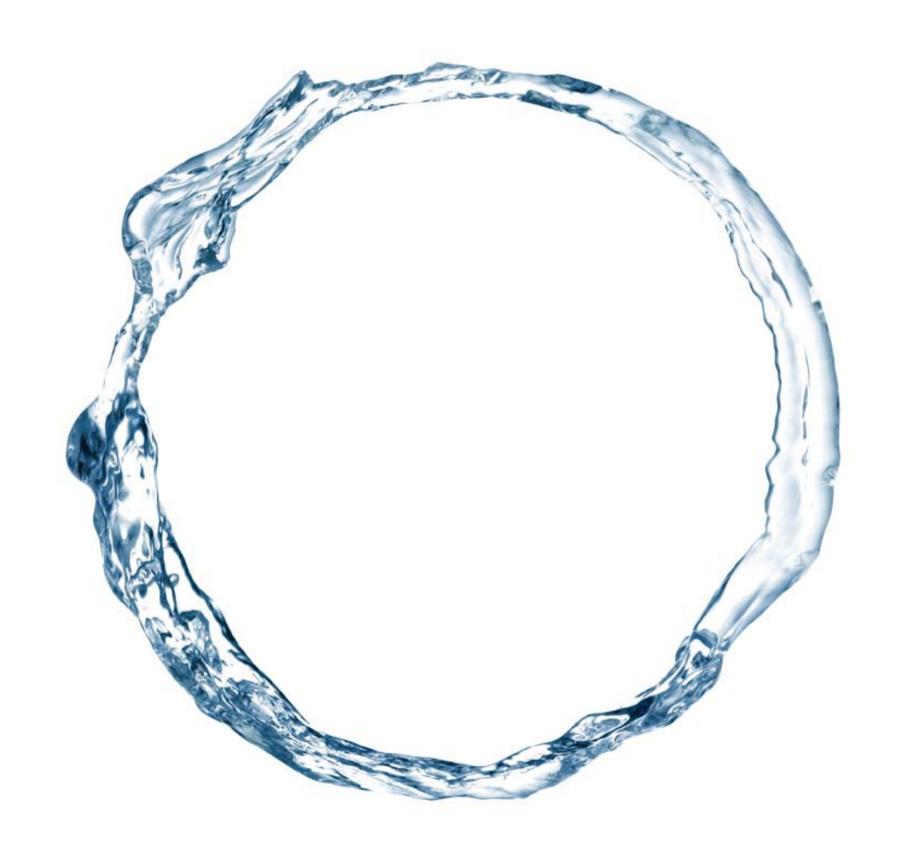
Alternate: Mario Castillo



Director **Rodrigo Azócar**Civil and Industrial Engineer

Alternate: Jorge Bande

# 020 COMPANY'S OWNERSHIP



## 022 COMPANY'S OWNERSHIP

#### Distribution by Type of Shareholder

As of December 31, 2009 the capital of Aguas Andinas was comprised of 6,118,965,160 shares, fully subscribed and paid-in, distributed over 1,529 shareholders.

#### Shareholdings as of December 31, 2009

- O IAM 50,1%
- O CORFO 35,0%
- O PENSION FUND ADMINISTRATORS 8,6%
- OTHERS 6,3%



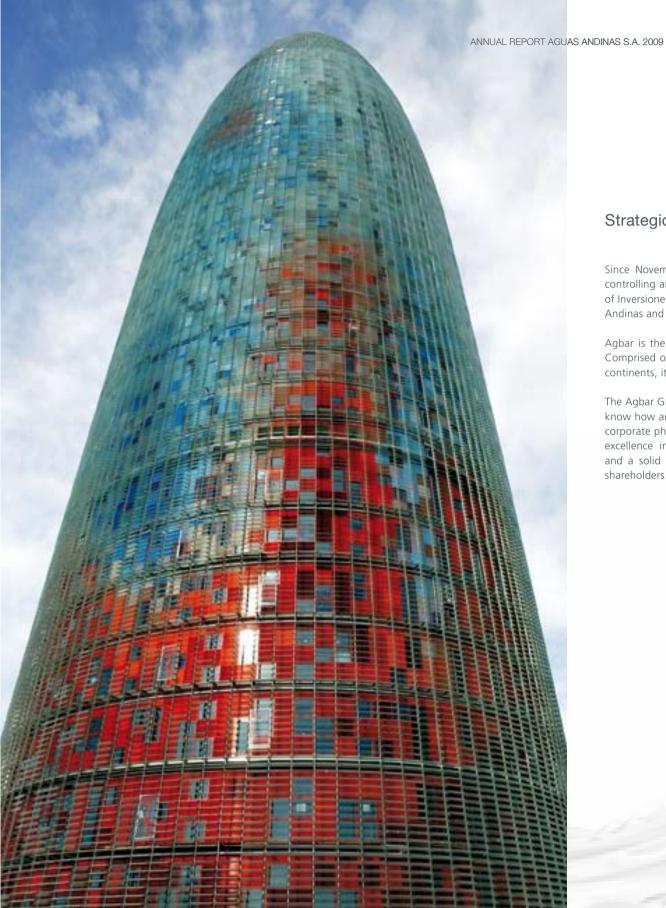
#### Distribution by Type of Shareholder

Shareholder	Shares	%
IAM	3,065,744,510	50.10%
CORFO	2,140,487,777	35.00%
Pension Fund Administrators	525,257,513	8.60%
Others	387,475,360	6.30%
TOTAL	6,118,965,160	100.00%

#### Principal Shareholders

The twelve principal shareholders of Aguas Andinas S.A. as of December 31, 2009 were the following:

Shareholder	Tax I.D. N°	Shares	Series	%
Inversiones Aguas Metropolitanas S.A. (IAM)	77.274.820-5	3,065,744,510	А	50.10%
Corporación de Fomento de la Producción (CORFO)	60.706.000-2	2,140,487,777	В	34.98%
AFP Provida S.A.	98.000.400-7	176,691,640	А	2.89%
AFP Habitat S.A.	98.000.100-8	139,526,403	А	2.28%
AFP Capital S.A.	98.000.000-1	104,386,461	А	1.71%
AFP Cuprum S.A.	98.001.000-7	83,739,990	А	1.37%
Bolsa Electrónica de Chile Bolsa de Valores	96.551.730-8	47,943,417	А	0.78%
Celfin Capital S.A. Corredores de Bolsa	84.177.300-4	34,058,894	А	0.56%
AFP Planvital S.A.	98.001.200-K	20,913,019	А	0.34%
Banchile Corredores de Bolsa S.A.	96.571.220-8	19,676,461	А	0.32%
Larraín Vial S.A. Corredora de Bolsa	80.537.000-9	11,344,599	А	0.19%
Ugarte y Cía. Corredores de Bolsa S.A.	85.544.000-8	7,467,354	А	0.12%
Others Series A (1,481 shareholders)		264,764,594	А	4.33%
Others Series B (36 shareholders)		2,220,041	В	0.04%
TOTAL		6,118,965,160		100.00%



#### Strategic Partner

Since November 2005, Sociedad General de Aguas de Barcelona, (Agbar S.A.) is the sole controlling and strategic partner of Aguas Andinas through its holding of 56.6% of the equity of Inversiones Aguas Metropolitanas S.A., IAM. In turn, IAM owns 50.1% of the shares in Aguas Andinas and subsidiaries.

Agbar is the holding company of a business conglomerate with a history of over 140 years. Comprised of some 145 companies and over 10 thousand employees distributed over the five continents, it provides services to approximately 25 million inhabitants throughout the world.

The Agbar Group is the world leader and one of the main suppliers, on an international level, of know how and new technologies related to the integral water cycle activity. It contributes, as a corporate philosophy, a decided commitment to the continuous improvement in its procedures, excellence in quality, technological innovation, ability to adapt to society's new demands and a solid and efficient financial management that generates value for its customers and shareholders.

# MANAGEMENT



## **026** MANAGEMENT

#### **EXECUTIVE OFFICERS**

General Manager Felipe Larrain Civil Engineer

Corporate Customer Service Manager Víctor De La Barra
Civil and Industrial Engineer

Corporate Legal Affairs Manager Camilo Larraín Attorney

Corporative Planning, Engineering and Systems Manager Joaquim Martí
Roads, Canals and Port Engineer

Corporate Operations Manager Josep Oriol Industrial Engineer

Corporate Communications and Organization Development Manager Francesc Mayné
Economist

Corporate Financial and Supplies Manager Iván Yarur Sairafi
Civil and Industrial Engineer



Chief Executive Officer
Felipe Larrain
Civil Engineer



Corporate Customer Service Manager Victor De La Barra Civil and Industrial Engineer



Corporate Legal Affairs Manager Camilo Larraín Attorney



Corporative Planning, Engineering and Systems Manager Joaquim Martí Roads, Canals and Port Engineer



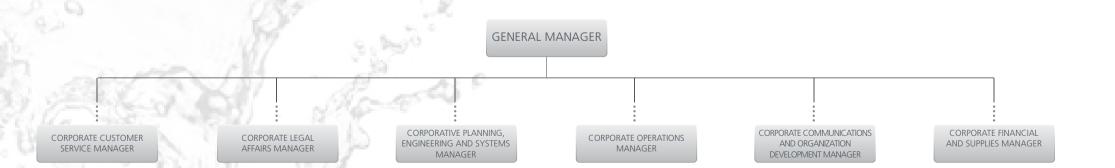
Corporate Operations Manager Josep Oriol Industrial Engineer



Francesc Mayné Economist



Iván Yarur Civil and Industrial Engineer



# 028 MAP OF COVERAGE



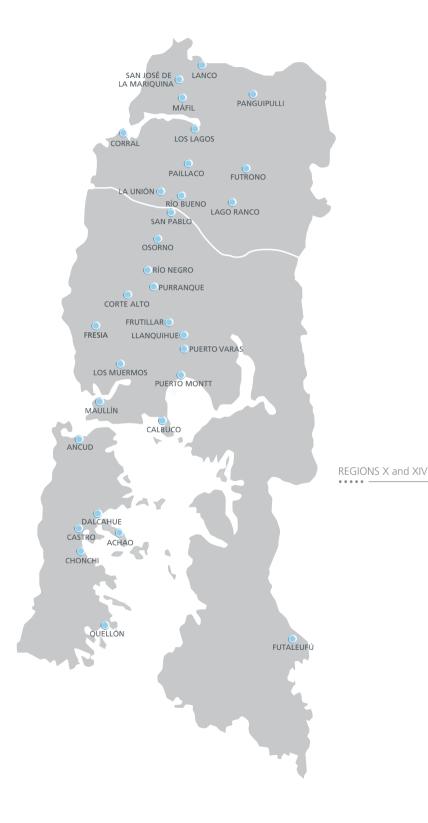
The zones under concession to Aguas Andinas and subsidiaries cover a territory of 70 thousand hectares in the Santiago Basin in the Metropolitan Region, plus an area of 67 thousand hectares located in the De Los Lagos and De Los Ríos Regions in the south of Chile.

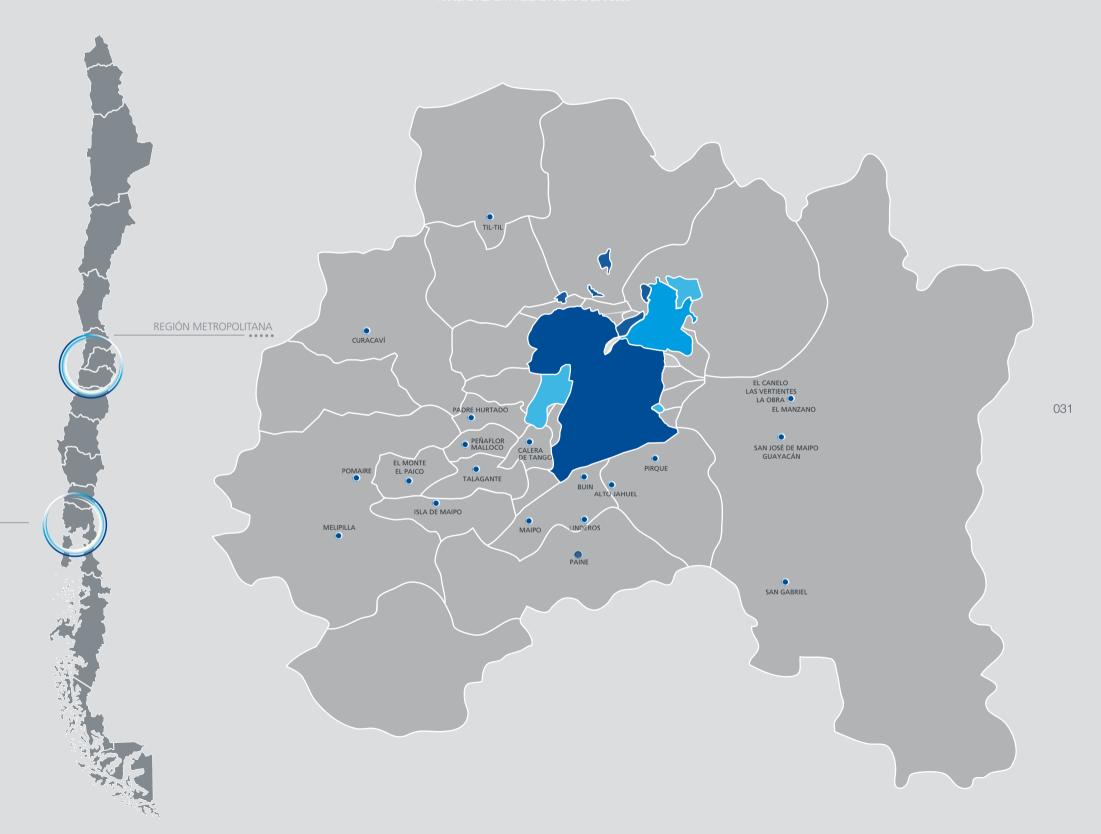
Within these zones under concession, the Aguas Group supplies sanitation services to more than 1.8 million clients – classified into residential, commercial and industrial – which represent an estimated total population of over 6.2 million inhabitants, making it the principal sanitation company in the country and one of the largest in Latin America.

COVERAGE OF GREATER SANTIAGO AND PERIPHERAL AREAS. In the Metropolitan Region, the zone under concession to Aguas Andinas is located in the Santiago Basin, a territory located in the intermediate depression of Central Chile that borders with the Chacabuco Hill to the North and with Angostura de Paine to the South.

COVERAGE OF THE DE LOS LAGOS AND DE LOS RÍOS REGIONS. In the southern part of the country, the zone under concession includes 33 localities pertaining to the Provinces of Valdivia and Ranco in the De Los Ríos Region; and Osorno, Llanguihue, Chiloé and Palena in the De Los Lagos Region.

AGUAS ANDINAS
AGUAS MANQUEHUE
AGUAS CORDILLERA
DISPOSICIÓN DE AGUAS SERVIDAS
ESSAL





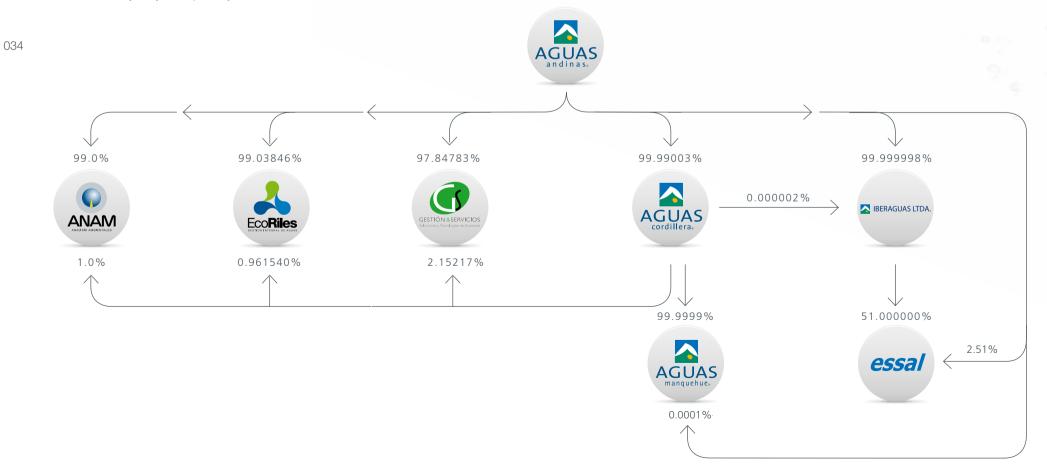
## 032 COMPANIES IN THE GROUP



## 034 COMPANIES IN THE GROUP

Aguas Andinas forms part of the Aguas Group, a collection of related companies that provide a comprehensive service within the sanitation industry.

- The sanitation companies are: Aguas Andinas, Aguas Cordillera, Aguas Manquehue and Empresa de Servicios Sanitarios De Los Lagos S.A. (ESSAL), which provide the production and distribution of water and the collection, treatment and final disposal of sewage.
- The non-regulated subsidiaries are: EcoRiles, Gestión & Servicios and Análisis Ambientales (Anam) that provide services related to the treatment of industrial residues, sale of equipment and laboratory analyses, respectively.









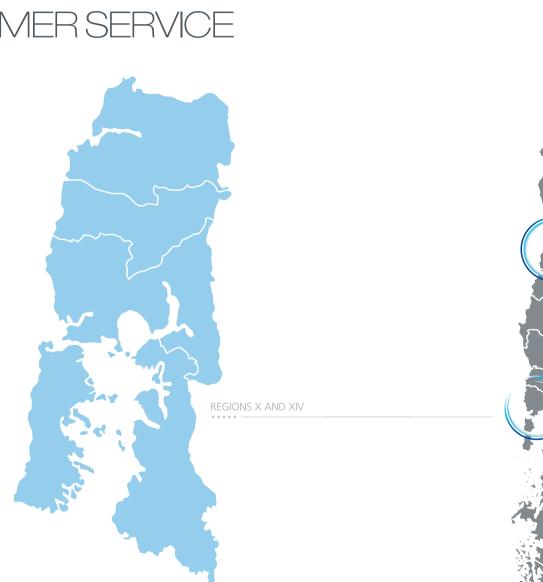
YEAR 2009 037

# 038 CUSTOMER SERVICE



# **040** CUSTOMER SERVICE

Division by Zones



METROPOLITAN REGIÓN

POTABLE WATER CLIENTS\* 2009

MAIPO 111,483

ANTILCO 518,581

MAPUÉ 394,579

CORDILLERA 135,035

MAPOCHO 524,696

ESSAL 186,913

TOTAL 1,871,287

 $<sup>\</sup>star$  The term "client" corresponds to an individual or an institution that occupies the property that receives the public service of distribution of potable water, the collection of sewage or both.

For Aguas Andinas the customer is one of its fundamental pillars. A favorable opinion from satisfied clients is an indispensable support for the sustainability of the company and an acknowledgement of the activity carried out by all its employees. This necessarily requires us to be excellent in the quality of the service and attention the company provides to its customers.

CUSTOMER STRATEGIC PLAN. The efforts made by Aguas Andinas point directly towards increasing the levels of satisfaction of its clients and attaining a greater efficiency in performance. Both challenges are the basis of the Customer Strategic Plan (CSP), a new corporate directive implemented in early 2009, which will guide the company over the next three years, both in the quality of its products and in the service it offers.

In order to achieve these objectives, the CSP will redefine procedures and will implement the best practices and information systems in the customer service area with the purpose of reducing the number of dissatisfied clients, offering a diversified service, introducing more efficient procedures and achieving a cultural transformation that will consolidate a corporate culture centered on the client.

With an investment estimated at CLP 17,700 million, the CSP involves the reengineering of all the procedures that affect the service to the customer, a new technological platform that will incorporate a world level CRM and will consolidate in one single data base all the information from the sales systems – SIC, for invoicing and collections; and SAR for customer service and job orders – and the work of implementing the cultural change.

During 2009, the first stage of the project was concluded. This included the redefinition of the procedures and the implementation of better practices, covering field work, customer service and the invoicing cycle and collection. Furthermore, the implementation phase commenced. This involved introducing the redesigned procedures into the new systems. In parallel, licenses and the servers required for technological development were acquired and the running and maintenance of the commercial systems were outsourced. Finally, a change management office was set up to coordinate all the activities in order to facilitate the transition of the procedures and systems.

In addition, during the year, important projects on Customer Service were carried out. These included:

REMOTE CUSTOMER CONTACT CENTER. This project, initiated in 2008, seeks to facilitate telephone contact between the clients and the company by providing fast information, a prompt solution to their concerns, together with an excellent attention to increase satisfaction with the service.

With an investment of CLP 240 million, the idea considered a complete technological modernization, specialized service platforms, a virtual branch with autonomy and capability to resolve business requirements and a continuous training model for customer service executives. In this way, a substantial increase in customer satisfaction was achieved, reducing response times to less than 48 hours and improving the quality of the solutions.

As of September 2009, the percentage of customers satisfied with the solutions to their business requirements increased to 77% and an increase in operating efficiency achieved 17% less calls received on business queries with respect to the year 2008.

NEW CUSTOMER SERVICE MODEL IN COMMERCIAL BRANCHES. The principal objective of the New Customer Service Model is to improve the quality of the service in the commercial branches, reduce congestion on peak days, speed up the attention by reducing waiting times and increase customer satisfaction.

For this, important modifications were made to the procedure and protocol of customer service, providing a greater capability for solutions and autonomy in attending complaints and requests, permitting a reduction in response and solution times. In addition, the role of a "mobile executive" was created to reply to questions from the clients or to transfer them to the self-service zone or to the service modules whenever necessary.

In order to complete this project successfully, a program was designed for training the executives and branch heads, mainly in acquiring good customer relations skills. Furthermore, a process was initiated to improve the technology in the self-help terminals.



COMPREHENSIVE STRATEGY FOR CONTAINING CUSTOMER DEBTS. Conscious of the financial difficulties the country and our customers faced during the economic crisis, and as a way of avoiding the deterioration of the Company's debt ratios, in 2009 we developed a special plan to contain debt which eventually permitted us to successfully control the volume of overdue payments.

Along these lines, we made adjustments to our business policy, reducing the initial payment to be made by the lower income sectors by signing Social Agreements. We established the notification of debts in situ, thus avoiding the inconvenience of cuts in supply to our clients because of their debts. Amongst the ideas carried out, we set up a telephone collection program directed at clients with 4 unpaid quotas, contacting over 10 thousand clients a month. As a result, we achieved an average monthly recovery of 30% of the debt.

In addition, we stressed the notifications of debts by placing notices on the invoices as a step prior to passing clients with more than 5 unpaid installments to external legal proceedings. This was also a special measure taken in the year 2009 with positive results, with our subcontractors recovering close to 20% of this portfolio which is the most difficult to recover.

Furthermore, we did some field work in social sectors jointly with Municipalities and Neighborhood Representatives in order to regularize the debt situation with these clients by signing agreements and also taking the opportunity to carry out a task of educating the community on the correct use of the sanitary installations.

Finally, we carried out a close coordination in the field with the subcontractors responsible for cuts and reconnecting supply in order to perform, in the best possible way, this process aimed at clients that do not regularize their unpaid debts situation.

EFFICIENCY IN REPAIRS AND EMERGENCIES PROJECT. In order to improve efficiency in the repairs to domestic installations, thus increasing customer satisfaction, we initiated a project to improve the quality of the registration of requests for repairs and notice of emergencies, diarizing the first visit agreed with the client and, at the same time, proceeding with the formal closure of each case with a telephone contact with the clients (opinion survey on closure).

Amongst the benefits, we hope to reduce lost visits, increase the efficiency of our own teams, curtail the number of dissatisfied customers and diminish the uncertainty of clients with regard to the time required for a solution.

# **044** CUSTOMER SERVICE

### Number of Clients (1)

As of December 31, 2009 the number of clients of Aguas Andinas supplied with potable water services amounted to 1,549,339, reflecting an increase of 2.25% with respect to the previous year. Clients with sewerage services amounted to 1,523,642, an increase of 2.33% with respect to 2008.

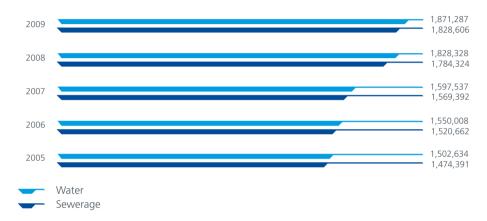
On a consolidated level, the number of potable water clients was 1,871,287 and sewerage clients, 1,828,606.

Of the total number of clients supplied with potable water, 8.7%, equivalent to 161,579, corresponded to clients with a state subsidy, a fact that favors a pattern of stable payments and a lower level of bad debts for the Company.

## 044



#### **Consolidated Number of Clients**



#### Number of Clients Year 2009



<sup>(1)</sup> Clients supplied include those invoiced and the homes related to buildings and condominiums with a general invoice and in accordance with the SISS (Superintendence of Sanitation Services) criteria.

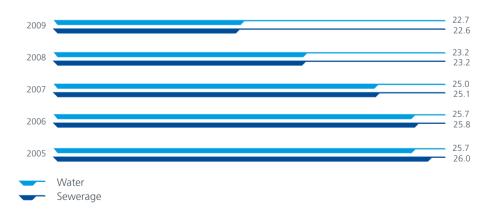
<sup>(2)</sup> Aguas Cordillera includes Aguas Manquehue.

#### Consolidated Cubic Meters Invoiced 2009

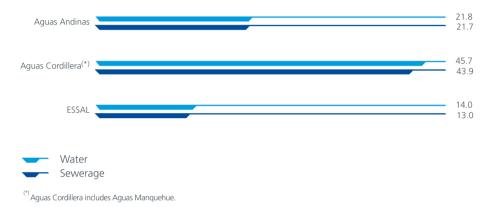


#### (\*) Aguas Cordillera includes Aguas Manquehue.

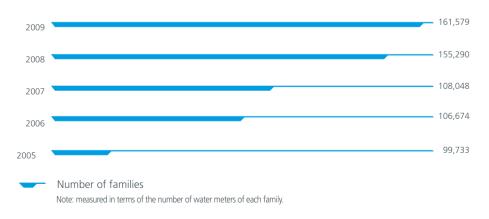
## Evolution of the Consolidated Average Consumption (m³/month/client)



### Average Consumption Year 2007 (m3 pt/month /client)



#### Number of subsidies



Municipal Commune	Surface area	New clients	
Quilicura	1.1 hectares	40	
Padre Hurtado	26.3 hectares	1,600	
Puente Alto and Cerro Navia	36.0 hectares	1,200	
Buin	7.1 hectares	334	
Melipilla	3.3 hectares	1	
Puente Alto	4.7 hectares	1	
El Monte	9.5 hectares	278	
Buin	11.4 hectares	407	
Lo Barnechea	67.9 hectares	453	
Paine	9.4 hectares	550	
Melipilla	4.5 hectares	129	
Melipilla	55.1 hectares	2,316	
Peñaflor	0.7 hectares	41	
Puente Alto	19.6 hectares	156	
	Quilicura Padre Hurtado Puente Alto and Cerro Navia Buin Melipilla Puente Alto El Monte Buin Lo Barnechea Paine Melipilla Melipilla Melipilla Peñaflor	Quilicura  Padre Hurtado  26.3 hectares  Puente Alto and Cerro Navia  Buin  7.1 hectares  Melipilla  3.3 hectares  Puente Alto  4.7 hectares  El Monte  9.5 hectares  Buin  11.4 hectares  Lo Barnechea  67.9 hectares  Paine  9.4 hectares  Melipilla  4.5 hectares  Melipilla  4.5 hectares  Melipilla  55.1 hectares  Peñaflor  0.7 hectares	

Furthermore, still in process are the requests for the enlargement of the concessions in the Municipal Communes of San Bernardo, Padre Hurtado, Peñaflor, Melipilla, Buin, Talagante and Curacaví, which jointly comprise a surface area of 124.1 hectares and 5,220 new clients.

#### **New Clients**

During the year 2009, we checked 16,847 household potable water and sewerage projects, connecting 38,685 new clients to the company's networks. Furthermore, 185 projects for private and public networks were approved with 140 kilometers of new infrastructure for the distribution of potable water and the collection of sewage.

We signed 9 contracts with real estate developers to increase the area under concession by 69.73 hectares in different municipal communes in the Metropolitan Region where the construction of 3,026 homes is being considered.

Furthermore, the Superintendence of Sanitation Services granted new concessions for sanitation services in 212.98 hectares on which 8.377 new homes will be constructed.

#### Rural Potable Water

For many years, the company has been collaborating with the Rural Potable Water Plan in accordance with the agreements signed with the Hydraulic Works Directorate of the Ministry of Public Works.

In remote areas, where potable water grids are inexistent, Aguas Andinas acts as a technical unit, carrying out studies, projects and works. We also provide training and consultancy services on the maintenance and execution of these projects.

Thanks to the Rural Potable Water Plan, 44,469 homes are reaping benefits. These correspond to an estimated population of 266,814 inhabitants, amounting to a coverage of 100% of the concentrated rural localities.

In 2009, we carried out works and projects that involved investments amounting to CLP 1,794 million. As a result of the signing of a new agreement with the Hydraulic Works Directorate of the Ministry of Public Works, investments of CLP 1,450 million were arranged and were committed for the year 2010 when they will be applied principally to the construction of works for improvement and enlargement of services and for preparing new projects for improving services.

Works concluded:	CLP 1,668	million
Projects concluded:	CLP 126	million
New projects:	CLP 208	million
New works:	CLP 1,242	million



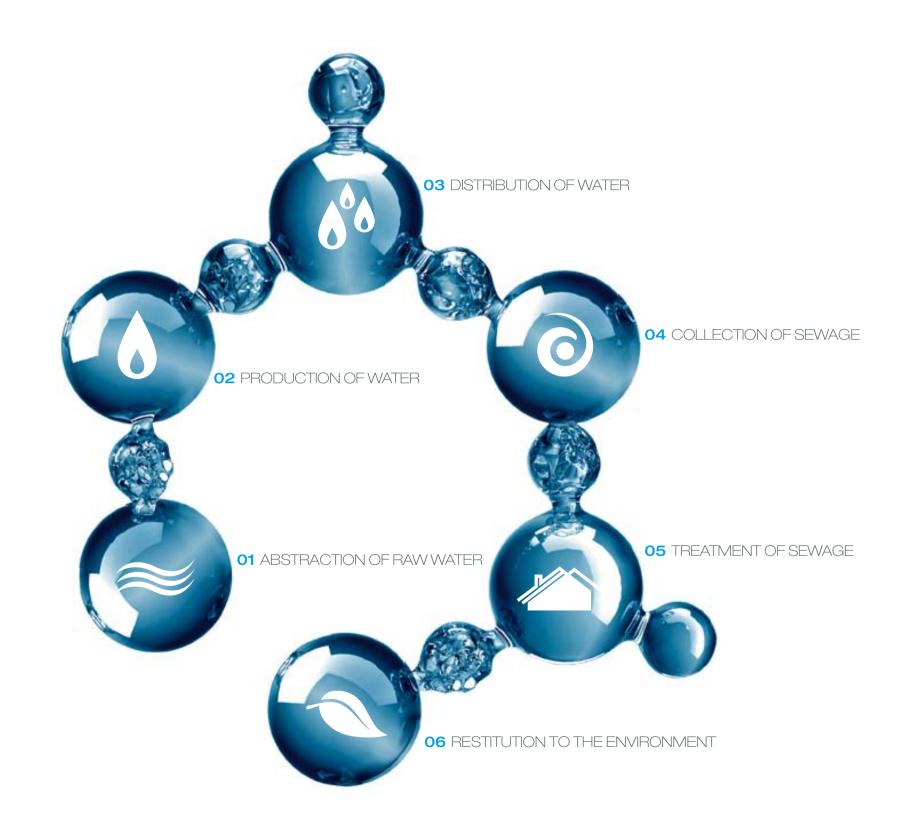
### Sanitation Regulations

The current legislation in the country establishes that the providers of sanitation services are subject to the supervision of the Superintendence of Sanitation Services (SISS), a decentralized service, with autonomy and its own equity, subject to the supervision of the President of the Republic through the Ministry of Public Works.

Furthermore, there are several norms and laws that regulate the functions of the sector and the sanitation companies. The principal applicable laws are:

- © General Law on Sanitation Services (Decree Law MOP No. 382 of 1988). This contains the principal provisions that regulate the conditions of concessions and the activities of the providers of sanitation services.
- © Regulation of the General Law on Sanitation Services (Decree MOP No. 1199/2004, published in November, 2005). This establishes the norms that permit the application of the General Law on Sanitation Services.
- Regulation of the General Law on Sanitation Services (Decree MOP No. 1199/2004, published in November, 2005). This establishes the norms that permit the application of the General Law on Sanitation Services.
- Law on Tariffs for Sanitation Services (Decree Law MOP No. 70 de 1988). This establishes the main provisions that rule the setting of tariffs for potable water and sewerage and reimbursable financing contributions.
- © Regulation of the Law on Tariffs for Sanitation Services (Decree MINECON No. 453 of 1990). This contains the norms that permit the application of the Law on Tariffs for Sanitation Services.
- Law that creates the Superintendence of Sanitation Services (Law No. 18.902 of 1990). This establishes the functions of the Superintendence of Sanitation Services.
- Law on Subsidies of the payment of the consumption of potable water and sewerage services (Law No. 18.778 of 1989). This establishes a subsidy on the payment of the consumption of potable water and sewerage for low-income clients.
- Regulation of the Law on Subsidies (Decree HACIENDA No. 195 de 1998). This contains the provisions for the application of the Law on Subsidies.

# 048 WATER CYCLE



## Geographic Information System (GIS)

This tool, one of the main sources of information that Aguas Andinas has, is a powerful data base that manages the potable water, sewage and clients networks.

Originally conceived as a land register, the GIS as gradually made its way into the company's principal control processes. Thus, nowadays, in addition to permitting the user to consult and visualize the location of the infrastructure through the Intranet, it is possible to obtain information on clients, cut off networks and plan and execute the preventative maintenance of hydrants and sewerage networks. Furthermore, the GIS can support field work, replacing plans with portable mechanisms such as Tablet PC and PDA's.

Teseo, an important tool developed on the GIS platform, facilitates the control, in a very much optimized manner, of the attention time and the resources dedicated to the domestic network visits by means of the use of GPS technology and communications through mobile broad band.

Over the last two years, the Geographic Information Systems been one of the principal tools supporting the tariff process, permitting users to generate reports on the infrastructure base in the format required by the regulators and supporting a series of studies in relation to infrastructure and clients.

In 2010 we plan to provide users with improved tools for controlling cuts in supply, new map services for the Intranet, improve the reporting system on the infrastructure base, support the development of General Plans and initiate the integration of the GIS into the Customer Strategic Plan, CSP.

#### Renovation of the SAP Platform

During the year, we put into operation the renewal of the SAP information technology platform for the support of the economic, financial, logistic, human resources, sales to clients and maintenance of assets functions.

This new version of the tool permits the user to generate the financial statements in accordance with the new accounting norms (IFRS) required by the Superintendence of Securities and Insurance. With this, Aguas Andinas became one of the pioneer company in implementing these new accounting standards.

We should point out that in 2009 the new sanitation company, ESSAL, was incorporated into this business control model, thus achieving a common, integrated and consolidated control over the entire perimeter of the companies in the Andinas Group.

## Optimization of the Management of the Fleet

During 2009, we renovated all the mobile equipment that permits the company to be connected and on-line from the sites where breakdowns are being attended.

This new technology facilitated the optimization of the management of the fleet and a rise in the number of on-site repairs, achieving an increase in customer satisfaction.

Furthermore, we fitted out the entire fleet with GPS locating systems, gaining important knowledge with respect to the control of the fleet, both that of subcontractors as well as the company's internal fleet.

#### Plans for Development

During the year 2009, we updated the Plans for Development for the sanitation company, Aguas Andinas. These establish medium and long-term plans for the works required to produce and distribute potable water as well as to collect and treat sewage from Greater Santiago and from the following peripheral suburbs: Buin, Maipo, Paine, Linderos, Alto Jahuel, Calera de Tango, Curacaví, El Monte, El Paico, Isla de Maipo, Melipilla, Padre Hurtado and Peñaflor-Malloco.

The preparation of the Development Plan requires a complete review of the offer of infrastructure and the demand planned for the 2010 – 2024 period, especially the modeling of the potable water and sewerage network in Greater Santiago, the principal urban center in the country.

## Plans for Works on Security

The principal threats to the supply of potable water to Greater Santiago are the sharp rises in the levels of the water flows and the increase in cloudiness. An increase in the level of cloudiness in the Maipo River reduces the efficiency in the removal of the cloudiness, forcing the closure of the production plants when their design threshold is exceeded, affecting the quality and continuity of the potable water service.

Taking this phenomenon into consideration, in 2009 we proceeded to define the investments required in security in order to face an extreme case such as the one that took place in May 2008.

The works on security planned for Aguas Andinas during the period are an adequate combination of surveys on ground extraction and tanks at the exit of the Vizcachas Complex, in addition to an interconnecting conductor between the El Yeso Reservoir and the Laguna Negra Aqueduct.

#### 051

#### These are:

- Increase in the capacity to produce groundwater by 1.5 m<sup>3</sup>/s (Cerro Negro Wells).
- Increase in the volume of reserves in tanks by 225,000 m<sup>2</sup> pt (tanks at the exit of the Potable Water Treatment Plants PWTP).
- Interconnection from the El Yeso Reservoir to the Laguna Negra Aqueduct for  $Q = 1 \text{ m}^3/\text{s}$  (L = 5 kms; D = 1,000 mm)

Furthermore, a system is under construction which will detect hydrocarbons in the surface tributary sources of the potable water production plants, for the purpose of reducing vulnerability in the supply of potable water in the city of Santiago. For this, we shall incorporate hydrocarbon monitoring stations upstream from the PWTP water inlets. This will become a first step in an overall operating model of the river basin. In a first stage, 9 monitors will be installed in 7 treatment plants.

## Plan for Emergencies

In addition to defining the infrastructure required to guarantee supply, in 2009 we developed a plan for emergencies coordinated with the authorities in order to minimize the effects from occurrences of extreme cloudiness whilst we are unable to count on the infrastructure mentioned.

The plan for emergencies considers a series of measures coordinated with the Office of the Governor of the Metropolitan Region, the Superintendence of Sanitation Services, the Regional Secretary of the Ministry of Health and the National Emergencies and Information Office:

- Centralized communications through the Operations Control Center (OCC).
- Information on the changes in the state of alert, near emergency and emergency.
- Preparation of a meteorological forecast and a crisis bulletin.
- Rental and wash of tanker trucks.
- Pumping groundwater.
- Definition and preparation of zones for cuts in water supply.

## Research and Development

During 2009, Aguas Andinas performed a series of studies in order to carry out improvements in the operation of its sewage treatment plants. Amongst these we would highlight the "Analysis of the Separation between the Clarification and the Thickening Functions in a High Load Activated Sludge" and the "Study of the Effects on Velocity of an Organic Load and Retention Time of Solids in the Destabilization of the Anaerobic Digestion of Mud".

In respect of potable water, the Chilean Fund for the Promotion of Scientific and Technological Development initiated a 3-year project to analyze the "Development of Reactive Sorbent Media for the Removal of Arsenic from Potable Water Sources". Furthermore, in the field of reutilization, the company commenced a study to evaluate the feasibility of infiltration of rain water in El Rutal, an area located to the north of the city of Santiago.

An example of innovation is the "TESEO PAK", a product developed entirely by Aguas Andinas and implemented in all its subsidiaries, which permits the achievement of a significant efficiency on the part of the teams working in the field, combining different information technologies.

These works on research permitted the company to have a presence at important local and international forums, which reflects the commitment by Aguas Andinas with a sustainable performance and a continuous improvement of its operations.

#### New Investments

During the year 2009, the company's investment plan amounted to CLP 85,239 million. Of this amount, CLP 84,792 million corresponded to investments in sanitation subsidiaries and CLP \$447 million to non-sanitation subsidiaries.

Most of these resources were destined to works for the collection and treatment of sewage, an investment that amounted to CLP 54,294 million. Of these, CLP 47,501 million went to the collection installations, amongst which were: the Mapocho Interceptor, which implied an investment of CLP 35,570 million; a permanent renewal of sewage networks, CLP 2,718 million; and works on the Colector Norte, CLP 3,191 million.

In treatment works, we destined CLP 6,794 million, mainly to the following projects: the Farfana - Trebal Interceptor, with an investment of CLP 1,157 million; the Buin-Maipo Sewage Treatment Plant, CLP \$1,061 million; and various improvements in the La Farfana Sewage Treatment Plant (STP), CLP 1,470 million.

In potable water installations we invested a total figure of CLP 23,815 million. Of this, CLP 16.456 million went to distribution works, especially to the permanent renewal of potable water networks with a total of CLP 8,256 million; the Dehesa – Trapenses supply, CLP 2,401 million; and the improvement of the Chicureo Potable Water System, CLP 838 million. In production and transport of potable water, the most important project was the work to supply potable water to the Northern Zone of Santiago which meant an investment of CLP 1,387 million.

Significant among the other activities during the year was the investment in the new Customer Strategic Plan, CSP, which amounted to CLP 1,058 million.

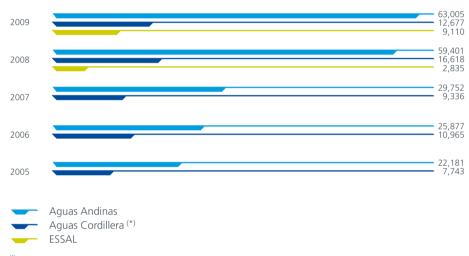
Of the total consolidated investments, which include the sanitation and non-sanitation subsidiaries, 74.6% corresponded to investments in expansion, which involved resources in the region of CLP 60,385 million.

#### Investments (CLP Millions)

- SEWAGE COLLECTION 55.7%
- O DISTRIBUTION OF POTABLE WATER 19.3%
- O PRODUCTION OF POTABLE 8.6%
- O DISPOSAL OF SEWAGE 8.0%
- OTHER ACTIVITIES 7.8%
- NON-SANITATION SUBSIDIARES 0.5%



#### Investments (CLP Millions)



(\*) Aguas Cordillera includes Aguas Manquehue.

### Aguas Group Year 2009 (CLP Millions)

Investment Stage	Investment Amount CLP MM
Production of potable water	7,359
Distribution of potable water	16,456
Sewage collection	47,501
Disposal of sewage	6,794
Other activities	6,682
Non-sanitation subsidiaries	447
TOTAL	85,239



## **054** WATER CYCLE

#### Abstraction and Production

SOURCES, RESERVES AND PLANTS. The principal sources of raw water that Aguas Andinas has in Metropolitan Region are the Maipo and Mapocho Rivers, whilst the secondary sources are the natural aguifers that cross the area under concession.

In order to ensure a continuous supply, even during periods of drought, the company maintains important reserves in the Santiago Basin, which provide additional water to satisfy the capital's demand for potable water. These reserves are: The El Yeso Reservoir, with an operating capacity of 220 million m³; Laguna Negra, with 600 million m³; and Lo Encañado Lake, with 50 million m³.

In order to produce potable water, Aguas Andinas possesses installations that carry out the process of purifying the raw water. In the Metropolitan Region, the company has the Las Vizcachas Complex, the La Florida Potable Water Production Plant and 12 installations of a smaller size, amongst them, the Padre Hurtado, Lo Gallo, San Enrique and El Sendero Plants. Furthermore, in the De Los Lagos and De Los Ríos Regions, in the southern part of the country, the company has XX production facilities to supply the demand of those zones under concession.

On a consolidated basis, the Company has a production capacity of  $37.7~\text{m}^3$  per second; of which,  $33.4~\text{m}^3$  per second correspond to Greater Santiago and  $4.3~\text{m}^3$  per second to the areas supplied by ESSAL.

PRODUCTION BY TYPE OF SOURCE.In consolidated terms, during the year 2009 the company's production of potable water, measured on leaving the plant, was 788 million m³; with 632 million m³ corresponding to surface waters and 156 million m³ to groundwater.

#### Source for Potable Water Production 2009

SURFACE 80.2%

O GROUND 19.8%



Company	2005	2006	2007	2008	2009
Aguas Andinas Surface	487.8	517.9	517.9	508.1	521.3
Aguas Andinas Groundwater	65.2	66.6	68.7	73.9	73.5
Aguas Cordillera Surface (*)	67.2	66.6	65.7	68.1	72.9
Aguas Cordillera Groundwater (*)	15.2	17.1	19.2	21.3	16.9
ESSAL Surface	-	-	-	17.8	37.8
ESSAL Groundwater	-	-	-	32.0	65.7

<sup>(\*)</sup> Aguas Cordillera includes Aguas Manquehue and Aguas Los Dominicos.

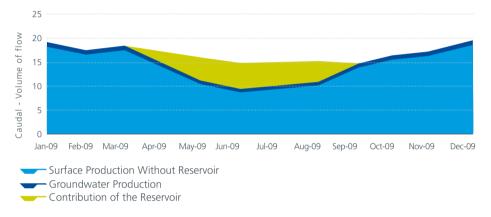
EL YESO RESERVOIR. A significant work of infrastructure, the El Yeso Reservoir is an important reserve of raw water that supports the production of potable water in Greater Santiago as it regulates the contribution from the surface sources, even during periods of drought.

With an operating reserve capacity of 220 million  $m^3$ , the reservoir is a key element to ensure the supply of potable water to the clients of Aguas Andinas in the Metropolitan Region.

With this in mind, the company undertakes regular investments in order to maintain its installations in good order and keep up its useful life and capacity. Thus, during 2009, new monitoring and maintenance programs with international standards were implemented to guarantee the security of the reservoir.

WATER QUALITY. In order to guarantee the quality of the water produced, during 2009 we continued with the programs on control, for which, 140,356 samples of water were taken and 170,730 analyses were made of different components in the consecutive stages of production, from the abstraction to the exit from the potable water treatment plants.

#### Contribution of the El Yeso Reservoir to the Production of Greater Santiago(\*)



(\*) Subsidiaries not included.

OTHER ACHIEVEMENTS. During the year, the company carried out a series of plans to maintain the high standards of quality in the provision of production services.

Among these we would highlight the following:

- The company received the ISO 9,000 and ISO 14,000 certifications for quality and environment protection, respectively, for all the treatment plants in Greater Santiago and for all its processes (operations, management and maintenance).
- The implementation of the Laboratory Information Management System (LIMS) for the planning, control and registration of all the tasks of the laboratory in each production plant, permitting a control of the programming of samples and the use of information in real time and in a delocalized manner in order to control the process.
- The development of a plan for emergencies coordinated with the authorities (Office of the Governor of the Metropolitan Region, the Superintendence of Sanitation Services, the Regional Secretary of the Ministry of Health and the National Emergencies and Information Office) to face situations of extreme cloudiness.

## Transport and Distribution

The distribution network has the important mission of supplying potable water in a continuous manner and with the adequate pressure to all the company's clients. The operation of this network is performed through the Operations Control Center, a tool that permits an overall control based on coordinated work and centralized information.

The main objectives are to optimize the global operation, maintain a control over efficient costs and give priority to the investments from a technical and financial viewpoint. The compliance of these directives has permitted us to adequately face the crisis provoked by extreme events, together with improving financial and technical efficiency, guaranteeing the supply with continuity and quality.

WATER QUALITY. Within the framework of the control programs established, during the year 24,748 samples of water were taken from the distribution network and 81,074 analyses of different components were carried out with the purpose of guaranteeing the quality of the water supplied.

**NETWORK ADMINISTRATION.** The Overall Administration of the Potable Water Networks is an innovative model that seeks to improve the continuity of the service by systematically reducing the number of breakages. Thanks to its implementation, we have achieved levels below 0.1 faults/km, a ratio well below those considered to be excellent by the large sanitation companies of the world. In fact, the breakages in the last five years have been reduced by 37%.

#### Breakage Pattern



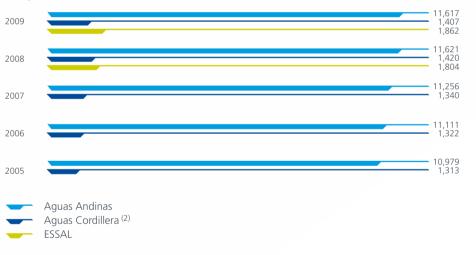






LENGTH OF DISTRIBUTION NETWORK. As of the close of year 2009, the length of the consolidated distribution network amounted to 14,886 kilometers, reflecting a growth of 0.3% (42 kms.) with respect to the previous year. This growth was the result of an expansion of 3.2% (58 kms.) in ESSAL, which was partially compensated by a reduction of 0.9% (12 kms.) in Aguas Cordillera and 0.04% (4 kms.) in Aguas Andinas, whose network lengths were adjusted, subtracting those stretches that were out of use.

## Length of distribution network (kms.) (1)



<sup>(1)</sup> During the year 2009 the distribution network lengths were adjusted, subtracting those stretches that were out of use.

<sup>(2)</sup> Aguas Cordillera includes Aguas Manquehue.

## **058** WATER CYCLE

## **Sewage Collection**

The underground collection network, comprised of sewerage pipes and sewage collectors, has the vital function of avoiding any direct contact between people and sewage.

The centralized preventative and remedial maintenance activity has produced positive results for the Company. In fact, the rate of recurrence of the need to unblock the collectors fell by 9% with respect to the year 2008, as a result of an improvement in the quality of the execution of this work. Furthermore, we witnessed a reduction in times, with 89% of the jobs being completed within the time agreed with the customers.

With respect to the number of unblockages, there was a reduction of 13% with respect to the year 2008, achieving 40% less than in the year 2007. This was due to an improvement in the preventative cleaning of the collectors which, during 2009 reached a coverage of 10.8% of the total network of collectors. As a result of this cleaning, approximately 2,240 tons of residue were removed from the sewerage pipes.

This centralized coordination has permitted the company to take advantage of synergies between the Corrective and Preventative teams, systematize the rules developed for preventative maintenance and count on a good mechanical/operative availability of the maintenance equipment and operators.

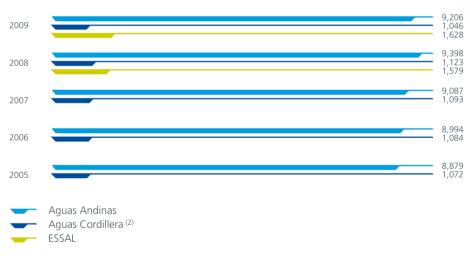
CONTROL OF LIQUID INDUSTRIAL WASTE. The permanent check and control of liquid industrial waste, together with intensive campaigns to measure the contaminants discharged into the sewerage system by the industrial world, have permitted the company to ensure the normal functioning of the sewage collection networks, reducing obstructions, bad smells and the accumulation of toxic gases, in addition to significantly reducing organic loads that reach the treatment plans, with respect to previous years, especially in the basins that flow to the El Trebal and La Farfana Plants. Furthermore, efforts have been made to monitor the Curacaví and Paine areas.

During the year, 835 industrial establishments that generate liquid industrial waste, out of a universe of 1,062 industries subject to control, were inspected and a total of 1,979 quality checks were carried out. The level of compliance with respect to the DS MOP 609/98 norm reached 33.3%.

LENGTH OF THE SEWAGE COLLECTION NETWORK. During 2009, the length of the company's total consolidated sewage collection network amounted to 11,880 kilometers, a reflecting a reduction of 1.8%, i.e. 220 kilometers with respect to the previous year.

This reduction is explained by an adjustment in the length of the sewage collection networks, subtracting those stretches that are not in use. The length of Aguas Andinas' networks fell by 2.0% (192 kms.) and Aguas Cordillera's by 6.9% (77 kms.), whereas ESSAL's increased by 3.1% (49 kms.).

#### Length of the sewage collection network (kms.) (1)



<sup>(1)</sup> During 2009 the length of the collection networks was adjusted by subtracting from their total, those stretches out of use.

<sup>(2)</sup> Aguas Cordillera includes Aguas Manguehue.





## 060 WATER CYCLE

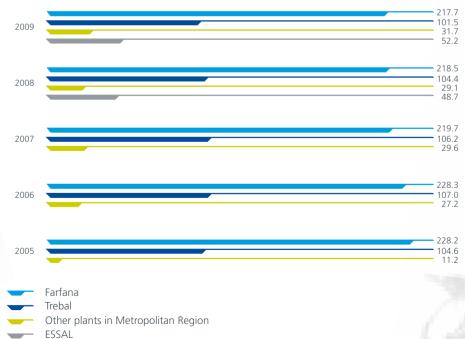
### Treatment

Thanks to the technology utilized in the sewage treatment plants, the wastewaters are purified in accordance with the standards demanded by current legislation, permitting its restoration to the environment in optimum conditions for irrigation.

In Greater Santiago, Aguas Andinas possesses two large treatment installations, El Trebal and La Farfana; three plants that belong to the northeastern zone and a further 10 smaller plants in peripheral suburbs. All of them jointly permit the decontamination of 72.4% of the sewage generated by the inhabitants of the Metropolitan Region.

In the De Los Lagos and De Los Ríos Regions, ESSAL has 29 sewage treatment systems that contribute to the cleansing of over 91% of the wastewater produced by the inhabitants of those zones.

#### Sewage treatment Aguas Group (millions of m³)



ANNUAL REPORT AGUAS ANDINAS S.A. 2009 PROGRESS ON TREATMENT. During the first half of 2009, the Buin-Maipo Sewage Treatment Plant came into operation with a sanitizing capacity of 139 l/s. Also during the year, improvements were made to the La Farfana Plant. These included: the replacement of the fine bubble diffusers that are the units that deliver the oxygen for the biological process in the airing tanks; and the interior overhaul of the two digesters which involved cleaning the dome and coating it with an anticorrosive substance. At El Trebal, the renewal of the fine bubble diffusers was concluded and a neutralization of chloride gas leaks plant for the purpose of controlling possible leaks in the chlorination center installations. In the month of April, the Environmental Impact Study for the project to construct the Mapocho Sewage Treatment Plant was approved. This plant will permit us to achieve 100% of the sanitation 061 of the Santiago Basin, and in October its construction was awarded to a consortium formed by Degrémont S.A. and Sociedad General de Aguas de Barcelona S.A. Finally, on the treatment of biosolids, we obtained the approval of the Environmental Impact Study on the El Rutal Comprehensive Treatment of Biosolids project.



#### **Human Resources**

DEVELOPMENT AND TRAINING.From a staff management standpoint, the company has directed its activities towards the development, training and maintenance of its employees.

Along these lines we would highlight the Crecer Performance Review System, which, besides evaluating employee performance, allows us to develop plans for development linked to the objectives of the variable payment of executives and middle management, together with other benefits the company grants.

All the employees of Aguas Andinas and its subsidiaries are evaluated using this model. In this way, during the year 2009, the Crecer Performance Review System that completed six years since its implementation, covered 1,421 employees of Aguas Andinas, Gestión y Servicios, Anam and EcoRiles, corresponding to 98% of the staff complement (as of December 2009).

Furthermore, a Performance Review at 180° was carried out on Corporate Managers and the Managers of Aguas Andinas and subsidiaries, whilst 100% of the laborers were evaluated through the on-line system.

The information resulting from Crecer permitted the company to set the bases of a strategic plan for internal development, detect possible successions to positions and, above all, identify contents in order to prepare a program for training in generic and strategic competence for key jobs and strengthen specific actions of employees with a strong potential.

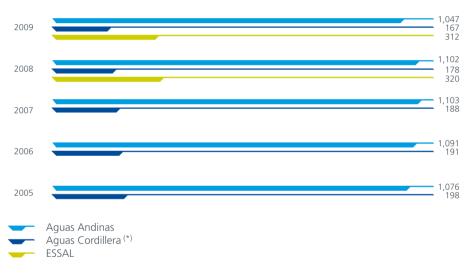
In harmony with the Aguas Andinas' concern for the training and development of its employees, during the year we continued with strategic alliances with well-known institutions to design and execute programs for specific training, especially with DuocUC and the University of Santiago USACH.

Thus, during the year 2009, we carried out training programs for a total of 1,021 people, equivalent to a total of 56,322 hours of training performed during the year.

Finally, within the area of labor relations, we would highlight the welfare and internal customer service that seeks to maintain the employees well informed and advised on social matters of interest such as health, Pension Fund Managers, pensions, voluntary savings plans, etc.; to encourage them to participate in recreational activities; to promote activities in social responsibility and environmental protection; and to reap benefits tending to reconcile their work with their personal life.

STAFF COMPLEMENT. As of December 31, 2009 the staff complement of Aguas Andinas was 1,047 employees. On a consolidated basis, the figure was 1,801 employees.

#### **Total Staff Sanitation Companies**



(\*) Aguas Cordillera includes Aguas Manguehue.

#### Total Staff Complement by Company

	Aguas Andinas	Aguas Cordillera	Aguas Manquehue	ESSAL	Other	Total
Managers and senior executives	50	1	1	5	6	63
Graduates and technicians	644	83	11	221	160	1.119
Workers	353	59	12	86	109	619
Consolidated	1.047	143	24	312	275	1.801

Note: The Corporate Customer Service Manager of Aguas Andinas is also the General Manager of the sanitation subsidiaries Aguas Cordillera and Aguas Manquehue.



## Community

GOOD NEIGHBOR POLICY. Initiated in 2005, the Good Neighbor Policy seeks to establish a channel of direct communications between Aguas Andinas and the residents close to its sewage treatment plants.

Within this framework, during the year we continued with the activities of the Work Tables, opportunities to meet and participate that give us the chance to listen to the neighbors' concerns and doubts, establishing dialogue and development projects in common.

This year we held Work Tables in the municipal communes of Pudahuel, Maipú, Til Til and Padre Hurtado. These served to analyze impacts, define responsibilities and interchange ideas on mutual collaboration. These encounters were attended by members of Aguas Andinas, representatives from neighbors' associations, municipal authorities and the Casa de la Paz and Corporación para el Desarrollo Sustentable organizations.

"NEIGHBORHOOD DREAMS" FUND. This gathering , which took place for the fourth consecutive year, provides funds which are bid for, to projects developed by members of the communities located within the company's areas of interest. In its 2009 version, "Neighborhood Dreams" increased its calling to other zones in which Aguas Andinas maintains a relationship with the communities, as is the case of the Montenegro area in the municipal commune of Til Til, and Lo Vial, El Maitén and El Trebal in the municipal commune of Padre Hurtado.

The aim of this fund is to provide concrete help to improve the neighbors' quality of life of the neighbors, strengthen citizens' participation and promote ideas for productive and territorial development for the respect and conservation of the environment.

During the year 30 projects were presented. Those selected corresponded to: 5 in Pudahuel, 7 in Maipú, 2 in Padre Hurtado and 4 in Til Til , benefiting various social organizations such as neighborhood, women's, sporting, youth and cultural associations.

"AGUAS ANDINAS IN MY NEIGHBORHOOD". During 2009, we organized the ninth version of the "Aguas Andinas in my Neighborhood" program, the aim of which is to call the attention of clients in low-income communes into caring for the sanitation installations. For this purpose, we arranged a joint campaign involving the company, the municipalities and the participating community.

During the year, 16 thousand people benefited from solid improvements to their sanitation installations, teaching them to be responsible consumers of the water resource.

Operating Zones Benefited	Antilco, Mapué-Cordillera, Mapocho y Maipo		
Communes Benefited	8 Communes		
Number of Townships Benefited	11 Townships		
Number of Homes Benefited	3.492 Homes		
Number of Inhabitants Benefited	16.522 Inhabitants		



#### Environment

CONCERNED ABOUT CLIMATE CHANGE. In its condition of a supplier of sanitation services, Aguas Andinas is alert and concerned over the global phenomenon of climate change.

Consequently, in March 2009, the company participated in the 5th World Water Forum, held in the city of Istanbul, Turkey, which was attended by over 30 thousand people from 182 countries, to reflect on the importance of water as an essential resource for the development of life and the environment.

As a result, the Forum concluded that the World is facing rapid changes without precedent. Global warming, the growth in population and the contamination of the aquifers are rapidly reducing the reserves of sweet water on the planet.

According to data revealed by the United Nations, the scarcity of water affects 1 in every 3 inhabitants in the World; there are over 1,100 million people without access to drinking water and 2,400 million do not possess a sewerage system: 50% of the poorer population of the planet is exposed to contaminated waters; 1.6 million people die each year of sicknesses related to the lack of potable water and basic sanitation. Every bit of information indicates that the scarcity of sweet water will be one of the principal challenges during the 21st Century.

Therefore, the effects of the climate change are of vital importance for society in general and the company in particular. For this reason, the company has included this matter in its Planning activities, it participates in joint collaboration with universities and carries out concrete actions to reduce its possible effects, always with the long-term view that characterizes its activities.

CLEAN URBAN MAPOCHO. This project, a symbol of the decontamination of water in the city of Santiago, consists of the construction of a 25-kilometer long interceptor collector that will permit the elimination of the 21 discharges of sewage that currently pour into the Mapocho River on its stretch through the city, between the municipal communes of Las Condes and Maipú.

This duct, which is designed to conduct a maximum flow of 19 m3/s, will also imply an increase in the treatment of Santiago's wastewater by 13%, raising the sanitation coverage to 86% of the sewage produced in the Metropolitan Region, becoming a true environmental milestone for the capital and for the country.

The total investment in the project amounts to USD 115 million, which includes construction contracts, design, inspection, consultancy and the acquisition of the land.

On December 15, the approximately 9-kilometer stretch in the western sector was put into operation, permitting the elimination of one of the more important discharges in the route, which corresponds to the Conchalí – Quilicura collector.

Thus, on December 31, 2009 the Clean Urban Mapocho (CUM) project achieved a 97% advance to completion and it is hoped to be in full operation in the first quarter of 2010.

#### BENEFITS OF A CLEAN URBAN MAPOCHO:

- Improve the quality of the river's water.
- Eliminate the bad smell along its banks.
- Decontaminate the La Punta, La Pólvora and Casas de Pudahuel irrigation canals.
- Recover riverside areas for the inhabitants of Santiago.
- Provide the capital of Chile with a clean and decontaminated river.

TREBAL MAPOCHO PLANT. The last stage in the Plan to Cleanse the Waters in the Santiago Basin is the construction of a treatment installation to purify 25% of the remaining sewage in the Mapocho sub-basin.

In order to do this, we have projected the construction of an emissary that will intercept the flows from the Mapocho sub-basin poured into this river at the height of the discharge from the La Farfana plant and transport them to the El Trebal plant where we shall construct a new treatment plant with a capacity of 2.2 m³/s-1, with the possibility of increasing it in a second stage to 4.4 m³/s-1 and to 6.6 m³/s-1 in a third stage.

The emissary, which will be 10.5 kms. long, will have a cost of approximately USD 60 million. Before reaching the plant, the Mapocho emissary will join the Maipo sub-basin emissary in a chamber that will permit us, in normal time, to mix completely the effluents from the 2 sub-basins and, in the event of any problem, conduct separately the effluents to the treatment plant, which is designed to be able to treat the fluids individually.

Furthermore, we shall take advantage of this cleansing capacity to optimize the line for treating sludge in the Trebal Mapocho complex with the installation of two important mechanisms:

☑ Thermal hydrolysis of the excess biological mud, which will permit an increase in yield in eliminating organic matter (more biogas and less digested mud) and in the yields on dehydration of the centrifuges with a better drying of the dehydrated mud (reduction of the quantity of mud to be transported).

© Cogeneration of thermal and electric energy using the biogas burned in the motors. In a first phase, the plan will have 3 motors with 2,400 kW each.

The environmental impact of this new unit has been particularly considerate with the coverage, ventilation and deodorization of the pre-treatment, common to all the Trebal Mapocho complex and the installation of silos for dehydrated mud at the exit of the centrifuges with automatic loading of trucks.

EL RUTAL PLATFORM. To count on guaranteed ways to dispose of biosolids is a key element in the cleansing process in an urban mega center such as Santiago.

Regardless of how efficient the purifying plants may be, without a sure way of removing the biosolids, they cannot continue operating. Conscious of this, Aguas Andinas is developing a project for a regional platform for the treatment and disposal of biosolids called El Rutal, located on 1,900 hectares of ground in the municipal commune of Til Til.

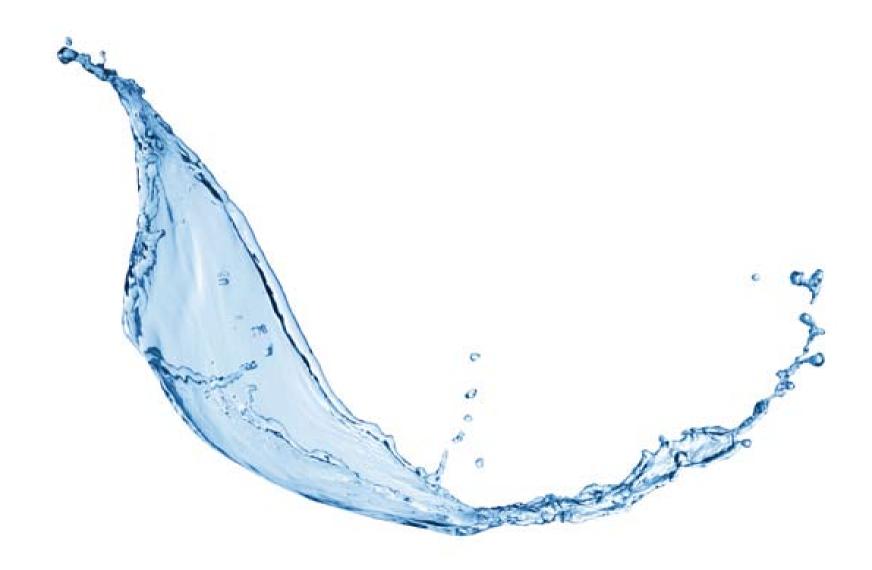
This platform will have all the infrastructure necessary to handle biosolids: conditioning fields (stockpile, solar drying, bio-drying), internal reuse within the El Rural premises for forestry and agriculture as well as for monofilling.

Furthermore, the platform will complement and strengthen existing alternatives for disposal in sanitary landfills and external use in agriculture and soil recovery.

BENEFICIAL USE OF BIOSOLIDS. Biosolids are one of the byproducts of sewage treatment. In order to develop its beneficial use, the company took great pains to explore and validate its use as a fertilizer on agricultural soils, principally for extensive crops (maize, wheat, oats and grasslands, among others) and forestry plantations.

In this context, in 2009, 16,200 tons of biosolids from the El Trebal and La Farfana treatment plants were destined for agricultural use with optimum results, strengthening the alternative of using biosolids as a fertilizer, as is the case in other developed countries that manage to dispose of 60% of the mud generated by applying it to this use.

# 070 NON-REGULATED COMPANIES



## Análisis Ambientales (Anam)

An environmental laboratory involved in taking samples and analyzing water, sludge, soil and air, certified under local requirements and the demands of the Agbar Group's network of laboratories.

As part of its strategy, it employs leading edge analytic techniques, permitting the achievement of the highest level nationwide of detection and quantification for organic compounds and metals present in water.

Anam is the only company in Chile that possesses a mobile laboratory with the ability to mount, in situ, techniques for an initial physicochemical and microbiological characterization of the entire parameters indicated in the local norms on water.

Aside from becoming a referent in the sanitation and bottled water sector markets, in 2009 Anam entered the salmon industry, carrying out important projects to permit the sector to optimize its disinfection systems in the face of the infectious salmon anaemia (ISA) virus. Furthermore, the company successfully penetrated the field of monitoring and control of smells in industrial installations, in this way confirming its role as an important entity in the environmental field.

In mid-year, the Anam Sur division initiated operations with headquarters in Puerto Montt, with the purpose of providing services to customers in the region. Thus, the company has consolidated as the principal water laboratory in the local market, with a remarkable business performance and care for its workers.

For the year 2009, the company showed revenues of CLP 3,519 million, with an EBITDA of CLP 1,291 million and a net income of CLP 928 million.

#### **EcoRiles**

Provides consultancy and management services to various industries in the country, operating processes and resolving environmental problems associated with liquid or solid industrial waste.

In 2009, EcoRiles achieved revenues of CLP 6,368 million, with a return on sales of over 23%, becoming the most important company in the country in outsourcing industrial waste plants by means of their overall administration.

Currently, this subsidiary of Aguas Andinas operates 27 industrial waste plants with a total complement of 140 employees and clients distributed between Regions I and X as a result of its strategic policy to expand the business.

During the year, the company initiated activities to operate cellulose plants and paper mills and in the mining sector in the north of the country. In both segments, important agreements were sealed that will permit a significant growth in the year 2010, estimated at 30%.

In 2009, EcoRiles maintained the ISO 9,001-2000 certification, thanks to the joint work of its personnel with the people from the Aquas Group providing support on matters of quality.



#### Gestión & Servicios

A specialist in the sale of sanitation materials, Gestión y Servicios has recently incorporated into its range of activities, the provision of services associated with the maintenance and renovation of water networks, the development of energy projects and the sale of technological know-how.

During the year, the company placed its attention on creating a new organization structure, implementing a policy of geographic expansion and consolidating the lines of business in order to face the economic crisis that seriously affected the construction industry, where its principal customers are concentrated.

Along these lines, the company strengthened its organization structure in accordance with its current strategy and diversification, creating three new business areas: its was awarded contracts for providing services in different regions of the country; and consolidated the operation of the La Farfana biogas plant, which has received a number of public and private acknowledgements, highlighted among these, the "Energy Efficiency 2009" prize granted by the Production and Commerce Federation.

During the year, Gestión y Servicios reaffirmed its commitment to the quality of its services and successfully maintained its business processes within ISO 9001:2000 standards.

With respect to financial performance, the company closed the year with revenues of CLP 9,850 million, an EBITDA of CLP 1,614 million and a net income of CLP 1,032 million.

# FINANCIAL INFORMATION



Year 2009 was a complicated period for the capital markets due to the world financial crisis. In this context, the company's management carried out important operations in investment and financing, successfully taking advantage of the opportunities that arose during the year.

During the month of May, we launched a bond issue on the local market of UF 3,000,000 to finance Aguas Andinas' investment plan. The bonds corresponded to the Series I for an amount of UF 2,000,000 and the Series J for UF 1,000,000. This issue stood out as the first to obtain a spread below 100 basis points since the financial crisis began, demonstrating the confidence the capital markets have in the company. Furthermore, the subsidiary, Aguas Manquehue, negotiated bank financing expressed in Pesos for the equivalent of UF 380,000 for a three-year term at an annual rate of TAB + 0.6%, which corresponds to an annual rate of 2.88%.

This combination of sources of financing made it possible to support and comply with the company's important investment plan and, at the same time, reduce the financial costs.

The financing structure, added to the low operating risk of the industry and the solid credit profile of Aguas Andinas, permitted the confirmation of the risk ratings of Aguas Andinas at AA+ by the risk rating companies, Feller Rate and ICR, achieving one of the best categories assigned to a private corporation in Chile.

Furthermore, during this year, Aguas Andinas became one of the pioneer companies in the implementation of the International Financial Reporting System (IFRS), issuing its financial statements under these new standards as of March 2009.

The implementation of these accounting principles reflects the intention of the company to maintain a clear and transparent financial policy by reporting corporate information to the market with the very best standards of quality and clarity, in order that its shareholders may count on truthful information on the corporate performance achieved by the company.

### Implementation of International Accounting Norms

During the year 2009, Aguas Andinas and its subsidiaries implemented the International Financial Reporting Standards (IFRS) for the presentation of its accounting information. The group opted for a complete transition over to IFRS, with the first results published being those corresponding to he first quarter of 2009 which are compared to those of 2008 utilizing the same norm.

This situation was made possible thanks to the joint work of the Corporate Finance and Supply Management and the Systems Management, which implied making changes to the SAP system, training over 30 people and participating in various seminars and work groups with other companies, auditors and the Superintendence of Securities and Insurance.

We must highlight the updating of the SAP system that allowed us to adapt our records to the format required by the new norms. Together with this, we implemented a new software that transforms the financial information over to the XBRL taxonomy required by the Superintendence of Securities and Insurance, permitting us to present reports in accordance with the timing established by that Superintendence.

This coordinated work implied a global modification in the presentation of the financial statements, which currently include new information and greater declarations than in the previous financial statements, permitting the shareholders and investors to have a better access to the company's accounting and financial information.



### **Risk Factors**

Due to the particular characteristics of the sanitation sector together with its proactive policy on risk controls, for which it makes full use of the ample experience of its controlling partner, Aguas Andinas presents a favorable situation in terms of risk.

#### **OPERATING RISKS**

#### New investments

Aguas Andinas has to carry out an important investment plan in order to comply with the development plans committed before the Superintendence of Sanitation Services which involve significant efforts in financial, administrative and technical resources.

This risk is mitigated by the fact that tariffs include new investments assuring a minimum return. Furthermore, the experience on the part of the controlling group ensures the necessary know-how to carry out these investment plans.

#### Regulated market

Due to its condition as a monopoly, the sanitation services industry is highly regulated by the Chilean State, exposing the company to possible changes in established norms. The current legal framework regulates the administration of the concessions and the tariffs charged to clients, which are set every 5 years.

Although the mechanism for setting the tariffs takes place on the basis of technical criteria, differences could arise between the studies presented by the company and those submitted by the Superintendence of Sanitation Services, which, in the event of not reaching an agreement, are resolved by a commission of experts comprised of representatives from each of the parties.

The current tariff period will rule until February 2010 for Aguas Andinas, May and June 2010 for its sanitation subsidiaries, Aguas Manquehue and Aguas Cordillera and until 2011 for ESSAL.

At the end of the year, the Superintendence of Securities and Insurance and Aguas Andinas reached an agreement in the process of setting the tariffs on potable water and sewage collection public services for the five-year period from 2010 to 2015. The tariff formulas will be set in a decree issued by the Ministry of the Economy, Development and Reconstruction, which must be published in the Official Gazette prior to them coming into force in March 2010.

Aguas Cordillera and Aguas Manquehue are currently in the process of setting their tariffs for the years 2010 to 2015.

## 078 FINANCIAL INFORMATION

#### Climatic conditions

The quantity, quality and continuity of the raw water available for the process of abstraction and production of raw water is determined, to a large extent, by the climatic conditions reigning in the hydrographic basins. Factors such as meteorological precipitations (snow, hail, rain, mist), temperature, humidity, sediment dragged, flows in rivers and cloudiness, can affect the optimum delivery of sanitation services.

Aguas Andinas possesses sufficient water rights to ensure an adequate production of potable water, even in adverse climatic situations. Furthermore, the company has the technical and human capabilities necessary for overcoming critical situations.

#### Clients

The company serves 1,871,287 potable water clients located in its areas under concession in the Metropolitan, De Los Lagos and De Los Ríos Regions that have as their suppliers Aguas Andinas and its subsidiaries

The company's 100 most important clients represented only 8.8% of the total sales for the year 2009.

### FINANCIAL RISKS

### Exchange risks

To a large extent, Aguas Andinas' revenues are linked to inflation as a large part of the debt is expressed in Unidades de Fomento. Furthermore, the company's borrowings in foreign currency are hedged with forward contracts.

### Interest rate risks

As of December 31, 2009 Aguas Andinas had 74.8% of its debt at a fixed interest rate. The debt is comprised approximately of 83.2% short and long-term bonds and 16.8% in returnable financial contributions. The other 25.2% is fixed at a variable interest rate and corresponds to credits from local banks.

### Investment and Financing Policies

INVESTMENTS. Of the investments made by Aguas Andinas in 2009, 74.6% corresponded to works on expansion, which permitted the company to comply with its long-term development plan to which it was committed. The other funds were invested mainly in replacing existing assets.

FINANCING. During the month of May, we launched a bond issue on the local market of UF 3,000,000 to finance Aguas Andinas' investment plan. The bonds placed corresponded to the Series I for an amount of UF 2,000,000 at a term of 6.6 years with partial amortizations; and the Series J for UF 1,000,000 with a term of 9.6 years and a bullet payment on maturity. The placement was made during a favorable scenario of interest rates, achieving a spread of 98 and 104 basis points over the Central Bank of Chile bonds, with total rates of UF + 3.88% and UF + 4.27%, respectively.

The low operating risk of the industry and the solid credit profile of Aguas Andinas, were deciding factors in the assignment, on the part of the investors, of a low level of risk to the company's bond issues.

Jointly with the above and in order to finance its investments, the subsidiary, Aguas Manquehue, obtained bank financing, quoted in Chilean pesos, for the equivalent to UF 380,000 under a 3-year bank line of credit at a rate of TAB + 0.6%, which corresponds to 2.88% per annum.

This combination of financial instruments signified that as of the close of the year, the real average rate on financing fell from 4.3% in the year 2008 to 4.1% in 2009.

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No. 1 for the state of the stat	400.047.500
Net earnings for the period 2009	123,047,509
Reserve for future dividend payments	1,564
Interim dividends on account of net earnings for 2009	( 32,430,515)
Remaining distributable net earnings	90,618,557
Dividends paid as a % of the distributable net earnings	26.36%



# 080 FINANCIAL INFORMATION

### **Dividend Policy**

At the eighteenth Ordinary Meeting of Shareholders, the members agreed to a dividend policy consisting of distributing 100% of the net earnings, with 30% corresponding to the net earnings for the year as an obligatory dividend and the other 70% as an additional dividend.

This policy shall remain in force whilst the current level of capitalization of the company is maintained and continues to be compatible with the policies on investments and financing determined for each year.

### Dividends paid per share

CLP per share	2006	2007	2008	2009
Book value	63.9	70.73	77.77	100.77
Return	13.83	15.86	17.83	20.11
Dividends paid	13.526 (1)	14.1528 (2)	16.224 (3)	17.73768 (4)

(1) Includes two items: a dividend of CLP 8.9160 per share, paid on May 25, 2006; and an interim dividend of CLP 4.61 per share, from the net earnings of 2006 and paid on October 26 of that same year.

### **Share Structure**

The registered capital of Aguas Andinas is divided into 6,118,965,160 shares, fully subscribed and paid in. As of December 31, 2009, 65% corresponded to the "A" Series, equivalent to 3,976,257,342 shares; and 35% corresponded to the "B" Series, equivalent to 2,142,707,818 shares.

SHARES TRADED BY MAJORITY SHAREHOLDERS AND RELATED PARTIES. No transactions of this type took place during the year 2009.

### Transactions on the secondary market

### Santiago Stock Market

2007	Average price (CLP)	Units	Amounts (CLP)
Total 1st Quarter	231.61	45,050,802	10,434,152,110
Total 2nd Quarter	235.69	39,924,150	9,409,775,990
Total 3rd Quarter	226.11	27,536,171	6,226,290,426
Total 4th Quarter	227.80	32,141,488	7,321,900,595
Year 2007	230.84	144,652,611	33,392,119,121

2008	Average price (CLP)	Units	Amounts (CLP)
Total 1st Quarter	195.57	15,689,669	3,068,387,177
Total 2nd Quarter	206.32	30,483,496	6,289,414,380
Total 3rd Quarter	190.66	13,965,198	2,662,618,373
Total 4th Quarter	180.43	26,968,369	4,865,822,463
Year 2008	193.86	87,106,732	16,886,242,393

2009	Average price (CLP)	Units	Amounts (CLP)
Total 1st Quarter	190.63	11,072,533	2,110,798,127
Total 2nd Quarter	215.03	75,014,964	16,130,478,608
Total 3rd Quarter	216.66	26,989,092	5,847,331,584
Total 4th Quarter	216.11	17,624,888	3,808,845,842
Year 2009	213.44	130,701,477	27,897,454,161

<sup>(2)</sup> Includes two items: a dividend of CLP 9.25 per share, paid on May 22, 2007; and an interim dividend of CLP 4.9028 per share, from the net earnings of 2007 and paid on October 24, 2007.

<sup>(3)</sup> Includes two items: a dividend of CLP 10.9224 per share, paid on May 20, 2008; and an interim dividend for CLP 5.30 per share, from the net earnings of 2008, paid on October 29, 2008.

<sup>(4)</sup> Includes two items: a dividend of CLP 12.43768 per share, paid on June 22, 2009; and an interim dividend of CLP 5.30 per share, from the net earnings of 2009 and paid on November 23, 2009.

### Brokers Market – Stock Exchange

2007	Average price (CLP)	Units	Amounts (CLP)
Total 1st Quarter	237.93	232,028	55,207,855
Total 2nd Quarter	233.74	165,927	38,784,271
Total 3rd Quarter	224.39	543,468	121,950,853
Total 4th Quarter	226.36	76,472	17,310,834
Year 2007	229.15	1,017,895	233,253,813

2008	Average price (CLP)	Units	Amounts (CLP)
Total 1st Quarter	200.25	52,000	10,412,875
Total 2nd Quarter	211.53	89,157	18,859,333
Total 3rd Quarter	103.74	103,740	20,135,462
Total 4th Quarter	179.91	29,175	5,248,895
Year 2008	199.42	274,072	54,656,565

2009	Average price (CLP)	Units	Amounts (CLP)
Total 1st Quarter	200.25	52,000	10,412,875
Total 2nd Quarter	211.53	89,157	18,859,333
Total 3rd Quarter	103.74	103,740	20,135,462
Total 4th Quarter	179.91	29,175	5,248,895
Year 2008	199.42	274,072	54,656,565

### Chilean Electronic Stock Exchange - Stock Exchange

2007	Average price (CLP)	Units	Amounts (CLP)
Total 1st Quarter	230.87	154,527	35,675,844
Total 2nd Quarter	234.90	4,435,941	1,055,648,970
Total 3rd Quarter	229.94	1,418,914	326,268,479
Total 4th Quarter	225.15	1,673,933	370,704,022
Year 2007	232.75	7,683,315	1,788,297,315

2007	Average price (CLP)	Units	Amounts (CLP)
Total 1st Quarter	190.41	428,531	81,597,021
Total 2nd Quarter	226.34	3,809,170	858,043,791
Total 3rd Quarter	190.08	107,531	20,439,082
Total 4th Quarter	183.99	38,045	7,000,050
Year 2008	220.63	4,383,277	967,079,944

Average price (CLP)	Units	Amounts (CLP)	
182.12	1,475,906	268,790,606	
217.44	1,065,867	231,763,348	
214.46	124,793	26,763,125	
215.88	239,407	51,684,120	
199.25	2,905,973	579,001,199	
	182.12 217.44 214.46 215.88	182.12 1,475,906 217.44 1,065,867 214.46 124,793 215.88 239,407	

# MATERIAL INFORMATION



### **084** MATERIAL INFORMATION

**1.** On February 10, 2009 the company informed the Superintendence of Securities and Insurance that at a meeting held on January 27, and in accordance with the provisions of Article 44 of Law N° 18,046 and considering that company directors, Joaquín Villarino and Marta Colet, are in turn alternate directors on the Board of ASTERION S.A., the Board of Directors of Aguas Andinas agreed to advise that Superintendence of the signing, on February 9, of a contract between the two companies for the provision of services on Reengineering of Processes and the Implementation of New Information Systems for Customer Services.

This contract originated from an international public tender, in accordance with the provisions of Article 67 of MOP Decree Law N° 382/88, General Law on Sanitation Services, which was put out by Aguas Andinas S.A. on June 5, 2008.

The following companies qualified for the prequalification stage indicated in the Bidding Conditions: Accenture Chile Asesorías y Servicios Limitada; Synapsis Soluciones y Servicios IT Limitada and the consortium comprised of SONDA S.A., Sociedad General de Aguas de Barcelona S.A. and Agbar Servicios Compartidos S.A. (ASERCO), these last two being related companies of Aguas Andinas S.A.

Subsequently, on December 30, 2008, and after the favorable agreement of the Committee of Directors of Aguas Andinas S.A. in the meeting held on December 4, 2008 and by its Board of Directors, in the ordinary meeting N° 368, held on December 16 of the same year, the company advised the consortium comprised of Sociedad General de Aguas de Barcelona S.A., ASERCO and SONDA S.A., which obtained the highest technical and financial qualifications, that it had been awarded the bid. The agreements mentioned were reached unanimously by the members present at the meetings, declaring that this operation conforms to conditions of equality similar to those normally prevailing in the market.

For the purposes of signing the contract, Sociedad General de Aguas de Barcelona S.A., through its subsidiary Agbar Conosur Limitada, ASERCO and SONDA S.A. through its subsidiary Sonda Servicios Profesionales S.A., established a company by the name of ASTERION S.A.

Left on record is the fact that the signing of the contract was approved by the Committee of Directors of Aguas Andinas S.A. in the meeting held on January 27, 2009 and by its Board of Directors in the ordinary meeting N° 369 held on the same day. The agreements mentioned were unanimously approved by the directors present, with the abstentions of Villarino and Colet.

The contract was signed with turnkey and lump sum conditions for a total value of UF 529,789 (five hundred and twenty nine thousand seven hundred and eighty nine Unidades de Fomento) and will have a term of 78 months commencing on March 15, 2009.

The contract was also signed by Aguas Andinas S.A.'s subsidiaries, Aguas Cordillera S.A. and Aguas Manquehue S.A., which participate with 7.5% and 0.4%, respectively, in its value.

Finally, we would point out that the purpose of the contract is to provide the services of reengineering of processes and the implementation of new information systems for customer services in the terms contemplated in the Bidding Conditions and other contract documentation.

**2.** On April 14, 2009 the company informed the Superintendence of Securities and Insurance that on that same day it had been made aware of the resignation of Rodrigo Azócar as Board Director of the company as well as that of his respective Alternate Director, Jorge Bande, both as of that same date.

In view of the above and in accordance with Article 32 of Law N° 18,046, the Law on Corporations, the company must proceed with the renewal of the Board of Directors at the next Ordinary Meeting of Shareholders of the company that was held on April 16, 2009.

**3.** On April 16, 2009 the company informed the Superintendence of Securities and Insurance that in the Ordinary Meeting of the Shareholders of Aguas Andinas S.A., held on April16, the Board of Directors was renewed and the following were elected board directors for an entire statutory period:

Directors Alternate Directors

Alfredo Noman Juan Antonio
Joaquín Villarino Diane D'Arras
José Vila Basas Marta Colet
Arturo Vergara Antoni Siurana
Mónica Singer Osvaldo Andrade
Jaime Arellano Mario Castillo
Rodrigo Azócar Jorge Bande

Subsequently, at the Board Meeting following the Shareholders' Meeting, Alfredo Norman, who presided the meeting, was elected Chairman and Joaquín Villarino, Vice-Chairman.

**4.** On October 20, 2009 the company informed the Superintendence of Securities and Insurance that at the ordinary meeting of the company's Board, held on October 20, 2009 the Directors agreed to distribute the sum of CLP 32,430,515,348 from the net earnings of 2009 as an interim dividend.

As a result of the above, the company's dividend  $N^{\circ}$  49 amounted to CLP 5.3 per share to be paid as of November 23, 2009.

**5.** On November 19, 2009 the company informed the Superintendence of Securities and Insurance that on that same day, the company's Board of Directors, with the unanimous vote of those attending, agreed to register in the Securities Register of the Superintendence of Securities and Insurance, two Bond Lines with the following principal characteristics:

Maximum amount of each Bond Line: UF 4,000,000. These will be issued in pesos or in Unidades de Fomento.

Term of the Bond Lines: The maximum term will be 30 years as of the date of the public deed that officializes the issue. All obligations to pay the various bond issues carried out under the Line must fall due within this term.

Security: They will not carry any special security.

**Use of funds:** Refinancing debts and financing investments, as determined in each one of the complementary deeds.

Other general conditions: The bonds may be placed on the general market, they will be issued dematerialized, payable to bearer, they will not be convertible to shares in the company and will be payable in Chilean pesos (local currency).

Expressly left on record is the condition that, notwithstanding the total amounts of the Bond Lines referred to above, the company may only place bonds and/or have valid bonds placed with a charge to these lines up to a value of UF 4,000,000, taking in conjunction the valid bonds issued with a charge to the lines mentioned.

The Board of Directors also agreed, with the quorum indicated and among other pertinent agreements, to permit its holders of powers of attorney to carry out issues and placements of bonds with a charge to the lines stated, with the terms to be agreed at the time.

**6.** On November 19, 2009 the company informed the Superintendence of Securities and Insurance of the following:

That, in accordance with the provisions of Article 10 of the Law on Tariffs for Sanitation Companies, DFL MOP N° 70/88, and Article 6 of its Regulation, D.S. MINECON N° 453/89, the Superintendence of Sanitation Services and Aguas Andinas S.A. had reached an agreement on the process of setting tariffs on potable water and sewage collection public services, of which it is a concessionaire, for the five-year period from 2010 to 2015. The tariff formulas shall be set by means of a decree from the Ministry of the Economy, Development and Reconstruction, to be published in the Official Gazette prior to their coming into force in March 2010.

The agreement reached implies, in relation to the current services, a Total Net Long-Term Cost Value taken as of October 31, 2009 of CLP 229,494,000,000, which represents a variation, in pesos valued as of December 2008, of -1.3%. Furthermore, the same agreement contemplated the stipulation of tariffs for the Clean Urban Mapocho concept, works necessary to be able to achieve 100% of the treatment of sewage and works on the security in production of potable water in Greater Santiago.

**7.** On November 26, 2009, the essential fact reported to the Superintendence of Securities and Insurance on November 19, 2009 was complemented with the following:

By means of the ORD. SVS N° 21770 communication dated last November 25, this company was required to report on specific aspects related to the agreement reached between the Superintendence of Sanitation Services and Aguas Andinas S.A. on the process of setting tariffs on potable water and sewage collection public services, of which the latter is a concessionaire, in respect of the five-year period from 2010 to 2015.

In this regard, we would inform the following:

The agreement reached refers to the tariffs Aguas Andinas will have the right to charge for water, sewerage and treatment public services from March 1, 2010 to February 28, 2015. Thus, this will not have any effect on the results of the year 2009.

With respect to the effects the tariffs mentioned will have in future years, we would point out that its is not possible to arrive at an exact conclusion on this mater, as the tariff established for a concessionary company providing public sanitation services is only one of the aspects that contribute towards the calculation of its results. To give an example; in addition to the tariffs, the company's future results depend on other variables such as the consumption of water, the costs and expenses and the corresponding polynomial of indexation.

Notwithstanding the above, we can state that, in general terms, the level of the tariffs agreed, in relation to December 31, 2008 (reference date on the Tariff Bases set by the Superintendence of Sanitation Services), will signify a reduction of 1.3% with respect to the tariffs in force as of that date. In order to fully understand the percentage variation indicated above, you need only consider that the sole application of the polynomy of indexation during this year has represented a fall in the tariffs applied of over 6%.

Nevertheless, with the establishment of tariffs for additional services such as the Clean Urban Mapocho project, the treatment of sewage in order to complete 100% of the Santiago Basin and specific works on security, as explained in the Essential Fact of last November 19, the estimated revenues of the company for the next five years, as a result of the application of the level of tariffs agreed, should have a positive evolution in relation to the revenues resulting from the application of

At the same time, we point out that the concept of Total Net Long-Term Cost has been defined in Article 4 of the Law on Tariffs on Sanitation Services, DFL MOP N° 70/88, as that constant annual value required to cover the costs of efficient operations and the investment, by the provider of the services, in an optimized replacement project, gauged to satisfy demand, which is consistent with an updated value net of that project equal to zero, in a horizon of not less that 35 years. All in all, it corresponds to the revenues (considering a theoretical demand) of a sanitation company, from which has been discounted the replacement value of the investment project of the service supplier that part corresponding to the networks and installations provided by third parties. The amount of CLP 229,494,000, corresponds to the payment of current services obtained on applying the updated annual demand for years 2010 to 2015 to the new tariffs agreed and indexed as of October 31, 2009, in accordance with the new polynomy.

**8.** On December 15, 2009 the company informed the Superintendence of Securities and Insurance that at a meeting held on that date and in accordance with the provisions of Article 44 of Law N° 18,046 and considering that company director, Joaquín Villarino is, in turn, a director of Empresa Depuradora de Aguas Servidas Mapocho - Trebal Limitada and that company director, Marta Colet is a representative of that same company, the Board of Directors of Aguas Andinas agreed to advise that Superintendence of the signing, last December 4, of a contract between the two companies for the provision of services of Operating and Maintaining the Cuenca Sur and Cuenca Norte (Trebal – Mapocho) Sewage Treatment Plants and the Construction of the Mapocho Sewage Treatment Plants.

This contract originated from an international public tender, in accordance with the provisions of Article 67 of MOP Decree Law N° 382/88, General Law on Sanitation Services, which was put out by Aquas Andinas S.A. on November 1, 2008.

The following companies qualified for the prequalification stage indicated in the Bidding Conditions: O.T.V. S.A., Cadagua S.A. and the consortium comprised of Sociedad General de Aguas de Barcelona S.A. and Degrémont S.A.

Subsequently, on October 9, 2009, and after the favorable agreement of the Committee of Directors of Aguas Andinas S.A. in the meeting N° 103 held on September 22, 2009 and by its Board of Directors, in the ordinary meeting N° 377, held on that same date, the company advised the consortium mentioned, which had obtained the highest technical and financial qualifications, that it had been awarded the contract. The agreements mentioned were reached unanimously by the members present at the meetings, declaring that this operation conforms to conditions of equality similar to those normally prevailing in the market.

For the purposes of signing the contract, Sociedad General de Aguas de Barcelona S.A., through its subsidiary Agbar Conosur Limitada, and Degrémont established a company by the name of Empresa Depuradora de Aguas Servidas Mapocho - Trebal Limitada, of which Joaquín Villarino is a director and Marta Colet its representative, together with them being director and alternate director, respectively, of Aguas Andinas.

In view of the above, the signing of the contract is one of the operations considered in Article 44 of the Law on Corporation, reason for which it was decided to leave this pending until such time as we were able to comply strictly with the formalities required by law. For this purpose, at its meeting N° 106 held on December 15, 2009 the Committee of Directors of Aguas Andinas S.A. and at its ordinary meeting N° 380, held on the same date, the Board of Directors confirmed the signing of the contract in the terms indicated.

The contract was signed utilizing the "series of unit prices" system for the Operation and Maintenance of the El Trebal and Mapocho Sewage Treatment Plants (STPs) and with turnkey and lump sum payment conditions for the Construction of the Mapocho STP and the Works on Refurbishing the El Trebal STP. The estimated price of the contract is UF 7,532,981. This amount has a component for construction and another for operating and maintenance.

The object of the contract is to provide the services of operating and maintaining the El Trebal and Mapocho STPs, as well as the construction of the latter and the refurbishment and/or modification of certain units at the El Trebal STP. The El Trebal STP came on stream in 2001, becoming the first of three large plants in Greater Santiago contemplated in the Develop Plan for the decontamination of the sewage generated in the Metropolitan Region. Then, in 2003, the La Farfana STP initiated its operations and finally, the Mapocho STP will become operative in 2012. This will be located on land next to the current El Trebal STP.

The total term for the construction of the Mapocho STP will be 832 days taken from the date the contract was signed. The term for operating and maintaining the El Trebal STP will be a total of 7 years as of April 1, 2010. To this will be added the Mapocho STP once construction is completed. The term of the contract on the operating and maintenance of the plants may be extended for a period of five years that will commence automatically once the original term of seven years of the contract expires.







### Directors' Remunerations

In accordance with Law No. 18,046, the Ordinary General Meeting of Shareholder held on April 16, 2009 approved the remunerations for the Board of Directors, the Committee of Directors and their budgets for expenses for the 2009.

The remuneration for the Board Members is divided into two types: one monthly fixed remuneration of UF 100 for the Chairman, UF 75 for the Vice-Chairman and UF 70 for the Directors and the alternate directors; and a variable remuneration that is paid according to the attendance at each meeting, of UF 80 for the Chairman, UF 60 for the Vice-Chairman, UF 20 for the directors and UF 20 for the alternate directors only when they replace the director.

The remuneration for the Committee of Directors for the year was comprised of: a fixed monthly remuneration of UF 25 for each member and a variable remuneration for the attendance at each meeting of UF 20. Furthermore, a budget for expenses of up to a total of UF 3,000 was approved.

### Directors' remunerations (thousands of Chilean Pesos)

Director	Position	Remuneration		Session	
		2009	2008	2009	2008
Alfredo Noman	Chairman	25,184	25,666	20,147	20,533
Joaquín Villarino	Vice-Chairman	18,888	19,250	15,110	15,398
Arturo Vergara	Director	16,363	12,833	5,884	10,266
Carlos Mladinic	Director	16,363	12,833	6,303	8,555
Mónica Singer	Director	16,363	12,833	6,303	10,266
Mario Castillo	Alternate director	16,363	12,833	0	0
Jorge Bande	Alternate director	16,363	12,833	0	0
Antoni Siurana	Alternate director	16,782	12,833	0	0
José Vila	Director	16,363	9,621	5,884	7,466
Rodrigo Azócar	Director	17,436	8,192	7,161	6,608
Cristina Orellana	Alternate director	4,215	9,265	0	840
Osvaldo Andrade	Alternate director	13,198	0	0	0
Carlos Mladinic	Director	0	3,566	0	2,570
Ramón Figueroa	Alternate director	0	3,212	0	0
Total		193,880	155,770	66,792	82,502

No expenses were incurred by the Board of Directors during the year.

### Remunerations of the Committee of Directors (thousands of Chilean Pesos)

Directors	Position	Remuneration	
		2009	2008
Joaquín Villarino	Vice-Chairman	10,914	11,546
Mónica Singer	Director	11,333	11,546
Rodrigo Azócar	Director	11,333	7,694
Carlos Mladinic	Director	0	3,496
Total		33,579	34,282





### Report of the Committee of Directors

In accordance with Article N° 50 bis, Point Ten, of Law 18,046 on Corporations, we report below on the activities of the Committee of Directors for the year ended on December 31, 2009 and on the expenses incurred therein, including those of their advisors.

#### I - COMPOSITION OF THE COMMITTEE

During the year 2009 the Committee of Directors was comprised of the following directors who are independent of the controlling interest: Mónica Singer and Rodrigo Azócar, and the director related to the controller and Vice-Chairman of the Board of Directors of the company, Joaquín Villarino.

After the Ordinary Meeting of Shareholders held in 2009, the Committee elected Mónica Singer as its new Chairman, replacing Rodrigo Azócar.

Since its foundation, the Committee has held ordinary meetings once a month to discuss matters delegated to it in Article  $N^{\circ}$  50 bis of Law 18,046.

#### II - PRINCIPAL ACTIVITIES DURING THE YEAR

During the year ended on December 31, 2009 the principal activities carried out by the Committee of Directors were the following:

- 1 Examined the remunerations systems and compensation plans for the managers and senior executives of Aguas Andinas S.A.
- 2 Examined the reports of the independent auditors, the balance sheet and other financial statements of Aguas Andinas S.A. corresponding to the year ended on December 31, 2008, presented by the company's management to the shareholders, and commented on these prior to their submission to the shareholders for their approval at the Ordinary Meeting of Shareholders.
- 3 Selection and proposal to the Board of the appointment of the independent auditors and the private risk rating agencies for Aguas Andinas S.A. that were suggested at the Ordinary Meeting of Shareholders for the year 2009.
- 4 Examined the progress made on the international public tender for the design and turnkey construction project of the Mapocho Sewage Treatment Plant, in which Sociedad General de Aguas de Barcelona S.A. and Degrémont are participating, both being companies related to the controller.
- 5 Examined and approved the adjudication to Análisis Ambientales S.A., a subsidiary of Aguas Andinas S.A., of the public tender for Laboratory Information Management System (LIMS) services to

execute a plan to control the quality of the water throughout its production process, to gather the information, analyze improvements, prepare reports and validate procedures.

- 6 Examined and approved the transfer of lands belonging to Aguas Andinas in the municipal commune of Quilicura to its subsidiary, Análisis Ambientales S.A. by means of a leasing operation involving 5,772 m2 of land for the installation of all this subsidiary's operations.
- 7 General examination, at the special request of the Board of Directors, of the progress in the direct participation of the parties in the search for a solution to the controversies between Aguas Andinas S.A. and the sub-contractor, Constructora Oas Ltda. over the construction of the Clean Mapocho interceptor project.
- 8 Examined and approved the direct sale of a car belonging to Aguas Andinas S.A. to its subsidiary, ESSAL S.A. to cover its management's needs.
- 9 Examined and approved, as required by Article 15, point two, of the Regulation of Article 67 of the Law on Sanitation Services, of the proposal to extend the "Updating of the Operation and Security of the El Yeso Reservoir" contract adjudicated to the related company, Aquaplan. With Official Communiqué 2215 dated July 8, 2009, the Superintendence of Sanitation Services declared that it did not object to the extension of the contract for the value and purpose indicated, as this can be qualified as development and execution of the services rendered.
- 10 Examined the technical qualifications of the bids submitted under the Public Tender for the "Operation and Maintenance of the Cuenca Sur and Cuenca Norte (Trebal Mapocho) Sewage Treatment Plants and the construction of the Mapocho Sewage Treatment Plant".
- 11 Examined and approved the proposal to adjudicate the International Public Tender for the "Operation and Maintenance of the Cuenca Sur and Cuenca Norte (Trebal Mapocho) Sewage Treatment Plants and the construction of the Mapocho Sewage Treatment Plant" to the consortium comprised of AGBAR and Degrémont, both companies related to the controller of Aguas Andinas S.A.
- 12 General examination of the modifications to the Law 18,046 in matters related to the Committee of Directors and the examination and approval of the operations with related parties.

- 13 Examined the current state of the International Public Tender known as "The Supply of Domestic Cold Potable Water Meters and the Connection Parts", in which Aquatest Services Company S.A. is participating. This company is related to Agbar, the controller of Aquas Andinas S.A.
- 14 Examined and approved the contract on the "Operation and Maintenance of the Cuenca Sur and Cuenca Norte (Trebal Mapocho) Sewage Treatment Plants and the construction of the Mapocho Sewage Treatment Plant" between Aguas Andinas and Empresa Depuradora de Aguas Mapocho Trebal Limitada, EDAM, in regard to Article 44 of the Law on Corporations, in view of the fact that a Director of Aguas Andinas S.A. is also on the Board of the sub-contracting company.

### III - BUDGET AND EXPENSES OF THE COMMITTEE OF DIRECTORS DURING 2009

At the Ordinary Meeting of Shareholders held in April, 2009, an annual budget of UF 2,700 was set for the Committee of Directors and this was only partly utilized. The only expenses incurred by the Committee during the year 2009 were the fees paid to the legal advisor and secretary of the Committee amounting to CLP 1.2 million gross, per month, amounting to a total annual expense of approximately 686 Unidades de Fomento.





### Managers and Senior Executives

As of December 31, 2009 the list of managers and senior executives of Aguas Andinas was comprised of 50 professionals. Total remunerations received during the year amounted to CLP 4,902 million and the indemnity for years' service was CLP 432 million.

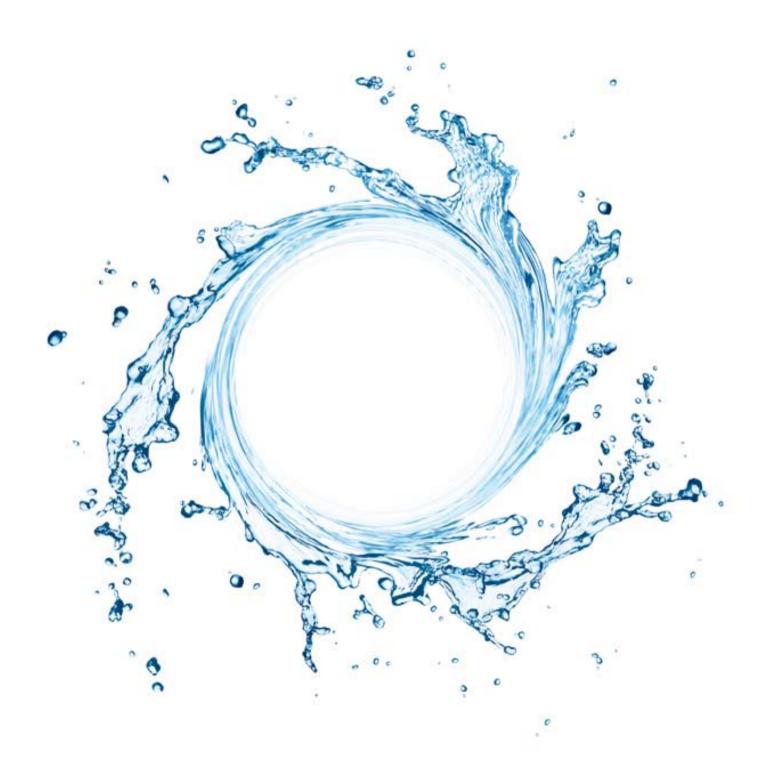
The policy on incentives for executives is focused on the achievement of the Company's general targets and on individual performance.

Name	I.D. N°	Position	Degree
Felipe Larrain	6.922.002-9	Chief Executive Officer	Civil Engineer
Víctor De la Barra	4.778.218-K	Corporate Manager	Civil and Industrial Engineer
Camilo Larraín	10.436.775-5	Corporate Manager	Attorney
Joaquim Martí	21.176.102-4	Corporate Manager	Engineer – Roads, Canals and Ports
Josep Oriol	22.856.478-8	Corporate Manager	Civil Engineer
Francesc Xavier Mayne	22.421.366-2	Corporate Manager	Economist
Iván Yarur	8.534.007-7	Corporate Manager	Civil and Industrial Engineer
Carlos Alarcón	6.441.640-5	Manager	Construction Engineer
Mario Auger	7.746.808-0	Manager	Civil Engineer
Enrique Cruzat	8.548.720-5	Manager	Civil Engineer
Ricardo Estay	6.027.966-7	Manager	Civil Engineer
Sergio Figueroa	6.449.688-3	Manager	Construction Engineer
Luis Fuentes	6.190.810-2	Manager	Civil Engineer
Natalia Kent	8.688.841-6	Manager	Civil and Industrial Engineer
Yves Lesty	14.709.240-7	Manager	Sanitation Engineer
Patricio Martínez	9.246.593-4	Manager	Chartered Accountant
Hernán Ocariz	6.613.091-6	Manager	Civil Engineer
Jorge Olivero	10.874.987-3	Manager	Civil and Industrial Engineer
Alejandro Riquelme	10.200.262-8	Manager	Chartered Accountant
Eugenio Rodríguez	6.379.051-6	Manager	Business Administration
José Sáez	9.447.215-6	Manager	Business Administration
Hernán Köning	9.656.371-K	Manager	Civil Engineer
Pedro Soto	7.117.991-5	Manager	Civil Engineer
Jorge Acevedo	6.084.916-1	Sub-Manager	Mechanical Engineer
Sebastián Acevedo	6.639.714-9	Sub-Manager	Civil Engineer

Nombre	RUT	Cargo	Profesión
Matías Anderson	10.024.290-7	Sub-Manager	Civil and Industrial Engineer
Juliete Arellano	12.044.242-2	Sub-Manager	Business Administration
Mariana Concha	10.835.135-7	Sub-Manager	Civil Engineer
Andrés Duarte	9.617.044-0	Sub-Manager	Civil Engineer
Víctor Dupré	6.816.920-8	Sub-Manager	Civil Engineer
David Duverran	6.223.665-5	Sub-Manager	Sanitation Works Engineer
Luis Faúndez	8.043.598-3	Sub-Manager	Civil Engineer
Christian Garcés	8.153.554-K	Sub-Manager	Business Administration
Francisco Grau	5.868.028-1	Sub-Manager	Civil Engineer
Francesca Guidugli	10.911.214-3	Sub-Manager	Business Administration
Carlos Jopia	10.077.119-5	Sub-Manager	Civil Engineer
Rafael Lartundo	10.912.542-3	Sub-Manager	Public Administration
José Miguel Leonvendagar	7.478.916-1	Sub-Manager	Civil and Industrial Engineer
Bruno Luci	7.044.631-6	Sub-Manager	Civil Construction
Adolfo Meyer	5.159.829-6	Sub-Manager	Construction Engineer
Julio Muñoz	6.364.977-5	Sub-Manager	Civil and Industrial Engineer
Patricio Norambuena	6.640.538-9	Sub-Manager	Construction Engineer
América Ortega	7.493.606-7	Sub-Manager	Civil Engineer
Rodrigo Reyes	12.087.571-K	Sub-Manager	Chartered Accountant
Christian Reyes	10.201.064-7	Sub-Manager	Business Administration
Enrique Ruz	12.570.985-0	Sub-Manager	Civil Engineer in IT
Víctor Salazar	10.380.974-6	Sub-Manager	Civil and Industrial Engineer
Juan Carlos Sanhueza	8.641.413-9	Sub-Manager	Civil Engineer
Cristián Schwerter	12.343.884-1	Sub-Manager	Civil Engineer
Fernando Young	12.622.327-7	Sub-Manager	Civil Engineer

# 094 PRINCIPAL CLIENTS AND SUPPLIERS

PROPERTY, EQUIPMENT AND INSURANCE



# 096 PRINCIPAL CLIENTS AND SUPPLIERS

### Potable Water and Sewerage Clients

Centro de Detención Preventiva Santiago 1

Cervecera CCU Chile Ltda.

Ejército de Chile

Embotelladoras Chilenas Unidas S.A.

Gendarmería de Chile

Ilustre Municipalidad de Santiago

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Pontificia Universidad Católica de Chile

Sociedad Concesionaria Autopista Central S.A.

Soprole S.A.

Universidad de Chile

### Suppliers

Análisis Ambientales S.A. (1)

CGE Distribución S.A.

Construcciones y Montajes COM S.A.

Constructora Oas Ltda.

Constructora Pérez y Gómez Ltda.

Chilectra S.A.

Empresa Depuradora de Aguas Servidas Ltda. (2)

Eulen Chile S.A.

Ingeniería y Construcción M.S.T. S.A.

Inmobiliaria y Constructora Nueva Pacífico Sur Ltda.

KDM S.A.

<sup>(1)</sup> Subsidiary of Aguas Andinas S.A.

<sup>(2)</sup> Company indirectly related through one of its principal shareholders.

# 097 PROPERTY, EQUIPMENT AND INSURANCE

The main properties and equipment used to provide the services of production and distribution of potable water and the collection and treatment of sewage are owned by Aguas Andinas and are in good working order.

The Company has insurance cover in force for all its assets – infrastructure, buildings and its contents – that include its installations for the production and distribution of potable water, collection and treatment of sewage, offices and warehouses. Insurance covers mainly the risks from natural causes and fire.



# 098 STATEMENT OF LIABILITY



# 100 STATEMENT OF LIABILITY

The Directors of Aguas Andinas S.A. and the General Manager, signatories to this declaration, hereby take full responsibility under oath for the truthfulness of the information provided in this Annual Report, in accordance with the provisions of General Norm N° 30 of the Superintendence of Securities and Insurance.

**Alfredo Noman Serrano** 

RUT: 21.663.123 - 4 Chairman

José Vila Bassas

PASAPORTE: 37245794

Director

Vice-Chairman

RUT: 9.669.100 - 9

RUT: 7.524.214-k

**Rodrigo Azócar Hidalgo** 

RUT: 6.444.699 - 1

Director

Jaime Arellano Quintana

RUT: 6.941.061-8 Director

Felipe Larrain Aspillaga

**Mónica Singer González** 

RUT: 7.700.329 - 0 Director

100

Joaquín Villarino Herrera

Arturo Vergara del Río

Director

RUT: 6.922.002 - 9

General Manager



# 102 COMPANY INFORMATION



# 104 COMPANY INFORMATION

#### NAME

Aguas Andinas S.A.

### **ADDRESS**

Avenida Presidente Balmaceda Nº 1398, Santiago, Chile

#### TAX I.D. No

61.808.000 - 5

### **TELEPHONE**

(56-2) 688 10 00

### 104 F

FAX

(56-2) 496 27 77

### E-MAIL

comunicaciones@aguasandinas.cl

#### MANAGEMENT P.O. BOX

1537 Santiago

### **BUSINESS**

Abstraction, purification and distribution of potable water and collection and disposal of sewage.

#### SERVICE TELEPHONE

(56-2) 731 24 82

### INSCRIPTION IN THE SECURITIES REGISTER

N° 0346

### **WEB SITE**

www.aguasandinas.cl

### Stock Exchange Information

#### TRADING NAMES ON CHILEAN STOCK MARKETS

Series A: "Aguas-A"
Series B: "Aguas-B

# Contacts for Information to Shareholders and Investors

#### INFORMATION FOR SHAREHOLDERS

### **Central Securities Deposit**

### Address

Huérfanos 770, piso 22

### Telephone

(56-2) 393 90 03

### Fax

(56-2) 393 91 01

### **INVESTOR RELATIONS**

### Address

Avenida Presidente Balmaceda Nº 1398, piso 3

### TelephoneS

(56-2) 496 23 06 / (56-2) 496 27 32

### Fax

(56-2) 496 23 09

### E-mail

inversionistas@aguasandinas.cl



### Incorporation of the Company

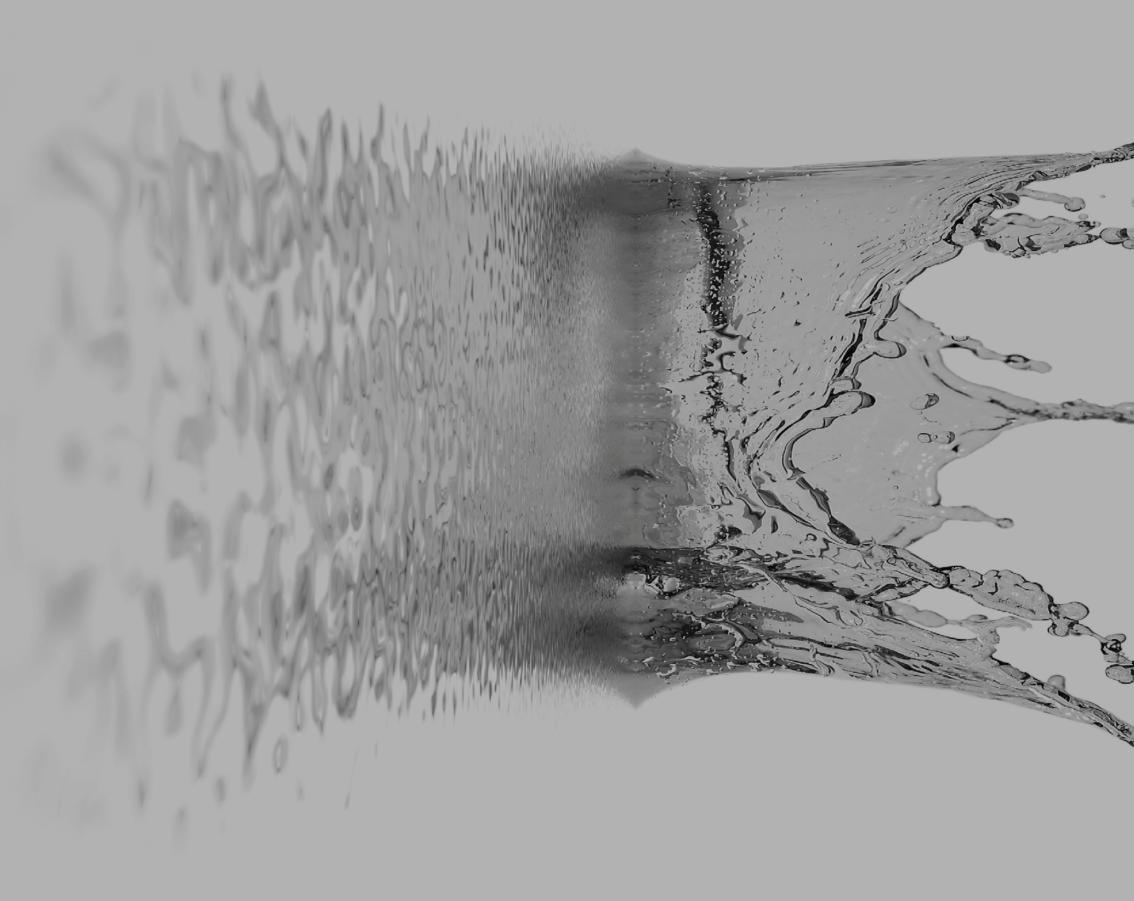
Aguas Andinas S.A. was incorporated as a corporation by public deed on May 31, 1989 in Santiago before Notary Public Raúl Undurraga. An extract of the statutes was published in the Official Gazette on June 10, 1989 with a copy inscribed in the Business Register, Page 13,981, N° 7,040 of the year 1989 of the Property Register of Santiago.

### Legal Information

The Company is inscribed in the Securities Register of the Superintendence of Securities and Insurance under N° 0346 as required by Law No. 18,777. As a company in the sanitation sector it is regulated by the Superintendence of Sanitation Services in accordance with Law N° 18,902 and Decree Laws No. 382 and No. 70, both of the year 1988.

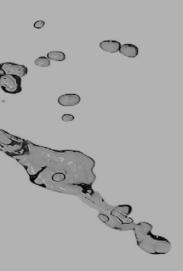








# FINANCIAL STATEMENTS 107



# 108 CONSOLIDATED FINANCIAL STATEMENTS



# 110 INDEPENDENT AUDITORS' REPORT

# Deloitte.

INDEPENDENT AUDITORS' REPORT

To the Shareholders' of Aguas Andinas S.A.

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We have audited the consolidated statements of financial position of Aguas Andinas S.A. and Subsidiaries as of December 31, 2009 and 2008, the opening consolidated statements of financial position at January 1, 2008, and the related consolidated statements of comprehensive income, cash flows, and changes in equity for the years ended December 31, 2009 and 2008. These consolidated financial statements (including the related notes) are the responsibility of Aguas Andinas S.A. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Aguas Andinas S.A. and Subsidiaries as of December 31, 2009 and 2008, and at January 1, 2008, results of its operations, changes in equity, and its cash flows for the years ended December 31, 2009 and 2008, in conformity with Chilean Financial Reporting Standards and International Financial Reporting Standards.

Debite

March 9, 2010

Edgardo Hernández Górnez

RUT: 7.777.218-9



# 112 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At December 31, 2009, December 31, 2008 and January 1, 2008 (Thousands of Chilean pesos – ThCh\$)

ASSETS	Note	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Current Assets				
Cash and Cash Equivalent	7	24.996.283	619.602	10.235.937
Trade Debtors and Other Receivables, Net	8	61.756.961	70.265.187	51.501.315
Accounts due from Related Companies	9	14.786	845	84.780
Inventories	10	1.694.961	2.071.427	1.640.549
Hedge Assets	8	900.059	3.750.482	419.543
Prepayments		418.580	405.688	257.072
Current Tax Receivables		1.541.200	1.524.392	435.027
Other Assets		98.998	529.432	596.836
TOTAL CURRENT ASSETS		91.421.828	79.167.055	65.171.059
Non-Current Assets				
Trade Debtors and Other Receivables, Net	8	3.265.193	4.096.441	2.727.546
Intangible Assets, Net	11	254.393.258	252.529.512	245.531.950
Property, Plant and Equipment, Net	12	1.022.473.285	991.818.671	733.814.240
Deferred Tax Assets	21	26.863.679	26.236.109	12.770.438
Deferred Tax Assets		462.725	640.827	618.369
Other Assets		17.504	19.077	0
TOTAL NON-CURRENT ASSETS		1.307.475.644	1.275.340.637	995.462.543
TOTAL ASSETS		1.398.897.472	1.354.507.692	1.060.633.602

# 113 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At December 31, 2009, December 31, 2008 and January 1, 2008 (Thousands of Chilean pesos – ThCh\$)

TOTAL EQUITY	2.3	683.578.535	673.957.270	618.111.883
Minority Interests		66.945.105	67.351.366	20.133
Equity Attributable to Equity Holders of Parent		616.633.430	606.605.904	618.091.750
Retained Earnings		318.079.357	308.051.831	319.440.679
Other Reserves		142.986.719	142.986.719	155.797.670
Issued Capital		155.567.354	155.567.354	142.853.401
EQUITY Equity Attributable to Equity Holders of Parent				
TOTAL NON-CURRENT LIABILITIES		599.680.340	557.970.700	364.537.084
Deferred Income		4.660.168	747.770	325.440
Post-Employment Benefit Obligation	18	5.747.456	5.735.296	4.168.086
Deferred Tax Liabilitiess	21	78.280.014	78.075.211	51.924.564
Provisions	14	1.029.508	1.143.359	1.056.516
Trade Creditors and Other Accounts Payable	8	1.557.754	1.633.998	871.599
NON-CURRENT LIABILITIES  Loans that Accrue Interest	8	508.405.440	470.635.066	306.190.879
TOTAL CURRENT LIABILITIES		115.638.597	122.579.722	77.984.635
Hedge Liabilities	8	984.932	3.293.662	420.733
Post-Employment Benefit Obligation	18	3.824.585	3.799.965	4.568.570
Deferred Income		2.631.830	6.411.941	4.279.515
Current Tax Payables		4.363.229	1.017.852	1.980.407
Provisions	14	957.415	1.000.363	1.201.461
Accounts due to Related Companies	9	4.944.762	2.886.256	2.434.703
Trade Creditors and Other Accounts Payable	8	62.355.834	62.463.134	40.927.876
Loans that accrue interest	8	35.576.010	41.706.549	22.171.370
Current liabilities				
EQUITY AND LIABILITIES	Note	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$

# 114 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY NATURE

At December 31, 2009, December 31, 2008 and January 1, 2008 (Thousands of Chilean pesos – ThCh\$)

STATEMENT OF COMPREHENSIVE INCOM	Note	31-12-2009 ThCh\$	31-12-2008 ThCh\$
	1.0	227.224.066	200 204 250
Ordinary Income, Total	16	327.224.866	299.204.359
Consumption of Raw Materials and Secondary Materials	4.0	27.837.125	25.000.361
Personnel Expenses	18	35.350.862	31.970.508
Depreciation and Amortization	11-12	50.578.521	45.180.813
Other Sundry Operating Expenses		57.774.351	51.012.063
Financial Costs	3	22.407.783	22.903.038
Income (Loss) from Investments	3	5.116.191	6.471.547
Exchange Rate Differences	19	41.911	( 22.707 )
Gain (loss) on adjustment units		8.730.220	( 28.839.602 )
Gain on sale of non-current assets not held for sale	3	3.541.850	355.690
Other non-operating expenses		419.485	2.285.813
PRETAX GAIN (LOSS)		150.286.911	98.816.691
Income Tax Expense (Income)	21	25.731.468	10.809.075
GAIN (LOSS) ON CONTINUING ACTIVITIES AFTER TAX		124.555.443	88.007.616
GAIN		124.555.443	88.007.616
Equity Attributable		123.047.510	88.226.496
of Parent and Minority Interest  Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest		123.047.510 1.507.933	88.226.496 ( 218.880 )
Equity Attributable to Equity Holders of Parent Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)			
Equity Attributable to Equity Holders of Parent Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)		1.507.933	( 218.880 )
Equity Attributable to Equity Holders of Parent Gain (Loss) Attributable to Minority Interest  GAIN (LOSS) Gain per Share		1.507.933	( 218.880 )
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share  Basic Gain (Loss) per Share (\$)	22	1.507.933 <b>124.555.443</b>	( 218.880 ) 88.007.616
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share  Basic Gain (Loss) per Share (\$)  BASIC GAIN PER SHARE OF CONTINUING OPERATIONS (\$)	22	1.507.933 124.555.443 20,109	( 218.880 ) 88.007.616 14,418
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share  Basic Gain (Loss) per Share (\$)  BASIC GAIN PER SHARE OF CONTINUING OPERATIONS (\$)  GAIN (LOSS)  Other Income and Expenses Charged or Credited to Equity (Presentation)	22	1.507.933 124.555.443 20,109 20,109	( 218.880 ) 88.007.616 14,418 14,418
Equity Attributable to Equity Holders of Parent	22	1.507.933 124.555.443 20,109 20,109	( 218.880 ) 88.007.616 14,418 14,418
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share  Basic Gain (Loss) per Share (\$)  BASIC GAIN PER SHARE OF CONTINUING OPERATIONS (\$)  GAIN (LOSS)  Other Income and Expenses Charged or Credited to Equity (Presentation)  Investment in Related Companies	22	1.507.933 124.555.443 20,109 20,109	( 218.880 ) 88.007.616 14,418 14,418 88.007.616
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share  Basic Gain (Loss) per Share (\$)  BASIC GAIN PER SHARE OF CONTINUING OPERATIONS (\$)  GAIN (LOSS)  Other Income and Expenses Charged or Credited to Equity (Presentation)  Investment in Related Companies  Other Income and Expenses Charged or Credited to Equity, Total	22	1.507.933 124.555.443 20,109 20,109	( 218.880 ) 88.007.616 14,418 14,418 88.007.616
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share  Basic Gain (Loss) per Share (\$)  BASIC GAIN PER SHARE OF CONTINUING OPERATIONS (\$)  GAIN (LOSS)  Other Income and Expenses Charged or Credited to Equity (Presentation) Investment in Related Companies  Other Income and Expenses Charged or Credited to Equity, Total COMPREHENSIVE INCOME AND EXPENSES, TOTAL	22	1.507.933 124.555.443 20,109 20,109 124.555.443	( 218.880 ) 88.007.616 14,418 14,418 88.007.616 ( 113.413 )
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share Basic Gain (Loss) per Share (\$)  BASIC GAIN PER SHARE OF CONTINUING OPERATIONS (\$)  Other Income and Expenses Charged or Credited to Equity (Presentation) Investment in Related Companies  Other Income and Expenses Charged or Credited to Equity, Total  COMPREHENSIVE INCOME AND EXPENSES, TOTAL  Comprehensive Income and Expenses Attributable to (Presentation)	22	1.507.933 124.555.443 20,109 20,109 124.555.443	( 218.880 ) 88.007.616 14,418 14,418 88.007.616 ( 113.413 )
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share  Basic Gain (Loss) per Share (\$)  BASIC GAIN PER SHARE OF CONTINUING OPERATIONS (\$)  GAIN (LOSS)  Other Income and Expenses Charged or Credited to Equity (Presentation) Investment in Related Companies  Other Income and Expenses Charged or Credited to Equity, Total COMPREHENSIVE INCOME AND EXPENSES, TOTAL  Comprehensive Income and Expenses Attributable to (Presentation) COMPREHENSIVE INCOME AND EXPENSES ATTRIBUTABLE TO MAJORITY SHAREHOLDERS	22	1.507.933 124.555.443 20,109 20,109 124.555.443	( 218.880 ) 88.007.616 14,418 14,418 88.007.616 ( 113.413 ) 87.894.203
Equity Attributable to Equity Holders of Parent  Gain (Loss) Attributable to Minority Interest  GAIN (LOSS)  Gain per Share  Basic Gain (Loss) per Share (\$)  BASIC GAIN PER SHARE OF CONTINUING OPERATIONS (\$)  GAIN (LOSS)  Other Income and Expenses Charged or Credited to Equity (Presentation)	22	1.507.933 124.555.443 20,109 20,109 124.555.443 124.555.443	( 218.880 ; 88.007.616 14,418 14,418 88.007.616 ( 113.413 ; 87.894.203

# 115 CONSOLIDATED STATEMENTS OF CASH FLOWS

At December 31, 2009 and December 31, 2008 (Thousands of Chilean pesos – ThCh\$)

DIRECT STATEMENT OF CASH FLOWS	Note		31-12-2009 ThCh\$		31-12-2008 ThCh\$
Net Cash Flows provided by (used in) Operating Activities			177.390.827		139.529.151
Amounts collected from Clients			419.259.416		344.366.226
Payments to Suppliers			89.661.317		50.764.985
Remunerations Paid			78.305.501		83.937.086
Payments Received and Remitted for Value Added Tax			33.947.993		33.976.304
Other Collections (Payments)		(	1.076.042 )	(	1.989.913
CASH FLOWS PROVIDED BY (USED IN) OPERATIONS			216.268.563		173.697.938
Amounts Received from Interest Received and Classified as Operating Interest			3.537.328		2.112.140
Payments of Interest Classified as Operating Interest			22.579.949		17.297.021
Payments of Income Tax			23.754.535		22.798.341
Other Inflows (Outflows) from Other Operating Activities			3.919.420		3.814.435
CASH FLOWS PROVIDED BY (USED IN) OTHER OPERATING ACTIVITIES		(	38.877.736 )	(	34.168.787
Net Cash Flows provided by (used in) Investing Activities		(	81.750.244 )	(	141.169.929
Amounts Received from Disposal of Property, Plant and Equipment			4.772.621		934.780
Amounts Received from Disposal of Other Financial Assets					7.747
Incorporation of Property, Plant and Equipment			86.521.378		60.849.928
Payments to Acquire Intangible Assets			1.487		94.354
Payments to Acquire Associated Companies					81.168.174
Net Cash Flows provided by (used in) Financing Activities		(	71.263.902 )	(	7.975.558
Loans			85.001.646		146.902.939
Payments of Loans			43.534.210		55.073.948
Payments of Interest Classified as Financial Interest (capitalized)			2.940.660		875.773
Payments of Dividends to Minority Interests			55.301.259		52.092.566
Payments of Dividends by the Reporting Entity			54.379.195		49.733.734
Other Cash Flows used in Financing Activities			110.224	(	2.897.524
Net Increase (Decrease) in Cash and Cash Equivalent			24.376.681	(	9.616.335
Cash and Cash Equivalent, Cash Flow Statement, Beginning Balance			619.602		10.235.937
CASH AND CASH EQUIVALENT, CASH FLOW STATEMENT, ENDING BALANCE	7	(	24.996.283		619.602

At December 31, 2009, December 31, 2008 and January 1, 2008 (Thousands of Chilean pesos – ThCh\$)

STATEMENT OF CHANGES IN EQUITY, NET ABBREVIATED	Note	Capital Stock	C	Other Sundry Reserves		Changes in Retained Earnings	Equ	Changes in ty Attributable to Parent		Changes in Minority Interests		Changes in Equity Total
ADDITEVIALED		ThCh\$		ThCh\$		ThCh\$		ThCh\$		ThCh\$		ThCh\$
Beginning balance at 01-01-2009		155.567.354	1	42.986.719	308	8.051.831	60	6.605.904	6	7.351.366	67	3.957.270
Beginning balance, restated		155.567.354	1	42.986.719	308	3.051.831	60	6.605.904	6	7.351.366	67	3.957.270
Integral Income and Expenses						123.047.510		123.047.510		1.507.933		124.555.443
Cash Dividends, Declared	2.3					113.019.984		113.019.984				113.019.984
Cash Dividends, Declared									(	1.914.194 )	(	1.914.194)
Other Increase (Decrease) in Equity						10.027.526		10.027.526	(	406.261 )		9.621.265
CHANGES IN EQUITY		155.567.354		142.986.719	3	318.079.357		616.633.430		66.945.105		683.578.535
Beginning balance at 01-01-2008		142.853.401		5.797.670		440.679		3.091.750		20.133		18.111.883
Beginning balance, restated		142.853.401	15	5.797.670	319.	440.679	61	8.091.750		20.133	6	18.111.883
Increase (Decrease) in Equity, Profit or Loss from Business Combination			(	113.413 )			(	113.413 )			(	113.413)
Integral Income and Expenses						88.226.496		88.226.496	(	218.880 )		88.007.616
Cash Dividends, Declared	2.3					99.615.344		99.615.344				99.615.344
Other Increase (Decrease) in Equity		12.713.953	(	12.697.538 )				16.415		67.550.113		67.566.528
Changes in Equity		12.713.953	(	12.810.951 )	(	11.388.848 )	(	11.485.846 )		67.331.233		55.845.387
ENDING BALANCE AT 31-12-2008		155.567.354		142.986.719	3	308.051.831		606.605.904	107	67.351.366		673.957.270

The accompanying notes are an integral part of the consolidated financial statements.



# 117 NOTES TO THE FINANCIAL STATEMENTS

# At December 31, 2009, December 31, 2008

#### 1. GENERAL INFORMATION

Aguas Andinas S.A. (hereinafter the "Company") and its subsidiaries make up the Aguas Andinas Group (hereinafter the "Group"). Its legal domicile is Avenida Presidente Balmaceda 1398, Santiago, Chile and its Single Taxpayer Number is 61.808.000-5.

Aguas Andinas S.A. was incorporated as a corporation by public deed dated May 31, 1989, in Santiago, drawn up and executed in the office of Notary Public Raúl Undurraga Laso. An excerpt of the by-laws was published in the official Gazette on June 10, 1989, and registered in the Business Registry on page 13.981, number 7.040 of 1989 of the Santiago Registrar of Lands, Mines and Industrial Property.

According to article two of the By-laws, the Company's corporate purpose is to provide sanitary services, including the construction and operation of public utilities aimed at providing and distributing drinking water and collecting and disposing of sewage. Its current concession area is in the Greater Santiago area and outlying locations.

The Company is the parent of three sanitary companies, two in the Greater Santiago area (Aguas Cordillera S.A. and Aguas Manquehue S.A.) and one in the De Los Ríos Y De Los Lagos regions (Empresa de Servicios Sanitarios de Los Lagos S.A., ESSAL S.A.). In order to provide an comprehensive service within its line of business, the Company has non-sanitary subsidiaries providing such services as treatment of liquid industrial waste (Ecoriles S.A.), laboratory analysis (Análisis Ambientales S.A.) and selling materials and other services related to the sanitary sector (Gestión y Servicios S.A.).

The Company is registered in the Securities Register of the Chilean Superintendency of Securities and Insurance under number 0346. The subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A. are registered in the Securities Register of the Chilean Superintendency of Securities and Insurance under numbers 0975, 0402 and 524, respectively. As companies in the sanitary sector, they are regulated by the Superintendency of Sanitary Services, in accordance with Law 18.902 of 1989 and Decree Laws 382 and 70, both of 1988.

For the purposes of preparing consolidated financial statements, a group is understood to exist when the parent has one or more subsidiaries, with these being entities over which the parent has control either directly or indirectly. The accounting policies applied in preparing the consolidated financial statements of the Group are specified in Note 2.2.

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM"), a corporation that is in turn controlled by Sociedad General de Aguas Barcelona S.A. ("Agbar"), an entity based in Spain and one of the largest sanitary services operators in the world.

At December 31, 2009, the Group has 1,799 employees consisting of 62 main executives, 450 professional staff and 1,287 employees and administrative staff.

#### 2. BASES OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 BASES OF PREPARATION

These consolidated financial statements cover the years 2009 and 2008, as stipulated in IFRS, Circular 1,924 of April 24, 2009 and circular 473 of September 25, 2008 of the Chilean Superintendency of Securities and Insurance (S.V.S.)

The consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS), which have been adopted in Chile under the name of Chilean Financial Reporting Standards (CFRS) and represent the full, explicit, unqualified adoption of the above IFRS

The Group complies with all of the legal conditions of the environment in which it operates, particularly its sanitary subsidiaries with regard to the typical regulations of the sanitary sector. The Group's companies present normal operating conditions in each environment in which they carry out their activities, their projections show a profitable operation and they have the capacity to access the financial system to finance their operations, all of which, in management's opinion, determine its capacity to continue as a going concern, as stipulated in the accounting standards under which these financial statements are issued.

The consolidated financial statements have been prepared using the historical cost approach. Land and intangibles in particular have been registered using the cost model, with the fair value at the date of first-time adoption being considered as their deemed cost, as allowed by IRFS 1. First-time adoption exceptions and exemptions are specified in Note 4.

#### Functional Currency and presentation currency

The individual financial statements of each of the Group's entities are presented in the currency of the main economic environment in which the companies operate (Functional currency). For the purposes of the consolidated financial statements, the results and financial position of each of the Group's companies are stated in Chilean pesos, which is the Company's functional currency and the presentation currency for the consolidated annual financial statements.

#### Changes to Accounting Standards

As of 2009, the Group has adopted the International Financial Reporting Standards (IFRS) for the first time and this is the first annual presentation of the annual financial statements under these standards.

These consolidated financial statements for the period from January to December, 2009 and 2008 comply with each of the international financial reporting standards in force at this date.

The 2008 financial statements were presented to the Chilean Superintendency of Securities and Insurance, as well as also to the Ordinary Shareholders' Meeting held in April of this year, under Chilean generally accepted accounting principles (hereinafter, Chilean accounting principles). Chilean accounting principles differ in some aspects from the IFRS. The 2008 financial statements have been restated to reflect comparative information in accordance with IFRS. Note 3 compiles the

reconciliations and descriptions of the effect of the transition from Chilean accounting principles to IFRS on the equity and income of Aguas Andinas S.A.

La Nota N°3 recoge las conciliaciones y descripciones del efecto de la transición de los principios contables chilenos a las NIIF sobre el patrimonio y los resultados de Aquas Andinas S.A.

#### New accounting pronouncements

IAS 39. Financial Instruments: Measuremen

Improvements to IFRSs – Compilation of amendments to twelve International Financial Reporting Standards

and Recognition - Elegible items covered

**New IFRS** 

The following published IFRS and Interpretations by the IFRIC have been issued, but their application date is still not in force.

Date of obligatory application

Restrospective application for isolated

annual periods on or after July 1, 2009

Isolated anual periods on or after January 1, 2010

IFRS 9, Financial Instruments	Isolated annual periods on or after January 1, 2013		
Amendments to IFRS	Date of obligatory application		
IFRS 1 (Revised), First-time adoption of the International Financial Reporting Standards	Isolated anual periods on July 1, 2009		
IFRS 2, Share-based payments	Isolated anual periods on or after January 1, 2010		
IFRS 3 (Revised), Business combinations	Isolated anual periods on July 1, 2009		
IAS 27 (Revised), Consolidated and Individual Financial Statements	Isolated anual periods on July 1, 2009		
IAS 24, Disclosure of Related Parties	Isolated anual periods on or after January 1, 2011		
IAS 32, Classification of Issue Rights	Isolated anual periods on or after February 1, 2011		

New Interpretations	Date of obligatory application
IFRSIC 17, Distribution of non-monetary assets to owners	Isolated anual periods on or after July 1, 2009
IFRSIC 19, Extinction of financial liabilities using equity instruments	Isolated anual periods on or after July 1, 2010

Isolated anual periods on or after July 1, 2010	Date of obligatory application
IFRSIC 14, The limit on a defined benefit asset, minimum funding requirements and their interaction	Isolated anual periods on or after January 1, 2011

The Management of the Company and its Subsidiaries consider that the adoption of the above standards, amendments and interpretations will not have a significant impact on the Group's consolidated financial statements in the period of their first-time application.

#### Responsibility for the Information and Estimates Made

The information contained in these consolidated financial statements is the responsibility of the Company's Board of Directors. The Company's Board of Directors states that all of the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. On march 9, 2010, the Company's board of directors approved the financial statements.

Estimates such as the following have been used in preparing these financial statements:

- Useful life of fixed assets and intangibles
- Valuation of assets and acquired goodwill (commercial funds or goodwill on investments)
- Asset impairment losses
- Hypotheses used in the actuarial calculation of the employee termination benefits
- Hypotheses used for calculating the fair value of financial instruments
- Income from uninvoiced supply
- Provisions for commitments made to third parties
- Risks arising from current litigation

Despite the fact that these estimates were made and opinions issued based on the best information available about the events analyzed at December 31, 2009 and 2008, events may possibly occur in the future that force them to be changed (upwards or downwards) in future periods. Such changes will be recorded when they are known and the effects of such changes on the respective financial statements will be recognized in the comprehensive statement of income or equity accounts, as applicable.

#### 2.2 ACCOUNTING POLICIES

The main accounting policies adopted in preparing these consolidated financial statements are described below.

#### A BASIS FOR CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Its subsidiaries). Subsidiaries are those entities over which the Group has the power to direct their financial and operating policies. Such power is generally accompanied by ownership of more than 50% of the voting stock. On evaluating whether the Group controls another entity, the existence and effect of the potential voting rights actually exercised or converted are considered. The subsidiaries are consolidated as of the date on which control is transferred to the Group and they are excluded from the consolidation on the date on which such control ceases to exist.

Acquisition of subsidiaries is booked using the acquisition method as stipulated in IFRS 3 Business Combinations. The cost of the business combination is the amount added to the fair value of the assets delivered, liabilities incurred or assumed and equity instruments issued on the date of the exchange, plus any costs directly attributable to the acquisition. Identifiable assets acquired and identifiable liabilities and contingent liabilities assumed in a business combination are valued initially at their fair value at the date of acquisition, regardless of the scope of the minority interests. The excess of the acquisition cost over and above the Group's share of the fair value of the identifiable net assets acquired as goodwill. If, after a re-evaluation, the Group's share in the fair value of the identifiable net assets acquired exceeds the acquisition costs, the excess is recognized immediately in the comprehensive statement of income. The period of valuation for calculating the definitive fair value of assets and liabilities, as stipulated in IRFS 3, should not be more than one year after the date of acquisition.

In accordance with first-time adoption and making use of the optional meaning offered by IFRS 3, the Company has decided that it will not apply this standard retroactively with regard to other Business Combinations.

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

When considered necessary, the accounting policies of the subsidiaries have been adjusted to ensure that they are in line with the policies used by the Group.

#### B. TRANSACTIONS AND MINORITY INTERESTS

The Group applies the policy of considering transactions with minority interests as transactions with third parties outside the Group. The transfer of minority interests entails gains and/or losses for the Group and these are recognized in the statement of income. The acquisition of minority interests results in goodwill or negative goodwill, being the difference between the price paid and the respective proportion of the carrying value of the subsidiary's net assets.

#### C. JOINT VENTURES

Shares in joint ventures are incorporated using the fair value method, as described in IAS 28 Investments in Associates (paragraphs 20 to 34)

Once the investor has reduced the value of the investment to zero, additional losses will be taken into account by recognizing a liability only to the extent that implicit legal obligations have been incurred, or payments have been made on behalf of the associate in the joint venture. If the associate in the joint venture earns subsequent gains, the investor will continue to recognize its part in such gains when its share in such gains is equal to its share of the unrecognized losses.

# D. OPERATING SEGMENTS

The Group has adopted IFRS 8, Operating Segments, as of January 1, 2009. IFRS 8 stipulates the reporting standards for operating segments and disclosures involving products and services. Operating segments are defined as components of an entity for which there is separate financial information regularly reviewed by Management for making decisions regarding the resources to be assigned to the segments and evaluating their performance.

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

- Operations involving the sanitary business (Water).
- Operations not involving the sanitary business (Not Water).

#### E. INTANGIBLES (ASSETS)

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

The basis for recognition and measurement will be the cost method. Nevertheless, as indicated in IFRS 1, first-time adoption, certain Water Rights and Easements were revalued and such values were used as the deemed cost.

#### i. Intangible assets acquired separately:

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful lives. Estimated useful lives and the method of amortization are reviewed at each period-end, with the effect of any change in the estimate being booked prospectively.

#### ii. Internally-generated intangible assets – research and development expenses:

Research expenses are recognized as an expense in the period in which they are incurred.

An internally-generated intangible asset arising from development projects (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The completion of the intangible asset so that it will be available for use or sale is technically feasible.
- Management has the intention to complete the intangible asset and use or sell it.
- Management is able to use or sell the intangible asset.
- The entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself.
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be reliably measured.

The amount initially recognized for the internally-generated intangible assets is the sum of the expenses incurred from the date on which the intangible assets comply with the above recognition criteria for the first time. When an internally-generated intangible asset cannot be recognized, the development expenses are booked in income in the period in which they are incurred.

Subsequent to initial recognition, internally-generated intangible assets are presented at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

#### iii. Intangible assets acquired in a business combination:

Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they satisfy the definition of an intangible asset and their fair value can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are presented at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

#### iv. Amortization method for intangibles:

#### Finite-Lived Intangibles

The amortization method applied by the Company reflects the pattern with which the asset's future economic benefits are expected to be used by the entity. To that end, the Company uses the straight-line method of depreciation.

#### Computer programs

The estimated useful life of software is 4 years. For other finite-lived assets, the useful life period in which they are amortized is the period as defined in the contracts or rights giving rise to them.

#### Indefinite-lived intangibles

Indefinite-lived intangibles are mainly water rights and easements, which were obtained on an indefinite basis. These assets are not subject to amortization, but rather to impairment testing according to IAS 36.

The following factors, among others, should be considered for estimating the useful life:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of the products, changes in demand).
- Expected reactions by current or potential competitors.
- Natural, climate and technology change factors affecting the ability to generate benefits.

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

#### F. PROPERTY, PLANT AND EQUIPMENT

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The Company uses the cost method for valuing Property, Plant and Equipment. Nevertheless, for first-time application of IFRS certain plots of land were revalued and this value was recorded as the deemed cost, as specified in Note 4. The historical cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial assets or are recognized as a separate asset, only when the future economic benefits associated with the fixed asset elements will probably flow to the Group and the cost of the element may be calculated reliably. The value of the replaced component is written off in the books. The rest of the repairs and maintenance are charged to income in the year in which they occur.

Depreciation method for property, plant and equipment:

The depreciation method applied by the Company reflects the pattern with which the entity is expected to use the assets during the period in which they generate economic benefits. To that end, the Company uses the straight-line method depreciation over the technical useful life of the asset, which is based on studies made by independent experts. The residual value and useful life of the assets are reviewed and adjusted if necessary at each year-end.

When the value of an asset is higher that its estimated recoverable amount, its value is immediately written down to its recoverable amount (Note 13).

#### Estimated useful lives or depreciation rates for property, plant and equipment:

The useful lives used by the Company are those indicated by a technical study made by external specialist companies. Therefore, the useful life applied by the Company corresponds to the technical useful lives of the assets.

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

ITEM	Useful life (years) Minimum	Useful life (years) Maximum
Life or rate for buildings	25	80
Life or rate for plant and equipment	5	50
Life or rate for information technology equipment	4	4
Life or rate for fixed facilities and accessories	5	80
Life or rate for motor vehicles	7	7
Life or rate for improvements to leased assets	5	5
Life or rate for other property, plant and equipment	4	80

Policy for estimating costs of dismantling, removing or restoring property, plant and equipment:

Due to the nature of the assets built in the company and since there are no contractual obligations in place such as those mentioned by IFRS, the concept of dismantling costs does not apply.

#### Fixed asset sale policy

Profit or loss from the sale of fixed assets is calculated by comparing the income obtained with the carrying value and booked in the statement of income.

#### G. IMPAIRMENT OF THE VALUE OF TANGIBLE AND INTANGIBLE ASSETS EXCEPT FOR GOODWILL

At each year-end, the Group reviews the carrying values of its tangible and intangible assets to determine whether there are indicators that such assets have suffered any impairment loss. If such indicators exist, the recoverable amount of the assets is estimated to calculate the amount of the impairment loss (if any). When the recoverable amount of a particular asset cannot be estimated, the Group estimates the recoverable amount of the Cash-generating Unit to which the asset belongs.

Indefinite-lived intangible assets are submitted to annual impairment tests or when there are indicators that the asset's value could have been impaired.

The recoverable amount is the higher of the fair value less selling costs and the value in use. For estimating the value in use, estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects both the current market conditions of the value of money over time and the specific risks associated with the asset.

When the recoverable amount of an asset (or cash generating unit) is estimated to be less that its carrying value, the carrying value of that asset (or cash generating unit) is adjusted to its recoverable amount, immediately recognizing an impairment loss in profit or loss. When an impairment loss subsequently reverses, the carrying value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable amount, always provided the adjusted carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized immediately in profit or loss, unless the respective asset is recorded at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

#### H. LEASES

Leases are classified as finance leases when the terms and conditions of the lease transfer substantially all of the risks and benefits of the property to the lessee. All other leases are classified as operating leases.

#### 1. Finance leases

Assets acquired by finance lease are recognized initially as Group assets at their fair value at the start of the lease or, if lower, at the current value of the minimum lease payments. The lease obligation is included in the balance sheet as a finance lease obligation.

Minimum lease payments are allocated to financial charges and the obligation is written down to obtain a constant interest rate on the pending balance of the obligation. Financial charges are booked directly in profit or loss, unless directly related to the qualified assets, in which case they are capitalized in accordance with the Group's overall policy on costs of financing. Contingent leases are recognized as expenses in the periods in which they are incurred.

#### ii. Operating leases

Payments of operating leases are recognized as expenses using the straight-line method during the term of the lease, except when another systematic basis reflects the temporary pattern of consumption of the economic benefits of the leased assets in a more representative manner. Contingent leases are recognized as expenses in the period in which they are incurred.

If lease incentives are received with a view to agreeing to an operating lease, such incentives are recognized as a liability. The accumulated benefit from incentives is recognized using the straight line method as a write-down of the lease expense, except when another systematic basis reflects the temporary pattern of consumption of the economic benefits of the leased asset in a more representative manner.

#### I. FINANCIAL ASSETS

Acquisitions and transfers of financial instruments are recognized on the date of negotiation, in other words, the date on which the Group makes the commitment to acquire or sell the asset. Investments are written off when the rights to receive cash flows from the investments have been transferred and the Group has substantially transferred all of the risk and benefits derived from its ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity investments.
- Financial assets available for sale
- Loans and accounts receivable.

The classification depends on the nature and purpose of the financial assets and it is determined when initial recognition is made.

Aguas Andinas and its subsidiaries invest in low risk instruments that meet rating standards stipulated in the investment policies. Thus, mutual investment funds must have an AAfm / M1 rating (Units with a high protection against loss, associated with credit risks / units with the lowest sensitivity to changes in economic conditions). Fixed term deposits and agreements contracted are N-1 rated instruments (Instruments with the highest capacity to pay capital and interest under the conditions and terms agreed to).

The institutions issuing these instruments are Banks or Bank subsidiaries with N-1 risk rating, and their instruments have at least an AA rating (with the highest capacity to pay the capital and interest under the conditions and terms agreed to, which would not be significantly affected by any 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 of calculating the amortized cost of a financial asset and of allocating interest income during the respective period. The effective interest rate is the rate that exactly discounts the estimated future cash flows to be collected during the expected useful life of the financial asset.

# ii. Financial assets at fair value through profit or loss

Financial assets are presented at fair value through profit or loss when the financial asset is held for trade or is designated at fair value through profit or loss.

A financial asset is classified as held for trade if:

- It has been acquired primarily for the purpose of selling it or repurchasing it in the immediate future; or
- It forms part of a portfolio of identified financial instruments, which the Group manages together and for which there is evidence of a recent, actual pattern of obtaining short-term benefits; or
- It is a derivative that has not been designated nor is it effective as a hedge instrument.

A financial asset that is not a financial asset held for trade may be classified at fair value through profit or loss in the initial recognition, if:

- Such designation eliminates or significantly reduces any inconsistency in the valuation or in the recognition that would arise on using different criteria for valuing the assets, or for recognizing their losses or gains on different bases; or
- The financial asset forms part of a group of financial assets, which are managed and whose performance is evaluated under a fair value criterion, in accordance with an investment and risk management strategy documented by the company.
- It forms part of a contract containing one or more implicit derivatives, and IAS 39
   Financial Instruments: Recognition and Measurement allows the entire combined contract (assets and liabilities) to be designated at fair value through profit or loss.

Financial assets at fair value through profit or loss are valued at fair value and any resulting loss or gain is recognized in profit or loss. The net loss or gain recognized in profit or loss includes any dividend or interest earned on the financial asset.

At year-end, the Group does not have any financial assets at fair value through profit or loss.

#### iii. Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or calculable payments and stipulated maturity dates that the Group intends and has the ability to hold to maturity. Financial assets held to maturity are recorded at amortized cost using the effective interest rate method less any impairment loss, and income is recognized on the effective return basis.

#### iv. Loans and accounts receivable

Debtors from sales, loans and other accounts receivable that have fixed or calculable payments and are not negotiated in an active market are classified as loans and accounts receivable. Loans and accounts receivable are valued at their amortized cost using the effective interest rate method, less any impairment loss. Interest income is recognized by applying the effective interest rate, except for short-term accounts receivable where recognition of interest would be immaterial.

#### Trade debtors and other receivables

Trade debtors, corresponding to invoicing for consumption of drinking water, sewerage services, sewage treatment and other services, are recorded net of the estimate of uncollectible accounts or accounts with a low probability of collection.

The trade debtor policy is subject to the credit policy, which stipulates the terms and conditions of payment, and also the various scenarios to be covenanted with delinquent clients.

#### Financial asset impairment policy

The company regularly reviews losses in value affecting its financial assets. The amount is recorded in the provision account, and is the result of the difference between the carrying amount of the asset and the actual value of the estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is written down as the provision account is consumed and the loss is recognized in the statement of income in "other sundry operating expenses". When an account receivable is uncollectible, it is adjusted against the provision for accounts receivable account.

The analysis of the behavior of the different types of debt segments is affected by: i) division between subsidized and non-subsidized debtors and ii) the fact that the Group's sanitary companies are legally empowered to suspend the supply of the service to clients who do not pay.

Estimates are based on the following historical situation: i) considering the recovery statistics, which indicate that the possibility of collection is marginal after the eighth month of unpaid invoices, in other words the probability of recovering an invoiced amount is minimal, less than 1%; ii) There is a low probability of recovery from debtors whose service has been suspended; based on this behavior, the appropriate percentage is extrapolated to be applied to calculating the provision according to the type of debt and depending on its age.

For Aguas Andinas and its subsidiaries, Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., provision is made for 100% of the past-due debt of clients with more than 8 months' debts.

For Aguas Andinas S.A. and Aguas Cordillera S.A. provision is made for 100% of the covenanted balance of the consumer debts transformed into payment agreements. Provision is made directly for 100% of debts classified as "non-social cases". For "social cases", Aguas Andinas S.A. and Aguas Cordillera S.A. make provision for 55% of the total covenanted, while the remaining 45% is provided for as a trade discount.

For the subsidiaries Gestión y Servicios S.A., Anam S.A. and Ecoriles S.A., provision is made for 100% of the past-due debt of clients with debts past-due by more than 120 days.

Provision is made for 100% of the notes receivable for a past-due debt.

#### v. Financial assets available for sale

Financial assets available for sale are non-derivative financial instruments that do not classify to be classified in the three previous categories. These are recorded at fair value. Losses and gains from changes to the fair value are recognized directly in equity, in the reserve account of assets available for sale, except for impairment losses, interest calculated using the effective interest rate method and losses and/or gains in foreign currency of monetary items, which are recognized directly in profit or loss. When the financial asset is sold or it is determined to be impaired, the accumulated loss or gain recognized previously in the reserves of assets available for sale is booked in income for the period.

#### J. GOODWILL

The goodwill in the acquisition of a subsidiary represents the excess of the acquisition cost over the Group's ownership interest in the net value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized on the date of acquisition. Goodwill is recognized initially as an asset at cost and subsequently it is measured at cost less accumulated impairment losses.

For testing impairment, the goodwill is assigned to each of the Group's cash generating units that are expected to benefit from the synergies of the combination. The cash generating units to which the goodwill has been assigned are tested for impairment every year, or more frequently when there are indications that the unit could have suffered impairment. If the amount recoverable from the cash generating unit is less than the unit's carrying value, the impairment loss is assigned initially to writing down the carrying value of the goodwill assigned to the unit and then to the unit's other assets on a prorata basis to the carrying value of each of the unit's assets. Impairment losses recognized in the goodwill are not reversed in subsequent periods.

In the sale one of the group's companies, the amount of assigned goodwill is included, as applicable, in the calculation of the operation's gain or loss.

#### K. INVENTORIES

Inventories are presented at acquisition cost, which does not exceed their net realizable value. The cost method is the weighted average cost. Stock with no turnover over the last twelve months is valued every year and the market value is recorded, if lower.

Inventories of Gestión y Servicios S.A., a subsidiary of the company devoted to selling materials, are valued at acquisition cost, which does not exceed their net realizable value.

#### L. DIVIDEND PAYMENT POLICY

The dividend payment policy is to distribute 30% of each year's profits as a final dividend, plus 70% insofar as financing terms and conditions so allow, subject to approval by the ordinary shareholders' meeting.

#### M. Transactions in Foreign Currency

Assets and liabilities in foreign currencies are stated at their respective exchange rates in force at each year-end, according to the following rates:

CURRENCY	31-12-2009 Ch\$	31-12-2008 Ch\$
US dollar	507,10	636,45
Euro	726,82	898,81

Exchange rate differences are recorded in income for the year in which they accrue.

#### N. FINANCIAL OBLIGATIONS

Loans and obligations with the general public and others of a similar nature are recorded initially at their fair value, net of costs incurred in the transaction. Subsequently, they are valued at amortized cost, using the effective interest rate, except for operations for which hedge contracts have been signed, which are valued as follows.

#### O. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The use of derivative financial instruments by Aguas Andinas S.A. and subsidiaries is based on the Group's financial risk management policies, which stipulate instructions for their use.

The Group does not use derivative financial instruments to speculate with, rather it uses them exclusively as hedge instruments to mitigate interest rate and foreign currency risks to which existing items have been exposed because of its operations.

The treatment of hedge operations using derivative instruments is as follows:

Fair value hedges Changes in the market value of derivative financial instruments designated as hedge instruments, as well as the items hedged, are charged or credited to financial income in the respective income statement accounts.

Cash flow and net investment in foreign currency hedges. The effective portion of changes in the fair value of these derivative financial instruments is recorded directly in an equity reserve called "cash flow hedge", while the ineffective portion is recorded in profit or loss. The amount recognized in equity is not transferred to the income account until the gain or loss from the hedged operations is recorded there, or until the expiry date of such operations.

If the hedge is discontinued, the accumulated gain or loss in equity to that date is maintained until the underlying hedged operation is performed. The gain or loss accumulated in equity is reversed at that moment to the income statement account affected by the operation.

At each year-end, financial instruments are presented at their fair value. For derivatives not traded in formal markets, the Group uses their hypothetical valuation based on market conditions at that date.

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

The Group also evaluates the existence of embedded derivatives in financial contracts and instruments to determine whether their characteristics and risks are closely linked to the main contract, always provided the contract is not being booked at fair value. If not closely linked, they are recorded separately with the variations being booked directly in the statement of income.

#### P. PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the Group has a current obligation resulting from a past event, for which the Group will probably use resources to settle the obligation and regarding which a reasonable estimate of the amount of the obligation may be made.

Provisions are quantified taking into account the best information available on the event and its consequences, and they are re-estimated at every period-end. Provisions made are used to meet the specific risks for which they were originally recognized, and they are reviewed in part or in whole when such risks disappear or diminish.

Contingent liabilities refer to all possible obligations arising as a result of past events, whose future concretion and associated damage to the equity is considered to be not very probable. According to IFRS, the Group does not recognize any provision for these concepts, although, as required by the standards, they are specified in detail, in case they become applicable, in Note 14.

#### O. EMPLOYEE BENEFITS

The obligation for the severance indemnities that are estimated to accrue for employees who retire in Aguas Andinas S.A., Aguas Cordillera S.A. and ESSAL S.A. is recorded at its actuarial value calculated using the projected credit unit method. Actuarial gains and losses on the severance indemnities arising from changes to the estimates or variations in the rotation, mortality, early retirement from dismissals, wage increases, discount or employee rates, are recorded directly in profit or loss.

#### Aguas Andinas S.A.

Severance indemnities in Aguas Andinas S.A. are governed by the Labor Code, except for the amount of the all event severance indemnity accumulated at July 31, 2002 and the payment for dismissal of 1.45 of the wage, excluding voluntary resignation, with no ceiling in terms of amount or years, for employees forming part of the current collective work contracts and to whom the same benefit was extended through their individual work contract. The accumulated all-event amount at that date is adjusted on a quarterly basis according to the change in the consumer price index. Likewise, the above collective work contract stipulates that employees who retire in Aguas Andinas S.A. and take their retirement within 120 days after the date on which they reach the legal retirement age may have access to the benefit specified in the collective work contract and continue to accrue this benefit after July, 2002.

#### Aguas Cordillera S.A

Severance indemnities in Aguas Cordillera S.A. are governed by the Labor Code, except for the amount of the all-event severance indemnity accumulated at December 31, 2002 and the payment

for dismissal of 1 wage with no ceiling in terms of amount or years, for employees forming part of the current collective work contracts and to whom the same benefit was extended through their individual work contract. The accumulated all-event amount at that date is adjusted on a quarterly basis according to the change in the consumer price index. Likewise, the above collective work contract stipulates that employees who retire in Aguas Cordillera S.A. continue to accrue this benefit after December, 2002

#### ESSAL S.A.

An actuarial value calculation is only performed for employees forming part of the current collective work contract or assimilated into it at the date of the financial statements in the event of their retirement or death. In these cases, there is a ceiling of six months for payment purposes. Other cases are governed by the Labor Code, in other words they are not entitled to any severance indemnity unless they are dismissed, and the ceiling is 11 months.

#### Actuarial suppositions

The obligation of the Company and its subsidiaries for severance indemnities accrued for the employees until July and December, 2002 and the obligation for additional severance indemnities that are estimated to accrue for employees retiring from the Company are recorded at their actuarial value, calculated using the projected credit unit method with a 7.1% actual annual discount rate and with mortality indicators obtained according to table RV-2004 of the Chilean Superintendency of Securities and Insurance and turnover indicators obtained from in-house studies. There are also severance indemnities covenanted in individual work contracts, which are recorded using the same method.

Advances paid to personnel and charged to such funds are deducted from current obligations. These advances, price level restated, will be deducted from the final settlement, as stipulated in the respective contracts.

The other subsidiaries do not have any benefits of this kind.

#### R. INCOME TAX AND DEFERRED TAXES

The income tax expense is the sum of income tax payable and the variation in deferred tax assets and liabilities.

Income tax payable is calculated based on the tax result for the year. Income tax payable by the Group is calculated using approved tax rates or rates in the process of approval at year-end.

Deferred taxes are recognized based on the differences between the carrying values of the assets and liabilities in the financial statements and the respective tax bases used in calculating the tax result and they are booked using the liability method. Deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences insofar as there will probably be future tax benefits that may be used to offset such differences. Deferred tax assets or liabilities are not recognized, if the temporary differences arise from goodwill or initial recognition (except in a business combination) of other assets and liabilities in a transaction that does not affect the tax results or the financial results.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and written down insofar as it is no longer probable that sufficient tax profits will be available to recover all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be force in the period when the liability is liquidated or the asset realized, based on approved tax rates, or rates in the process of approval, at year-end. The measure of deferred tax assets and liabilities reflects the tax consequences that will occur due to the way in which the group expects, at the date of the report, to recover or liquidate the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset when the right to offset the amounts recognized in those items has been legally recognized by the tax authorities and when the deferred tax assets and liabilities derive from income tax corresponding to the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### S. ORDINARY INCOME

#### Ordinary income recognition policy

Income from all normal operations and other events is recorded at the fair value of the payment received or receivable, considering the terms and conditions of payment, deductions and credit notes. The amount of the income can be reliably measured.

# Policy for recognizing ordinary income from the sale of assets

Income from the sale of assets is recognized once the risks and benefits have been transferred. However, the subsidiary Gestión y Servicios S.A. does its invoicing once the material has been delivered and, if there is a sale of Property, Plant and Equipment in the other companies of the Group, the gain can be reliably valued.

#### Policy for recognizing ordinary income from the sale of services

Income from the sale of services is measured at fair value. Invoicing is done based on actual consumption or work performed of the consideration receivable, net of returns, trade discounts and deductions. So income is recognized when it is transferred to the buyer, recovery is considered probable, associated costs and possible discounts for erroneous charges may be estimated reliably.

Information based on metered consumption is available for some invoicing groups and the respective rate is applied to such consumption. This metering is not available for other groups at month-end, so an estimate is made based on the physical data from the prior month valued at the current rate, for which the rate for normal or excess consumption is considered, as applicable. Any difference between current and estimated consumption is corrected in the following month.

The services area of the sanitary companies is divided into invoicing groups, which determine the dates for reading the meters and subsequent invoicing. This process is carried out based on a monthly calendar.

The transfer of risks and benefits varies according to the line of business of the company. For Sanitary Services companies, provision of services and all of their associated collections are made according to actual consumption and a monthly provision is made on consumption read but not invoiced based on prior invoicing. For the companies Anam S.A., EcoRiles S.A. and Gestión y Servicios S.A. invoicing is based on work performed..

#### Method for determining the status of completion of the services

The provision of the service is checked by measuring consumption, as stipulated in the associated legal regulations.

Income from agreements with property developers is recorded as ordinary income insofar as it complies with certain conditions stipulated in each contract, which ensure that the associated economic benefit will flow to the company.

#### T. EARNINGS PER SHARE

The basic earnings per share is calculated as the quotient of the gain (loss) attributable to the holders of the ownership interest in the Equity of the Controller and the weighted average number of ordinary shares in circulation during the year.

#### U. INFORMATION ON THE ENVIRONMENT

Assets of an environmental nature are considered to be those that are used over time in the activity of the Company and its subsidiaries and whose main purpose is to minimize adverse environmental impacts and protect and improve the environment, including the reduction or elimination of any future contamination by the operations of Aguas Andinas S.A.

These assets are valued, just as any other asset, at acquisition cost. The Company and its subsidiaries amortize such elements using the straight-line method over the estimated remaining useful lives of the various elements.

#### V. CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the following criteria:

Cash and Cash Equivalent: Inflows and outflows of cash and cash equivalent; the latter being short-term, highly liquid investments subject to a low risk of changes in value (terms of less than 3 months and no restrictions).

**Operating activities:** Typical activities of the normal operation of the business of the company and its subsidiaries, and also other activities not classified as investing or financing activities.

**Investing activities:** The acquisition, sale or disposal by other means of non-current assets and other investments not included in cash and cash equivalent.

**Financing activities:** Activities producing changes in the amount and composition of the equity and liabilities not forming part of ordinary activities.

# W. CONSTRUCTION CONTRACTS

The Group uses the "percentage of completion method" for recognizing income and expenses with reference to the status of completion of the contract. The status of completion is determined by reference to the costs of the contract incurred at the date of the balance sheet as a percentage of the total estimated costs of each contract. The costs incurred during the year with regard to the future activity of a contract are excluded from the costs of the contract to determine the percentage of completion.

The costs of the contracts are recognized when incurred. When the result of a construction

contract may be reliably estimated and it is probable that the contract will be profitable, the income from the contract is recognized during the term of the contract. When it is probable that the total costs of the contract will exceed the total income from the contract, the estimated loss is recognized immediately as an expense for the year. When the result of a construction contract cannot be estimated reliably enough, the income from the contract is recognized only up to the limit of the costs incurred of the contract that will probably be recovered.

The Group presents the gross amount owed by the clients for the work of all ongoing contracts for which the costs incurred plus the recognized benefits (less recognized losses) exceed partial invoicing as an asset. Partial invoicing still not paid by the clients and withholdings are included in "Trade debtors and other receivables".

The Group presents the gross amount owed to the clients for the work of all ongoing contracts for which the partial invoicing exceeds the costs incurred plus the recognized benefits (less recognized losses) as a liability.

#### X. CAPITALIZED FINANCING COSTS

#### Policy of interest-accruing loans:

The costs of loans directly attributable to the acquisition, construction or production of qualifying assets are capitalized, forming part of the cost of such assets.

#### Policy of capitalizing interest costs:

Interest paid or accrued from debts that finance exclusively qualifying assets is capitalized, as stipulated in IAS 23.

	31-12-2009	31-12-2008
Series A shares	3.976.257.342	3.976.243.841
Series B shares	2.142.707.818	2.142.721.319
Total	6.118.965.160	6.118.965.160

There are no Treasury shares, nor preference shares.

The Company manages its capital to ensure constant, easy access to the financial markets to be able to accomplish its growth, solvency and profitability objectives.

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

Dividends have been agreed to and paid by Aguas Andinas S.A. in the period from January to December, 2009, as follows:

- The Ordinary Shareholders' Meeting held on April 16, 2009 agreed to distribute 100% of the net profits from 2008, deducting the interim dividend paid in October, 2008. The amount of dividend 48 was ThCh\$76,105,731, equivalent to Ch\$ 12.43768 per share. The dividend was paid to the 6,118,965,160 shares on June 22, 2009.
- On November 23, 2009, interim dividend 49 of Ch\$5.3 per share was paid and charged to the profits from 2009. Payment of this dividend was agreed to in the Board meeting held on October 20, 2009 payable to the 6,118,965,160 shares.

Dividends have been agreed to and paid by Aguas Andinas S.A. in the period from January to December, 2008, as follows:

- The Ordinary Shareholders' Meeting held on April 10, 2008 agreed to distribute 100% of the Company's net income for 2007 and the distribution of ThCh\$434,850 (historic) of the reserves for future dividends, deducting the interim dividend paid in October, 2007. The amount of the dividend was ThCh\$66,833,785, equivalent to Ch\$10.9224 per share. The dividend was paid to the 6,118,965,160 shares on May 28, 2008.
- On October 29, interim dividend 47 of Ch\$5.3 per share was paid and charged to the profits from 2008. Payment of this dividend was agreed to in the Board meeting held on September 2, 2008 payable to the 6,118,965,160 shares.

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#### Information to be Disclosed on Reserves

There are the following reserves:

- 1. Revaluation of land and intangibles (See note 4)
- 2. Reserve produced in the merger of subsidiaries
- 3. Share premium
- 4. Other reserves produced by first-time adoption of IFRS adjustments (See note 4)

Distribution of the revaluation reserves is restricted because the amounts need to be recognized first in Retained Earnings through use or sale, in order to be able to distribute this reserve, as provided for in IAS 16 and Circular 456 of June 20, 2008 from the Chilean Superintendency of Securities and Insurance.

The amounts included in other increases (decreases) in equity correspond to reclassifications associated with monetary correction of capital, so that this amount reflects the capital approved in the shareholders' meeting in compliance with the provisions of the Chilean Superintendency of Securities and Insurance. The net effect of ThCh\$16,415 corresponds to equity effects of the merger that took place in November 2008 between Aguas Cordillera S.A. and Aguas Los Dominicos S.A.

#### 3. OTHER INCOME AND EXPENSES

Additional information to be disclosed as specified in IAS 1, with regard to other non-operating income and expenses, is presented below:

	NON-OPERATING INCOME AND EXPENSES	31-12-2009 ThCh\$	31-12-2008 ThCh\$
1000	NON-OPERATING INCOME		
	Gain on the sale of non-current assets, not held for trade	3.541.850	355.690
	Total	3.541.850	355.690
	FINANCIAL COSTS		
	Bank loans	6.102.172	10.216.548
	Other financial income	14.501.378	11.576.873
	Interest expense, other	732.393	916.038
	Amortization of supplementary costs relative to loan contracts	1.071.840	193.579
	Total	22.407.783	22.903.038
	INCOME FROM INVESTMENTS		
	Interest income	3.154.492	3.710.649
	Gain on redemption and extinction of debt	1.961.699	2.760.898
	Total	5.116.191	6.471.547

#### 4. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Through to the year ended December 31, 2008, Aguas Andinas S.A. and subsidiaries prepared their financial statements under Chilean generally accepted accounting principles (hereinafter "Chilean standards"). As of January 1, 2009, preparation of the financial statements started under the International Financial Reporting Standards (IFRS).

As stipulated in IFRS 1, the various disclosures required are presented below, paying particular attention to the reconciliations of the equity and income from one standard to the other at January 1, 2008 and December 1, 2008. The Statement of Direct Cash Flows presented under IFRS does not evidence any significant differences to that presented under Chilean standards in 2008, except for the effect of the application of monetary correction in the various items making up the statement of cash flows as required by the Chilean standards. Nevertheless, as provided for in circular 456, its reconciliation is also presented.

IFRS 1 allows certain exemptions to the overall retroactive application requirements for those who adopt IFRS for the first time. The main exemptions applied by the Group were as follows:

Valuation of Property, Plant and Equipment: The sanitary subsidiaries use the fair value of the land as the deemed cost at the date of adoption of IFRS; for other fixed assets, the carrying value of the prior GAAP was used as the deemed cost..

The details by Cycle are as follows:

COMPANY	01-	01-2008
COMPANT	Fair Value ThCh\$	Adjustment to GAAP ThCh\$
Aguas Andinas S.A.	109.392.149	77.371.893
Aguas Cordillera S.A.	18.543.917	6.321.220
Aguas Manquehue S.A.	819.672	328.444
Total	128.755.738	84.021.558

Valuation of Intangibles: The sanitary subsidiaries use the fair value of the water rights as the deemed cost at the date of adoption of IFRS; for other intangibles, the carrying value of the prior GAAP was used as the deemed cost.

The details by company are as follows:

OON (DAN)		)1-01-2008
COMPANy	Fair Value ThCh\$	Adjustment to GAAP ThCh\$
Aguas Andinas S.A.	73.753.907	70.054.555
Aguas Cordillera S.A.	92.719.891	83.194.197
Aguas Manquehue S.A.	20.909.693	15.771.433
Total	187.383.492	169.020.186

According to IFRS 1, the Metropolitan Region has an active market for water rights, where these may be sold and bought freely, since there is no free assignation of such rights because the surface and underground sources are depleted and, therefore, closed for incorporating any new water rights. In general, these assets are traded directly between seller and purchaser, and then registered in the Water Property Registers of the Respective Registrars of Lands, Mines and Industrial Properties, whose records constitute a public register of the respective purchases and sales accrediting the relevant data for each transaction, such as: Name of the buyer and of the seller, type of rights, quantity, source of origin and price. This record is an indicator of the existence of prices, buyers and sellers available at any time, as specified in IFRS 1 referred to above.

Purchase and sale operations are performed privately through tenders (public or private), with more than 500 transactions taking place every year and clear price differences depending on the type of source..

**Business Combinations:** The Group has applied the optional exemption stipulated in IFRS 1 for business combinations, so it has not restated the business combinations that took place prior to the transition date of January 1, 2008.

Preparation of the consolidated financial statements of Aguas Andinas S.A. and subsidiaries under IFRS meant changing the presentation and valuation of certain items under the standards applied prior to the transition, since certain principles and disclosures required by IFRS are substantially different to local accounting principles.

The reconciliations of equity, income and cash flows from Chilean generally accepted accounting principles to International Financial Reporting Standards at January 1, 2008 and December 31, 2008 are presented below.

		01-01-2008 ThCh\$		31-12-2008 ThCh\$
Equity under prior GAAP		432.817.870		475.881.863
Adjustment to fair value Essal purchase			(	498.897)
Equity under prior GAAP adjusted		432.817.870		475.382.966
Elimination of Monetary Correction	(	119.481 )	(	78.288.633)
Minimum Dividend		0	(	278.254)
Debt Issue Expenses	(	3.396.751 )	(	3.570.921)
Amortization of Goodwill		0		4.739.023
Revaluation of Land and Intangibles		253.041.744		253.041.744
Amortization of Intangibles		0		592.501
Deferred Taxes	(	44.346.003 )	(	31.303.758)
Severance Indemnities		749.273		663.797
Impairment goodwill on shares	(	21.088.629 )	(	21.088.629)
Depreciation Property, Plant and Equipment		0		4.432.499
Minority Interest	(	8.600 )		2.455.981
Others		442.329	(	172.412)
Equity of Parent under IFRS	6	318.091.750	6	06.605.904
Minority Interests		20.133		67.351.366
Total Equity		618.111.883	6	673.957.270

		31-12-2008 ThCh\$
Profit or loss under Prior GAAP		109.120.037
Adjustment to fair value Essal purchase	(	385.579)
Profit or loss under Prior GAAP adjusted		108.734.458
Elimination of Monetary Correction	(	43.454.520 )
Debt Issue Expenses	(	174.169 )
Amortization of Goodwill		4.739.023
Amortization of Intangibles		592.501
Deferred Taxes		12.697.209
Severance Indemnities	(	107.596 )
Depreciation Property, Plant and Equipment		4.432.499
Minority Interest		921.285
Others	(	154.195 )
Profit or loss of the parent under IFRS		88.226.495
Profit or loss of Minority Interests	(	218.880)
Profit or loss under IFRS, Total		88.007.616

RECONCILIATION OF CASH FLOW STATEMENT AT 31-12-2008	PCGA ThCh\$	NIIF ThCh\$	Conversion Adjustment ThCh\$
Net Cash Flows from Operating Activities	145.939.237	139.529.153	6.410.084
Net Cash Flows from Investing Activities	( 145.926.456 )	(141.169.930)	( 4.756.526)
Net Cash Flows from Financing Activities	( 8.050.415)	( 7.975.558 )	( 74.857)
Net Increase (Decrease) in Cash and Cash Equivalent	( 8.037.634)	( 9.616.335 )	1.578.701
Effect of Inflation on Cash and Cash Equivalent	( 2.489.696)	-	( 2.489.696)
Net Variation in Cash and Cash Equivalent	( 10.527.330 )	( 9.616.335 )	( 910.995)
Cash and Cash Equivalent, Cash Flow Statement, Beginning Balance	11.146.932	10.235.937	910.995
Cash and Cash Equivalent, Cash Flow Statement,			
Ending Balance	619.602	619.602	0

#### Explanation of the Main Adjustments Applied

- Elimination of Monetary Correction: Monetary correction recognized according to the former Chilean standards is eliminated. Under IFRS, inflation indexed adjustments are only accepted in hyperinflationary countries. Chile does not rate as such, as stipulated in IAS 29 "Financial reporting in hyperinflationary countries".
- Minimum Dividend: As stipulated in article 79 of the Law on Corporations (Law 18946), companies are bound to distribute 30% of their profits, unless there is an agreement to do otherwise reached unanimously by the shareholders. Accounting under the former Chilean standards involved recognizing this obligation the moment the dividends were approved by the Ordinary Shareholders' Meeting. Under IFRS, considering how dispersed the composition of the capital stock of Aguas Andinas S.A. is, such unanimity is understood to be practically impossible to achieve, so it is recorded on the accrual basis, net of interim dividends paid.
- Debt Issue Expenses: Under the former Chilean standards, initial debt issue expenses, such as Stamp Taxes, bank commissions, risk rating fees and goodwill on placement of the bonds, were capitalized and amortized on the straight line basis over the term of the loan. Under IFRS, these payments are discounted from the initial amount of the loan and measured at amortized cost using the effective interest rate method.
- Impairment of Goodwill: Once first-time adoption adjustments had been made, Aguas Andinas S.A. proceeded to evaluate the impairment of its assets, adjusting the goodwill from the acquisition of Aguas Cordillera S.A. (Note 12).
- Amortization of Goodwill: The former Chilean standards stipulated that Goodwill should be
  amortized over the estimated period of return on the investment, with a maximum of 20 years
  exceptionally extendible to 40 years. This goodwill was amortized until December 31, 2007,
  pursuant to local standards defined by the Chilean Superintendency of Securities and Insurance
  within a period of 20 years after the date of acquisition. IFRS 3, business combination, whereby
  the goodwill is no longer amortized but must be subject to annual impairment testing, was
  applied as of January, 2008.
- Revaluation of Land and Intangibles: Notes 2.2 E and F explain the first-time adoption criteria applied.
- Amortization of Intangibles: The Company records its intangible assets using the cost model:

The main indefinite-lived intangible assets are water rights and easements, whereas the main finite-lived intangible assets are computer applications and other rights.

In valuing the water rights, the main component of indefinite-lived intangible assets, the group opted for the alternative of valuating them at their fair value at January 1, 2008, which became the deemed cost, under the exemption allowed in IFRS 1.

For the rest of the indefinite-lived intangible assets the option was chosen to value them at price-level restated acquisition cost net of amortization at January 1, 2008, which became the deemed cost, under the exemption allowed in IFRS 1.

The finite-lived intangible assets are presented at price-level restated acquisition cost net of

amortization at January 1, 2008, which became the deemed cost, under the exemption allowed in IFRS 1.

As of January 1, 2008, only finite-lived intangible assets are amortized within the estimated period of return on the investment. Indefinite-lived intangible assets are no longer amortized, but an annual impairment test is applied.

• Deferred Taxes: Under the local standards above, calculation of deferred taxes was governed by Technical Bulletin 60 and its supplements of the Chilean Institute of Accountants, which allowed rights and obligations to be recognized only as of January 1, 2000, which was the existing situation in most of the subsidiaries of Aguas Andinas S.A. Under IFRS, the balance sheet criteria is used, so that any difference between the carrying value and the tax value of an asset or liability represents the existence of deferred tax, which must be recorded in that balance sheet. In particular, the subsidiaries operating under the above recording system recognized accumulated taxes at December 31, 1999 in the books, even though they were still pending recognition, and also all of the deferred taxes associated with adjustments to other First-Time Adoption balance sheet items.

Finally, a relevant fact is that as of this presentation the individual financial statements of the Companies presenting consolidated financial statements, as is the case with Aguas Andinas and its subsidiary, Aguas Cordillera, will cease to be issued publicly.

#### 5. BUSINESS COMBINATIONS

Net Intangibles includes goodwill originating in the purchase of Aguas Cordillera S.A. in 2000. The balance at December 31, 2009 is ThCh\$33,823,049. This goodwill has not suffered any changes since it stopped being amortized as of January 1, 2008, when the impairment evaluation was performed on the date of first-time adoption.

#### **Details of Acquisitions**

On July 10, 2008, Aguas Andinas S.A., together with its subsidiary Aguas Cordillera S.A., acquired 100% of the corporate rights of Inversiones Iberaguas Ltda. (Iberaguas) from Iberdrola Energía de Chile Ltda. Iberaguas at that date owned 488,712,657 shares in Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal), equivalent to 51% of its capital stock. During the same period, it acquired, through a takeover bid, 24,018,816 ESSAL shares, equivalent to 2.5064% of the capital stock.

Acquisitions	Inversiones Iberaguas Ltda	Empresa de Servicios Sanitarios de Los Lagos S.A.
Taxpayer number	96.897.320-7	96.579.800-5
Description of the entity	lberaguas is a limited iability company, whose main asset is 51% of the shares of Empresa Sanitaria de Los Lagos S.A.	This is a sanitary company supplying the main towns of regions X and XIV
Effective date of acquisition	July 10, 2008	July 10, 2008
Ownership percentage	100%	2,51%
Cost of combination	The cost of the business o	ombination is ThCh\$81,122,784 (Both Companies)

The summary of the acquired Company's Balance Sheet including the assigned fair value at December 31, 2009 and 2008 is presented below:

		31-12-	2009		31-12-2	2008
IBERAGUAS CONSOLIDATED	IBERAGUAS CONSOLIDATED ThCh\$	FAIR VALUE ThCh\$	IBERAGUAS CONSOLIDATED WITH FAIR VALUE ThCh\$	IBERAGUAS CONSOLIDATED ThCh\$	FAIR VALUE ThCh\$	IBERAGUAS CONSOLIDATED WITH FAIR VALUE ThCh\$
TOTAL CURRENT ASSETS	8.796.455	0	8.796.455	10.743.325	0	10.743.325
Intangible Assets	33.252.860	( 26.712.139 )	6.540.721	33.076.453	( 26.711.734	6.364.719
Property, Plant and Equipment	122.762.257	92.035.336	214.797.594	119.556.059	97.655.053	217.211.112
Deferred Tax Assets	2.555.681	0	2.555.681	2.506.386	0	2.506.386
Prepayments	0	0	0	81.280	0	81.280
Other Assets	17.517	0	17.517	17.517	0	17.517
TOTAL NON-CURRENT ASSETS	158.588.315	65.323.198	223.911.513	155.237.695	70.943.319	226.181.014
TOTAL ASSETS	167.384.770	65.323.198	232.707.968	165.981.020	70.943.319	236.924.339
TOTAL CURRENT LIABILITIES	8.773.966	0	8.773.966	10.915.070	0	10.915.070
Other Financial Liabilities	43.869.548	5.592.298	49.461.846	46.969.090	5.937.100	52.906.190
Trade Creditors and Other Accounts Payable	845.994	0	845.994	866.582	0	866.582
Provisions	97.623	0	97.623	82.764	0	82.764
Deferred Tax Liabilities	11.697.405	14.900.773	26.598.178	11.226.500	15.797.557	27.024.057
Deferred Income	1.563.712	0	1.563.712	0	0	0
TOTAL NON-CURRENT LIABILITIES	58.074.282	20.493.071	78.567.353	59.144.936	21.734.657	80.879.593
PROFIT (LOSS) ATTRIBUTABLE TO						
EQUITY HOLDERS OF PARENT	64.935.419	11.685.014	76.620.432	62.273.003	14.027.871	76.300.874
Issued Capital	49.090.900	0	49.090.900	49.090.000	0	49.090.000
Other reserves	15.276.404	15.224.305	30.500.709	15.276.404	15.224.305	30.500.709
Retained Earnings	568.114	( 3.539.291 )	( 2.971.177 )	( 2.094.301)	0	( 2.094.301)
Minority Interests	35.601.104	33.145.113	68.746.218	33.648.011	35.180.791	68.828.802
TOTAL EQUITY, NET	100.536.522	44.830.127	145.366.649	95.921.014	49.208.662	145.129.676
TOTAL EQUITY, NET	167.384.770	65.323.198	232.707.968	165.981.020	70.943.319	236.924.339

		31-12-2009			31-12-2008	
ESSAL	ESSAL	FAIR VALUE	ESSALWITH FAIR VALUE	ESSAL	FAIR VALUE	ESSAL WITH FAIR VALUE
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
TOTAL CURRENT ASSETS	8.792.357	0	8.792.357	10.728.139	0	10.728.139
Trade Debtors and Other Receivables, Net	0	0	0	0	0	0
Intangible Assets, Net	6.536.146	4.574	6.540.720	6.359.740	4.979	6.364.719
Property, Plant and Equipment	122.762.257	92.035.336	214.797.593	119.556.059	97.655.053	217.211.112
Deferred Tax Assets	2.555.681	0	2.555.681	2.506.386	0	2.506.386
Prepayments	0	0	0	81.280	0	81.280
Other Assets	17.517	0	17.517	17.517	0	17.517
TOTAL NON-CURRENT ASSETS	131.871.601	92.039.911	223.911.512	128.520.982	97.660.032	226.181.014
TOTAL ASSETS	140.663.958	92.039.911	232.703.869	139.249.121	97.660.032	236.909.153
TOTAL CURRENT LIABILITIES	9.934.362	0	9.934.362	11.434.775	0	11.434.775
Other Financial Liabilities	43.869.548	5.592.298	49.461.846	46.969.090	5.937.100	52.906.190
Trade Creditors and Other Accounts Payable	845.994	0	845.994	866.582	0	866.582
Provisions	97.623	0	97.623	82.764	0	82.764
Deferred Tax Liabilities	11.697.405	14.900.773	26.598.178	11.226.500	15.797.557	27.024.057
Deferred Income	1.563.711	0	1.563.711	0	0	0
TOTAL NON-CURRENT LIABILITIE	58.074.281	20.493.071	78.567.352	59.144.936	21.734.657	80.879.593
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	72.655.315	71.546.839	144.202.155	68.669.410	75.925.375	144.594.786
Issued Capital	41.948.297	0	41.948.297	41.948.297	0	41.948.297
Other Reserves	( 1.758.209 )	77.121.809	75.363.600	( 1.758.209 )	77.121.809	75.363.600
Retained Earnings	32.465.227	( 5.574.970 )	26.890.257	28.479.322	( 1.196.434)	27.282.888
Minority Interests	0	0	0	0	0	0
TOTAL NET EQUITY	72.655.315	71.546.839	144.202.155	68.669.410	75.925.375	144.594.786
TOTAL EQUITY AND LIABILITIES	140.663.958	92.039.910	232.703.869	139.249.121	97.660.032	236.909.153

# Summarized Financial Information of the Subsidiaries at 31-12-2009

31-12-2009 SUBSIDIARIES	Current Assets ThCh\$	Non-Current Assets ThCh\$	Current Liabilities ThCh\$	Non-Current Liabilities ThCh\$	Equity ThCh\$
Aguas Cordillera S.A.	18.490.145	235.398.832	8.923.738	44.431.579	200.533.660
Aguas Manquehue S.A.	2.612.051	54.980.643	8.488.866	13.407.339	35.696.489
Inversiones Iberaguas Ltda.	1.169.554	63.770.924	5.061	0	64.935.417
Empresa de Servicios Sanitarios de Los Lagos S.A.	8.792.357	131.871.601	9.934.362	58.074.281	72.655.315
Ecoriles S.A.	7.364.901	164.799	772.028	0	6.757.672
Gestión y Servicios S.A.	7.222.105	1.692.613	4.546.049	0	4.368.669
Análisis Ambientales S.A.	3.004.540	1.314.134	447.352	0	3.871.322

31-12-2009 SUBSIDIARIES	Net income for the Year ThCh\$	Ordinary Income ThCh\$	Other Operating Expenses (-) ThCh\$	Other Expenses (-) / Income, Net (+) ThCh\$
Aguas Cordillera S.A.	20.380.103	35.453.983	(18.891.024)	3.817.144
Aguas Manquehue S.A.	3.488.865	7.610.060	( 3.225.496 )	( 895.699 )
Inversiones Iberaguas Ltda.	3.876.414	0	( 7.468 )	3.883.882
Empresa de Servicios Sanitarios de Los Lagos S.A.	7.617.365	32.394.608	(21.986.607)	( 2.790.636 )
Ecoriles S.A.	1.455.812	6.368.093	( 4.775.464 )	( 136.817 )
Gestión y Servicios S.A.	1.031.870	9.579.596	( 8.321.929 )	( 225.797 )
Análisis Ambientales S.A.	927.886	3.518.528	( 2.449.109 )	( 141.533 )

# Summarized Financial Information of the Subsidiaries at 31-12-2009

31-12-2009 SUBSIDIARIES	Current Assets ThCh\$	Non-Current Assets ThCh\$	Current Liabilities ThCh\$	Non-Current Liabilities ThCh\$	Equity ThCh\$
Aguas Cordillera S.A.	22.616.298	234.035.933	10.278.947	42.774.226	203.599.058
Aguas Manquehue S.A.	2.715.436	49.791.722	11.585.976	5.672.169	35.249.013
Inversiones Iberaguas Ltda.	552.601	61.738.112	17.707	0	62.273.003
Empresa de Servicios Sanitarios de Los Lagos S.A.	10.728.139	128.520.982	11.434.775	59.144.936	68.669.410
Ecoriles S.A.	5.731.925	150.702	580.767	0	5.301.860
Gestión y Servicios S.A.	7.444.170	2.125.666	6.226.898	6.139	3.336.799
Análisis Ambientales S.A.	2.226.473	1.142.690	425.727	0	2.943.436

Net income

for the Year

ThCh\$

17.798.472

3.095.779

228.876

485.481

1.619.657

1.202.778

1.299.430

Other Expenses (-)

/ Income, Net (+)

ThCh\$

# **Details of Significant Subsidiaries**

Empresa de Servicios Sanitarios de Los Lagos S.A.

31-12-2008

**SUBSIDIARIES** 

Aguas Cordillera S.A.

Ecoriles S.A.

Aguas Manquehue S.A.

Gestión y Servicios S.A.

Análisis Ambientales S.A.

Inversiones Iberaguas Ltda.

The definition of significant subsidiaries is based on their percentage interest in the operating results and their ownership interest in fixed assets and income for the year in relation to the Consolidated Financial Statements. The following companies are considered significant subsidiaries:

Name of Significant Subsidiary	Aguas Cordillera S.A.	Essal S.A.	
Country	Chile	Chile	
Functional currency	Chilean pesos	Chilean pesos	
Ownership interest in significant subsidiary	99,99003%	53,50650%	
Voting interest in significant subsidiary	99,99003%	53,50650%	
Percentage of Consolidated Values			
Contribution Margin	9,44%	8,15%	
Property, Plant and Equipment	8,94%	11,81%	
Result for the year	8,57%	3,83%	

# 7. CASH AND CASH EQUIVALENT

Ordinary

Income

ThCh\$

34.218.268

6.680.735

31.756.344

5.901.252

10.352.684

3.559.396

Details are as follows:

CASH AND CASH EQUIVALENT	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Banks	970 105	561.416
Time deposits (Note 8.7)	24.026.178	58 186
lotal	24.996.283	619.602

Other Operating

Expenses (-)

ThCh\$

The cash equivalent is financial assets, time deposits, marketable securities, agreements maturing within less than 90 days after the date of the transaction giving rise to them.

Details of some items of the cash flow statement are as follows:

- Other inflows or outflows from other operating activities: These are auxiliary services to the operation of the business, mainly agreements signed with property developers
- Payments to acquire associated companies: The amount earmarked for acquiring Inversiones Iberaguas Ltda. and Empresa de Servicios Sanitarios de Los Lagos S.A. as disclosed in note 5, for ThCh\$81,122,784, plus ThCh\$45,390 related to other expenses needed to make this investment.

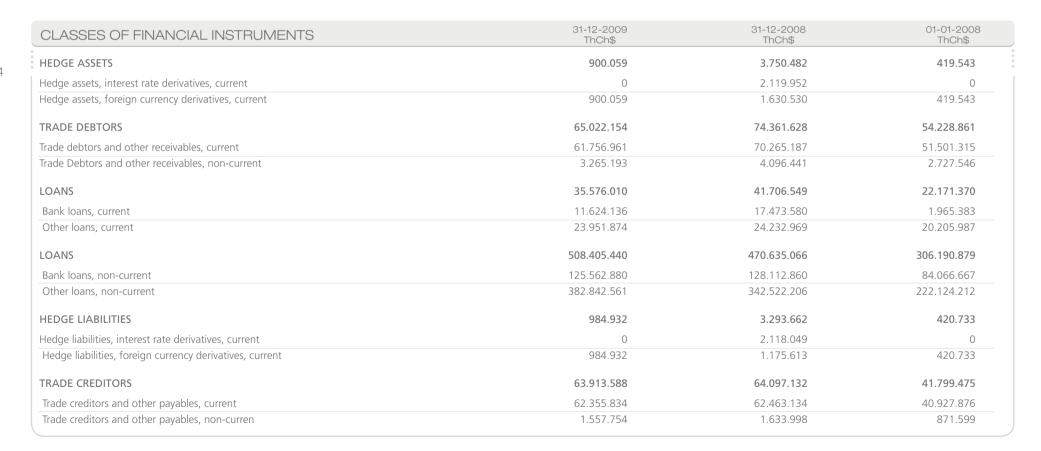
#### 8.1 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group's entities will continue as going concerns by maximizing the profitability for its shareholders by optimizing the debit and cash balance. The Group's overall strategy has not changed since 2008. The Group's capital structure consists of the debt, which includes the loans disclosed in point 8.4, the cash and cash equivalent and the capital attributable to holders of the controller's equity instruments, which include the capital, reserves and retained earnings as disclosed in notes 7 and 2.3, respectively.

#### 8.2 SIGNIFICANT ACCOUNTING POLICIES

The details of significant accounting policies and methods adopted, including recognition criteria, bases for measurements and bases for recognizing income and expenses, with regard to each class of financial assets and financial liabilities, are described in Notes 2I and 2N to the Financial Statements.

#### 8.3 CLASSES OF FINANCIAL INSTRUMENTS





#### 8.4 INFORMATION TO BE DISCLOSED ABOUT FINANCIAL LIABILITIES

#### I. INTEREST-ACCRUING LOANS

Interest-accruing loans include bank loans, Reimbursable Financial Contributions (AFR) and public bonds. These are explained below:

#### Reimbursable Financial Contributions (AFR)

As specified in article 42-A of Supreme Decree MINECON 453 of 1989, "Reimbursable Financial Contributions, for expansion and capacity, are an alternative for financing available to the provider (company providing sanitary services) for implementing expansion and capacity sanitary works that, according to the Law, are chargeable to and at the cost of such provider."

In practice, they consist of given amounts of money or works that the providers of public sanitary services may require from those who apply to be incorporated as clients, or who apply for an expansion of the service, and, according to current regulations, they are subject to defined methods and deadlines for their reimbursement.

Reimbursement of the amounts contributed by the clients is made basically by issuing endorsable promissory notes maturing in 10 to 15 years, and in some cases less, by reimbursement in the provision of sanitary services

# Balances of interest-accruing loans, current.

		Residual	Тс	otal Nominal Val	ue	Т	Total Carrying Value	
DEBTOR COMPANY	Bank or Financial Institution	31-12-2009 ThCh\$	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Aguas Andinas S.A.	BANCO DE CHILE	0		10.041.025	0		10.041.025	0
Aguas Andinas S.A.	BANCO BBVA	4.194.667	4.349.278	1.082.278	787.298	4.328.402	1.082.278	786.500
Aguas Andinas S.A.	BANCO DE CHILE	1.482.000	1.536.625	382.375	254.885	1.531.625	382.375	255.683
Aguas Andinas S.A.	BANCO CORPBANCA	2.600.000	2.685.418	660.417	425.950	2.628.275	660.417	425.950
Aguas Andinas S.A.	BANCO SANTANDER	2.652.000	2.749.750	684.250	497.250	2.723.897	684.250	497.250
Aguas Andinas S.A.	BANCO DE CHILE	0	388.700	1.576.257	0	300.273	1.576.257	0
Essal S.A.	BANCO BBVA	0	111.664	542.270	0	111.664	542.270	0
Essal S.A.	BANCO DE CHILE	0	0	457.575	0	0	457.575	0
Essal S.A.	BANCO CORPBANCA	0	0	367.014	0	0	367.014	0
Essal S.A.	BANCO SCOTIABANK	0	0	300.284	0	0	300.284	0
Essal S.A.	BANCO SANTANDER	0	0	243.087	0	0	243.087	0
Essal S.A.	BANCO BICE	0	0	209.723	0	0	209.723	0
Essal S.A.	BANCO DE CHILE	0	0	927.025	0	0	927.025	0
TOTAL		10.928.667	11.821.435	17.473.580	1.965.383	11.624.136	17.473.580	1.965.383

			Ye	ars to Maturity		31-12-	2009	31-12-2008	01-01-2008
DEBTOR COMPANY	Bank or Financial Institution	Currency Indexation	13 Months to 5 Years	From 61 Months Amount	Amount	Total Non-Current Term	Total Non-Current (Nominal Value)	Total Non-Current (Carrying Value)	Total Non-Current (Carrying Value)
Aguas Andinas S.A	BANCO BBVA	Non-indexed Chilean Pesos	28.030.496	0	28/08/13	28.072.000	28.030.496	32.179.881	32.266.667
Aguas Andinas S.A	BANCO DE CHILE	Non-indexed Chilean Pesos	9.908.088	0	29/08/13	9.918.000	9.908.088	11.374.647	11.400.000
Aguas Andinas S.A	BANCO CORPBANCA	Non-indexed Chilean Pesos	17.285.809	0	29/08/13	17.400.000	17.285.809	19.773.887	20.000.000
Aguas Andinas S.A	BANCO SANTANDER	Non-indexed Chilean Pesos	17.696.436	0	29/08/13	17.748.000	17.696.436	20.295.479	20.400.000
Aguas Andinas S.A	BANCO DE CHILE	Non-indexed Chilean Pesos	18.000.000	26.666.051	29/08/13	45.000.000	44.666.051	44.488.966	0
Aguas Manquehue	Banco Estado	Non-indexed Chilean Pesos	7.976.000	0	09/07/12	7.976.000	7.976.000	0	0
TOTAL			98.896.829	26.666.051		126.114.000	125.562.880	128.112.860	84.066.667

Nominal value = capital + accrued interest.

Book value = capital + interest'+ amortized cost

# Reimbursable Financial Contributions, current portion.

		C	Carrying Value						
REGISTRATION NO OR IDENTIFICATION OF INSTRUMENT	Nominal Amount UF 31-12-2009	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$	Contract interest rate (1)	Effective rate (2)	Placement in Chile or abroad	Issuing company	Guaranteed (Yes/no)
AFR	1.476	30.908	31.658	26.760	3,66%	3,65%	Chile	Aguas Andinas S.A	No
AFR	5.217	109.251	298.639	205.869	7,19%	7,19%	Chile	Aguas Cordillera S.A.	No
AFR	10.325	216.237	147.216	194.876	7,18%	6,98%	Chile	Aguas Manquehue S.A.	No
AFR	54	1.137	1.134	0	3,96%	3,83%	Chile	Essal S.A.	No
TOTAL	17.072	357.533	478.647	427.505					

# Reimbursable Financial Contributions, non-current portion

			Carrying Value						
REGISTRATION NO OR IDENTIFICATION OF INSTRUMENT	Nominal Amount UF 31-12-2009	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$	Maturity date	Contract interest rate (1)	Effective rate (2)	Issuing company	Guaranteed (Yes/no)
AFR	1.983.450	41.539.156	37.546.192	29.327.549	29/09/24	3,83%	3,65%	Aguas Andinas S.A	No
AFR	1.064.167	22.286.719	20.257.610	16.892.184	17/12/24	6,32%	6,06%	Aguas Cordillera S.A.	No
AFR	93.487	1.957.883	2.266.414	1.632.302	19/12/22	3,68%	3,55%	Aguas Manquehue S.A.	No
AFR	131.205	2.747.818	2.584.901	0	28/12/24	3,96%	3,83%	Essal S.A.	No
TOTAL	3.272.309	68.531.576	62.655.116	47.852.035					

BONDS

# **Total Current Portion**

			Carrying Valu	ie				Perio	odicity	
TYPE OF DOCUMENT	Nominal Amount Placed UF UF	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$	Maturity date	Annual nominal interest rate	Annua effective interest rate	Interest payment	Amortization payment	Issuing Company
BEMOS-B1	16.559	576.268	532.177	370.444	01/09/22	6,25%	7,04%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BEMOS-B2	26.022	903.738	836.284	582.129	01/09/22	6,25%	7,04%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-C1	166.666	3.480.972	3.600.494	3.304.833	01/12/10	4,25%	5,24%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-C2	500.000	10.442.955	10.801.473	9.914.492	01/12/10	4,25%	5,24%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-E	0	0	116.833	106.867	01/06/12	4,00%	4,47%	Six-monthly	On maturity	Aguas Andinas S.A.
BAGUA-F	263.158	5.448.256	5.993.269	5.499.717	01/12/26	4,15%	4,74%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-G	0	182.918	399.259	0	01/04/14	3,00%	3,43%	Six-monthly	On maturity	Aguas Andinas S.A.
BAGUA-I	0	0	0	0	01/12/15	3,70%	4,07%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-J	0	40.067	0	0	01/12/18	4,00%	4,20%	Six-monthly	On maturity	Aguas Andinas S.A.
BESAL_B	115.789	2.519.167	1.474.533	0	01/06/28	6,00%	6,63%	Six-monthly	Six-monthly	Essal S.A.
Total Current Portion	1.088.194	23.594.341	23.754.322	19.778.482						

# **Total Non-Current Portion**

			Carrying Value	•				Perio	odicity	
TYPE OF DOCUMENT	Nominal Amount Placed UF UF	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$	Maturity date	Annual nominal interest rate	Tasa interés effective interest rate	Intereste payment	Amortization payment	Issuing Company
BEMOS-B1	668.388	13.423.032	14.001.392	12.810.980	01/09/22	6,25%	7,04%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BEMOS-B2	1.050.323	21.093.311	22.002.179	20.131.537	01/09/22	6,25%	7,04%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-C1	0	0	3.495.331	5.953.502	01/12/10	4,25%	5,24%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-C2	0	0	10.486.030	17.860.534	01/12/10	4,25%	5,24%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-E	1.650.000	34.337.100	34.879.916	30.439.448	01/06/12	4,00%	4,47%	Six-monthly	On maturity	Aguas Andinas S.A.
BAGUA-F	4.210.523	84.934.701	92.142.349	87.076.176	01/12/26	4,15%	4,74%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-G	2.500.000	51.687.899	52.538.602	0	01/04/14	3,00%	3,43%	Six-monthly	On maturity	Aguas Andinas S.A.
BAGUA-I	2.000.000	41.455.597	0	0	01/12/15	3,70%	4,07%	Six-monthly	Six-monthly	Aguas Andinas S.A.
BAGUA-J	1.000.000	20.665.315	0	0	01/12/18	4,00%	4,20%	Six-monthly	On maturity	Aguas Andinas S.A.
BESAL-B	2.026.316	46.714.029	50.321.291	0	01/06/28	6,00%	6,63%	Six-monthly	Six-monthly	ESSAL
Total non-currer Portion	nt 15.105.549	314.310.984 27	79.867.090 1	174.272.177						

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

This management is implemented by identifying the risks, determining each risk's tolerance, hedges of such financial risks and control over established hedge operations. In order to achieve the objectives, financial risk management is based on hedging all significant exposures, always provided there are adequate instruments and the cost is reasonable.

#### I. CREDIT RISK

The credit risk refers to the possibility of financial loss from non-fulfillment of their obligations by our counterparts (clients).

Aguas Andinas and its sanitary subsidiaries have a dispersed market, which means that the credit risk of a particular client is not significant.

The objective is to maintain minimum levels of uncollectibility. There is a credit policy in place stipulating the terms and conditions and methods of payment, and also the terms and conditions for reaching agreements with delinquent clients. Management processes are to control, estimate and evaluate uncollectible accounts with a view to taking corrective actions to achieve the proposed fulfillments. One of the main actions and measures to maintain low levels of uncollectibility is to cut off the supply. The method of analysis is based on historical records of accounts receivable from clients and other debtors.



CREDIT RISK	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Gross exposure according to Balance Sheet for Accounts Receivable Risks	91.202.938	96.620.006	71.863.264
Gross exposure according to Estimates for Accounts Receivable Risks	( 26.180.784 )	( 22.258.378 )	( 17.634.403 )
Net exposure, risk concentratrions	65.022.154	74.361.628	54.228.861

TRADE DEBTORS AND OTHER RECEIVABLES	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Less than three months	61.465.006	69.745.718	50.912.048
between three and six months	123.632	309.976	205.708
between six and twelve months	168.323	209.493	383.559
more than twelve months	3.265.193	4.096.441	2.727.546
Total	65.022.154	74.361.628	54.228.861

#### II. LIQUIDITY RISK

Liquidity risk is the possibility of adverse market situations not allowing the Group to have access to sources of financing and not being able to finance its acquired commitments, such as long-term investments and working capital needs, at reasonable market prices.

Management follows up on provisions for the Group's liquidity reserve in light of expected cash flows.

Various preventive measures, such as the following, are used to manage the liquidity risk:

- Diversify financing sources and instruments.
- Agree to maturity profiles with the creditors that do not concentrate high amortizations in a period.

#### Nominal value maturity profiles

	Up to	90 days	91 days to year		13 months to 5 years		more than 5 years	
Balances at December 31, 2009	ThCh\$	Contract Interest Rate	ThCh\$	Contract Interest Rate	ThCh\$	Contract Interest Rate	ThCh\$	Contract Interest Rate
Bank loans	500.364	2,07%	392.403	1,56%	110.042.667	1,73%	27.000.000	1,84%
Bonds	1.146.596	6,25%	21.045.758	4,27%	144.110.569	3,71%	129.806.248	4,54%
AFR	69.395	7,32%	288.137	6,76%	14.112.269	6,97%	54.419.307	4,04%

The liquidity risk is controlled regularly, so as to perceive, detect and correct deviations to minimize any possible impacts on profit or loss.

#### III. INTEREST RATE RISK

Aguas Andinas has a rate structure that combines fixed and variable rates as specified below:

DEBT INSTRUMENTS	Fixed Rate	%
Bank loans	Variable	27,43%
Bonds	Fixed	58,87%
AFR	Fixed	13,70%
Total		100,00%

Rates are analyzed in relation to the Active Bank Rate (TAB), presupposing that all of the other variables remain constant. The method consists of measuring the positive or negative variation in the nominal TAB at the date of presentation of the report, with regard to the average TAB of the latest loan rate agreement.

The analysis is based on historical data in relation to the daily average market price of the 180 day TAB over the last 3 years prior to the presentation of the report with a 95% confidence level.

COMPANY	Nominal amount of debt	Variable Rate	Points (+/-)	Impact profit or loss (ThCh\$) (+/-)
 Aguas Andinas S.A	129.066.667	TAB 180 días	501	6.460.590
Aguas Manquehue S.A	7.976.000	TAB 360 días	385	307.188

For loans based on 180 day TAB, a positive or negative variation in the nominal TAB of 501 base points, calculated annually, would have an impact of  $\pm$  ThCh\$ 6,460,590 on profit or loss.

For loans based on 360 day TAB, a positive or negative variation in the nominal TAB of 385 base points, calculated annually, would have an impact of +/- ThCh\$ 307,188 on profit or loss.

					31-12	-2009	31-12-2	2008	01-01-	2008
COMPANY	Details of Hedge Instrument	Description of hedge	ltem hedged	Nature of risk hedged	Current asset ThCh\$	Current liability ThCh\$	Current asset ThCh\$	Current liability ThCh\$	Current asset ThCh\$	Current liability ThCh\$
Gestión y Servicios S.A.	Purchase forward	Exchange rate	liabilities	fair value	900.059	984.932	1.630.530	1.173.710	419.543	420.733
ESSAL S.A.	Rate swap	Interest rate	loans	fair value	0	0	2.119.952	2.119.952	0	0

# 8.7 CASH EQUIVALENT

Details by type of financial instrument in each Company is as follows:

COMPANY	Instruments	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Aguas Cordillera S.A.	Time deposit	11.593.082	0	8.501.542
Aguas Andinas S.A.	Mutual fund	0	0	38.222
Análisis Ambientales S.A.	Time deposit	2.000.019	0	0
Análisis Ambientales S.A.	Mutual fund	0	0	420.254
Gestión y Servicios S.A.	Time deposit	1.740.014	0	600.531
Ecoriles S.A.	Time deposit	5.800.058	58.186	134.108
ESSAL S.A.	Time deposit	956.000	0	0
Aguas Manquehue S.A	Mutual fund	0	0	38.207
Aguas Andinas S.A.	Time deposit	1.937.005	0	0
Total investments (cash equivale	ent)	24.026.178	58.186	9.732.864

# 8.8 TRADE AND OTHER PAYABLES

The main concepts included in this account are the following:

TRADE CREDITORS AND OTHER PAYABLES	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Dividends	3.348.395	725.331	2.496.113
Tax	8.578.623	9.407.916	8.592.459
Suppliers for current investments	18.134.743	23.612.062	10.971.925
Personnel	2.224.134	1.707.935	1.947.682
Suppliers	18.533.890	9.928.092	6.418.098
Services produced	11.242.530	16.369.300	10.029.297
Others	293.519	712.498	472.302
Total creditors	62.355.834	62.463.134	40.927.876

#### 8.9 FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair Value of Financial Instruments Booked at Amortized Cost

The fair values of the main financial assets and liabilities, including those whose fair value is not presented in the Balance Sheet, are summarized below:

	31-12-	-2009
	Amortized Cost ThCh\$	Fair Value ThCh\$
Financial Assets		
Investments held at amortized cost	24.026.178	24.026.178
Time deposits	24.026.178	24.026.178
Financial liabilities		
Financial liabilities held at amortized cost	543.981.449	539.184.577
Bank debt	137.187.014	126.112.855
Bonds	337.905.326	344.182.613
AFR	68.889.109	68.889.109
Financial liabilities held at fair value	84.873	84.873
Foreign currency forward	84.873	84.873



#### Methodology and suppositions used in calculating the Fair Value

The Fair Value of Financial Assets and Liabilities is determined using the following methodology:

- a) The Amortized Cost of the Time Deposits is a good approximation of the Fair Value, since they are very short-term operations.
- b) The Amortized Cost of the AFR liabilities is a good approximation of the Fair Value, since they are operations with very little market liquidity.
- c) Foreign currency forwards are booked at their market value in the Financial Statements. These were valued using the forward exchange rate values derived from the forward curve, as contributed by an independent price provider, applied to the remaining term through to the instrument's maturity date.
- d) The Fair Value of the Bonds was determined based on market price references, since these instruments are traded in the market under standard conditions and have a high degree of liquidity.
- e) The Fair Value of the Bank Debt was determined using the cash flow analysis methodology, applying the respective discount curves for the remaining term through to the obligation' maturity date.

# Recognition of fair value measurements in the Financial Statements

- Level 1 corresponds to fair value measurement methodologies via market units (not indexed) in active markets and considering the same valued assets and liabilities.
- Level 2 corresponds to fair value measurement methodologies via market value data, not included in Level 1, which are observable for valued assets and liabilities, whether directly (prices) or indirectly (derived from the prices).
- Level 3 corresponds to fair value measurement methodologies via valuation techniques, including data on the valued assets and liabilities, which are not based on observable market data.

		31-12-2009				
	Level 1 ThCh\$	Level 2 ThCh\$	Level 3 ThCh\$	Total ThCh\$		
Financial liabilities at fair value recorded as gain/loss						
Forwardreign currency forward		( 84.873)		( 84.873)		
Total		(84.873)		( 84.873)		

There were no transfers between Level 1 and Level 2 in the year.

# 9. INFORMATION TO BE DISCLOSED ON RELATED PARTIES

Identification of the Link between Controller and Subsidiary

Taxpayer Number	Name of Company	Direct %	Indirect %	Total 2009 (%)	Direct %	Indirect %	Total 2008 (%)
96.809.310-K	Aguas Cordillera S.A.	99,990300	0,000000	99,9903	99,990300	0,000000	99,9903
89.221.000-4	Aguas Manquehue S.A.	0,000400	99,999600	100,0000	0,000400	99,999600	100,0000
96.967.550-1	Análisis Ambientales S.A.	99,000000	1,000000	100,0000	99,000000	1,000000	100,0000
96.945.219-8	Ecoriles S.A.	99,038500	0,961500	100,0000	99,038500	0,961500	100,0000
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2,506500	51,000000	53,5065	2,506500	51,000000	53,5065
96.828.120-8	Gestión y Servicios S.A.	97,847800	2,152200	100,0000	97,847800	2,152200	100,0000
96.897.320-7	Inversión Iberaguas Ltda.	99,999998	0,000002	100,0000	99,999998	0,000002	100,0000

# Balances and Transactions with related parties

Transactions between the Company and its subsidiaries are adjusted to market conditions. These transactions have been eliminated in the process of consolidation and are not broken down in this note.

# Accounts receivable from Related Parties

Taxpayer No. Related Party  Name of Related Party  Agbar Chile S.A.  Related to parent  CL  Joint venture with Gestión y Servicios S.A.  CLP  30 Days  No Guarantees  31-12-2009  31-12-2008  01-  96.713.610-7  Agbar Chile S.A.  Related to parent  CL  Joint venture with Gestión y Servicios S.A.  CLP  30 Days  No Guarantees  0  100  59.094.680-K  Aguas de Levante S.A.  Related to parent  CL  Sale of materials  CLP  30 Days  No Guarantees  916  745  59.066.560-6  Degremont S.A. Agencia en Chile S.A.  Related to parent  CL  Chemical and bacteriological analysis services  CLP  30 Days  No Guarantees  916  745  CLP  30 Days  No Guarantees  916  745  Sale of supplies and spare parts  CLP  30 Days  No Guarantees  0  0  0  0  0  0  0  0  0  0  0  0  0											
59.094.680-K Aguas de Levante S.A. Related to parent CL Sale of materials CLP 30 Days No Guarantees 0 0 96.864.190-5 Brisaguas S.A. Related to parent CL Chemical and bacteriological analysis services CLP 30 Days No Guarantees 916 745 59.066.560-6 Degremont S.A. Agencia en Chile S.A.				,		7 1	Term	Guarantees	31-12-2009	31-12-2008	01-01-2008
96.864.190-5 Brisaguas S.A. Related to parent CL Chemical and bacteriological analysis services CLP 30 Days No Guarantees 916 745  59.066.560-6 Degremont S.A. Agencia en Chile S.A.  CL Chemical and bacteriological analysis services CLP 30 Days No Guarantees 0 0 0	96.713.610-7	Agbar Chile S.A.	Related to parent	CL	Joint venture with Gestión y Servicios S.A.	CLP	30 Days	No Guarantees	0	100	0
59.066.560-6 Degremont S.A. Agencia Related to parent CL Chemical and bacteriological analysis services CLP 30 Days No Guarantees 0 0 en Chile S.A.	59.094.680-K	Aguas de Levante S.A.	Related to parent	CL	Sale of materials	CLP	30 Days	No Guarantees	0	0	2.067
en Chile S.A.	96.864.190-5	Brisaguas S.A.	Related to parent	CL	Chemical and bacteriological analysis services	CLP	30 Days	No Guarantees	916	745	1.172
76.938.110-4 Empresa Depuradora de Related to parent CL Sale of supplies and spare parts CLP 30 Days No Guarantees 0 0	59.066.560-6	9	Related to parent	CL	Chemical and bacteriological analysis services	CLP	30 Days	No Guarantees	0	0	14.858
Aguas Servidas S.A.	76.938.110-4		Related to parent	CL	Sale of supplies and spare parts	CLP	30 Days	No Guarantees	0	0	66.683
76.938.110-4 Empresa Depuradora de Related to parentr CL Chemical and bacteriological analysis services CLP 30 Days No Guarantees 13.870 0 Aguas Servidas S.A.	76.938.110-4		Related to parentr	CL	Chemical and bacteriological analysis services	CLP	30 Days	No Guarantees	13.870	0	0
Total Accounts Receivable 14.786 845 8	Total Accou	unts Receivable							14.786	845	84.780

Current (Th Ch\$)

Accounts Paya	ble to Related Parties	5							Current (Th C	h\$)
Taxpayer No. Related Party	Name of Related Party	Nature of Relationship	Countryo Origin	f Nature of Transactions with Related Parties	Type of Currency	Term	Guarantees	31-12-2009	31-12-2008	01-01-2008
93.713.610-7	Agbar Chile S.A.	Related to parent	CL	Joint venture with Gestión y Servicios S.A.	CLP	30 Days	No Guarantees	60.547	0	0
59.094.680-K	Aguas de Levante S.A.	Related to parent	CL	Purchase of materials	CLP	30 Days	No Guarantees	0	0	55.426
59.127.140-K	Aquagest Services Company S.A.	Related to parent	CL	Purchase of materials	CLP	30 Days	No Guarantees	1.024.596	172.070	665
Sin RUT	Aquaplan	Related to parent	CL	Updating operation and safety El Yeso Dam	CLP	30 Days	No Guarantees	23.769		
79.046.628-K	Asterión S.A.	Related to parent	CL	Service contract for re-engineering processes and implanting new information systems for client services	CLP	30 Days	Contract performance bond fo CH\$ 845.149.032	197.967 2	0	0
96.864.190-5	Brisaguas S.A.	Related to parent	CL	Collections payable	CLP	30 Days	No Guarantees	46.410	40.858	17.853
59.066.560-6	Degremont S.A. Agencia en Chile	Related to parent	CL	Main construction contract La Farfana Sewage Treatment Plant	CLP	30 Days	No Guarantees	284.562	643.854	588.934
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to parent	CL	Operation and maintenance services La Farfana Sewage Treatment Plant	CLP	30 Days	No Guarantees	1.049.491	2.017.815	1.771.825
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to parent	CL	Operation and maintenance services Biogas Purification Plant	CLP	30 Days	No Guarantees	8.307	0	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Parent	CL	Dividends payable	CLP	-	No Guarantees	2.246.457	0	0
Sin RUT	Sorea	Related to parent	CL	Reimbursement of expenses	CLP	30 Days	No Guarantees	2.656	0	0
Sin RUT	Suez Environment	Related to parent	CL	Increased production study	CLP	30 Days	No Guarantees	0	11.659	0
Total accour	nts payable						۷	1.944.762	2.886.256	2.434.703

Transactions					Current (Thou	usands of Ch	\$)
					31-12-2009		31-12-2008
Taxpayer No. Related Party	Name of Related Party	Nature of Relationship	Nature of Transactions with Related Parties	Amount	Effects on Profit or Loss (Charge)/(Credit)	Amount	Effects on Profit or Loss (Charge)/(Credit)
59.127.140-K	Aquagest Services Company S.A.	Other related parties	Purchase of materials	3.659.909	( 3.659.909)	2.419.490	( 2.419.490 )
79.046.628-K	Asterión S.A.	Other related parties	Service contract for re-engineering processes and implanting new information systems for client services	421.121	( 85.912)	0	0
Sin RUT	Aquaplan S.A.	Other related parties	Updating operation and safety El Yeso Dam	61.893	0	239.827	0
59.066.560-6	Degremont S.A. Agencia en Chile	Other related parties	Main construction contract La Farfana Sewage Treatment Plant	284.562	0	600.892	0
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	Operation and maintenance services La Farfana Sewage Treatment Plant	10.599.385	( 9.807.820)	10.119.737	( 9.029.338 )
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Other related parties	Dividends paid	54.379.195	0	49.733.734	0
59.066.560-6	Lyonnaise Des Eaux	Other related parties	Import drinking water plant	0	0	288.473	0

#### Fees Paid to Directors and Directors' Committee

	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Board of Directors	282.918	267.397
Committee of Directors	33.579	34.282
Total	316.497	301.679

These are only fees associated with their functions as defined and agreed to in the Ordinary Shareholders' Meeting.

The Company has 56 main executives and their remunerations paid in 2009 were ThCh\$4,586,000.

Details of Related Parties and Transactions with Related Parties between Directors and Executives

The Company's management does not know of any transactions between related parties and directors and/or executives.

#### 10. INVENTORIES

CLASSES OF INVENTORIES	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
•			
Goods	840.584	951.033	1.178.439
Production supplies	782.680	752.471	408.068
Other inventories	71.697	367.923	54.042
Total inventories	1.694.961	2.071.427	1.640.549

The cost of inventories recognized as an expense in 2009 is ThCh\$7,475,841.

#### 11. INTANGIBLE ASSETS

The information required regarding the Company's intangible assets, according to IFRS 3 Business Combinations and IAS 38 Intangible Assets, is presented below:

	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Intangible assets, net	254.393.258	252.529.512	245.531.950
Acquired goodwill, net	36.592.578	36.592.578	33.823.049
Finite-lived intangible assets, net	9.310.247	8.497.769	8.479.021
Indefinite-lived intangible assets, net	208.490.433	207.439.165	203.229.880
Identifiable Intangible Assets, net	217.800.680	215.936.935	211.708.901
Patents, registered trademarks and other rights, net	6.267.282	6.253.207	6.777.758
Computer programs, net	3.042.965	2.244.563	1.701.263
Other identifiable intangible assets, net	208.490.433	207.439.165	203.229.880
Intangible Assets, gross	276.065.168	273.151.514	262.935.643
Intangible assets, gross	239.472.591	236.558.937	229.112.594
Acquired goodwill, gross	36.592.577	36.592.577	33.823.049
Other Identifiable Intangible Assets, gross	239.472.591	236.558.936	229.112.594
Patents, registered trademarks and other rights, gros	s 218.364.360	217.313.090	211.632.165
Computer programs, gross	7.654.344	7.250.144	7.794.653
Other identifiable intangible assets, gross	13.453.887	11.995.702	9.685.776

CLASSES OF ACCUMULATED AMORTIZATION AND IMPAIRMENT OF VALUE, INTANGIBLE ASSETS	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Accumulated amortization and impairment of value, intangible assets, total	21.671.910	20.622.002	17.403.693
Accumulated amortization and impairment of valupatents, registered trademarks and other rights	ue, 1.387.063	996.938	1.016.895
Accumulated amortization and impairment of valu computer programs	ue, 10.410.923	9.751.139	7.984.512
Accumulated amortization and impairment of value other identifiable intangible assets	ue, 9.873.925	9.873.925	8.402.285

# CHANGES IN INTANGIBLE ASSETS

Current Year (31-12-2009)

CHANGES IN IDENTIFIABLE INTANGIBLE ASSETS	Patents,Trademarks and other Rights, Net ThCh\$	Computer Programs, Net ThCh\$	Other Identifiable Intangible Assets, Net ThCh\$	Goodwill, Net ThCh\$
Beginning balance	6.253.207	2.244.563	207.439.165	36.592.578
Additions	1.317.213	1.937.653	262.183	0
Amortization	216.794	1.145.395	0	0
Other increases (decreases)	( 1.086.345 )	6.143	789.086	0
Changes, total	14.074	798.402	1.051.268	0
Changes, total	6.267.282	3.042.965	208.490.433	36.592.578

# Prior Year (31-12-2008)

CHANGES IN IDENTIFIABLE INTANGIBLE ASSETS	Patents,Trademarks and other Rights, Net ThCh\$	Computer Programs, Net ThCh\$	Other Identifiable Intangible Assets, Net ThCh\$	Goodwill, Net ThCh\$
Beginning balance	6.777.758	1.701.263	203.229.880	33.823.049
Additions	13.000	1.009.690	482.151	0
Business combination incorporations	0	536.741	5.384.546	2.769.529
Amortization	153.376	957.684	0	0
Other increases (decreases)	( 384.175 )	( 45.446 )	( 1.657.411)	0
Changes, total	( 524.551 )	543.300	4.209.285	2.769.529
Ending balance	6.253.207	2.244.563	207.439.165	36.592.578

#### Current Year at 31-12-2009

COMPANY	Water rights ThCh\$	Easements ThCh\$
Aguas Andinas S.A.	73.821.812	6.466.407
Aguas Cordillera S.A.	92.477.669	7.853.884
Aguas Manquehue S.A.	21.185.388	733.741
Essal S.A.	5.085.358	866.174
Total	192.570.227	15.920.206

The completely amortized identifiable intangible assets being used correspond to a minor number of the Softwares.

### Indefinite-lived identifiable intangible assets:

Both the Water Rights and Easements are rights owned by the Company, for which a finite useful life cannot be stipulated. The term of the economic benefits associated with these assets is indefinite. Both assets are legal rights that do not expire and are not subject to any restrictions.

There are no research and development-related disbursements recognized as expenses.

### Commitments to acquire intangible assets:

Commitments to acquire intangible assets involve water rights and easements required for the normal operation of the Group's companies, especially for new development works or prior study stages, as well as for expanding concession zones; these are presented below:

COMPANY	ThCh\$
Aguas Andinas S.A.	3.160.431
Aguas Cordillera S.A.	10.937
Aguas Manquehue S.A.	22.476
Essal S.A.	32.732
Análisis Ambientales S.A.	18.993
Total	3.245.569

### 12. PROPERTY, PLANT AND EQUIPMENT

	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Property, plant and equipment, net	1.022.473.285	991.818.671	733.814.240
Construction in progress	108.470.676	83.100.017	43.125.106
Land	149.179.546	149.438.810	128.755.738
Buildings	71.758.052	71.346.387	41.350.789
Plant and equipment	209.803.172	212.168.715	173.123.505
Information technology equipment	1.602.794	1.183.322	1.154.249
Fixed facilities and accessories	478.092.169	470.795.474	342.908.477
Motor vehicles	1.456.189	1.657.368	1.861.856
Improvements to leased assets	92.778	111.515	167.265
Other property, plant and equipment	2.017.909	2.017.063	1.367.255
Property, plant and equipment, gross	1.816.245.286	1.735.283.465	1.358.177.000
Construction in progress	108.470.676	83.100.017	43.125.106
Land	149.179.546	149.438.810	128.755.738
Buildings	88.398.891	86.131.675	51.287.639
Plant and equipmen	344.334.394	328.615.157	255.095.439
Information technology equipment	10.572.434	9.529.276	8.137.377
Fixed facilities and accessories	1.105.340.539	1.068.010.977	862.982.401
Motor vehicles	5.083.834	5.253.647	4.651.715
Improvements to leased assets	425.036	418.299	398.409
Other property, plant and equipment	4.439.936	4.785.607	3.743.176
Accumulated depreciation	793.772.001	743.464.794	624.362.760
Builings	16.640.839	14.785.288	9.936.850
Plant and equipment	134.531.222	116.446.442	81.971.934
Information technology equipment	8.969.640	8.345.954	6.983.128
Fixed facilities and accessories	627.248.370	597.215.503	520.073.924
Motor vehicles	3.627.645	3.596.279	2.789.859
Improvements to leased assets	332.258	306.784	231.144
Other property, plant and equipment	2.422.027	2.768.544	2.375.921

## Reconciliation of changes to property, plant and equipment by class:

As specified in IAS 16, paragraph 73, information is provided for each class of the entity's Property, Plant and Equipment.

## Current Year (31-12-2009)

CONCEPT	Beginning balance	Additions		Disposals		Depreciation expenses	Oth	er incorporations (disposals)	-	Total changes	Ending balance
	ThCh\$	ThCh\$		ThCh\$		ThCh\$		ThCh\$		ThCh\$	ThCh\$
Construction in progress, net	83.100.017	25.469.545	(	163.909 )		0		65.022		25.370.659	108.470.676
Land	149.438.810	572.701	(	831.965 )		0		0	(	259.264 )	149.179.546
Buildings, net	71.346.387	2.325.993	(	198.275 )	(	1.708.564 )	(	7.489)		411.665	71.758.052
Plant and equipment, net	212.168.715	15.522.773	(	122.236 )	(	17.884.772 )		118.692	(	2.365.543 )	209.803.172
Information technology equipment, net	1.183.322	1.089.634	(	136 )	(	669.981 )	(	45 )		419.472	1.602.794
Fixed facilities and accessories, net	470.795.474	36.039.175	(	176.518 )	(	28.467.217 )	(	98.745 )		7.296.695	478.092.169
Motor vehicles, net	1.657.368	283.142	(	53.656 )	(	430.665 )		0	(	201.179 )	1.456.189
Improvements to leased assets, net	111.515	17.967		0	(	37.654 )		950	(	18.737 )	92.778
Other property, plant and equipment, net	2.017.063	1.431.683		0	(	17.478 )	(	1.413.359)		846	2.017.909
Classes of property, plant and equipment, net	991.818.671	82.752.613	(1.	546.693)	(4	9.216.333)	(1.	334.973)	30	).654.614	1.022.473.285

## Ejercicio Anterior 31-12-2008

CONCEPT	Beginning balancel	Additions	Б								
CONCENT		Additions	Business combination acquisitions	3	Disposals		Depreciation expenses		expenses (disposals)	Total changes	Ending balan
	ThCh\$	ThCh\$	ThCh\$		ThCh\$		ThCh\$		ThCh\$	ThCh\$	ThCh\$
Construction in progress, net	43.125.106	32.591.237	0	(	3.366 )		0		7.387.040	39.974.911	83.100.017
Land	128.755.738	3.602.172	17.080.900		0		0		0	20.683.072	149.438.810
Buildings, net	41.350.789	849.619	30.606.506	(	47.669 )	(	1.618.761)		205.903	29.995.598	71.346.387
Plant and equipment, net	173.123.505	15.067.296	40.177.948	(	539.737 )	(	15.064.897 )	(	595.400 )	39.045.210	212.168.715
Information technology equipment, net	1.154.249	421.887	302.164	(	2.092 )	(	658.479 )	(	34.407 )	29.073	1.183.322
Fixed facilities and accessories, net	342.908.477	28.463.690	125.405.783	(	1.096.340 )	(	24.850.038)	(	36.098 )	127.886.997	470.795.474
Motor vehicles, net	1.861.856	253.621	157.004	(	123.884 )	(	471.590)	(	19.639 )	-204.488	1.657.368
Improvements to leased assets, net	167.265	9.037	0		0	(	44.508)	(	20.279 )	-55.750	111.515
Other property, plant and equipment, net	1.367.255	829.976	0		0	(	28.387)	(	151.781 )	649.808	2.017.063
Classes of property, plant and equipment, net 7	33.814.240	82.088.536	213.730.305	(1.	813.088)	(	42.736.661)	6	.735.338	258.004.431	991.818.671

COMPANY	ThCh\$
Aguas Andinas S.A.	90.295.047
Aguas Cordillera S.A.	7.798.487
Aguas Manquehue S.A.	2.048.232
Essal S.A.	6.459.487
Ecoriles S.A.	65.370
Gestión y Servicios S.A.	316.400
Análisis Ambientales S.A.	1.762.040
Total	108.745.063

### Elements of Property, Plant and Equipment Temporarily Out of Order:

COMPANY	31-12-2009 ThCh\$
Aguas Andinas S.A.	139.504
Aguas Cordillera S.A.	172.026
Total	311.530

### 13. IMPAIRMENT OF THE VALUE OF ASSETS

Information to be disclosed on impairment of the value of the assets by cash generating unit:

Each Company as a whole is defined as a Cash Generating Unit, since each is individually capable of generating future economic benefits. As specified in the standard, the Company will assess whether there is any indication of impairment of the value of any assets at each year-end. If there is any such indication, the Company will estimate the recoverable amount of the asset. Indefinite-lived asset will be impairment tested at each year-end.

According to the impairment tests performed on first-time adoption of the international standards, there was impairment of the goodwill of Aguas Andinas S.A., Aguas Cordillera S.A., which is explained by the revaluation of land and intangibles. This effect caused a negative reserve of ThCh\$ 21,088,629 in Aguas Andinas S.A. Calculations were made for 2009 and no impairment was noted. The amount and method of calculation are explained in the following table.

	Values Aguas Cordillera Consolidated ThCh\$
Revaluation of Land and Intangibles	105.121.865
Carrying Value Property, Plant and Equipment and Intangibles	118.110.667
Total revalued assets	223.232.532
Assignation of goodwill (Business Fund)	54.912.000
Portion of minority interest	5.327
Total cash generating unit	278.149.859
Discounted cash flow	257.040.753
Difference between cash generating unit and cash flow	21.088.629
Impairment of cash generating unit	21.088.629

The Company and its subsidiaries perform annual impairment tests on their indefinite-lived intangible assets, property, plant and equipment and goodwill.

At December 31, 2008 and 2009, the respective impairment tests were performed based on the Group's available estimates and projections. Such estimates indicated that the benefits attributable to ownership interests with associated goodwill individually exceed their consolidated carrying value in every case.

### 14. PROVISIONS AND CONTINGENT LIABILITIES

#### A. PROVISIONS

Details at December 2009 and 2008 are as follows:

CLASSES OF PROVISIONS	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Provision for legal claims	957.415	1.000.363	1.201.461
Provisions, current	957.415	1.000.363	1.201.461
Other provisions, non-current	1.029.508	1.143.359	1.056.516
Provisions, non-current	1.029.508	1.143.359	1.056.516

#### Changes in current provisions for the year are as follows:

CLASSES OF	Legal claims	Total
PROVISIONS	ThCh\$	ThCh\$
Beginning balance provisions	1.000.363	1.000.363
Changes in provisions	0	0
Increase (decrease) in existing provisions	338.377	338.377
Provision used	275.584	275.584
Other increase (decrease)	( 105.741)	( 105.741)
Changes in provisions, total	( 42.948)	( 42.948)
Ending balance provisions	957.415	957.415

Provisions making up this item are described as follows:

#### 1.- Legal claims

The Company records the respective provision for lawsuits in the courts where there is a certain probability that the result will be unfavorable to the Company and its subsidiaries.

Provisions for legal claims that could adversely affect the Company are specified below:

a) Nature of the class of provision: The Superintendency of Sanitary Services (SISS) has imposed fines on Aguas Andinas S.A., due mainly to non-compliance with instructions and infringement of the continuity and quality of the service provided by the Company

Expected calendar of outflows for the class of provision: Undetermined

Uncertainties regarding the opportunity and amount of a class of provision: The Company is considered to not have incurred in the infringement, so it is estimated that the claim will be endorsed.

b) Nature of the class of provision: An individual sued Aguas Andinas S.A. for non-compliance by the Company with the terms and conditions of the easement on building the Outlet to the El Trebal Plant. Chambers and chimneys not contemplated in the easement contract were built.

Expected calendar of outflows for the class of provision: Undetermined.

Uncertainties regarding the opportunity and amount of a class of provision: The first appealable decision endorsed part of the claim, with regard to the right to receive compensation. The amount of such compensation has still not been determined. The decision has been appealed.

Main suppositions regarding future events relative to the class of provision: The decision was appealed and, as stated in the previous paragraph, provision has been made for a smaller amount.

c) Nature of the class of provision: Aguas Andinas S.A. sold a plot of land to CORFO in Quebrada de Ramón. The sale contract stipulated that there was a legal proceeding pending

with a third party, who claimed ownership of 7.8 hectares of land. The court had to determine its location and, depending on that, the amount to be returned to CORFO for CORFO to return to the individual.

Expected calendar of outflows for the class of provision: In 2010.

Main suppositions regarding future events relative to the class of provision: The courts determined the location of the land.

Uncertainties regarding the opportunity and amount of a class of provision: Determination of the value of the land is pending.

d) Nature of the class of provision: There are legal proceedings involving labor claims made against Aguas Andinas by former employees of the Company for payment of severance indemnities.

Expected calendar of outflows for the class of provision: Undetermined.

Uncertainties regarding the opportunity and amount of a class of provision: The labor claims amount to ThCh\$49,906.

Main suppositions regarding future events relative to the class of provision: Appealable decisions handed down and appealed, appeals pending in the Supreme Court.

e) Nature of the class of provision: The COREMA Metropolitana (Metropolitan Region Regional Committee for the Environment) imposed a fine of 1,000 UTM (Monthly Tax Units) by means of Resolution 177/2004 of May 28, 2004 for alleged infringement of the Environmental Rating Resolution of the La Farfana Sewage Treatment Plant.

Expected calendar of outflows for the class of provision: Undetermined.

Uncertainties regarding the opportunity and amount of a class of provision: The Company considers that it did not incur in the infringement reported by the authorities, so it expects a successful outcome to the proceedings.

### 2.- Other Provisions, non current

Corresponds to a transaction dated July 10, 2007, drawn up and executed in the office of Notary Public María Gloria Acharan Toledo, between Aguas Cordillera S.A. and property developers, which states that if, in future, Aguas Cordillera S.A. reverses and sells the transferred properties, it shall pay at least UF 52,271.29 (UF = Inflation index-linked units of account). Such amount will offset the account receivable from the property developers.

#### **B.- CONTINGENT LIABILITIES**

1.- Aguas Andinas S.A. was sued for alleged infringement of Environmental Law 19.300, due to technical defects and faults producing bad odors emanating from the La Farfana Sewage Treatment Plant and adversely affecting the physical and psychological health of the population. The Company was sued for compensation for damages and tort for environmental damage because of the bad odors emanating from the Santiago West and, subsequently, La Farfana Sewage Treatment Plants. The total claimed is UF 1,390,888. The Company has filed sundry pleas for the defense against both the fines and the civil suits for damages. It expects to obtain positive results in every case.

- 2.- The Chilean Economic Regulatory Office proposed imposing fines of UTM 50,000 and UTM 48,000 (Monthly Tax Units) on Aguas Andinas S.A and ESSAL S.A., respectively, because it considered that they have infringed the Antimonopoly Law. It typified the following behavior:
- Unfair demands and charges for new services in urban areas outside the concession area.
- Unfair application of reimbursable financial contributions.

The Court for the Defense of Free Competition rejected the injunction against Aguas Andinas S.A., and the case is currently in the Supreme Court, where the appeal by the Chilean Economic Regulatory Office is being heard. The Company and its subsidiary consider that they will be acquitted of the charges.

- 3.- Inversiones Lo Castillo S.A and others are suing CORFO for it to restore a plot of land to them on the property of Av. Andrés Bello, Community of Las Condes. This land was acquired by CORFO by means of purchase and sale from Aguas Andina in September, 1999. The claim should be rejected. The Company is a party to the lawsuit to defend the rights of the buyer, with the claim expected to be rejected.
- 4.-The Treasury sued Aguas Andinas S.A. to refund the money paid in 2004 for transferring sanitary infrastructure in place on the route of the Costanera Norte urban highway. The amount of the suit is ThCh\$ 339,259 plus adjustments, interest and legal costs. It is in the discussion stage and the lawsuit filed by the Treasury should be rejected.
- 5.- An individual sued Aguas Andinas S.A. for compensation for damages for non-performance of a contract in an APR project, in Lomas de Culiprán. The amount of the claim is ThCh\$146,000. The lawsuit has been served and the pleas for the defense filed. Completion of the discussion of the proceedings is pending. If endorsed, the compensation is expected to be less than the amount of the claim.
- 6.- There is a lawsuit filed by 79 neighbors of the district of Lo Barnechea for compensation for damages involving problems of supply in October and November 1996. The claim is for ThCh\$728,626. Probabilities of a favorable decision are good.
- 7.- In September, 2009, Aguas Manquehue S.A. was sued by Comsa de Chile S.A. in ordinary proceedings for non-performance of a contract in projects awarded in a public bidding, involving the so-called "Aguas Manguehue Northern Sewer Project". Comsa de Chile S.A. is suing for compensation because it considers that Aquas Manguehue S.A. has incurred in guilty nonfulfillment of its obligation, framing its cause of action in the following concepts:
- Aguas Manguehue has not fulfilled its obligation to pay the agreed price.
- Aguas Manquehue did not fulfill its obligation to provide the land (for starting the work) in due time.
- Aguas Manguehue did not design a feasible project.

The amount of the claim is ThCh\$ 5.942.806. The lawsuit was served on September 25, so the pleas for its defense have still not been filed. The outcome cannot be estimated at this date, since information is being compiled to file pleas for the defense against the lawsuit.

8.- The Company and its subsidiaries form part of other proceedings involving smaller amounts. These are not considered to have any material adverse effect on the financial statements of the respective companies

#### 15. GUARANTEES AND RESTRICTIONS

#### a) Direct quarantees

Guarantee policies and performance bonds have been issued to various institutions, including particularly the Superintendency of Sanitary Services to guarantee the conditions for providing the services and development programs in the Company's concession areas. Performance bonds have also been submitted to SERVIU Metropolitan Area for replacing pavements, and to other institutions, in the amount of ThCh\$15.419.000 and ThCh\$ 17.740.000 at December 31, 2009 and 2008, respectively.

Details of the main guarantees furnished are as follows:

Creditor of the Guarantee	Name of Debtor	Type of Guarantee	31-12-2009 ThCh\$	31-12-2008 ThCh\$
S.I.S.S.	A. Andinas S.A.	Performance Bond	3.734.388	3.782.692
Serviu Metropolitano	A. Andinas S.A.	Performance Bond	3.372.732	4.389.697
S.I.S.S.	A. Andinas S.A.	Guarantee Bond	2.098.874	2.102.099
Director de Vialidad	A. Andinas S.A.	Performance Bond	672.266	366.410
MOP	A. Andinas S.A.	Performance Bond	398.526	204.638
Soc. Conc. Costanera Norte	A. Andinas S.A.	Guarantee Bond	209.429	0
MOP Dir. Gral de Aguas	A. Andinas S.A.	Performance Bond	185.030	0
Direc. de Obras Hidraulica	A. Andinas S.A.	Performance Bond	90.160	9.950
Munic. de Providencia	A. Andinas S.A.	Performance Bond	82.337	0
Dir. Regional de Vialidad	A. Andinas S.A.	Performance Bond	76.031	435.058
Mun. de Santiago	A. Andinas S.A.	Performance Bond	38.928	19.933
Munic. de Las Condes	A. Andinas S.A.	Performance Bond	35.320	3.000
Munic. de Renca	A. Andinas S.A.	Performance Bond	26.943	6.000
Empresa de Ferrocarriles	A. Andinas S.A.	Performance Bond	21.613	6.436
Soc. Conc. Via Santa Rosa	A. Andinas S.A.	Guarantee Bond	21.278	0
Chilectra S.A.	A. Andinas S.A.	Performance Bond	20.943	10.726
Essal S.A.	A. Andinas S.A.	Performance Bond	15.707	16.089
Soc. Conc. Via Santa Rosa	A. Andinas S.A.	Performance Bond	15.058	0
Munic. de San Bernardo	A. Andinas S.A.	Performance Bond	12.566	6.436
Secretaría Reg. Minist. De Ol	ora A. Andinas S.A.	Performance Bond	8.739	0
Munic. de Peñalolen	A. Andinas S.A.	Performance Bond	6.283	6.436
Metro S.A.	A. Andinas S.A.	Performance Bond	5.707	11.691
Serectaría Reg. Ministerial	A. Andinas S.A.	Performance Bond	3.545	3.000
Asoc. Canal Soc Maipo	A. Andinas S.A.	Performance Bond	2.094	0
Tesorero Munic de Cerrillos	A. Andinas S.A.	Performance Bond	1.675	0
Munic. de La Granja	A. Andinas S.A.	Performance Bond	1.257	1.287
Director Reg. De Aguas	A. Andinas S.A.	Performance Bond	0	5.745

31-12-2008

ThCh\$

1.549.214	865.153	Performance Bond	A. Cordillera S.A.	S.I.S.S.
0	720.117	Guarantee Bond	A. Cordillera S.A.	S.I.S.S.
319.257	311.672	Performance Bond	A. Cordillera S.A.	MOP Direcc. Gral
42.905	41.886	Performance Bond	A. Cordillera S.A.	Munic. de Vitacura
244.905	40.067	Performance Bonda	A. Cordillera S.A.	Serviu Metropolitano
10.726	20.943	Performance Bond	A. Cordillera S.A.	Munic. lo Barnechea
5.500	18.065	Performance Bond	A. Cordillera S.A.	Munic. de Las Condes
1.287	2.522	Performance Bond	A. Cordillera S.A.	Chilectra S.A.
1.330.294	845.287	Performance Bond	A.Manquehue S.A.	S.I.S.S.
740.714	902.849	Guarantee Bond	A.Manquehue S.A.	S.I.S.S.
0	83.772	Performance Bond	A.Manquehue S.A.	Asoc. Canal
11.798	7.958	Performance Bond	A.Manquehue S.A.	Dir. Regional de Vialidad
1.072	1.047	Performance Bond	A.Manquehue S.A.	Inmobiliaria La Reserva
127.651	0	Performance Bond	A.Manquehue S.A.	Serviu Metropolitano
128.715	0	Performance Bond	A.Manquehue S.A.	Autopista Nororiente
0	78.253	Performance Bond	Gest. y Serv. S.A.	Aguas Andinas
0	7.500	Performance Bond	Gest. y Serv. S.A.	Municipalidad de Las Condes
0	6.471	Performance Bond	Gest. y Serv. S.A.	Aguas Patagonias
0	4.281	Performance Bond	Gest. y Serv. S.A.	Esval S.A.
0	4.100	Performance Bond	Gest. y Serv. S.A.	Aguas Chañar
0	2.000	Performance Bond	Gest. y Serv. S.A.	Energías Industriales
0	232.675	Performance Bond	Anam S.A.	Aguas Andinas S.A.
0	36.000	Performance Bond	Anam S.A.	Essal S.A.
0	9.212	Performance Bond	Anam S.A.	Codelco
0	8.945	Performance Bond	Anam S.A.	Munic. de Maipú
0	° 4.512	Performance Bond	Anam S.A.	Tesorero Munic Maipú

Performance Bond

Performance Bond

3.680

1.047

15.417.443

0

0

15.901.361

Type of

Guarantee

31-12-2009

ThCh\$

Creditor of

the Guarantee

Direccción Gral de Aguas

Comercial D y S

Total

Anam S.A.

Anam S.A.

Name of

Debtor

#### b) Restrictions because of bond issues

The Company has the following restrictions and obligations arising from the issue of bonds in the domestic market:

- 1.- Send the bond-holders' representative a copy of the quarterly and annually audited individual and consolidated financial statements of the Company and subsidiaries registered with the Chilean Superintendency of Securities and Insurance, within the same time limits set by the Chilean Superintendency of Securities and Insurance, together with all of the public information reported to that Superintendency.
- 2.- Book any provisions arising from adverse contingencies, which, in management's opinion, should be reflected in its own and/or its subsidiaries' financial statements.
- 3.- Maintain insurance covers that reasonably protect its assets, including its main offices, buildings, plants, office furniture and equipment and vehicles, in accordance with normal practices for similar businesses.
- 4. The Company is bound to ensure that its transactions with its subsidiaries or other related parties are carried out in conditions of equality similar to those normally prevailing in the market.
- 5.- Maintain a debt ratio of not more than 1.5:1, calculated on the figures in the consolidated balance sheets, defined as the debt-to-equity ratio.
- 6.- It may not sell, assign or transfer essential assets (public utility concessions awarded by the Superintendency of Sanitary Services for Greater Santiago), except for contributions or transfers of essential assets to its subsidiary companies.

The Company complies with all the requirements stipulated in the bond contracts at December 31, 2009.

#### c) Restrictions because of bank loans

The Company has the following obligations and restrictions because of loan agreements with several local banks:

- 1.- A debt ratio not greater than 1.5:1, calculated on the figures in the consolidated and individual balance sheets, defined as the debt-to-equity ratio.
- 2.- Prohibition to transfer or forfeit ownership of essential assets, except for contributions or transfers of essential assets to subsidiaries.
- 3.- Send a copy of its quarterly and audited annual individual and consolidated financial statements to the various banks with which the Company has credit facilities, within no more than five days after having sent them to the Chilean Superintendency of Securities and Insurance.
- 4.- Book any provisions arising from adverse contingencies, which, in management's opinion, should be reflected in the Company's financial statements.
- 5.- Maintain insurance cover that reasonably protects its assets, including its main offices, buildings, plants, inventories, office furniture and equipment and vehicles, in accordance with normal practices for similar businesses.
- 6.- Send a certificate issued by the general manager of the Company, confirming fulfillment of the obligations assumed in the loan agreement.
- 7.- Prohibition to pay dividends, except for the obligatory minimum, if there is any delinquency or delay in paying any installment of the loan.

- 8.- Maintain a financial expense hedge ratio of at least 3:1, calculated on the figures in the consolidated and individual balance sheets, defined as the ratio between operating income plus depreciation for the year and amortization of intangibles, divided by financial expenses.
- 9.- Prohibition to wind up or dissolve the Company, its operations or the businesses in which it engages; or to participate in any action or contract aimed at a merger or consolidation, except for mergers with its current subsidiaries.
- 10. The Company is bound to ensure that its transactions with its subsidiaries or other related parties are carried out in conditions of equality similar to those normally prevailing in the market.

The Company complies with all of the provisions stipulated in Statutory Decree 382 of the General Law on Sanitary Services of 1988, as well as with its enabling Regulations (Supreme Decree, Ministry of Public Works No. 1199/2004, published in November, 2005).

The Company complies with all of the requirements of the loan agreements with the creditor banks at December 31, 2009.

### d. Pledges from third parties.

At December 31, 2009 and 2008, the Company has received performance bonds for ThCh\$ 33,132,000 and ThCh\$ 30,665,000, respectively, arising mainly from work contracts with construction companies to guarantee faithful performance of the contract. There are also other performance bonds for service agreements and contracts for the acquisition of materials that guarantee their timely provision or delivery.

Details of the most significant performance bonds received at December 31, 2009 are summarized below:

CONTRACTOR OR SUPPLIER	Company	ThCh\$	Expiry Date
C. de Petroleos de Chile Copec S.A.	Aguas Andinas	352.151	22-03-10
Comsa de Chile S.A.	Aguas Manquehue	298.906	30-03-10
Comsa de Chile S.A.	Aguas Manquehue	355.821	30-03-10
Degremont S.A.	Aguas Andinas	2.555.853	30-04-10
Geosal S.A.	Aguas Andinas	202.484	07-05-10
Agbar Servicios Compartidos S.A.	Aguas Andinas	244.801	07-05-10
Chilectra S.A.	Aguas Andinas	209.429	02-08-10
Adm. De Negocios Inmob. S.A. en Rep. F.I.P.	Aguas Manquehue	628.286	30-09-10
Obrascon Huarte Lain S.A. Agencia en Chile	Aguas Andinas	1.973.529	30-10-10
Constructora Oas Ltda.	Aguas Andinas	485.980	29-03-11
Constructora Oas Ltda.	Aguas Andinas	3.504.540	29-03-11
Ing. Y Construccion Mst S.A.	Aguas Andinas	464.517	31-03-11
Empresa Depuradora de A.S. Mapocho Trebal Ltda	Aguas Andinas	7.494.682	15-04-12
Soc. Gral de Aguas de Barcelona S.A.	Aguas Andinas	314.746	31-10-12
Sonda S.A.	Aguas Andinas	314.746	31-10-12
Empresa Depuradora de Aguas Servidas Ltda	Aguas Andinas	4.068.146	31-12-12
Total		23.468.617	

#### 16. ORDINARY INCOME

Details of ordinary and financial income recorded by the Group's companies are as follows:

CLASSES OF ORDINARY INCOME	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Ordinary Income		
Sale of Assets	8.059.727	9.101.672
Provision of Services	319.165.139	290.102.687
Total	327.224.866	299.204.359

### 17. LEASES

Information to be disclosed on finance leases by class of activity, lessee:

Information to be disclosed on finance leases, lessee	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Property, plant and equipment under finance lease	0	41.795	48.865
Fixed facilities and accessories under finance leases, net	0	41.795	48.865

### Prior year

Class of investment properties under finance leases:

The Company and its subsidiary Aguas Cordillera S.A. had finance leases for communications equipment and elements in the prior year.

Amount of investment properties under finance leases, net:

Aguas Andinas S.A. ThCh\$ 31.478.-Aguas Cordillera S.A. ThCh\$ 10.317.-

Total ThCh\$ 41.795.-

### Reconciliation of minimum payments of finance leases, lessee:

#### Current period:

Minimum payments to be made for leases, finance lease obligations	Gross ThCh\$	Interest	Present Value ThCh\$
Not after one year	1.523	0	1.523
Total	1.523	О	1.523

### Finance lease, lessee:

### Significant finance lease agreements:

In the prior year, Aguas Andinas and Aguas Cordillera presented agreements or contracts for the acquisition of communications facilities, at an original term of 48 months. The lessors were GTD Telesat S.A. and Telectronic S.A..

### Bases for calculating contingent installment payments:

As of the 25th month of the term of the contract, the contract with GTD Telesat S.A. could be terminated in advance, subject to notice given at least 180 days in advance. To that end, the following amounts shall be paid, depending on the month in which this option is exercised: Month 25, UF 2,287; month 31, UF 985; month 37, UF 644 and month 43, UF 322 (UF = Inflation index-linked units of account). Aguas Cordillera could terminate its contract with Telectronic S.A. in advance as of the 25th month, subject to prior notice given by certified letter at least 90 days in advance, in which case it reserves the right to purchase the equipment and assets that are the object of the contract, at the following purchase prices, depending on the month in which notice is given of the termination of the contract. These prices range from UF 302 in month 25 to UF 38 in month 47.

# Existence and terms and conditions of renewal or purchase options and review clauses, finance lease agreements:

If it does not exercise the termination in advance option referred to above, in month 48 Aguas Andinas could exercise the right to purchase the accessories supplied, for which it would have to express its desire to do so in a letter addressed to GTD Telesat S.A. Once the letter had been sent, GTD Telesat S.A. would transfer ownership of the assets to Aguas Andinas upon payment of the last installment of the contract. Aguas Cordillera could exercise its right to purchase the equipment in month 48, for which it would have to express its desire to do so in a letter addressed to Telectronic S.A., with the latter being bound to transfer ownership of these at the equivalent price to the last lease installment paid.

### Restrictions imposed by lease agreements, finance lease agreements:

There are no restrictions on distribution of dividends, nor on additional indebtedness or new lease contracts resulting from the commitments in these agreements.

### Information to be disclosed on operating leases as lessee:

This concept includes some facilities where the Commercial Agencies mainly operate.

	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Minimum future payments of lease, not cancellable, up to one year, lessee	1.272.332	1.303.297
Minimum future payments of lease, not cancellable, at more than one year and less than five years, lessee	5.089.327	5.213.187
Minimum future payments of lease, not cancellable, lessee, total	6.361.659	6.516.484
Minimum payments of leases under operating lease	2.674.026	1.976.492
Lease and sublease installments recognized in income statement, total	2.674.026	1.976.492

### Significant operating lease agreements:

The most significant operating leases involve the Commercial Agencies in various communities of the Metropolitan Region. Terms for these cases range from 1 to 5 years, with automatic renewal for one year periods. There is a termination in advance option, which needs to be communicated under the deadlines and terms and conditions stipulated with each lessor.

### Bases for determining a contingent rent:

Insofar as the decision is made to terminate the agreement in advance and the minimum deadlines for communicating such decision are not complied with, the installments stipulated in the original agreement must be paid.

Existence and terms and conditions of renewal or purchase options and review clauses, operating lease agreements:

There are agreements with automatic renewal for one year periods.

Restrictions imposed by lease agreements, operating lease agreements::

There are no restrictions.

Other significant terms and conditions of operating lease agreements:

None

#### Information to be disclosed on operating leases as lessor:

The Company has this kind of agreement where it acts as lessor, mainly involving parts of operating premises, mostly with telecommunications companies. Terms fluctuate from one to ten years; however, the Company is empowered to terminate them in advance at any time.

Minimum future payments of lease, not cancellable, lessor	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Minimum future payments of lease, not cancellable, up to one year, lessor	262.353	344.702
Amount of contingent rent recognized in the income statement	269.803	306.126

#### Significant operating lease agreements as the lessor:

Income from these concepts is not material for the company.

#### 18. EMPLOYEE BENEFITS

The consolidated Company has a staff of 1,799 workers, of which 61 are managers and main executives. Employees forming part of collective work contracts and individual work contracts, with special severance indemnity clauses, number 1,167 and 57, respectively. Meanwhile, 514 workers are governed by the provisions of the labor code.

#### Policies regarding defined benefit plans

Employees not forming part of the collective work contracts of Aguas Andinas S.A. and subsidiaries are governed by the regulations stipulated in articles 159, 160 and 161 of the Labor Code, so no provision is made for their severance indemnity.

The actuarial calculation is applied to employees with severance indemnities at current value until 2002 (including all-event severance indemnities recognized at that date); it is also applied to advances paid and charged to such severance indemnity.

The severance indemnities of employees forming part or assimilated into collective work contracts in force at the date of the financial statements are calculated subject to the actuarial value.

#### Accounting policies for recognition of gains and losses in defined benefit plans

The severance indemnity obligation estimated to accrue to employees that retire in Aguas Andinas S.A., Aguas Cordillera S.A. and ESSAL S.A. is recorded at its actuarial value determined using the projected credit unit method. The positive or negative effect on severance indemnities caused by changes in estimates or deviations in the turnover, mortality, advanced retirement due to dismissal, wage increase, inflation, discount rate or employee rate is recorded directly in profit or loss.

#### **Actuarial suppositions**

Years of service: In Aguas Andinas S.A. and Aguas Cordillera S.A., the supposition is adopted that employees will remain with the companies until they reach the legal retirement age (Women until they are 60 and men until they are 65). The subsidiary ESSAL S.A. has a ceiling of 6 months' of severance indemnity and this is paid to employees who retire or die.

Participants in each plan: All workers forming part of a collective work contract and workers who are not union members are beneficiaries of these benefits. Workers forming part of the collective work contract by company are as follows: Aguas Andinas S.A.: 762; Aguas Cordillera S.A.: 129; and ESSAL S.A.: 276.

**Mortality:** The RV-2004 mortality tables from the Chilean Superintendency of Securities and Insurance are used.

Employee turnover and incapacity and early retirement rates: According to the Group's statistical experience, the turnover used is 1.1% (one point one per cent) for target employees. Incapacities and early retirements have not been considered due to the infrequent nature of their occurrence.

**Discount rate:** The 7.1% per annum rate is used. This corresponds to the risk free rate, plus the sector risk and expected inflation estimate over the long-term.

**Inflation rate:** For long-term estimates in both years, 2008 and 2009, the long-term estimated inflation rate as reported by Chile's Central Bank is used. This rate is 3.0%.

These suppositions have remained unchanged for 2009 and 2008.

#### Overall description of the defined benefit plans

Until July, 2002, all-event severance indemnities were few in Aguas Andinas S.A. so provision was made for them at current values; none of the subsidiaries had this benefit. Starting with the Collective Work Contracts of August, 2002, when these employees ceased their contractual relationship as provided for in articles 161, 159 (except for numbers 2.4 and 5), 160 (except for number 1 letter a and number 6) of the Labor Code, those workers who voluntarily resign from the Company to take retirement within 120 days after having reached the retirement age, will be entitled to a severance indemnity of 1.45 times the base wage plus legal bonuses, multiplied by each year of service.

Employees who die will be paid severance indemnity according to article 60 of the Labor Code.

A worker who resigns from the Company according to numbers 2, 4 or 5 of article 159, number 1 letter a) or number 6 of article 160 of the Labor Code, will be paid severance indemnity equivalent to the amount accumulated for that concept until July 31, 2002, adjusted on a quarterly basis in light of the variation in the Consumer Price Index, always provided this variation is positive.

Employees who do not form part of the Collective Work Contracts are governed by the provisions of their individual work contracts.

The provision for severance indemnity is presented having deducted the advances paid to the employees.

Changes to current and non-current actuarial provisions at December 2009 and 2008, which include changes to provisions, are as follows:

CHANGES ACTUARIAL PROVISION	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Beginning balance	6.370.438	5.747.299
Benefits paid	( 1.296.864)	( 1.082.711)
Actuarial increases	1.917.217	1.705.850
Ending balances	6.990.792	6.370.438

### Information to be disclosed on benefits upon termination of the contractual relationship

Severance indemnities for termination of the labor relationship are governed by the provisions of the Labor Code, except for those special clauses of the respective collective or individual work contracts.

### Share in profits and bonuses

This is the Company's obligation to its employees for profit share bonuses to be paid in February next year. The accrued share to be paid to the employees, as stipulated in current contracts, is re-calculated in February based on the Balance Sheet of the immediately prior business year. The amounts are ThCh\$ 2,581,249 and ThCh\$ 3,164,823 for 2009 and 2008, respectively. In addition, advances to this bond are made each calendar year in March, June, September, and December.

Its annual amount will depend on the profits generated by each of the Group's Companies.

### Personnel expenses

Personnel expenses at December 2009 and 2008 are as follows:

PERSONNEL EXPENSES	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Wages and salaries	23.145.935	21.452.825
Defined benefits	8.747.931	7.833.857
Severance indemnities	2.229.509	1.449.777
Other personnel expenses	1.227.487	1.234.049
Total personnel expenses	35.350.862	31.970.508

### 19. EFFECTS OF VARIATIONS IN FOREIGN CURRENCY EXCHANGE RATES

The Comprehensive Statement of Income shows an exchange rate difference of ThCh\$41,911 (Profit) for the year ended December 31, 2009 and ThCh\$22,707 (Loss) for the year ended December 31, 2008, due to the fluctuation in the currency used for paying foreign suppliers.

### Transactions and balances

Transactions in foreign currency are converted into the functional currency using the exchange rates in force on the dates of the transactions. Losses or gains in foreign currency resulting from the settlement of these transactions and the conversion of the monetary assets and liabilities denominated in foreign currency at the year-end exchange rates are recognized in the comprehensive statement of income, unless they are carried forward in equity, such as cash flow hedges and net investment hedges.

#### 20. CAPITALIZED FINANCING COSTS

Details of capitalized financing costs at December 31, 2009 and 2008 are as follows:

Information to be disclosed on capitalized interest costs:

CAPITALIZED INTEREST COSTS, PROPERTY, PLANT AND EQUIPMENT	31-12-2009	31-12-2008	
Interest Cost Capitalization Rate, Property, Plant and Equipment	5,69%	4,41%	: : :
Amount of Capitalized Interest Costs, Property, Plant and Equipment	ThCh\$ 2.586.750	ThCh\$ 1.373.633	

#### 21. INCOME TAX

Information to be disclosed on deferred tax assets

DEFERRED TAX ASSETS	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Amortizations	125.263	128.061	40.801
Depreciation Assets	826.546	1.271.922	458.467
Provision for Uncollectible Accounts	3.623.804	3.103.451	2.578.457
Provision for Payment Agreement	826.962	678.595	638.440
Provision for Vacations	269.422	309.372	255.892
Litigation	490.538	170.062	204.248
Other Provisions	2.559.954	2.806.706	620.282
Unearned Income	51.091	180.528	199.599
Tax Goodwill	6.797.421	7.083.578	6.782.490
Variation Monetary Correction Fixed Ass	sets 9.402.355	9.481.228	0
Others	1.890.322	1.022.607	991.763
Deferred tax assets	26.863.679	26.236.109	12.770.438

### Information to be disclosed on deferred tax liabilities

DEFERRED TAX LIABILITIES:	31-12-2009 ThCh\$	31-12-2008 ThCh\$	01-01-2008 ThCh\$
Depreciations	17.575.642	17.280.550	6.225.569
Amortizations	1.845.010	1.889.626	1.591.215
Investment Expense Related Companies	71.945	71.945	78.173
Revaluation of Property, Plant and Equipment	14.283.665	14.283.665	14.283.665
Revaluation intangibless	28.733.432	28.733.432	28.733.432
Fair value of assets from purchase of ESSAL	14.900.773	15.574.083	0
Others	869.548	241.910	1.012.512
Deferred tax liabilities	78.280.014	78.075.211	51.924.564

CHANGES IN DEFERRED TAX LIABILITIES	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Deferred tax liabilities, beginning balance	78.075.211	51.924.564
Increases (decreases) in deferred tax liabilities	( 14.695.970)	10.576.563
Business combination acquisitions	14.900.773	15.574.083
Changes in deferred tax liabilities	204.804	26.150.646
Changes in deferred tax liabilities, total	78.280.014	78.075.211

### Reconciliation of tax expense using the legal rate and tax expense using the effective rate

DEFERRED AND CURRENT INCOME TAX EXPENSE (INCOME)	31-12-2009 3 ThCh\$	1-12-2008 ThCh\$
Current income tax expense		
Current tax expense	26.583.772 2	3.949.185
Current tax expense, net, total	26.583.772 2	3.949.185
Prior Period Current Tax Adjustments	245.847 (	219.454)
Deferred tax expense (income) relative to creation and reversal of temporary differences	( 1.130.730) ( 1	2.958.971)
Other deferred tax expense	32.579	38.315
Deferred tax expense, net, total Income tax expense (income)	, , ,	3.140.110) 809.075

Numerical reconciliation of the tax expense (income) and the result of multiplying accounting gains by the applicable tax rate or rates.

	31-12-2009 ThCh\$		31-12-2008 ThCh\$
Tax expenses using the legal rate	25.548.775		16.836.047
Tributary monetary correction of tributaries investments	0		3.750.873
Tributary monetary correction of tributary equity	0	(	8.296.055)
Other permanent differences	182.693	(	1.481.790)
Tax expenses adjustment using the legal rate, total	182.693	(	6.026.972)
Tax expense using the effective rate	25.731.468	10	0.809.075

### Reconciliation of the legal tax rate and the effective tax rate

Numerical reconciliation of the effective average rate and the applicable tax rate, specifying how the application rate used is counted.

	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Legal tax rate	17%	17%
Tributary monetary correction of tributaries investments	0%	4%
Tributary monetary correction of tributary equity	0%	(8%)
Other permanent differences	0%	(1%)
Tax expenses adjustment using the legal rate, total	0%	(6%)
Effective tax rate	17%	11%

### 22. EARNINGS PER SHARE

The basic earnings per share is calculated as the quotient of the gain (loss) attributable to the holders of the ownership interest in the Equity of the Controller and the weighted average number of ordinary shares in circulation during the same period.

	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Profit (Loss) Attributable to Equity Holders of Parent	123.047.510	88.226.496
Income Available to Common Shareholders, Basic	123.047.510	88.226.496
Weighted average of number of shares, basic	6.118.965.160	6.118.965.160
Gain (loss) per share (in Chilean pesos)	20,11	14,42

WATER

ThCh\$

307.930.605

11.013.706

4.918.891

22.493.232

(17.574.341)

50.252.316

307.930.605

54.113.447

123.047.509

25.050.400

3.415.568

681.068

The Company has not performed any kind of operation with a potential dilutive effect that presupposes a diluted earming per share different to the basic earning per share.

### 23. BUSINESS SEGMENTS

The Group discloses information by segments as provided for in IFRS 8, Operating Segments, which stipulates the reporting standards for operating segments and disclosures involving products and services. Operating segments are defined as components of an entity for which there is separate financial information regularly reviewed by Management for making decisions, such as assigning resources and evaluating their performance.

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

- Operations involving the sanitary business (Water).
- Operations not involving the sanitary business (Non-Water).

Description of the types of products and services providing the ordinary income of each reportable segment

The Water Segment only includes sanitary services that enable delivery of the production services and products, distribution of drinking water together with collecting and treating sewage. This segment includes Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., through lberaguas Ltda.

The non-water segment includes services involved in environmental analysis, treatment of industrial waste (RILES) and integral engineering services, such as the sale of products for such services. Subsidiaries included are EcoRiles S.A., Anam S.A. and Gestión y Servicios S.A.

Overall information on profit or loss, assets and liabilities.

TOTAL OVERALL INFORMATION ON PROFIT OR LOSS

Income from ordinary activities from foreign clients, total

Income from ordinary activities between segments, total

Depreciations and amortizations, total segments

Interest income, total segments

Interest expenses, total segments

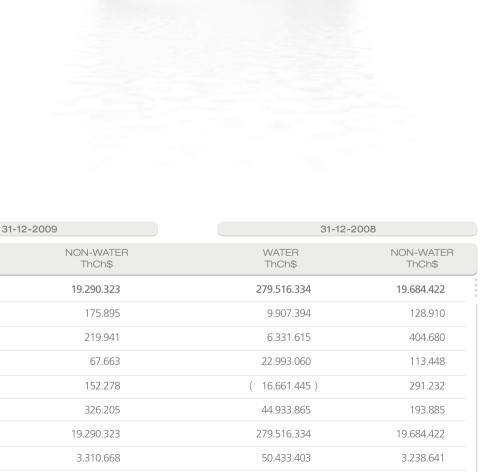
Sum of significant income items, total

Sum of significant expense items, total

Gain (loss) of reportable segment, total

Income tax expense (income), total

Fnancial Income (Loss). Net



88.226.495

10.099.213

4.121.865

709.862



	31-12-2009		31-12-	2008
TOTAL OVERALL INFORMATION ON ASSETS AND LIABILITIES	WATER ThCh\$	NON-WATER ThCh\$	WATER ThCh\$	NON-WATER ThCh\$
Reconciliation of total income from ordinary activities of the segments	1.223.224.940	4.016.451	1.190.638.972	3.994.600
Segment assets, total	2.175.290.902	20.724.278	1.937.403.922	18.776.399
Segment liabilities, total	723.236.282	5.726.615	700.005.781	7.207.917

### Significant Income and Expense Items by segment:

#### Water and non-water segment

Significant items of ordinary income and expenses are mainly those related to the activity of the segment. Furthermore, there are also relevant sums involving depreciation, personnel and other sundry expenses, where outsourced services are relevant.

#### Income

The Company's income stems mainly from regulated services involving the production and distribution of drinking water, collection, treatment and disposal of sewage and other regulated services (including income from cutting off and restoring the supply, monitoring discharges of liquid industrial waste and fixed charges).

### Details of significant income items

#### Water Segment

Significant items of ordinary income are mainly those involved in the drinking water and sewage business, i.e. income from the sale of water, excess consumption, variable charges, fixed charges, sewage services, use of sewer outlet and treatment of sewage. Income from the sale of fixed assets can also be identified.

### Rate

The most important factor determining the results of the Company's business and its financial situation are the rates set for its regulated sales and services. As a natural monopoly, Aguas Andinas and its sanitary subsidiaries are regulated by the Superintendency of Sanitary Services and its rates are set according to the Sanitary Service Rates Law, Statutory Decree 70 of 1988.

The rate levels are reviewed every five years and, during that time, they are subject to additional adjustments linked to an indexation polynomial, if the accumulated change from the previous adjustment is 3.0 % or more, according to calculations made as a function of various inflation indices.

The adjustments are specifically applied as a function of a formula that includes the Chilean Consumer Price Index, the Wholesale Price Index for Imported Industrial Goods and the Wholesale Price Index for Domestic Industrial Goods, all measured by the Chilean National Institute of Statistics. Rates are also subject to adjustment to reflect additional services previously authorized by the Superintendency of Sanitary Services.

The process of negotiation of Aguas Andinas S.A.'s rates for 2010-2015 concluded in November, 2009, and issue of the respective decree is pending.

The new rates approved for Aguas Andinas S.A., by Decree 149 for Aguas Manquehue S.A., Decree 179 for Aguas Cordillera S.A., Decree 265 for ESSAL S.A., all issued by the Ministry of Economy, Development and Reconstruction, came into effect on March 1, 2005, May 19, 2005, June 30, 2005, and September 12, 2006, respectively.

#### Non-Water Segment

The significant items of ordinary income are mainly those related to the activity of the segment and they are intimately related to the main activity of each subsidiary. This involves the sale of materials to third parties, income from operating the liquid industrial waste treatment plant and income from services and analysis of sewage.

### Details of significant expense items

### Water Segment

The significant expense items are mainly those involving Payroll, Electrical Energy, Operation of the Treatment Plant, Depreciations of movable and immovable properties, financial interest expenses, Income Tax Expense.

#### Non-Water Segment

The significant expense items are mainly those involving Payroll, cost of materials for sale and Income Tax Expense.

Details of the explanation of measurements of profit or loss, assets and liabilities of each segment

The measurement applicable to the segments involves grouping those subsidiaries directly related to the segment.

The accounting criterion corresponds to the accounting record of those economic events in which rights and obligations emanate in the same way as they do in economic relations with third parties. In particular, these records will generate committed balances in an asset and liability account according to the spirit of the transaction in each related company depending on the segment in which it participates. These accounts, called Accounts Due from or to Related Companies, should be netted when the financial statements are consolidated under the consolidation rules explained in IAS 27.

There are no differences in the nature of the measurement of the profit or loss, since, according to the standard, there are no accounting policies stating different cost assignment criteria or similar.

There are no differences in the nature of the measurement of assets and liabilities, since, according to the standard, there are no accounting policies stating different criteria for assigning them.

RECONCILIATION OF INCOME FROM ORDINARY ACTIVITIES	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Reconciliation of total income from ordinary activities of the segments	316.031.327	289.164.452
Reconciliation of elimination of ordinary activities between segments	11.193.539	10.039.907
Ordinary income, Total	327.224.866	299.204.359

RECONCILIATION OF GAIN (LOSS)	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Consolidation total gain (loss) of segments	108.527.045	64.415.576
Consolidation other gains (losses)	0	0
Consolidation of elimination of gain (loss) between segments	41.759.866	34.401.115
Consolidation of gain (loss) before tax	150.286.911	98.816.691

RECONCILIATIONS OF INCOME FROM ORDINARY ACTIVITIES, PROFIT OR LOSS, ASSETS AND LIABILITIES OF THE SEGMENTS	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Reconciliation of assets		
Consolidation total assets of segments	2.354.113.170	2.253.543.002
Elimination of corporate headquarter's accounts receivable from the segments	( 955.215.698)	( 899.035.310)
Assets, Total	1.398.897.472	1.354.507.692
Reconciliation of liabilities		
Consolidation total liabilities of segments	760.636.550	710.605.003
Reconciliation of elimination of corporate headquarter's accounts payable to the segments	( 45.317.613)	( 30.054.581)
Liabilities, Total	715.318.937	680.550.422

### Information to be disclosed on the entity as a whole

#### Information on the main clients:

Main Drinking Water and Sewerage Clients:

- Administradora Plaza Vespucio S.A.
- Centro de Detención Preventiva Santiago 1.
- Cervercera CCU Chile Ltda.
- Ejercito de Chile.
- Embotelladoras Chilenas Unidas S.A.
- Gendarmería de Chile.
- Ilustre Municipalidad de Santiago.
- Industrial Ochagavía Ltda.
- Pontificia Universidad Católica de Chile.
- Soc. Concesioanaria Autopista Central S.A.
- Soprole S.A.
- Universidad de Chile.

Main Non-Sanitary Segment Clients:

- Gist Brocades Chile S.A.
- Soprole S.A.
- Watt's S.A.
- Agroindustrial El Paico LTDA.
- Frigorífico O'Higgins S.A.
- Pesquera San José S.A.
- Corporación Nacional del Medio Ambiente (CONAMA).
- Directorio Marítimo Latinoamericano (DIRECMAR).
- Corporación Nacional del Cobre de Chile (CODELCO)
- Marine Harvest Chile S.A.
- Subus Chile S.A.
- Distribuidora Metrogas S.A.

Types of Water – Non-Water Segment Products:

### Water Segment

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

- Production and distribution of drinking water.
- Collection and treatment of sewage.

Segment made up of Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A.

#### Non-Water Segment

The types of products and services for the Non-Water segment are:

- Outsourcing services in operating industrial waste and excess organic loan treatment plants (Subsidiary Ecoriles S.A.).
- Physical, chemical and biological analysis of water, air and solids (Subsidiary Anam S.A.).
- Integral engineering services and sale of products, such as pipes, valves, taps and other related items (Subsidiary Gestión y Servicios S.A.).

According to circular 1901 of October 30, 2008, information from disbursements involving the environment is disclosed below:

Details of information on disbursements involving the environment:

### Parent Aguas Andinas (Figures in ThCh\$)

NAME OF PROJECT	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Paine Plant Expansion and Improvements	31.141	0
El Monte Plant Expansion and Improvements	142.452	0
Drainage Lira transfer plant	0	43.125
Laboratory equipment	5.419	0
Reception stations for mud from tank cleaning	230	37.964
Farfana - Trebal Trap	1.066.389	190.246
Mapocho Clean Urban Trap	35.730.199	10.592.628
Improvement Sewage Melipilla (Esmeralda Plant)	16.181	1.788.677
Improvement PEAS and Other Investments in Locations	7.443	49.887
Improvement Plants Locations	24.508	39.011
Equipment improvement and renewal	103.990	107.731
ISO, OSHOS and Safety Improvements	6.364	2.272
Cexas to Esmeralda Plants conveyance works	0	509.350
Large plant works and improvements	2.521.137	4.214.509
External platform for handling and disposing of mud	39.153	138.237
Talagante Plant	7.181	771.013
Til Til Plants	0	571.958
Renewal and improvement of equipment and facilities in PEAS and	l Plants 250.927	12.693
Replacement Chlorination System Pomaire	10.355	0
Talagante plant primary mud screening system	6.468	0
PEAS telecontrol system	39.394	0
Third Thick Mud Drive System Trebal	6.056	41.210
Sewage Treatment Buin - Maipo	1.360.742	4.679.714
Overall Total	41.375.729	23.790.225

### Aguas Manquehue (Figures in ThCh\$)

NAME OF PROJECT	31-12-200 ThCh\$	31-12-2008 ThCh\$
Improvement and renewal of Plant equipment and facili	ties 20.417	38.492
Plant improvement	1.103	420.196
Northern Sewer	4.522.378	3.536.208
Overall Total	4.543.898	3.994.896

## Gestión y Servicios (Figures in ThCh\$)

NAME OF PROJECT	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Biogas Purification Plant	111.439	1.203.263
Overall Total	111.439	1.203.263

### ESSAL (Figures in ThCh\$)

NAME OF PROJECT	31-12-2009 ThCh\$	31-12-2008 ThCh\$
Edar construction and improvement	332.011	0
Renewal of equipment Engineering Department	243.376	0
Maintenance equipment	441.486	0
Machinery and equipment Operations Department	200.020	0
Operations infrastructure improvement	782.786	0
Investments Engineering Department	992.343	0
Construction and Improvement sewerage systems	0	661.720
Equipment for treatment area	0	98.148
Improvement mud system	0	67.631
Construction and Improvement sewerage plants	0	126.396
Others	0	22.201
Overall Total	2.992.022	976.096



#### Projected Investments in the Environment for 2010

COMPANY	ThCh\$
Aguas Andinas S.A.	41.115.774
Essal S.A.	2.355.080
Total	43.470.854

Indication as to whether the disbursement forms part of the cost of an asset or was reflected as an expense, disbursements for the year:

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

Definite or estimated date on which future disbursements will be made, disbursements for the year:

Projected disbursements are estimated to be made in 2010.

#### Future commitments:

Estimated amounts for 2010 are as follows:

Total ThCh\$ 41,115,774.-

The Company and its subsidiaries are companies affected by disbursements involving the environment, in other words, compliance with ordinances, laws governing industrial processes and facilities and any other that might directly or indirectly affect protection of the environment.

### 24. EVENTS OCCURRING AFTER THE DATE OF THE BALANCE SHEET

As required by Circular N°574 of the Superintendency of Securities and Insurances, the Company and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and Empresa de Servicios Sanitarios de los Lagos S.A. informed at March 3, 2010, the effects produced by the earthquake in Chile occurred on February 27, 2010. The infrastructure of these companies were not significantly affected, therefore they are normally operating with close to 100% potable water supply, due basically to electric energy supply problems. Also, there was an increase in potable water network bursts, which have not significantly affected distribution of potable water supply. To date, required repair costs have not been quantified; however, it is estimated that they will not be significant.

At March 9, 2010, the Company's Board of Directors took notice of the resignation of the Director and President of the Board of Director, Mr. Alfredo Noman Serrano. Considering the above, the Board of Directors designed Mr. Joaquín Villarino Herrera unanimously as the new President of the Company. Also, the Board of Directors designed unanimously Mr. Juan Antonio Guijarro Ferrer as Vice-President. Mr. Guijarro was the substitute director of Mr. Noman and replaced him after his resignation.

At the date of issue of the current financial statements, the Company's Management is not aware of any other subsequent events that may significantly affect the financial position and/or results of the Company at December 31, 2009.

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AGUAS ANDINAS ANALYSIS OF THE FINANCIAL STATEMENTS
December - 2009



### **Equity Structure**

Aguas Andinas' equity is formed by 6,118,965,160 no-par value shares. At December 31, 2009, our majority shareholders are Inversiones Aguas Metropolitanas S.A. with 50.1% and CORFO, with 35.0% of total shares.

#### Income

Our income derives mainly from the regulated services that we provide such as drinking water production and distribution; collection, treatment and disposal of sewage water and other regulated services (which include income from supply suspension and reinstatement, monitoring of liquid industrial waste discharges, and fixed charges).

Ordinary income for 2009 was CLP\$327,225 million, CLP\$28,021 million (9.4%) higher in comparison to the previous period. The net income of Aguas Andinas S.A. at December 31, 2009, was CLP\$123,048 million, which is CLP\$34,822 million (39.5%) higher than during the previous period.

#### **Operation Costs and Expenses**

The operating costs and expenses are formed by personnel costs (20.6%), depreciation and amortization (29.5%), supplies and materials (16.2%), and other operating expenses (33.7%).

#### Tariffs

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The most important factor determining our operating results and financial situation are the tariffs established for our sales and regulated services. As a natural monopoly, we are regulated by the SISS and our tariffs are established in accordance with the Law on Sanitation Services, Law Decree 70 of 1988.

Our tariff levels are reviewed every five years and, during such period, the tarrifs are subject to additional adjustments related to an indexation polynomial, accumulated variation since the previous adjustment is 3.0% or higher, according to calculations based on different inflation indexes. Specifically, adjustments are applied according to a formula that includes the Consumer Price Index, the Wholesale Price Index for Imported Industrial Goods and the Wholesale Price Index for National Industrial Goods, all measured by the Chilean National Institute of Statistics. Tariffs are also subject to adjustment to reflect additional services previously authorized by the SISS.

In 2005, were completed the tariff negotiation processes for the period 2005-2010 . The new tariffs passed by the Ministry of Economy, Promotion, and Reconstruction's Decree 100 for Aguas Andinas S.A., Decree 149 for Aguas Manquehue S.A., and Decree 179 for Aguas Cordillera S.A. became effective on June 1, 2005, May 19, 2005, and June 30, 2005, respectively. Also, Empresa de Servicios Sanitarios de los Lagos S.A. (ESSAL) completed its 2006-2011 tariff negotiation process in 2006. Rates were approved by Decree 265, dated September 12, 2006.

#### **Current Rate Process**

During the fourth quarter of 2008, Aguas Andinas S.A. started its tariff negotiation process for the period 2010-2015. To this date, the following milestones have been met:

- Delivery of the Rate Study Preliminary Bases (October 2008) by the Superintendencia de Servicios Sanitarios.
- Delivery of observations to the Bases by the Company (December 2008).
- Delivery of final Bases by the SISS (January 2009).
- Aguas Andinas S.A. provided preliminary information for the rate process (February 2009).
- Studies prepared by Aguas Andinas S.A. and Superintendencia de Servicios Sanitarios were exchanged (October 01, 2009).
- Differences regarding the SISS study were delivered (November 02, 2009).
- An agreement was signed by the Company and SISS (November 17, 2009) defining rate establishment for 2010 – 2015. The corresponding decree is undergoing its issuance process.

#### Market Risk

Our company is in a favorable position with regards to risk, mainly due to the peculiar characteristics of the sanitary sector . Our business is seasonal, and operation results may vary from one quarter to another. We tend to record the highest demand and income levels during the summer months (December to March) and the lowest demand and income levels during the winter months (June to September). In general, water demand is higher during the warmer months, mainly due to additional water needs generated by watering systems and other outdoor water uses.

Adverse weather conditions may eventually affect the optimal delivery of sanitation services, as water intake and drinking water production largely depend on weather conditions in drainage basins. Factors such as rainfall (snow, hail, rain, and fog), temperature, humidity, sediment wash, river flow volume, and turbidity determine the quantity, quality, and continuity of crude water available in each water inlet that may be treated in a drinking water treatment plant. In the event of draught, we keep important water reserves at the El Yeso, Laguna Negra, and Lo Encañado reservoirs, in addition to contingency plans we have prepared, which allow us decreasing possible negative impacts that adverse weather conditions may generate to our operations.

#### **Capital Investments**

One of the variables that most affects our operating results and financial situation is capital investment. There are two types of capital investment:

Committed Investments. We have to agree on an investment plan with SISS, which describes the investments we must make during the 15 years following the date in which the corresponding investment plan becomes effective. Specifically, the investment plan reflects our commitment to carry out certain projects related to keeping certain quality and coverage standards. The said investment plan is subject to review every five years, and modifications may be requested when certain relevant facts are verified.

Dates of approval for Grupo Aguas' development plan update.

Aguas Andinas S.A.

Great Santiago May 23, 2006 and February 19, 2007

Other locations May to August, 2006

Aguas Cordillera S.A.

Las Condes May 10, 2006 Los Dominicos May 10, 2006

Aguas Manguehue S.A.

Manquehue 1May 12, 2006

Other locations December 28, 2006

#### ESSAL S.A.

10th and 14th Regions January 27 and June 10, 2006.

**Non-committed Investments.** Non-committed investments are those not included in the investment plan and voluntarily made by the Company in order to guarantee our quality of service and replace obsolete assets. In general, these are related to the replacement of network infrastructure and other assets, purchase of water rights, and investment in non-regulated businesses, among other.

In accordance with International Financial Reporting Standards effective in Chile (IFRSCH), interests on capital investment in works in progress are capitalized. Therefore, changes affecting our capital investment plan also affect the amount of expenses in interests credited to our statement of income and consigned in the balance sheet as works in progress in Property, plant and equipment.

#### II COMPARATIVE ANALYSIS AND VARIATION EXPLANATION

#### **Consolidated Financial Statements**

The composition of assets and liabilities is as follows:

CONSOLIDATED FINANCIAL STATEMENTS	December 2009	December 2008	Dec 09 Dec 08 variation
STATEMENTS	ThCh\$	ThCh\$	variation %
Current assets	91.422	79.167	15,48%
Non-current assets	1.307.476	1.275.341	2,52%
Total assets	1.398.898	1.354.508	3,28%
Current liabilities	115.640	122.580	( 5,66%)
Non-current liabilities	599.680	557.971	7,48%
Total liabilities	715.320	680.551	5,11%
Minority ownerships	66.945	67.351	( 0,60%)
Equity	616.633	606.606	1,65%
Total net equity	683.578	673.957	1,43%

#### **ASSETS**

#### **Current Assets**

When comparing the amounts of December 2009 with those of December 2008, these show a higher value of CLP\$12,255 million (15.5%), mainly due to the increase of cash and cash equivalents for CLP\$24,377 million because of the temporary effect related to the issuance of the bonds series I and J of Aguas Andinas, which will be used to cover cash requirements of future investment projects. This is partially offset by a decrease of commercial debtors and other accounts receivable for CLP\$8,508 million and current hedge assets for CLP\$2,850 million.

#### Non-current Assets

They have increased in CLP\$32,135 million (2.5%), which is mainly explained by the increase in property, plant and equipment for CLP\$30,655 million mainly due to the Group's investments and the increase in net intangible assets of CLP\$1,864 million, partially offset by the decrease in CLP\$831 million of commercial debtors and other accounts receivable.

The main investments are shown in the following table:

COMPANY	Investments	Accum to Dec 2009 (in ThCh\$)
Aguas Andinas	Mapocho sewage water trap	35.570
Aguas Andinas	Buin-Maipo sewage water treatment	1.061
Aguas Cordillera	La Dehesa Trapenses supply	2.401
Aguas Manquehue	Northern area potable water	1.387

#### LIABILITIES AND EQUITY

#### **Current Liabilities**

When comparing the amounts of December 2009 with those of December 2008, these decrease in CLP\$6,941 million (-5.7%), which is mainly explained by the decrease in interest on loans for CLP\$6,131 million due to lower interest rates during this period.

#### Non-current Liabilities

They increased in CLP\$41,710 million (7.5%) when comparing the amounts of December 2009 with those of December 2008. The main variation corresponds to the increase in loans accruing interests for CLP\$37,770 million, and explained by the issuance of the I and J bonds of Aguas Andinas in May 2009 for CLP\$63,012 million, offset by a lower revaluation of the debt due to the negative variation of the UF at December 31, 2009.

#### Equity

When comparing the consolidated amounts of December 2009 with those of December 2008, net equity attributable to the controlling company's net equity instrument holders increased in CLP\$10,027 million, while net equity increased in \$9,622 million.

Equity movements during 2009 fiscal year show a 2008 definitive dividend distribution for CLP\$76,106 million, a minimum 2009 dividend of CLP\$36,914 million, and 2009 fiscal year income for CLP\$123,048.

#### Financial indicators

INDICATOR		December 2009	December 2008	December dec 09 dec 08
Liquidity				
Current liquidity	times	0,79	0,65	21,54%
Acid ratio	times	0,22	0,01	4220,00%
Indebtedness				
Total indebtedness	%	104,64	100,98	3,62%
Current debt	%	16,17	18,01	( 10,22%)
Non-current indebtedness	%	83,83	81,99	2,24%
Financial expense coverage	times	7,71	5,31	45,20%
Profitability				
Equity profitability	%	18,35	13,62	34,73%
Asset profitability	%	9,05	7,29	24,14%
Earnings per share	\$	20,11	14,42	39,46%
Dividend earnings	%	8,25	9,38	( 12,05%)

At December 2009, current liquidity had increased by 21.54% mainly due to the increase in cash and cash equivalents, and explained by the effect of balances collected at subsidiaries, which have CLP\$24,000 million in time deposits. This is partially offset by the decrease of trade debtors (CLP\$8,508 million) and basically explained by the seasonal collection of the sanitation companies.

Indebtedness ratio increased 3.62%, mainly due to the increase of non-current liabilities (7.48%) and explained by the increase in loans accruing interests and the bond issuance in May 2009.

Equity profitability shows a 34.73% increase due to the increase in profits compared to 2008 (41.5%).

Dividend earnings decreased 12.05% due to the larger increase in share price (24.28%) with regards to paid dividend increase (9.34%).

#### STATEMENTS OF INCOME

The following table shows the statements of income for fiscal years ended on December 31, 2009 and 2008::

STATEMENT OF INCOME ACCORDING TO NATURE	Decembrer Decembrer 2009 2008 ThCh\$ ThCh\$		Dec 09 Dec 08 variation %		
Ordinary income		327.225		299.204	9,37%
Raw material and secondary material consumption	(	27.837 )	(	25.000)	11,35%
Personnel expenses	(	35.351)	(	31.971)	10,57%
Depreciation and amortization	(	50.579)	(	45.180)	11,95%
Other miscellaneous operating expenses	(	57.774)	(	51.012)	13,26%
Operation income		155.684		146.041	6,60%
Financial income		5.116		6.471	( 20,94%)
Financial costs	(	22.408)	(	22.903)	( 2,16%)
Exchange rate difference		42	(	23)	282,61%
Income according to readjustable units		8.730	(	28.840)	130,27%
Financial income	(	8.520)	(	45.295)	81,19%
Other income different from operations		3.542		356	894,94%
Other expenses different from operations	(	419)	(	2.286)	( 81,67%)
Income before tax		150.287		98.816	52,09%
Tax on income	(	25.731)	(	10.809)	138,05%
Minority interest	(	1.508)		219	
Income for the fiscal year	1	23.048		88.226	39,47%

The consolidated statement of income of Aguas Andinas at the closing of 2009, acknowledges the effect the incorporation of Empresa de Servicios Sanitarios de los Lagos (ESSAL) , which became a Grupo Aguas subsidiary in July 2008.

### • Ordinary Income:

At year-end 2009, the consolidated income of Aguas Andinas was CLP\$ 327,225, an amount CLP\$28,021 million (9.4%) higher than that of the same period in 2008. The said variation includes CLP\$15,746 million due to the integration with ESSAL.

	Decemb	per 2009	Decembe	er 2008	Diver	rsion	ESSAL S.A.
ORDINARY INCOME	ThCh\$	%	ThCh\$	%	ThCh\$	%	ThCh\$
Potable water	145.617	44,5%	129.364	43,2%	16.253	12,6%	6.174
Sewage water	139.292	42,6%	123.080	41,1%	16.212	13,2%	7.923
Other regulated income	12.681	3,9%	15.500	5,2%	( 2.819)	( 18,2% )	1.206
Non-regulated businesses	29.635	9,1%	31.260	10,4%	( 1.625)	( 5,2%)	442
Total ordinary income	327.225	100,0%	299.204	100,0%	28.021	9,4%	15.745

- a) Drinking Water: This includes drinking water production and distribution services. These services have increased by CLP\$16,253 million in comparison to the same period of previous year, to which ESSAL contributed CLP\$6,174 million. The remainder of CLP\$10,079 million is explained by a higher mean rate and a higher sales volume of 2.0 million m3. Variation in the average rate is explained by the accumulated effect of indexations occurred during 2008, and partially compensated by downward indexations during 2009.
- b) Sewage Water: This includes sewage water collection, treatment, disposal, and interconnection services. These services show an increase of CLP\$16,211 million (13.2%), to which ESSAL contributed CLP\$7,923 million (CLP\$5,335 million for collection and CLP\$2,589 million for treatment). CLP\$8,288 million complement is explained by:

Higher collection income for CLP\$3,903 million (CLP\$61,188 million in 2009 with regards to CLP\$57,285 million in the previous year) due to a higher mean rate and higher sales volume of 0.1 million m3.

Higher treatment income for CLP\$3,681 million (CLP\$48,139 million in 2009 with regards to CLP\$44,454 million in the previous year) due to a higher mean rate and higher sales volume of 0.7 million m3.

Higher sewage water interconnection income for CLP\$704 million (CLP\$13 million, in 2009 with regards to CLP\$13,157 million in the previous year) due to a higher mean rate and higher sales volume of 0.5 million m3.

Variations in average rates are the result of an accumulated indexation effect occurred during 2008, and partially offset by downward indexations during 2009.

- c) Other Regulated Income: This includes clients' fix charge, cut off and reinstatement services , and non-invoiced consumption provisions. This income shows a decrease of CLP\$2,819 million, of which ESSAL accounts for CLP\$1,206 million (19.9%) increase. The remainder is explained by CLP\$4,025 million decrease mainly associated to a larger income provision of CLP\$5,071 million, partially offset by higher income from fixed charges of CLP\$673 million and services for cut off and reinstatement of CLP\$209 million.
- d) Non-regulated Businesses: They decreased in CLP\$1,625 million (-5.2%) in comparison to the same period in the previous year, mainly explained by the following businesses:

  Non-sanitation: This decreased in CLP\$487 million, mainly explained by lower income regarding

the sales of management and service materials for CLP\$917 million, together with a decrease of CLP\$37 million associated to lower ANAM (laboratory services; sampling and analysis) sales. This is compensated by higher income from Ecoriles for CLP\$467 million (operation of liquid waste treatment plants and treatment of excessive organic charge to the industry).

Sanitationy: It decreased CLP\$1,138 million, mainly due to a lower activity level compared to 2008.

#### Consumption of Raw Material and Secondary Material

At year-end 2009, these costs were CLP\$27,837 million, an amount CLP\$2,837 million higher than in 2008, of which ESSAL contributed CLP\$2,789 million. The remainder of CLP\$48 million is explained by more chemical inputs for CLP\$752 million, more electric power for CLP\$501 million, compensated by lower expenses on various materials for CLP\$1,205 million.

### Personnel Expenses

At 2009 closing, these expenses amounted to CLP\$35,351 million, an amount CLP\$3,380 million higher than in 2008, of which ESSAL accounts for CLP\$2,173 million. The CLP\$1,208 million complement is mainly explained by higher indemnities and income updates.

#### Depreciation and Amortization

At 2009 closing, these expenses were CLP\$50,578 million, an amount CLP\$5,398 million higher than in 2008, explained by ESSAL incorporation with CLP\$3,244 million. The CLP\$2,154 million complement is mainly explained by depreciation of ESSAL purchase fair value depreciation.

### • Other Operation Expenses

At 2009 closing, these expenses were CLP\$57,774 million, an amount CLP\$6,762 million higher than in 2008, of which ESSAL contributed CLP\$2,135 million. The CLP\$4,627 million complement is mainly explained by services and materials for CLP\$2,746 million, together with higher general expenses for CLP\$1,648 million.

# the complement shows lower income for CLP\$1,655 million mainly associated to lower treasury balance.

• Financial Expense

At 2009 closing, these costs were CLP\$22,408 million, an amount CLP\$495 million lower than in

At 2009 closing, Aguas Andinas consolidated income was CLP\$5,116 million, an amount CLP\$1,355

million lower than in 2008. ESSAL shows higher income for CLP\$299 million; at the same time,

2008. This is mainly explained by higher costs for ESSAL for CLP\$1,289 million, compensated by lower financial costs for CLP\$1,784 million, mainly explained by a stronger activation of financial expenses and lower variable rates.

### • Income by Adjustment Units

At 2009 closing, income was CLP\$8,730 million, an amount CLP\$37,570 million higher than in 2008. This is explained by a lower debt monetary correction due to UF negative variation this year.

#### • Other Income Different from Operating Income

Aguas Andinas consolidated income was CLP\$3,542 million, an amount CLP\$3,186 million higher than in 2008, mainly explained by the sale of land in subsidiary Aguas Cordillera.

#### • Expense (Income) on Income Tax

At 2009 closing income tax provision is CLP\$14,922 million higher than for the previous fiscal year, which is mainly explained by a higher income before tax.

### • Income (Loss)

Due to the factors above, the net consolidated income of Aguas Andinas at 2009 closing was CLP\$123,048 million, an amount CLP\$34,821 million (39.5%) higher than in 2008..

#### Statement of Cash Flows

Main items in the statement of cash flows are the following:

CONSOLIDATED CASH FLOW STATEMENT	December 2009 CLP\$ million	December 2008 CLP\$ million	Dec 09 Dec 08 variation %
Operational flow	177.391	139.529	27,14%
Investment flow	( 81.750)	( 141.170)	( 42,09%)
Financing flow	( 71.264)	( 7.976)	793,48%
Year's net flow	24.377	( 9.617)	( 353,48%)
Final cash balance	24.996	620	3932%

Flow originated by operation activities had a positive variation of CLP\$37,862 million with regards to the previous fiscal year. From the said amount, ESSAL incorporation contributed CLP\$7,523 million. The complement is explained by the variation of amounts charged to clients for CLP\$74,874 million, partially compensated by a higher payment to supplier for CLP\$38,866 million.

Flow associated to investment activities had a negative variation of CLP\$59,420 million, mainly due to a decrease in the item Payments for the acquisition of associated companies, as 53.5% of Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL) was directly and indirectly bought in 2008. The amount paid for this operation was CLP\$81,168 million. On the other hand, the item Amounts received for the disposal of properties, plants, and equipment increased in CLP\$3,838 million. This decrease is offset by the increase in the incorporation of property, plant and equipment for CLP\$25,671 million, of which Essal S.A. contributed CLP\$1,240 million.

Financing flow decreased CLP\$63,288 million compared to 2008 fiscal year. This is mainly due to less loans granted for CLP\$61,901 million (ESSAL contributed CLP\$2,101 million) originated by lower bank loans for CLP\$65,209 million and reimbursable financial contributions for CLP\$9,682 million, offset by a new bond issuance (series I and J), which resulted in a higher cash income than in the previous year for CLP\$12,989 million and lower income due to higher dividend payment for CLP\$7,853 million. These negative variations are partially offset by lower loan repayment for CLP\$11,540 million.

### First time adoption of International Financial Reporting Standards (IFRS)..

Until 2008, Inversiones Aguas Metropolitanas S.A. and subsidiaries prepared their financial statements under local standards (Chilean GAAP). As of 2009 the Company started to prepare its financial statements in conformity with International Financial Reporting Standards (IFRS).

The transition to IFRS of the consolidated financial statements has been performed in conformity with IFRS 1 "First time adoption of International Financial Reporting Standards" considering the adjustments at the date of the first application of January 01, 2008.

The preparation of the consolidated financial statements of Aguas Andinas S.A. and subsidiaries under IFRS demanded modifications in the presentation and valuation in comparison to the standards applied previously (December 31, 2007), as certain principles and disclosures required by IFRS are substantially different to local accounting principles.

The reconciliations due to change in standards related to equity and statement of income are presented in the financial statements, note 4.

### Market Analysis

The Company does not show variations in the market it participates as, due to the nature of its services and legal regulations in force, it has no competition in its area of lease.

Aguas Andinas S.A. has 100% potable water coverage, 98.5% sewerage service coverage, and 72.7% sewage water treatment coverage.

Aguas Cordillera S.A. has 100% potable water coverage and 98.7% sewerage service coverage.

Aguas Manguehue S.A. has 100% potable water coverage and 99.3% sewerage service coverage.

ESSAL has 100% potable water coverage, 91.8% sewerage service coverage, and 91.4% sewage water treatment coverage.

GROUP SALES VOLUME (*) (Values in thousands on billed m3)	December 2009	December 2008	Dec 09 Dec 08 variations	ESSAL 2009	ESSAL 2008
Potable water	510.407	492.296	3,68%	31.346	15.205
SW collection	495.945	481.438	3,01%	28.090	13.704
SW treatment and disposal	432.061	416.984	3,62%	-	-
SW interconnection services	114.256	113.728	0,46%	-	-

GROUP CLIENTS (*)	December 2009	December 2008	Dec 09 Dec 08 variations	ESSAL 2009	ESSAL 2008
Potable water	1.871.287	1.828.328	2,35%	186.913	181.706
SW collectio	1.828.606	1.784.324	2,48%	171.633	165.700

(\*) Increase in 2009 fiscal year is due to the incorporation of Empresa de Servicios Sanitarios de los Lagos (ESSAL) to Grupo Aquas.

### Financial aspects

Currency risks: our revenues are mostly linked to the local currency. Therefore, our debt is mainly denominated in local currency, and we do not have significant debts in foreign currencies.

At December 31, 2009, the interest rate risk of Aguas Andinas is made up of 75% of its debt at fixed rates and 25% at variable rates. The fixed rate debt is composed as follows: short and long-term bonds payable (83%); and reimbursable financial contributions (17%); the variable-rate debt is with local banks.

At December 31, 2008, the interest rate risk of the Group is made up of 72% of its debt at fixed rates and 28% at variable rates. The fixed rate debt is composed as follows: short and long-term bonds payable (83%); and reimbursable financial contributions (17%); the variable-rate debt is with local banks.

The Company has a policy of monitoring and managing interest rates to optimize financing costs, and is constantly evaluating the hedging instruments available in the financial market.

This entire favorable situation has resulted in risk classifiers not classifying the long-term debt as an AA+ risk. With regards to shares, Feller Rate assigned us a first class, level 3 classification, while ICR gave us a first class, level 2 classification.



# 170 FINANCIAL STATEMENTS OF SUBSIDIARES



# 172 ANÁLISIS AMBIENTALES S.A.

### General information

#### Name

Análisis Ambientales S.A.

### Type of entity

Closely held corporation, and is governed by the established constitution bylaws and by the applicable legal provisions.

#### Address

Avda. Presidente Balmaceda Nº1398, Santiago, Chile.

### Telephone

(56-2) 496 22 30

#### Fax

(56-2) 496 22 97

### 172 TAX I.D

96.967.550-1

#### External auditors

Deloitte Auditores y Consultores Ltda.

### Paid-in capital

M\$262.456

# Corporate Purpose

The purpose of the Company is to perform of all kinds of physical, chemical and biological analysis of water, air and solids, including soils, mud, residues, as well any other element that is directly or indirectly related with the environment.

# Incorporation of the Company

Análisis Ambientales S. A. was incorporated by public deed on August 20, 2001 at the office of the Notary Public Mr. Ivan Torrealba Acevedo and its formation was published in the Official Gazette on September 20, 2001. Its abbreviated name is ANAM S.A.

### Board of directors

#### Chairman

Joaquín Villarino Herrera (Vice-president of Aguas Andinas S.A.)

#### Directors

Felipe Larrain Aspillaga (General Manager of Aguas Andinas S.A.)

Marta Colet Gonzalo (Alternate Director of Aguas Andinas S.A.)

### General Manager

Lionel Quezada Miranda

### Percentage of ownership by the Parent

99.00% direct ownership

1.00% indirect ownership through Aguas Cordillera S.A.

### Investment as percentage of Parent Company's assets

The investment in the company amounts to 0.27%.

### Commercial Relationship with the Parent Company

During the year-ended December 31, 2009 the Company had a service contract for the laboratory analysis of water and mud, and a lease contract with its Parent Company. In the future it is expected to maintain similar commercial relationships.

STATEMENT OF COMPREHENSIVE INCOME	2009 ThCh\$	2008 ThCh\$
Total income	3.518.528	3.559.396
Total costs	( 2.449.110)	( 2.085.667)
Financial result	44.785	66.534
Other non-operation result	926	8.332
Income tax	( 187.243)	( 249.165)
NET INCOME	927.886	1.299.430

DIRECT STATEMENT OF CASH FLOWS	2009 ThCh\$	2008 ThCh\$
Net Cash Flows from Operating Activities	700.206	933.637
Net Cash Flows from Investing Activities	1.299.951	( 1.338.471)
Net Cash Flows from Financing Activities	0	0
Net Increase (Decrease) in Cash and Cash Equivalent	2.000.157	( 404.834)
Cash and Cash Equivalent, Cash Flow Statement, Beginning Balance	23.384	428.218
CASH AND CASH EQUIVALENT, CASH FLOW STATEMENT, ENDING BALANCE	2.023.541	23.384

# 174 ECORILES S.A.

### General Information

#### Name

Ecoriles S.A.

### Type of entity

Closely held corporation, and is governed by the established constitution bylaws and by the applicable legal provisions.

#### Address

Av. Presidente Balmaceda N°1398, Santiago, Chile.

### Telephone

(56-2) 496 22 29

#### Fax

(56-2) 496 22 44

### 174 TAX I.D.

96.945.210-3

#### **External Auditors**

Deloitte Auditores y Consultores Ltda.

### Paid-in capital

M\$333.787

# Corporate Purpose

The Company's corporate purpose is the treatment of liquid residues as well as activities related or linked to the treatment of sewage or residual water, through the rendering of technical advisories or the execution of services related to training, design, construction, sales of equipment, maintenance and operation of all kinds of facilities.

# Incorporation of the Company

Ecoriles S. A. was incorporated by public deed on December 15, 2000 at the office of the Notary Public Mr. Juan Ricardo San Martín Urrejola and its formation was published in the Official Gazette on January 16, 2001.

### Board of directors

### Chairman

Joaquín Villarino Herrera (Vice -president of Aguas Andinas S.A.)

#### Directors

Felipe Larrain Aspillaga (General Manager of Aguas Andinas S.A.)

Marta Colet Gonzalo (Alternate Director of Aguas Andinas S.A.)

### General Manager

Lionel Quezada Miranda

### Percentage ownership by the Parent Company

99.03846% direct ownership 0.96154% indirect ownership through Aguas Cordillera S.A.

### Investment as percentage of Parent Company's assets in the asset

The investment in the company amounts to 0.48%.

### Commercial Relationship with the Parent Company

During the year-ended December 31, 2009 the Company had a contract for the treatment services of excess loads and a property lease contract. In the future it is expected to maintain similar commercial relationships.

STATEMENT OF COMPREHENSIVE INCOME	2009 ThCh\$	2008 ThCh\$
Total income	6.368.093	5.901.252
Total costs	( 4.775.464 )	( 4.336.478)
Financial result	158.999	262.849
Other non-operation result	24	55.919
Income tax	( 295.840 )	( 263.885)
NET INCOME	1.455.812	1.619.657

DIRECT STATEMENT OF CASH FLOWS	2009 ThCh\$	2008 ThCh\$
Net Cash Flows from Operating Activities	2.102.993	787.994
Net Cash Flows from Investing Activities	3.691.000	( 861.949 )
Net Cash Flows from Financing Activities	0	( 46)
Net Increase (Decrease) in Cash and Cash Equivalent	5.793.993	( 74.001)
Cash and Cash Equivalent, Cash Flow Statement, Beginning Balance	60.752	134.753
CASH AND CASH EQUIVALENT, CASH FLOW STATEMENT, ENDING BALANCE	5.854.745	60.752

# 176 GESTIÓN Y SERVICIOS S.A.

### GENERAL INFORMATION

#### Name

Gestión y Servicios S.A.

### Type of entity

Closely Held Corporation

### Address

Av. Presidente Balmaceda N°1398, Santiago, Chile.

#### Telephone

(56 2) 496 23 42

#### Fax

(56 2) 496 23 98

#### TAX I.D.

176

96.828.120-8

#### **External Auditors**

Deloitte Auditores y Consultores Ltda.

### Paid-in capital

Ch\$ 652,152,446

# Corporate Purpose

The corporate purpose of the Company is the urbanization, purchase and sale of sanitation material, sale of biogas, building and advisory of special works.

# Incorporation of the Company

The Company was incorporated as a closely held corporation under the name Aguas del Maipo S.A., as per public deed dated June 06, 1997 at the office of the Notary Public of Mr. Patricio Zaldivar Mackenna in Santiago; subsequently it changed its by-laws as stated in public deed dated November 10, 2000 at the Notary of Mr. Patricio Zaldivar Mackenna, changing its legal name to Gestión y Servicios S.A.

### Board of directors

#### Chairman

Joaquín Villarino Herrera Vice-president of Aguas Andinas S. A.)

#### Directors

Felipe Larrain Aspillaga (General Manager of Aguas Andinas S. A.)

Marta Colet Gonzalo (Alternate Director of Aguas Andinas S.A.)

Luis Andrés Rengifo Briceño (Director of the subsidiaries Aquas Cordillera y Aquas Manquehue)

Luis Eduardo Jiménez López (Director of the subsidiaries Aguas Cordillera y Aguas Manquehue)

#### General Manager

Santiago Fredes Echeverria

### Ownership percentage by Parent Company

97.84783% direct ownership 2.15217 indirect ownership through Aguas Cordillera S.A.

### Investment as percentage of parent Company's assets

The investment in the company amounts to 0.31%

#### Commercial relationship with the Parent Company

During the year-ended as of December 31, 2009, the Company had contracts for the purchase and sale of materials, collector renewal, the purchase of biogas and leases with its Parent Company. In the future it is expected to maintain similar commercial relationships.

STATEMENT OF COMPREHENSIVE INCOME	2009 ThCh\$	2008 ThCh\$	
Total income	9.579.596	10.352.684	
Total costs	( 8.321.929 )	( 8.989.153 )	
Financial result	( 51.506)	( 38.151)	
Other non-operation result	23.694	74.210	
Income tax	( 197.985)	( 196.812 )	
NET INCOME	1.031.870	1.202.778	

DIRECT STATEMENT OF CASH FLOWS	2009 ThCh\$	2008 ThCh\$
Net Cash Flows from Operating Activities	3.514.232	( 1.533.604)
Net Cash Flows from Investing Activities	( 29.037)	( 479.583)
Net Cash Flows from Financing Activities	( 1.723.255 )	1.403.554
Net Increase (Decrease) in Cash and Cash Equivalent	1.761.940	( 609.633)
Cash and Cash Equivalent, Cash Flow Statement, Beginning Balance	54	609.687
CASH AND CASH EQUIVALENT, CASH FLOW STATEMENT, ENDING BALANCE	1.761.994	54

# 178 AGUAS CORDILLERA S.A. AND SUBSIDIARY

### GENERAL INFORMATION

#### Name

Aguas Cordillera S.A.

#### Type of entity

Closely held corporation subject to the standards of public companies in conformity with the indicated in clause No. 8 of the DFL M.O.P. 382 of 1988.

#### Address

Av. Presidente Balmaceda N°1398, Santiago, Chile.

#### Telephone

(56 2) 496 25 00

#### Fax

(56 2) 496 25 09

### 178 PO Box

1818 Santiago – Centro

#### TAX I.D.

96.809.310-K

#### **External Auditors**

Deloitte Auditores y Consultores Ltda.

### Registered in Securities Record

N°0975

### Capital suscrito y pagado

Paid-in capital

# Corporate Purpose

The corporate purpose of the Company and its subsidiary is establishing, building and developing the public services related to the production and distribution of drinking water, the recollection and disposal of sewage water and other service renderings related to such activities, developed in the concession areas of the districts of Vitacura, Las Condes, Lo Barnechea, Colina and Lampa.

# Incorporation of the Company

The Company was incorporated on April 22, 1996, as per public deed issued at the office of the Notary Public Mr. René Benavente Cash in Santiago. An extract of the by-laws was registered at the Trade Record of the Real Estate Custodian of Santiago of the same year, under folio 14.143, number 8.258 and ratified under folio 11.059, number 8.996 both in 1996, and published in the Official Gazette on May 04, 1996, ratified on May 9, 1996.

At the Extraordinary Shareholders' Meeting held on March 6, 2007, the bylaws of the Company were modified, as established in the public deed dated March 8, 2007, issued at the office of the Notary Public Mr. Raúl Undurraga Laso in Santiago

### Board of directors

#### Chairman

Felipe Larrain Aspillaga (General Manager of Aguas Andinas S.A.)

### Vice-president

Joaquín Villarino Herrera Vice-president of Aguas Andinas S.A.)

#### **Directors Aquas**

Marta Colet Gonzalo (Alternate Director of Aguas Andinas S.A.)

Luis Andrés Rengifo Briceño (Director of Aguas Manquehue)

Luis Eduardo Jiménez López (Director of Aguas Manguehue)

#### General Manager

Víctor de la Barra Fuenzalida (Main Executive of Aguas Andinas S.A.)

# Ownership percentage by Parent Company

99,99003%

### Investment as percentage of parent Company's assets

The investment in the company amounts to 14,33%

### Commercial Relationship with The Parent Company

During the year ended as of December 31, 2009: the Company had an interconnection contract for drinking and sewage water, lease contracts and sales contract for material with its Parent Company. In the future it is expected to maintain similar commercial relationships.

STATEMENT OF COMPREHENSIVE INCOME	2009 ThCh\$	2008 ThCh\$
Total income	42.625.392	40.628.672
Total costs	( 21.677.869)	( 20.594.731 )
Financial result	( 89.207)	453.683
Other non-operation result	3.716.629	( 1.688.646)
Income tax	( 4.194.827)	( 1.000.493)
Minority interest	( 15)	( 13)
NET INCOME	20.380.103	17.798.472

DIRECT STATEMENT OF CASH FLOWS	2009 ThCh\$	2008 ThCh\$	
Net Cash Flows from Operating Activities	22.111.484	21.698.653	
Net Cash Flows from Investing Activities	2.675.135	( 17.852.139 )	
Net Cash Flows from Financing Activities	( 13.131.625)	( 12.413.959 )	
Net Increase (Decrease) in Cash and Cash Equivalent	11.654.994	( 8.567.445 )	
Cash and Cash Equivalent, Cash Flow Statement, Beginning Balance	43.916	8.611.361	
CASH AND CASH EQUIVALENT, CASH FLOW STATEMENT, ENDING BALANCE	11.698.910	43.916	

# 180 INVERSIONES IBERAGUAS LTDA. AND SUBSIDIARY

### General information

#### Name

Inversiones Iberaguas Ltda.

#### Type of entity

Limited liability investment society, subject to the standards of the Civil Code, Trade Code and Law  $N^{\circ}$  3918

#### Address

Av. Presidente Balmaceda N°1398, Santiago, Chile.

#### Telephone

56-2-4962382

#### Fax

56-2-4962309

180 Tax ID

96.897.320-7

#### **External Auditors**

Deloitte Auditores y Consultores Ltda.

### Paid-in capital

ThCh\$ 49,090,900

# Corporate Purpose

The corporate purpose of the Company in to invest and participate in businesses of the sanitation industry, particularly in companies and societies whose corporate purpose is developing the public services related to the production and distribution of drinking water, the recollection and disposal of sewage water and other service renderings related to such activities.

# Incorporation of the Company

Inversiones Iberaguas Limitada, was incorporated on May 20, 1999 as per public deed issued at the office of Public Notary Mr. Aliro Veloso Muñoz in Santiago. An extract of the by-laws was registered at the Trade Record of the Real Estate Custodian of Santiago of the same year, under folio 11539, number 9276, and published in the Official Gazette on May 27, 1999. On July 10, 2008, as per public deed N° 3561-2008 issued at the office of Public Notary Raúl Undurraga Laso in Santiago, Aguas Andinas S.A. and Aguas Cordillera S.A acquired social rights in the Company for 99.999998% and 0.0000002%, respectively.

### **ADMINISTRATION**

#### Proxies:

Felipe Larrain Aspillaga (General Manager of Aguas Andinas S.A.)

Joaquín Villarino Herrera (Vice-president of Aguas Andinas S.A.)

Marta Colet Gonzalo (Alternate Director of Aguas Andinas S.A.)

### Ownership percentage by parent company:

99.99998% direct ownership by Aguas Andinas S.A. 0.000002% indirect ownership through Aguas Cordillera S.A.

### Investments as percentage of parent company's assets

The investment in the company amounts to 8.2%

### Commercial relationship with the Parent Company and Subsidiaries:

During the year ended December 31, 2009 the Company did not have any relationship with the parent company and its related companies.

STATEMENT OF COMPREHENSIVE INCOME	2009 ThCh\$	2008 ThCh\$
Total income	32.394.610	31.756.344
Total costs	( 21.994.076)	( 21.151.107)
Financial result	( 2.502.004)	( 4.060.647)
Other non-operation result	1.271.550	( 7.006.473)
Income tax	( 1.561.158)	928.646
Minority interest	( 3.732.509)	( 237.886)
NET INCOME	3.876.415	228.875

DIRECT STATEMENT OF CASH FLOWS	2009 ThCh\$	2008 ThCh\$
Net Cash Flows from Operating Activities	13.216.585	14.222.294
Net Cash Flows from Investing Activities	( 4.941.840)	( 8.472.952 )
Net Cash Flows from Financing Activities	( 7.454.649)	( 8.427.832 )
Net Increase (Decrease) in Cash and Cash Equivalent	820.096	( 2.678.489 )
Cash and Cash Equivalent, Cash Flow Statement, Beginning Balance	379.138	3.057.627
CASH AND CASH EQUIVALENT, CASH FLOW STATEMENT, ENDING BALANCE	1.199.234	379.138

	Aguas Cordillera S.A.		Aguas Manquehue S.A.		Iberaguas Ltda.	
	2009 ThCh\$	2008 ThCh\$	2009 ThCh\$	2008 ThCh\$	2009 ThCh\$	2008 ThCh\$
BALANCE SHEETS						
ASSETS						
Current Assets	20.979.051	25,257,434	2.612.051	2.715.436	8.796.455	10.743.325
Non-Current Assets	255.527.902	249.243.207	54.980.643	49.791.722	158.588.315	155.237.695
TOTAL ASSETS	276.506.953	274.500.641	57.592.694	52.507.158	167.384.770	165.981.020
EQUITY AND LIABILITIES						
Eurrent liabilities	17.032.381	21.538.443	8.488.866	11.585.976	8.773.966	10.915.070
Non-Current liabilities	58.940.758	49.362.988	13.407.339	5.672.169	58.074.282	59.144.936
equity	200.533.660	203.599.058	35.696.489	35.249.013	64.935.418	62.273.003
Minority interest	154	152			35.601.104	33.648.011
TOTAL EQUITY AND LIABILITIES	276.506.953	274.500.641	57.592.694	52.507.158	167.384.770	165.981.020
STATEMENT OF COMPREH	HENSIVE INCOME					
STATEMENT OF COMPREH		40.628.672 ( 20.594.731 )	7.610.060 ( 3.225.496)	6.680.735 ( 2.894.615)	32.394.610 ( 21.994.076)	31.756.344 ( 21.151.107)
STATEMENT OF COMPREH  Total income  Total costs	HENSIVE INCOME 42.625.392	40.628.672	7.610.060	6.680.735	32.394.610	31.756.344
STATEMENT OF COMPREH  otal income  otal costs  inancial result	HENSIVE INCOME 42.625.392 ( 21.677.869 )	40.628.672 ( 20.594.731 )	7.610.060 ( 3.225.496)	6.680.735 ( 2.894.615)	32.394.610 ( 21.994.076)	31.756.344 ( 21.151.107)
STATEMENT OF COMPREH Total income Total costs Trinancial result Other non-operation result	HENSIVE INCOME 42.625.392 ( 21.677.869 ) ( 89.207 )	40.628.672 ( 20.594.731 ) 453.683	7.610.060 ( 3.225.496) ( 241.526)	6.680.735 ( 2.894.615) ( 204.085)	32.394.610 ( 21.994.076) ( 2.502.004)	31.756.344 ( 21.151.107) ( 4.060.647)
STATEMENT OF COMPREH  otal income  otal costs  inancial result  Other non-operation result  ncome tax	HENSIVE INCOME 42.625.392 ( 21.677.869 ) ( 89.207 ) 3.716.629 )	40.628.672 ( 20.594.731 ) 453.683 ( 1.688.646 )	7.610.060 ( 3.225.496) ( 241.526) 25.887	6.680.735 ( 2.894.615) ( 204.085) ( 180.502)	32.394.610 ( 21.994.076) ( 2.502.004) 1.271.550	31.756.344 ( 21.151.107) ( 4.060.647) ( 7.006.473)
STATEMENT OF COMPREH  Total income  Total costs  Tinancial result  Other non-operation result  Income tax  Minority interest	HENSIVE INCOME  42.625.392 ( 21.677.869 ) ( 89.207 ) 3.716.629 ) ( 4.194.827	40.628.672 ( 20.594.731 ) 453.683 ( 1.688.646 ) ( 1.000.493 )	7.610.060 ( 3.225.496) ( 241.526) 25.887	6.680.735 ( 2.894.615) ( 204.085) ( 180.502)	32.394.610 ( 21.994.076) ( 2.502.004) 1.271.550 ( 1.561.158)	31.756.344 ( 21.151.107) ( 4.060.647) ( 7.006.473) 928.646
	42.625.392 ( 21.677.869 ) ( 89.207 ) 3.716.629 ) ( 4.194.827 ( 15 ) 20.380.103	40.628.672 ( 20.594.731 ) 453.683 ( 1.688.646 ) ( 1.000.493 ) ( 13 )	7.610.060 ( 3.225.496) ( 241.526) 25.887 ( 680.060) 3.488.866	6.680.735 ( 2.894.615) ( 204.085) ( 180.502) ( 305.754) 3.095.779	32.394.610 ( 21.994.076) ( 2.502.004) 1.271.550 ( 1.561.158) ( 3.732.509) 3.876.415	31.756.344 ( 21.151.107) ( 4.060.647) ( 7.006.473) 928.646 ( 237.886) 228.875
STATEMENT OF COMPREH Total income Total income Total costs Trinancial result Other non-operation result Income tax Minority interest NET INCOME  DIRECT STATEMENT OF CA	42.625.392 ( 21.677.869 ) ( 89.207 ) 3.716.629 ) ( 4.194.827 ( 15 ) 20.380.103	40.628.672 ( 20.594.731 ) 453.683 ( 1.688.646 ) ( 1.000.493 ) ( 13 ) 17.798.472	7.610.060 ( 3.225.496) ( 241.526) 25.887 ( 680.060)	6.680.735 ( 2.894.615) ( 204.085) ( 180.502) ( 305.754) 3.095.779	32.394.610 ( 21.994.076) ( 2.502.004) 1.271.550 ( 1.561.158) ( 3.732.509) 3.876.415	31.756.344 ( 21.151.107) ( 4.060.647) ( 7.006.473) 928.646 ( 237.886) 228.875
STATEMENT OF COMPREH  otal income  otal costs  inancial result  Other non-operation result  ncome tax  Minority interest  NET INCOME  DIRECT STATEMENT OF CA  Net Cash Flows from Operating Activities  Net Cash Flows from Investing Activities  Net Cash Flows from Investing Activities	42.625.392 ( 21.677.869 ) ( 89.207 ) 3.716.629 ) ( 4.194.827 ( 15 ) 20.380.103	40.628.672 ( 20.594.731 ) 453.683 ( 1.688.646 ) ( 1.000.493 ) ( 13 ) 17.798.472	7.610.060 ( 3.225.496) ( 241.526) 25.887 ( 680.060) 3.488.866	6.680.735 ( 2.894.615) ( 204.085) ( 180.502) ( 305.754) 3.095.779	32.394.610 ( 21.994.076) ( 2.502.004) 1.271.550 ( 1.561.158) ( 3.732.509) 3.876.415	31.756.344 ( 21.151.107) ( 4.060.647) ( 7.006.473) 928.646 ( 237.886) 228.875
STATEMENT OF COMPREH  Total income  Total costs  Tinancial result  Other non-operation result  Income tax  Minority interest  NET INCOME  DIRECT STATEMENT OF CA  Net Cash Flows from Operating Activities  Net Cash Flows from Investing Activities  Net Cash Flows from Investing Activities	42.625.392 ( 21.677.869 ) ( 89.207 ) 3.716.629 ) ( 4.194.827 ( 15 ) 20.380.103	40.628.672 ( 20.594.731 ) 453.683 ( 1.688.646 ) ( 1.000.493 ) ( 13 ) 17.798.472 21.698.653 ( 17.852.139 )	7.610.060 ( 3.225.496) ( 241.526) 25.887 ( 680.060) 3.488.866	6.680.735 ( 2.894.615) ( 204.085) ( 180.502) ( 305.754) 3.095.779	32.394.610 ( 21.994.076) ( 2.502.004) 1.271.550 ( 1.561.158) ( 3.732.509) 3.876.415	31.756.344 ( 21.151.107) ( 4.060.647) ( 7.006.473) 928.646 ( 237.886) 228.875
STATEMENT OF COMPREH  Fotal income  Fotal costs  Financial result  Other non-operation result  Income tax  Minority interest  NET INCOME   DIRECT STATEMENT OF CA	42.625.392 ( 21.677.869 ) ( 89.207 ) 3.716.629 ) ( 4.194.827 ( 15 ) 20.380.103 ASH FLOWS 22.111.484 2.675.135 ( 13.131.625 ) 11.654.994	40.628.672 ( 20.594.731 ) 453.683 ( 1.688.646 ) ( 1.000.493 ) ( 13 ) 17.798.472 21.698.653 ( 17.852.139 ) ( 12.413.959 )	7.610.060 ( 3.225.496) ( 241.526) 25.887 ( 680.060) 3.488.866 4.210.274 ( 10.079.235 ) 5.930.579	6.680.735 ( 2.894.615) ( 204.085) ( 180.502) ( 305.754) 3.095.779 3.611.466 ( 6.440.035) 2.775.366	32.394.610 ( 21.994.076) ( 2.502.004) 1.271.550 ( 1.561.158) ( 3.732.509) 3.876.415 13.216.585 ( 4.941.840) ( 7.454.649)	31.756.344 ( 21.151.107) ( 4.060.647) ( 7.006.473) 928.646 ( 237.886) 228.875 14.222.294 ( 8.472.952 ) ( 8.427.832 )

ESSAL S.	Α.	Ecoriles	S.A.	Gestión y Se	rvicios S.A.	Análisis Amb	pientales S.A.
2009 ThCh\$	2008 ThCh\$	2009 ThCh\$	2008 ThCh\$	2009 ThCh\$	2008 ThCh\$	2009 ThCh\$	2008 ThCh\$
8.792.357	10.728.139	7.364.901	5.731.925	7.222.105	7.444.170	3.004.540	2.226.473
131.871.601	128.520.982	164.799	150.702	1.692.613	2.125.666	1.314.134	1.142.690
140.663.958	139.249.121	7.529.700	5.882.627	8.914.718	9.569.836	4.318.674	3.369.163
9.934.362	11.434.775	772.028	580.767	4.546.049	6.266.898	447.352	425.727
58.074.281	59.144.936	0	0	0	6.139	0	0
72.655.315	68.669.410	6.757.672	5.301.860	4.368.669	3.336.799	3.871.322	2.943.436
140.663.958	139.249.121	7.529.700	5.882.627	8.914.718	9.569.836	4.318.674	3.369.163
32.394.608	31.756.344	6.368.093	5.901.252	9.579.596	10.352.684	3.518.528	3.559.396
( 21.986.607)	( 21.144.578)	( 4.775.464)	( 4.336.478)	( 8.321.929 )	( 8.989.153)	( 2.449.110)	( 2.085.667)
( 2.502.004)	( 4.060.647)	158.999	262.849	( 51.506)	( 38.151)	44.785	66.534
1.271.551	( 7.006.939)	24	55.919	23.694	74.210	926	8.332
( 1.560.183)	941.298	( 295.840)	( 263.885)	( 197.985)	( 196.812)	( 187.243 )	( 249.165)
7.617.365	485.481	1.455.812	1.619.657	1.031.870	1.202.778	927.886	1.299.430
13.237.673	14.237.554	2.102.993	787.994	3.514.232	( 1.533.604 )	700.206	933.637
( 4.957.026)	( 8.473.183)	3.691.000	( 861.949 )	( 29.037 )	( 479.583 )	1.299.951	( 1.338.471)
7.464.649)	( 8.434.738)	0	( 46)	( 1.723.255 )	1.403.554	0	0
815.998	( 2.670.367)	5.793.993	( 74.001)	1.761.940	( 609.633 )	2.000.157	( 404.834)
379.138	3.049.505	60.752	134.753	54	609.687	23.384	428.218 <b>Cash</b>
1.195.136	379.138	5.854.745	60.752	1.761.994	54	2.023.541	23.384