



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**Period ended
June 30, 2010**

AGUAS ANDINAS S.A.



INDEPENDENT AUDITORS REPORT

To shareholders of Aguas Andinas S.A. and subsidiaries

We reviewed the interim consolidated financial statement of Aguas Andinas S.A. and subsidiaries to June 30, 2010 and the interim consolidated statements of comprehensive income for the six and three-month periods ended in June 30, 2010 and 2009 and the related statements of cash flows and changes in equity for the six-month periods ended in those dates. The interim consolidated financial statements and its related notes prepared according to CFRS/IFRS 34 "Interim Financial Reporting" included in the Chilean Financial Reporting Standards (CFRS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), is the responsibility of the Management of the Company.

We reviewed according to standards established in Chile for a review of interim financial reporting. A review of interim financial reporting consists basically in applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. The scope of this review is significantly lower than an audit made according to auditing standards generally accepted in Chile, whose aim is to express an opinion about financial statements taken together. Therefore, we do not express that opinion.

Based on our reviews, we do not have knowledge about any significant modification that should be made on the interim consolidated financial statements mentioned in the first paragraph, in order for these to be according to CFRS 34/IFRS 34 included in the Chilean Financial Reporting Standards/International Financial Reporting Standards.

Dated March 9, 2010 we issue an opinion without qualification about the consolidated financial statements to December 31, 2009 and 2008 of Aguas Andinas S.A. and subsidiaries, prepared according to Chilean Financial Reporting Standards (CFRS)/International Financial Reporting Standards (IFRS), which includes the financial statement to December 31, 2009 presented in the consolidated financial statements attached, also its related notes.

August 31, 2010

Edgardo Hernández G.
7.777.218-9



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

Statements of Financial Position
Statements of Comprehensive Results by Nature
Statements of Cash Flows
Statement of Changes in Equity
Notes to the Consolidated Financial Statements



Consolidated Statements of Financial Position
As of June 30, 2010 and December 31, 2009
(Thousands of Chilean pesos - ThCh\$)

ASSETS	Note	30-06-2010 ThCh\$	31-12-2009 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	6	35.170.408	24.996.283
Other current financial assets	7	800.932	900.059
Other current non-financial assets		1.275.744	418.581
Trade debtors & other accounts receivable	7	50.182.510	61.855.960
Accounts receivable from related entities, current	8	513.052	63.570
Inventories	9	1.611.447	1.694.961
Current tax assets		772.820	1.428.934
Total current assets other than assets or groups of assets for disposal classified as held for sale or held for distribution to owners		90.326.913	91.358.348
TOTAL CURRENT ASSETS		90.326.913	91.358.348
NON-CURRENT ASSETS			
Other non-current non-financial assets		354.865	480.229
Non-current collection rights	7	2.596.872	3.265.193
Intangible assets other than goodwill	10	218.563.295	217.800.680
Goodwill	11	36.592.577	36.592.577
Property, plant & equipment	12	1.023.948.658	1.022.473.285
Deferred tax assets	21	29.986.738	27.514.333
TOTAL NON-CURRENT ASSETS		1.312.043.005	1.308.126.297
TOTAL ASSETS		1.402.369.918	1.399.484.645

The accompanying Notes form an integral part of the interim consolidated financial statements.



**Consolidated Statements of Financial Position
As of June 30, 2010 and December 31, 2009
(Thousands of Chilean pesos - ThCh\$)**

EQUITY AND LIABILITIES	Note	30-06-2010 ThCh\$	31-12-2009 ThCh\$
CURRENT LIABILITIES			
Other current financial liabilities	7	33.737.625	36.560.941
Trade creditors & other accounts payable	7	55.039.634	62.355.834
Accounts payable to related entities, current	8	13.933.459	4.993.546
Other short-term provisions	14	1.118.204	957.415
Deferred tax liabilities		614.223	4.250.963
Current provisions for personnel benefits	18	1.642.111	3.824.586
Other non-financial liabilities, current		1.283.550	2.631.830
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		107.368.806	115.575.115
TOTA CURRENT LIABILITIES		107.368.806	115.575.115
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	7	561.853.318	508.405.440
Other long-term provisions	14	1.029.880	1.029.507
Deferred tax liabilities	21	79.182.184	78.930.669
Non-current liabilities	7	977.021	1.557.754
Non-current provisions for personnel benefits	18	5.385.503	5.747.456
Other non-financial liabilities, non-current		11.432.839	4.660.169
TOTAL NON-CURRENT LIABILITIES		659.860.745	600.330.995
TOTAL LIABILITIES		767.229.551	715.906.110
EQUITY			
Issued capital		155.567.354	155.567.354
Accumulated earnings		255.322.129	302.967.593
Accounting issues		164.064.038	164.064.038
Other equity participations		-5.965.555	-5.965.555
Equity attributable to owners of the controller		568.987.966	616.633.430
Non-controller participations		66.152.401	66.945.105
TOTAL EQUITY	2.3	635.140.367	683.578.535
TOTAL EQUITY AND LIABILITIES		1.402.369.918	1.399.484.645

The accompanying Notes form an integral part of the interim consolidated financial statements.



**Consolidated Statements of Comprehensive Results by Nature
To June 30, 2010 and June 30, 2009
(Thousands of Chilean pesos - ThCh\$)**

STATEMENT OF RESULTS BY NATURE	Note	30-06-2010	30-06-2009	01-04-2010 to 30-06-2010	01-04-2009 to 30-06-2009
Statement of Results		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Revenues from ordinary activities	16	166.394.901	172.863.745	77.571.501	77.563.125
Raw materials & inputs used		-11.532.010	-14.577.493	-5.355.841	-6.985.532
Personnel benefits expenses	18	-17.964.687	-18.356.607	-9.754.540	-9.447.712
Charges for depreciation & amortization	10-12	-26.267.673	-23.192.935	-13.413.237	-11.275.031
Losses for impairment booked in result for the period	13	-1.549.896	0	-1.120.576	0
Other expenses, by nature		-30.538.102	-31.131.877	-15.856.810	-15.847.806
Other gains (losses)	3	1.610.591	2.169.022	-3.664	156.037
Financial income	3	1.763.094	3.083.475	882.395	1.564.672
Financial costs	3	-10.247.732	-12.534.850	-5.539.795	-5.993.762
Exchange differences	19	-18.739	32.855	2.420	-1.771
Results of indexation adjustments		-5.454.372	9.011.188	-4.351.320	542.654
Earnings before tax		66.195.375	87.366.523	23.060.533	30.274.874
Charge for income taxes	21	-10.388.062	-15.418.004	-3.253.235	-5.165.057
Earnings from ongoing operations		55.807.313	71.948.519	19.807.298	25.109.817
Earnings		55.807.313	71.948.519	19.807.298	25.109.817
Earnings attributable to					
Earnings attributable to owners of the controller		54.984.723	69.680.300	19.851.515	24.365.430
Earnings attributable to non-controller participations		822.590	2.268.219	-44.217	744.387
Earnings		55.807.313	71.948.519	19.807.298	25.109.817
Earnings per share					
Basic earnings per share from ongoing operations (Ch\$)		8,98	11,38	3,24	3,98
Basic earnings per share (Ch\$)	22	8,98	11,38	3,24	3,98

STATEMENT OF COMPREHENSIVE RESULTS		30-06-2010	30-06-2009	01-04-2010 to 30-06-2010	01-04-2009 to 30-06-2009
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Earnings		55.807.313	71.948.519	19.807.298	25.109.817
Total comprehensive result		55.807.313	71.948.519	19.807.298	25.109.817
Comprehensive result attributable to					
Comprehensive result attributable to owners of controller		54.984.723	69.680.300	19.851.515	24.365.430
Comprehensive result attributable to non-controller participations		822.590	2.268.219	-44.217	744.387
Total comprehensive result		55.807.313	71.948.519	19.807.298	25.109.817

The accompanying Notes form an integral part of the interim consolidated financial statements.



Consolidated Statements of Cash Flows
To June 30, 2010 and June 30, 2009
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF CASH FLOWS	NOTE	30-06-2010 ThCh\$	30-06-2009 ThCh\$
Proceeds of sales of goods & provision of services		205.342.151	220.929.135
Proceeds of premiums & provisions, annuities and other benefits of policies signed		1.632.423	256.937
Other operating activity receipts		1.125.092	2.474.126
Payments to suppliers for supply of goods & services		-41.233.956	-51.525.145
Payments to & on behalf of personnel		-27.362.248	-19.639.601
Payments of premiums & provisions, annuities and other obligations of policies signed		-1.303.563	-979.456
Other operating activity payments		-20.953.956	-20.034.055
Interest paid		-6.514.676	-10.876.220
Interest received		192.727	46.153
Income tax		-16.391.707	-14.323.835
Other cash outflows		-128.027	-397.453
Net cash flow from operating activities		94.404.260	105.930.586
Proceeds of sales of property, plant & equipment		19.235	4.751.067
Acquisitions of property, plant & equipment		-33.300.720	-45.477.694
Purchases of intangible assets		-386.124	-13.377
Other cash outflows		-682.732	-664.280
Net cash flow used in investment activities		-34.350.341	-41.404.284
Proceeds of long-term loans		50.976.017	54.727.079
Proceeds of short-term loans		0	597.144
Total loan proceeds		50.976.017	55.324.223
Repayments of loans		-8.622.327	-15.522.762
Dividends paid		-91.685.332	-76.605.567
Other cash outflows		-548.152	-82.159
Net cash flow used in financing activities		-49.879.794	-36.886.265
Net increase in cash & cash equivalents, before the effect of changes in exchange rates		10.174.125	27.640.037
Net increase in cash & cash equivalents		10.174.125	27.640.037
Cash & cash equivalents at start of the period		24.996.283	619.602
Cash & cash equivalents at end of the period	6	35.170.408	28.259.639

The accompanying Notes form an integral part of the interim consolidated financial statements.



Statements of Changes in Equity

For the period to June 30, 2010 and June 30, 2009

(Thousands of Chilean pesos - ThCh\$)

Statement of changes in equity	Note	Issued capital	Accounting issues	Other equity participations	Accumulated earnings (losses)	Equity attributable to owners of the controller	Minority participations	Total Equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01-01-2010		155.567.354	164.064.038	-5.965.555	302.967.593	616.633.430	66.945.105	683.578.535
Restated opening balance		155.567.354	164.064.038	-5.965.555	302.967.593	616.633.430	66.945.105	683.578.535
Comprehensive result								
Earnings					54.984.723	54.984.723	822.590	55.807.313
Dividends	2.3				102.630.187	102.630.187	0	102.630.187
Decrease through transfers & other changes						0	-1.615.294	-1.615.294
Total changes in equity		0	0	0	-47.645.464	-47.645.464	-792.704	-48.438.168
Closing balance at 30-06-2010		155.567.354	164.064.038	-5.965.555	255.322.129	568.987.966	66.152.401	635.140.367
Statement of change in equity	Note	Issued capital	Accounting issues	Other equity participations	Accumulated earnings (losses)	Equity attributable to owners of the controller	Minority participations	Total Equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01-01-2009		155.567.354	164.064.038	-5.965.555	292.940.067	606.605.904	67.351.366	673.957.270
Restated opening balance		155.567.354	164.064.038	-5.965.555	292.940.067	606.605.904	67.351.366	673.957.270
Comprehensive result								
Earnings					69.680.300	69.680.300	2.268.219	71.948.519
Dividends	2.3				97.009.854	97.009.854	0	97.009.854
Decrease through transfers & other changes					0	0	-1.307.754	-1.307.754
Total changes in equity		0	0	0	-27.329.554	-27.329.554	960.465	-26.369.089
Closing balance at 30-06-2009		155.567.354	164.064.038	-5.965.555	265.610.513	579.276.350	68.311.831	647.588.181

The accompanying Notes form an integral part of the interim consolidated financial statements.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS AGUAS ANDINAS S.A.

Notes to the Financial Statements



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1. GENERAL INFORMATION

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

Aguas Andinas S.A. was formed as anonymous society open by deed on May 31, 1989 in Santiago by the notary public Mister Raúl Undurraga Laso. An extract of the statute was published on the Official Journal of the day Jun, 10 1989, being registered in the Commercial Register as 13,981, Number 7,040 of 1989 of the Conservative Real Estate of Santiago.

The Society's corporate purpose, in accordance with the second article of its by-laws, is the provision of sanitation services, which includes the construction and exploitation of public services, for producing and distributing drinking water and gather and provide waste water. Its current concession area is distributed in the Great Santiago and peripheral locations.

The Society is matrix of three sanitation companies, two of them in the Great Santiago (Aguas Cordilleras S.A. and Aguas Manquehue S.A.) and the other one in the district of Los Ríos and Los Lagos (Empresa de Servicios Sanitarios de Los Lagos S.A., ESSAL). To provide an integral service in its business, the Society has non-sanitation subsidiaries giving services as liquid industrial waste treatment (Ecoriles S.A.), laboratory analysis (Análisis Ambientales S.A.) and commercialization of materials and other services related to the sanitary sector (Gestión y Servicios S.A.).

The Society and its subsidiary Essal are registered in the Securities Register of the Superintendency of Securities and Insurance with the Number 346 and 524, respectively. The subsidiaries Aguas Cordilleras S.A. and Aguas Manquehue S.A. are registered in the reporting entities Register of the Superintendency of Securities and Insurance with the Number 170 and 2, respectively. As companies of the sanitation sector, they are regulated by the Superintendency of Sanitary Services in accordance with the Law 18.902 of 1989 and the Decrees having the Force of Law 382 and 70, both of 1988.

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

Direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM"), anonymous society which in turn is controlled by Sociedad General Aguas Barcelona S.A. ("Agbar"), entity located in Spain and one of the major operators of sanitation services in the world.

To June, 31 2010, the Group has 1,797 employees distributed in 61 CEOs, 450 professionals and 1,286 employees and administratives.



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These interim consolidated financial statements relate to the statement of financial position as of June 30, 2010 and December 31, 2009 and the comprehensive results of its operations, changes in equity and cash flows in the six-month periods ended June 30, 2010 and 2009, and have been prepared in accordance with IFRS 34, Circular 1,924 of April 24, 2009, Circular 556 of December 03, 2009 and its Circular 473 of September 25, 2008, of the Superintendency of Securities and Insurance (S.V.S).

The interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted in Chile with the name Chilean Financial Information Standards (CFRS) and represent the integral, explicit and unreserved adoption of the IFRS referred to.

These Interim consolidated financial statements fully comply with IFRS current on this date.

The Group complies with all the legal conditions of the environment in which it carries on its business, particularly the sanitation subsidiaries with respect to the sanitation sector regulations, which operate normally in every area of their activities, projecting a profitable operation and with the ability to access the financial system to finance its business which, in the management's opinion, determines its ability to continue as an ongoing company, as established by the accounting standards under which these financial statements are issued.

Functional and presentational currency

The unconsolidated financial statements of each of the Group's entities are shown using the currency of the principal economic environment in which the companies operate (functional currency). For the purposes of the interim consolidated financial statements, the results and financial position of each Group company are shown in Chilean pesos which is the Company's functional currency and the presentational currency for the interim consolidated annual financial statements.

New accounting pronouncements



a) The following standards and interpretations have been adopted in these financial statements. Their adoption has had no significant impact on the figures reported in these financial statements but could affect the booking of future transactions or agreements.

IFRS Amendments	Date of obligatory application
IFRS 1 (Revised), First-time adoption of IFRS	Annual periods starting July 1, 2009
IFRS 2, Share-based payments	Annual periods starting or after January 1, 2010
IFRS 3 (Revised), Combination of businesses	Annual periods starting July 1, 2009
IAS 27 (Revised), Consolidated & unconsolidated financial statements	Annual periods starting July 1, 2009
IAS 39, Financial Instruments: Measurement & booking – eligible covered items	Retroactive application for annual periods starting on or after July 1, 2009
IFRS improvements – collection of amendments to 12 IFRSs	Annual periods starting or after January 1, 2010

New Interpretations	Date of obligatory application
CFRS 17, Distribution of non-monetary assets to owners	Annual periods starting or after July 1, 2009

b) The following new regulations and interpretations have been issued but their date of application has still not become effective:

New IFRS	Date of obligatory application
IFRS 9, Financial instruments	Annual periods starting or after January 1, 2013

Amendments of IFRS	Date of obligatory application
IAS 24, Related Parties	Annual periods starting or after January 1, 2011
IAS 32, Classification of issue rights	Annual periods starting or after February 1, 2010
Improvements to IFRS May 2010 – collection of amendments to 7 IFRSs	Annual periods starting or after January 1, 2011

New Interpretations	Date of obligatory application
CFRS 19, Extinction of financial liabilities with equity instruments	Annual periods starting or after July 1, 2010

Amendments to Interpretations	Date of obligatory application
CFRS 14, Limit on an asset for defined benefits, minimum funding requirements & their interaction	Annual periods starting or after January 1, 2011

The management of the Society and its subsidiaries believes that the adoption of the standards, amendments and interpretations described above will have no significant impact on the Group's consolidated financial statements in the period of their initial application.

Responsibility for the Information and Estimates Made

The information contained in these consolidated financial statements is the responsibility of the board of the Company, which shows that all the principles and criteria included in the International Financial



Reporting Standards (IFRS) have been applied. The board approved these financial statements at its meeting held on August 31, 2010.

The consolidated financial statements of Inversiones Aguas Metropolitana S.A. and subsidiaries for the year 2009 were approved by the board at its meeting held on March 9, 2010.

Estimates like the following have been used in the preparation of the financial statements:

- Useful lives of property, plant and equipment and intangible assets
- Valuation of assets or goodwill bought
- Impairment of assets
- Assumptions used in the actuarial calculation of employee termination benefits
- Assumptions used in the calculation of fair value of financial instruments
- Revenues for supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks arising from pending litigation

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

2.2 Accounting Policies

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

A. Consolidation

The interim consolidated financial statements include the financial statements of the Society and the entities controlled by it (its subsidiaries). Subsidiaries are those entities in which the Group has the power to direct the financial and operating policies, which is generally accompanied by a holding of over half the voting rights. When evaluating whether the Group controls another entity, the existence and effect of the potential voting rights that are currently being exercised or converted are taken into account. The subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from the consolidation when such control ceases (see subsidiaries included in the consolidated financial statements of Aguas Andinas S.A. in Note 5).



The acquisition of subsidiaries is booked using the acquisition method as established in IFRS 3 *Combinations of Businesses*. The cost of a combination of business is the sum of the fair value of the assets acquired, the liabilities incurred or assumed and the equity instruments issued on the exchange date, plus costs directly attributable to the acquisition. The identifiable assets acquired and the liabilities and identifiable contingencies assumed in the combination of businesses are valued initially at their fair value on the date of acquisition, independently from the scope of minority interests. The excess of the acquisition cost over the fair value of the Group's participation in the net identifiable assets acquired is shown as goodwill. If, following a re-evaluation, the Group's participation in the fair value of the net identifiable assets acquired exceeds the cost of acquisition, the excess is shown immediately in the statement of comprehensive results. The period for the valuation to determine the definitive fair value of assets and liabilities, as established in IFRS 3, should not exceed one year from the date of acquisition. The Company, in accordance with the first adoption and the option offered in IFRS 3, did not apply this regulation retroactively with respect to combinations of businesses.

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

When considered necessary, the subsidiaries' accounting policies have been adjusted to ensure their uniformity with the policies followed by the Group.

B. Operative segments

The Group adopted IFRS 8, *Operative Segments*, with effect from January 1, 2009. IFRS 8 sets the standards for reporting with respect to the operative segments and disclosures relating to products and services. Operative segments are defined as components of an entity for which separate financial information exists which are regularly used by management for taking decisions on the assignment of resources and evaluating performance.

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

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

C. Intangible assets other than goodwill

The Society books an identifiable intangible asset when it can show that it is probable that the future economic benefits attributed to it flow to the entity and the cost may be correctly valued.

The basis for booking and measurement is the cost method. However and as indicated in IFRS 1, first adoption, certain water rights and easements were revalued and these values were used as their attributed cost.

i. Intangible assets acquired separately



Intangible assets acquired separately are shown 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 amortization method are revised at the closing of each statement of position, booking the effect of any change in the estimate from then on.

ii. Intangible assets generated internally – research and development expenses

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

An internally-generated intangible asset originating from development projects (or development phase of an internal project) is booked only when the following has been proven:

- Technically, it is possible to complete the production of the intangible asset in such a way as to make it available for use or sale;
- The management has the intention of completing the intangible asset for its use or sale;
- There is the capacity to use or sell the intangible asset;
- It is possible to show how the intangible asset will generate probable economic benefits in the future;
- There are sufficient technical, financial and other resources available for completing the development and using or selling the intangible asset; and
- It is possible to value reliably the disbursements attributable to the intangible asset during its development.

The amount initially booked for the intangible assets generated internally is the sum of the expenses incurred from the date on which the intangible asset meets for the first time the criteria mentioned above. When an internally-generated intangible asset cannot be booked, the development expenses are taken to results in the period in which they were incurred.

After the initial booking, internally-generated intangible assets are shown at cost less accumulated amortization and accumulated impairment, on the same basis as for intangible assets acquired from third parties.

iii. Method of amortization of intangible assets:

Intangible assets with defined useful life.

The amortization method employed by the Society reflects the level to which the future economic benefits of the asset are used by the entity. The Society therefore uses the straight-line depreciation method.



Computer programs.

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

Intangible assets with undefined useful life.

Intangible assets with an undefined useful life relate mainly to water rights and easements which were obtained on an indefinite basis, as established in the acquisition contracts and the rights obtained from the Waters Authority of the ministry of Public Works. These assets are not amortized unless annual deterioration is shown, as indicated in IAS 36.

Determination of useful life

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

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

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

D. Goodwill

Goodwill generated in the consolidation represents the excess of acquisition cost over the Group's participation in the fair value of the assets and liabilities, including identifiable contingent liabilities of a subsidiary at the date of the acquisition.

The valuation of assets and liabilities acquired is made provisionally on the date of taking control of the company and then revised within a maximum of one year from the acquisition date. Until the fair value of assets and liabilities is determined definitively, the difference between the acquisition price and the book value of the acquired company is shown provisionally as goodwill. When the definitive determination of the goodwill is made in the financial statements of the year following the acquisition of the participation, the headings of the previous year shown for comparison purposes are modified to incorporate the value of the acquired assets and liabilities and the definitive goodwill from the date of acquisition of the participation.

Effective 2010, with the coming into effect of the modifications included in IAS 27 "Consolidated and



separate financial statements”, any effect arising from a transaction with the minority participations, not deriving from a change in control, are booked directly in equity and attributed to the owners of the controller. During the first half of 2010, there have been no transactions with minority participations.

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

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

E. Property, plant and equipment

The Society follows the cost method for valuing the property, plant and equipment. However, for the first application of IFRS, certain land was revalued and the value obtained was considered at its attributed cost. Historic cost includes expenses directly attributable to the acquisition of the asset.

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

Method of depreciation and estimated useful life for property, plant and equipment:

The depreciation method employed by the Society reflects the extent to which economic benefits generated by asset are used. The Society therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount (Note 13).

Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits the useful life of some asset to be modified. The useful life applied by the Company therefore corresponds to the technical useful lives of the assets.

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



1. Nature of the materials and components of the equipment or buildings
2. Operating environment of the equipment
3. Intensity of usage
4. Legal, regulatory or contractual limitations

The range of useful life (in years) by type of asset is the following:

ITEM	Minimum useful life (years)	Maximum useful life (years)
Buildings	25	80
Plant & equipment	5	50
Computer equipment	4	4
Fixed installations & accessories	5	80
Motor vehicles	7	7
Improvements to leased assets	5	5
Other property, plant & equipment	4	80

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

Due to the nature of the assets of the Society and as there are no contractual obligations like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed assets sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked in the statement of comprehensive results.

F. Impairment of tangible and intangible assets except goodwill

The Group revises the book values of its tangible and intangible assets at each closing date of the statement of financial position to see whether there exists any indication of impairment. Should such indications exist, the recoverable value is estimated of such assets in order to determine the impairment suffered (if any). When it is not possible to estimate the recoverable value of an asset in particular, the Group estimates the fair value of the cash-generating unit to which this asset belongs (see Note 13).

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



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

When it is estimated that the recoverable value of an asset (or cash-generating unit) is less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable value, booking immediately a loss for impairment in results. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous periods. The reversal of a loss for impairment is booked immediately to results unless the corresponding asset is booked at a revalued amount in which case the reversal is dealt with as an increase in the revaluation.

G. Leases

i. Financial leases

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

ii. Operative leases

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

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

H. Financial assets

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

Financial assets are classified in the following categories:



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

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

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

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

i. Effective interest-rate method

The effective interest-rate method is the method for calculating the amortized cost of a financial asset and of the assignment of interest income over the whole corresponding period. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable over the expected life of the financial asset and the net present value equal to zero.

ii. Financial assets at fair value with changes in results

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling or re-purchasing 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 and real pattern of obtaining short-term benefits, or
- It is a derivative that has not been designated nor is effective as a hedge instrument

A financial asset that has not been held for trading may be classified at fair value with changes in results in the initial booking if:

- Such designation eliminates or significantly reduces some inconsistency in the valuation or the booking that would arise by using different criteria for valuing assets, or in booking their losses or gains on different bases, or



- It forms part of a group of financial assets which is managed and its return evaluated according to fair value criteria, in accordance with an investment and risk management strategy documented by the Company, or
- It forms part of a contract that contains one or more implicit derivatives, and IAS 39 *Financial Instruments: Booking and Measurement* permits the whole combined contract (asset or liability) to be designated at fair value with changes in results.

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

At the date of closing of these interim financial statements, the Group holds no financial assets at fair value with changes in results.

iii. Financial assets held to maturity

Financial assets held to maturity correspond to non-derivative financial assets with fixed or determinable payments and established maturity dates that the Group has the intention and capacity to hold until maturity. Financial assets held to maturity are booked at amortized cost using the effective interest-rate method less any impairment of value, and the income is booked on the basis of effective return.

iv. Loans and accounts receivable

Trade debtors, loans and other accounts receivable which have fixed or determinable payments which are not traded on an active market are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any impairment in value. Interest income is booked by application of the effective interest rate, except for short-term accounts receivable where the booking of interest would be immaterial.

Trade debtors and other accounts receivable.

Trade debtors relate to the billing of water consumption, sewage services, sewage treatment and other services. These are shown net of the estimate of doubtful accounts or low probability of payment.

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



Policy for impairment of financial assets

The company periodically evaluates impairments affecting its financial assets. The amount of the allowance is the difference between the book value and the present value of estimated future cash flows, discounted at the effective interest rate. The book value of an asset is reduced to the extent that the allowance account is used and the loss is booked in the statement of results in "other expenses". When an account receivable is not recoverable, it is written off against the allowances for accounts receivable.

The estimates are based on the following historic information. Recovery statistics which indicate that following the eighth month from billing, the possibility of recovery is marginal, i.e. the probability of recovery of amount billed is minimal, less than 1%.

For Aguas Andinas S.A. and its subsidiaries; Aguas Cordillera S.A.; Aguas Manquehue S.A. and Essal S.A., a 100% allowance is made for the overdue debt of customers with debts of over 8 months.

For Aguas Andinas S.A. and Aguas Cordillera S.A., an allowance of 100% of the agreed balance is made for consumption debts transformed into payment agreements.

For the subsidiaries Gestión y Servicios S.A., Anam S.A. and Ecoriles S.A., a 100% allowance is made for customers with debts overdue more than 120 days.

A 100% allowance is made for overdue notes receivable.

v. Financial assets available for sale

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

At the close of these interim financial statements, the Group has no financial assets available for sale.

I. Inventories

Inventories are shown at cost which does not exceed their net realization value. The costing method is the weighted average cost. For inventories that have not turned over during the previous 12 months, these are booked at market value, if less.

In the case of the subsidiary Gestión y Servicios S.A., dedicated to the commercialization of materials, inventories are valued at cost which does not exceed realization value.



J. Dividend policy

The dividend policy is to distribute 30% of the earnings for each year as a final dividend, plus 70% as an additional dividend provided financial conditions permit, and subject to approval by the ordinary shareholders meeting.

K. Foreign currency transactions

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

Currency	30-06-2010 ThCh\$	31-12-2009 ThCh\$
US dollar	547,19	507,10
Euro	669,51	726,82

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. Foreign currency gains and losses resulting from the liquidation of these transactions and the translation at the closing exchange rates for monetary assets and liabilities denominated in foreign currency, are shown in the statement of comprehensive results, unless they are deferred in equity as cash-flow and net investment hedges.

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

L. Financial liabilities

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

M. Derivative financial instruments and accounting of hedges

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

The Group does not use derivative financial instruments for speculative purposes but uses them exclusively as hedging instruments to eliminate or significantly reduce existing interest-rate and exchange risks on equity positions to which it is exposed due to its business.

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



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

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

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

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

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

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

N. Provisions and contingent liabilities

The Group makes a provision when there is a present obligation as a consequence of past events and for which it is probable that the group will use resources to settle the obligation and on which it can make a fair estimate of the amount of the obligation.

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

Contingent liabilities are possible obligations arising from past events whose future materialization and associated equity damage is considered to have a low probability. According to IFRS, the Group makes no provision for these concepts although, as required in the same rule, they are shown in Note 14 if they do exist.

O. Personnel benefits

Severance payments which are estimated to accrue to employees who retire from Aguas Andinas S.A., Aguas Cordillera S.A. and ESSAL S.A., are shown at the actuarial value determined with the projected credit-unit method. The actuarial gains and losses on indemnities deriving from changes in the



estimates or changes in the rates of turnover, mortality, advance retirements on dismissal, wage increases, inflation, discount rate or of the personnel, are shown directly in results.

Aguas Andinas S.A.

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

Aguas Cordillera S.A.

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

ESSAL S.A.

Indemnities to workers forming part of or incorporated into the current collective agreement at the date of the financial statements are calculated at their actuarial value only in the case of retirement and death, with a limit of six months for their payment. In other cases, the rules of the Labor Code apply, i.e. they have no right to an indemnity except for dismissal and with a limit of 11 months.

Actuarial assumptions

The obligation of the Society and subsidiaries for the accrued severance payments of employees until July and December 2002 and the obligation for the additional indemnity estimated to accrue to workers retiring from the Company, is shown at its actuarial value, determined in accordance with the projected credit-unit method, at a discount rate of 7.1% annually and with mortality rates obtained from the tables RV-2004 of the Superintendency of Securities and Insurance (SVS) and of turnover obtained from internal studies. In addition, there are indemnities agreed in individual work contracts that are booked using the same method.



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

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

P. Income tax and deferred taxes

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legal right to offset before the tax authority the amounts booked in these headings and when the deferred tax assets and liabilities derive from income tax corresponding to the same tax authority and the Group intends to liquidate its current tax assets and liabilities on a net basis.

Q. Ordinary revenue

Policy for accounting for ordinary revenue

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



Policy for accounting for ordinary revenue for sales of goods

Revenue from sales of assets is booked once the risk and benefits are transferred. For the subsidiary Gestión y Servicios S.A., invoicing is made once the material is delivered and, for the rest of the Group companies, there are some sales of elements of Property, plant and equipment where the gain can be valued reliably.

Policy for accounting for ordinary revenue for sales of services

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

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

The services area of the sanitation companies is divided into billing groups, which determine the meter-reading dates and later billing. This process is performed on a calendar-month basis.

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

Method for determining the termination of services

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

Revenue under agreements with property developers is booked as ordinary revenue provided it complies with certain conditions of each contract, which ensure that the economic benefit will flow to the Society.

R. Earnings per share

The basic earnings per share are calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the period.



During 2009 and the first half of 2010, the group has carried out no type of operation with a potential diluting effect that supposes a diluted earnings per share different to the basic earnings per share.

S. The environment

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

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

T. Consolidated statement of cash flows

The cash flow statement is prepared according to the following criteria:

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

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

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

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

U. Construction contracts

The Group uses the "percentage realization method" for booking revenues and expenses according to the state of progress of the contract. The state of progress is determined by reference to the contract costs incurred at the date of the statement of financial position as a percentage of the total estimated costs for each contract. Costs incurred during the period in relation to the future activity of a contract are excluded from the contract costs to determine the percentage of progress.



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

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

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

V. Capitalized financing costs

Interest-bearing loans:

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

Interest-cost capitalization policy:

Only interest paid or accrued on debt used exclusively to finance qualified assets is capitalized, as established in IAS 23.

2.3 Capital and equity

The capital of the Society is divided into 6,118,965,160 nominative shares of no par value and its composition is the following:

	30-06-2010	31-12-2009
Serie A Shares	3.976.259.560	3.976.257.342
Serie B Shares	2.142.705.600	2.142.707.818
Total	6.118.965.160	6.118.965.160

There are no own share held in portfolio, nor are there preference shares.



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

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

- The ordinary shareholders meeting held on April 21, 2010 agreed to distribute 100% of the net income for 2009 and the distribution of ThCh\$ 1,563 in reserves for future dividends, discounting the interim dividend paid in November 2009. The amount of dividend No.50 amounted to ThCh\$ 90,618,558, equivalent to Ch\$ 14.80945 per share. This payment was made on May 17, 2010, having entitled to 6,118,965,160 shares.

During the periods January-December 2009, Aguas Andinas S.A. made the following dividend payments:

- The ordinary shareholders meeting held on April 16, 2009 agreed to distribute 100% of the net income for 2008, discounting the interim dividend paid in October 2008. The amount of dividend No.48 amounted to ThCh\$ 76,105,731, equivalent to Ch\$ 12.43768 per share. This payment was made on June 22, 2009 on 6,118,965,160 shares.
- On November 25, 2009, an interim dividend Number 49 of Ch\$5.3 per share was paid, equivalent to ThCh\$ 32,430,515, charged to earnings of 2009. This payment was agreed at a board meeting held on October 20, 2009 on the 6,118,965,160 shares.

Provision for minimum dividend

As of June 30, 2010 and 2009, a provision was made for a minimum dividend of 30% of earnings, amounting to ThCh\$ 16,495,417 and ThCh\$20,904,090 respectively.

Retained earnings

The amounts booked for revaluation of land and intangible assets and other adjustments of the first adoption are included in accumulated earnings and are subject to restrictions on their distribution as they first have to be booked as realized, through the use or sale, as established in IAS 16 and Circular 456 of June 20, 2008 of the SVS.

Accounting issues

The amount registered in accounting issues is the premium on the sale of shares produced in 1999 due to the capital increase.



Other participations in equity.

Other participations refer to the monetary correction of paid capital of the year 2008, the year of transition to IFRS, in accordance with SVS Circular 456, and the effects of combinations of businesses of companies under common control (merger of subsidiaries in 2007 and 2008).

2.4 Reclassifications

In accordance with instructions issued by the SVS in Circular 1975 of March 25, 2010, the company has made certain reclassifications to the statement of financial position as of December 31, 2009, mainly related to the presentation of goodwill, personnel benefits and financial liabilities, all within the respective current and non-current headings as correspond.

3. OTHER REVENUE AND EXPENSES

The following shows other non-operating revenues and expenses, as required by IAS 1:

Revenues & expenses other than from the operation	30-06-2010 ThCh\$	30-06-2009 ThCh\$	01-04-2010 to 30-06-2010 ThCh\$	01-04-2009 to 30-06-2009 ThCh\$
Other revenue	1.610.591	2.169.022	-3.664	156.037
Insurance claims (1)	1.494.474	0	0	0
Gain (loss) on sales of non-current assets, not held for sale	116.117	2.169.022	-3.664	156.037
Financial costs	10.247.732	12.534.850	5.539.795	5.993.762
Bank loans	1.097.626	4.546.533	562.517	1.887.055
Interest expense, AFR	1.316.041	868.312	677.910	431.940
Interest expense, bonds	6.972.226	6.206.774	3.844.628	3.272.294
Interest expense, others	179.255	148.291	110.687	41.997
Amortization of complementary costs related to loan agreements	682.584	764.940	344.053	360.476
Financial income	1.763.094	3.083.475	882.395	1.564.672
Interest income	1.097.631	1.812.448	573.288	884.141
Gain on redemption & extinction of debt	665.463	1.271.027	309.107	680.531

During the 2010 period, the subsidiary Essal S.A. has received from RSA Seguros Chile S.A. payment of its claim for damages to infrastructure in the town of Chaitén, affected by the eruption of the volcano of the same name in May 2008.

4. COMBINATIONS OF BUSINESSES

On July 10, 2008, Aguas Andinas S.A., jointly with its subsidiary Aguas Cordillera S.A. acquired from Iberdrola Energía de Chile Ltda. all its corporate rights in Inversiones Iberaguas Ltda., a company which then held 488,712,657 shares in Empresa de Servicios Sanitarios de Los Lagos S.A., equivalent to 51% of its share capital. At the same time, it acquired 24,018,816 shares in ESSAL through a public share purchase offer, the equivalent of 2.5064% of the share capital.



The cost of the combination was ThCh\$81,122,784 (both societies).

On July 1, 2009, the final assignment of fair value was made of the assets and liabilities acquired in Inversiones Iberaguas Ltda. and Essal S.A.. This produced goodwill of ThCh\$ 2,426,198 for the purchase of Inversiones Iberaguas Ltda. and ThCh\$343,332 for the purchase of Empresa de Servicios Sanitarios de los Lagos S.A.

The summarized statement of financial position of the acquired company including the assignment of fair value as of June 30, 2010 and December 31, 2009 is as follows:

	IBERAGUAS Consolidated	Fair Value	IBERAGUAS Consolidated	IBERAGUAS Consolidated	Fair Value	IBERAGUAS Consolidated
IBERAGUAS LTDA. CONSOLIDATED	30-06-2010 ThCh\$	30-06-2010 ThCh\$	30-06-2010 ThCh\$	31-12-2009 ThCh\$	31-12-2009 ThCh\$	31-12-2009 ThCh\$
Assets						
Current assets						
Total current assets	8.857.771	0	8.857.771	8.796.455	0	8.796.455
Non-current assets						
Other non-current non-financial assets	17.590	0	17.590	17.517	0	17.517
Intangible assets other than goodwill	6.578.085	4.372	6.582.457	6.536.147	4.574	6.540.721
Goodwill	26.716.713	-26.716.713	0	26.716.713	-26.716.713	0
Property, plant & equipment	127.086.312	89.249.680	216.335.992	122.762.257	92.035.336	214.797.593
Deferred tax assets	2.354.550	0	2.354.550	2.555.681	0	2.555.681
Total non-current assets	162.753.250	62.537.339	225.290.589	158.588.315	65.323.197	223.911.512
Total assets	171.611.021	62.537.339	234.148.360	167.384.770	65.323.197	232.707.967
Total current liabilities	8.239.012	0	8.239.012	8.773.966	0	8.773.966
Other non-current liabilities	43.280.267	5.440.471	48.720.738	43.869.548	5.592.298	49.461.846
Non-current liabilities	851.446	0	851.446	845.994	0	845.994
Deferred tax liabilities	11.656.801	14.452.988	26.109.789	11.697.405	14.900.773	26.598.178
Non-current provisions for personnel benefits	96.005	0	96.005	97.623	0	97.623
Other non-current non-financial liabilities	5.861.671	0	5.861.671	1.563.713	0	1.563.712
Total non-current liabilities	61.746.190	19.893.459	81.639.649	58.074.283	20.493.071	78.567.353
Total liabilities	69.985.202	19.893.459	89.878.661	66.848.249	20.493.071	87.341.319
Issued capital	49.090.900	0	49.090.900	49.090.900	0	49.090.900
Accumulated earnings (losses)	1.420.991	-4.709.076	-3.288.085	568.113	-3.539.292	-2.971.179
Other reserves	15.276.404	15.224.305	30.500.709	15.276.404	15.224.305	30.500.709
Equity attributable to owners of the controller	65.788.295	10.515.229	76.303.524	64.935.417	11.685.013	76.620.430
Minority participations	35.837.524	32.128.651	67.966.175	35.601.104	33.145.113	68.746.218
Total equity	101.625.819	42.643.880	144.269.699	100.536.521	44.830.126	145.366.647
Total equity & liabilities	171.611.021	62.537.339	234.148.360	167.384.770	65.323.197	232.707.967



	Essal	Fair Value	ESSAL at Fair Value		Essal	Fair Value	ESSAL at Fair Value
	30-06-2010	30-06-2010	30-06-2010		31-12-2009	31-12-2009	31-12-2009
ESSAL	ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$
Total current assets	8.849.830	0	8.849.830		8.768.396	0	8.768.396
Other non-current non-financial assets	17.590	0	17.590		17.517	0	17.517
Intangible assets other than goodwill	6.578.086	4.372	6.582.458		6.536.146	4.574	6.540.720
Property, plant & equipment	127.086.312	89.249.680	216.335.992		122.762.257	92.035.336	214.797.593
Deferred tax assets	2.354.550	0	2.354.550		2.555.681	0	2.555.681
Total non-current assets	136.036.538	89.254.052	225.290.590		131.871.601	92.039.910	223.911.511
Total assets	144.886.368	89.254.052	234.140.420		140.639.997	92.039.910	232.679.907
Total current liabilities	10.002.375	0	10.002.375		9.910.401	0	9.910.401
Other non-current liabilities	43.280.267	5.440.471	48.720.738		43.869.549	5.592.298	49.461.847
Non-current liabilities	851.446	0	851.446		845.993	0	845.993
Deferred tax liabilities	11.656.801	14.452.988	26.109.789		11.697.405	14.900.773	26.598.178
Non-current provisions for personnel benefits	96.005	0	96.005		97.623	0	97.623
Other non-current non-financial liabilities	5.861.671	0	5.861.671		1.563.711	0	1.563.711
Total non-current liabilities	61.746.190	19.893.459	81.639.649		58.074.281	20.493.071	78.567.352
Total liabilities	71.748.565	19.893.459	91.642.024		67.984.682	20.493.071	88.477.753
Issued capital	41.948.297	0	41.948.297		41.948.297	0	41.948.297
Accumulated earnings (losses)	34.079.798	-7.761.216	26.318.582		33.597.310	-5.574.970	28.022.340
Other reserves	-2.890.292	77.121.809	74.231.517		-2.890.292	77.121.809	74.231.517
Equity attributable to owners of the controller	73.137.803	69.360.593	142.498.396		72.655.315	71.546.839	144.202.154
Total equity	73.137.803	69.360.593	142.498.396		72.655.315	71.546.839	144.202.154
Total equity & liabilities	144.886.368	89.254.052	234.140.420		140.639.997	92.039.910	232.679.907

5. CONSOLIDATED AND UNCONSOLIDATED FINANCIAL STATEMENTS

Identification of link between controller and subsidiary

The subsidiary companies (as defined in Note 2.2 A) included in the consolidated financial statements of Aguas Andinas S.A. are the following:

Tax No.	Company	Direct %	Indirect %	30-06-2010 (%)	Direct %	Indirect %	31-12-2009 (%)
96.809.310-K	Aguas Cordillera S.A.	99,99030	0,000000	99,99030	99,99030	0,000000	99,99030
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

The summarized statement of financial position and of comprehensive results of each of the subsidiaries included in the consolidated financial position is as follows:



Summarized financial information of subsidiaries (statement of financial position) as of 30-06-2010

30-06-2010 SUBSIDIARIES	Current Assets ThCh\$	Non-Current Assets ThCh\$	Current Liabilities ThCh\$	Non-Current Liabilities ThCh\$	Equity ThCh\$
Aguas Cordillera S.A.	13.147.449	235.087.351	8.543.839	44.849.745	194.841.216
Aguas Manquehue S.A.	992.425	54.470.367	5.927.426	13.561.749	35.973.617
Inversiones Iberaguas Ltda.	1.778.360	64.016.993	7.058	0	65.788.295
Empresa de Servicios Sanitarios de Los Lagos S.A.	8.849.830	136.036.538	10.002.375	61.746.190	73.137.803
Ecoriles S.A.	8.204.706	166.067	899.627	0	7.471.146
Gestión y Servicios S.A.	5.751.115	1.726.522	2.865.112	474	4.612.051
Análisis Ambientales S.A.	3.223.912	1.359.899	399.769	0	4.184.042

Summarized financial information of subsidiaries (statement of comprehensive results) as of 30-06-2010

30-06-2010 SUBSIDIARIES	Result Period ThCh\$	Ordinary Revenues ThCh\$	Operating Expenses (-) ThCh\$	Other Expenses (-) / Net Revenue (+) ThCh\$
Aguas Cordillera S.A.	7.687.643	19.511.727	-4.308.991	-7.515.093
Aguas Manquehue S.A.	276.901	3.409.397	-1.021.868	-2.110.628
Inversiones Iberaguas Ltda.	2.012.878	1.080	0	2.011.798
Empresa de Servicios Sanitarios de Los Lagos	3.953.854	15.927.081	-7.667.803	-4.305.424
Ecoriles S.A.	713.475	3.774.190	-1.906.430	-1.154.285
Gestión y Servicios S.A.	243.381	3.089.475	-2.529.642	-316.452
Análisis Ambientales S.A.	312.720	1.968.459	-1.168.973	-486.766

Summarized financial information of subsidiaries (statement of financial position) as of 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.	8.768.396	131.871.601	9.910.401	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



Summarized financial information of subsidiaries (statement of comprehensive results) as of 30-06-2009

30-06-2009 SUBSIDIARIES	Result Period ThCh\$	Ordinary Revenues ThCh\$	Operating Expenses (-) ThCh\$	Other Expenses (-) / Net Revenue (+) ThCh\$
Aguas Cordillera S.A.	11.584.049	19.751.106	-4.356.887	-3.810.170
Aguas Manquehue S.A.	1.567.732	3.548.425	-1.005.015	-975.678
Inversiones Iberaguas Ltda.	2.480.500	0	0	2.480.500
Empresa de Servicios Sanitarios de Los Lagos S.A.	4.876.089	16.956.441	-8.206.665	-3.873.687
Ecoriles S.A.	852.359	3.319.992	-1.541.127	-926.506
Gestión y Servicios S.A.	571.952	4.567.416	-3.367.570	-627.894
Análisis Ambientales S.A.	489.261	1.699.243	-830.808	-379.174

Detail of significant subsidiaries

The definition of significant subsidiaries is based on their percentage contribution to the operating results, their participation in Property, plant and equipment and Results for the period of the consolidated financial statements. The following companies are considered as significant subsidiaries:

Name of significant subsidiary	Aguas Cordillera S.A.	Essal S.A.
Tax No.	96.809.310-k	96.579.800-5
Country	Chile	Chile
Functional currency	Chilean pesos	Chilean pesos
Percentage participation in significant subsidiary	99,99003%	53,50650%
Percentage voting rights in significant subsidiary	99,99003%	53,50650%
Percentage of consolidated amounts		
Contribution margin	12,69%	6,90%
Property, plant & equipment	8,74%	12,41%
Result for the period	11,14%	5,73%

6. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Banks	481.478	970.103
Time deposits (Note 7.7)	34.688.930	24.026.180
Total	35.170.408	24.996.283

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



Detail of some items of the statement of cash flows

- **Other inflows from operating activities** relate to services connected with the business, principally agreements signed with property developers.

7. FINANCIAL INSTRUMENTS

7.1 Capital risk management

The Group manages its capital to ensure that Group entities continue as ongoing businesses through the maximization of profitability for shareholders through the optimization of the debt and capital structure. The Group's general strategy has not changed since 2009. The group's capital structure comprises debt, which includes the loans disclosed in Note 7.4, the capital attributable to equity holders of the controller, which includes the capital, reserves and retained earnings which are shown in Note 2.3.

7.2 Significant accounting policies

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

7.3 Classes of financial instruments



Classes of financial instruments	Currency or indexation unit	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Other current financial assets		800.932	900.059
Hedge assets, currency derivatives, current	CLP	800.932	900.059
Trade debtors & receivable, non-current		52.779.382	65.121.153
Trade debtors & other accounts receivable, net	CLP	50.153.465	61.828.838
Trade debtors & other accounts receivable, net	USD	26.884	24.071
Trade debtors & other accounts receivable, net	EUR	2.161	3.051
Receivables, non-current	CLP	2.596.872	3.265.193
Other current financial liabilities		33.737.625	36.560.941
Bank loans, current	CLP	11.715.909	11.624.136
Bonds, current	CLP	20.911.192	23.594.341
Reimbursable financial contributions, current	CLP	346.349	357.531
Hedge liabilities, currency derivatives, current	CLP	764.175	984.933
Other current financial liabilities, non-current		561.853.318	508.405.440
Bank loans, non-current	CLP	120.196.930	125.562.880
Bonds, non-current	CLP	369.141.343	314.310.984
Reimbursable financial contributions, non-current	CLP	72.515.045	68.531.576
Trade creditors		56.016.655	63.913.588
Trade debtors & other accounts payable	CLP	55.039.634	62.355.834
Non-current liabilities	CLP	977.021	1.557.754

7.4 Disclosures on financial liabilities

Other financial liabilities

Other financial liabilities include bank loans, bonds and reimbursable financial contributions (AFR), explained below:

The bonds, bank loans and AFRs are booked at amortized cost.

Reimbursable financial contributions (AFR)

According to article 42-A of decree MINECON 453 of 1989, "Reimbursable financial contributions, for extension and for capacity constitute a financing alternative for the provider (company that provides sanitation services) for carrying out sanitation works of extension and capacity which, under the law, are at its expense and cost."



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

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

The detail of bank loans as of June 30, 2010 and December 31, 2009 is as follows:

Bank loan balances, current.

Debtor	Tax No.	Country of debtor	Bank or Financial Institution Creditor	RUT Creditor	Country of creditor	Residual	Total Book Value ThCh\$			Total Nominal Value ThCh\$		Nominal interest rate	Effective Rate	Repayments due	Currency or indexation unit
						30-06-2010	30-06-2010		31-12-2009	30-06-2010	31-12-2009				
						ThCh\$	Up to 90 days	91 to 365 days	ThCh\$						
Aguas Andinas S.A.	61.808.000-5	CL	BANCO BBVA	97.032.000-8	CL	4.194.668	190.167	4.175.364	4.328.401	4.384.835	4.349.278	1,86%	1,96%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	BANCO DE CHILE	97.004.000-5	CL	1.482.000	67.367	1.477.396	1.531.625	1.549.367	1.536.625	1,86%	1,94%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	BANCO CORPBANCA	97.023.000-9	CL	2.600.000	108.366	2.546.818	2.628.275	2.708.366	2.685.418	1,71%	2,07%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	BANCO SANTANDER	97.036.000-K	CL	2.652.000	120.230	2.627.997	2.723.897	2.772.230	2.749.750	1,86%	2,03%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	BANCO DE CHILE	97.004.000-5	CL	0	292.454	0	300.273	381.800	388.700	1,84%	2,09%	Semi-annual	CLP
Aguas Manquehue S.A.	89.221.000-4	CL	BANCO ESTADO	97.030.000-7	CL	0	109.750	0	111.664	109.750	111.664	2,88%	2,88%	Semi-annual	CLP
Essal S.A.	96.579.800-5	CL	BANCO DE CHILE	97.004.000-5	CL	0	0	0	1	0	1			At maturity	CLP
TOTAL						10.928.668	888.334	10.827.575	11.624.136	11.906.348	11.821.436				

Nominal value = principal+accrued interest

Residual value = total principal due

Book value= principal+interest+amortized cost

Balances of interest-bearing loans, non-current.

Debtor	Tax No.	Country of debtor	Bank or Financial Institution Creditor	RUT Creditor	Country of creditor	Currency or indexation unit	Years to Maturity				30-06-2010				Nominal interest rate	Effective Rate	Repayments due
							13 months to 3 years	3 to 5 years	More than 5 years	Term	Total Non-Current (book value)	Total Non-Current (nominal value)	Total Non-Current (book value)	Total Non-Current (nominal value)			
							ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$	ThCh\$			
Aguas Andinas S.A.	61.808.000-5	CL	BANCO BBVA	97.032.000-8	CL	Non-indexed CLP	8.873.333	17.069.882	0	28-08-2013	25.943.225	25.974.667	28.030.496	28.072.000	1,86%	1,96%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO DE CHILE	97.004.000-5	CL	Non-indexed CLP	3.125.000	6.034.885	0	29-08-2013	9.169.885	9.177.000	9.908.088	9.918.000	1,86%	1,94%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO CORPBANCA	97.023.000-9	CL	Non-indexed CLP	5.500.000	10.511.652	0	29-08-2013	16.011.652	16.100.000	17.285.809	17.400.000	1,72%	2,07%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO SANTANDER	97.036.000-K	CL	Non-indexed CLP	5.610.000	10.772.415	0	29-08-2013	16.382.415	16.422.000	17.696.436	17.748.000	1,86%	2,03%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO DE CHILE	97.004.000-5	CL	Non-indexed CLP	8.775.000	12.375.000	23.563.763	29-08-2013	44.713.763	45.000.000	44.666.051	45.000.000	1,84%	2,09%	Semi-annual
Aguas Manquehue S.A.	89.221.000-4	CL	BANCO ESTADO	97.030.000-7	CL	Non-indexed CLP	7.976.000	0	0	09-07-2012	7.976.000	7.976.000	7.976.000	7.976.000	2,88%	2,88%	At maturity
TOTAL							39.869.333	56.763.834	23.563.763		120.196.930	120.649.667	125.562.880	126.114.000			

Nominal value = principal+accrued interest

Book value= principal+interest+amortized cost



The detail of reimbursable financial contributions as of June 30, 2010 and December 31, 2009 is as follows:

Reimbursable Financial Contributions, current portion

Registration Nº or Identification of Instrument	Currency or Indexation Unit	Residual UF	Book Value		Contracted real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Tax No. Debtor	Amortization	Secured (Yes/No)
			30-06-2010	31-12-2009							
			ThCh\$	ThCh\$							
AFR	UF	2.202	46.678	30.906	3,81%	3,83%	Chile	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	13.132	278.432	109.251	6,29%	6,09%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	948	20.102	216.237	3,70%	3,69%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	54	1.137	1.137	3,94%	3,87%	Chile	Essal S.A.	96.579.800-5	At maturity	No
TOTAL		16.336	346.349	357.531							

Reimbursable Financial Contributions, non-current portion

Registration Nº or Identification of Instrument	Currency or Indexation Unit	Residual UF	Book Value		Maturity Date	Contracted real interest rate	Effective rate	Issuer	Tax No. Debtor	Amortization	Secured (Yes/No)
			30-06-2010	31-12-2009							
			ThCh\$	ThCh\$							
AFR	UF	2.079.835	44.096.981	41.539.156	23-06-2010	3,81%	3,83%	Andinas S.A	5	At maturity	No
AFR	UF	1.107.062	23.472.107	22.286.719	24-02-2025	6,29%	6,09%	Cordillera	96.809.310-k	At maturity	No
AFR	UF	101.279	2.147.328	1.957.883	09-03-2025	3,70%	3,69%	Manquehue	4	At maturity	No
AFR	UF	131.997	2.798.629	2.747.818	11-06-2025	3,94%	3,87%	Essal S.A.	5	At maturity	No
TOTAL		3.420.173	72.515.045	68.531.576							

The detail of bonds outstanding as of June 30, 2010 and December 31, 2009 is as follows:



BONDS

Total current portion

Type of document	Amount Outstanding UF	Book Value ThCh\$			Maturity Date	Annual nominal interest rate	Annual effective interest rate	Payment Dates		Issuer	Country of debtor	Tax No. Debtor
		30-06-2010	31-12-2009	ThCh\$				Interest	Principal			
BEMOS-B1	19.570	419.765	223.417	576.268	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BEMOS-B2	30.749	660.928	351.018	903.738	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-C1	83.333	0	1.766.134	3.480.972	01-12-2010	4,25%	5,24%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-C2	250.003	0	5.264.303	10.442.955	01-12-2010	4,25%	5,24%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-E	0	0	0	0	01-06-2012	4,00%	4,47%	Semi-annual	At maturity	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-F	263.158	0	5.537.210	5.448.256	01-12-2026	4,15%	4,74%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-G	0	0	199.501	182.918	01-04-2014	3,00%	3,43%	Semi-annual	At maturity	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-I	160.000	0	3.388.854	0	01-12-2015	3,70%	4,07%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-J	0	0	40.328	40.067	01-12-2018	4,00%	4,20%	Semi-annual	At maturity	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-K	0	0	116.699	0	01-10-2016	2,90%	3,10%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-M	0	0	395.298	0	01-04-2031	4,08%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	CL	61.808.000-5
BESAL-B	115.789	0	2.547.737	2.519.167	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	CL	96.579.800-5
Total Current Portion	922.602	1.080.693	19.830.499	23.594.341								

Total non-current portion

Type of document	Amount Outstanding UF	Book Value ThCh\$				Maturity Date	Annual nominal interest rate	Annual effective interest rate	Payment Dates		Issuer	Country of debtor	Tax No. Debtor
		30-06-2010	31-12-2009	ThCh\$	ThCh\$				Interest	Principal			
BEMOS-B1	657.850	1.212.834	1.462.596	10.730.389	13.423.032	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BEMOS-B2	1.033.761	1.905.917	2.298.409	16.861.976	21.093.311	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-C1	0	0	0	0	0	01-12-2010	4,25%	5,24%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-C2	0	0	0	0	0	01-12-2010	4,25%	5,24%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-E	1.650.000	34.840.154	0	0	34.337.100	01-06-2012	4,00%	4,47%	Semi-annual	At maturity	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-F	4.078.947	11.159.036	9.916.956	62.336.581	84.934.701	01-12-2026	4,15%	4,74%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-G	2.500.000	0	52.433.931	0	51.687.899	01-04-2014	3,00%	3,43%	Semi-annual	At maturity	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-I	1.840.000	13.569.382	17.445.979	7.632.778	41.455.597	01-12-2015	3,70%	4,07%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-J	1.000.000	0	0	20.939.490	20.665.315	01-12-2018	4,00%	4,20%	Semi-annual	At maturity	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-K	1.000.000	5.088.518	6.675.360	9.309.054	0	01-10-2016	2,90%	3,10%	Semi-annual	Semi-annual	Aguas Andinas S.A.	CL	61.808.000-5
BAGUA-M	1.750.000	0	43.352	37.356.542	0	01-04-2031	4,08%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	CL	61.808.000-5
BESAL-B	1.968.421	4.909.972	4.909.972	36.102.165	46.714.029	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	CL	96.579.800-5
Current Portion	17.478.979	72.685.813	95.186.555	201.268.975	314.310.984								

7.5 Risk management

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

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



i. Credit risk

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

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

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

Credit Risk	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Gross exposure per balance sheet for accounts receivable risks	81.109.736	91.301.937
Gross exposure according to risk estimates of accounts receivable	-28.330.354	-26.180.784
Net exposure, risk concentrations	52.779.382	65.121.153

Trade debtors & other accounts receivable (net)	30-06-2010 ThCh\$	31-12-2009 ThCh\$
less than 3 months	49.812.467	61.564.005
3 to 6 months	345.014	123.632
6 to 12 months	25.029	168.323
over 12 months	2.596.872	3.265.193
Total	52.779.382	65.121.153

ii. Liquidity risk

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

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

The following preventive measures are taken to manage the liquidity risk:



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

Maturity pattern (nominal value)

Balances as of June 30, 2010	Up to 90 days		91 days to 1 year		13 months to 3 years		3 to 5 years		Over 5 years	
	ThCh\$	Contracted interest rate	ThCh\$	Contracted interest rate	ThCh\$	Contracted interest rate	ThCh\$	Contracted interest rate	ThCh\$	Contracted interest rate
Bank loans	5.464.334	2,09%	5.464.333	1,82%	39.869.333	2,04%	56.930.333	1,83%	23.850.000	1,84%
Bonds	492.434	6,25%	19.068.723	4,41%	72.829.223	4,12%	98.100.822	3,55%	199.662.065	4,66%
AFR	12.704	5,07%	327.723	7,14%	112.606	2,95%	3.792.705	2,77%	67.865.727	4,71%
Total	5.969.473		24.860.779		112.811.162		158.823.861		291.377.792	

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

iii. Interest rate risk

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

Debt instrument	Interest rate	%
Bank loans	Floating	21,93%
Bonds	Fixed	65,93%
AFR	Fixed	12,14%
Total		100,00%

Interest rate sensitivity analysis

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

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

Company	Nominal amount due	Floating Rate	Points (+/-)	Impact result (ThCh\$)
Aguas Andinas S.A	123.602.333	TAB 180 days	402	4.971.715
Aguas Manquehue S.A	7.976.000	TAB 360 days	303	241.892



For loans based on 180-day TAB, the positive or negative change in nominal TAB of 402 basis points, calculated annually, would have an impact on results of +/- ThCh\$4,971,715.-

For loans based on 360-day TAB, the positive or negative change in nominal TAB of 303 basis points, calculated annually, would have an impact on results of +/- ThCh\$241,892.-

7.6 Derivative instruments

The Aguas Andinas Group had the following hedges at the date of the financial statements:

Company	Instrument hedged	Type of hedge	Item hedged	Nature of risk hedged	Current assets	Current liabilities	Current assets	Current liabilities
					30-06-2010		31-12-2009	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$
Gestión y Servicios S.A.	Forward purchase	Exchange rate	Liabilities	Fair value	800.932	764.175	900.059	984.933

7.7 Cash equivalents.

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

Company	Instrument	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Aguas Cordillera S.A.	Time deposit	7.990.267	11.593.082
Análisis Ambientales S.A.	Time deposit	1.940.048	2.000.019
Gestión y Servicios S.A.	Time deposit	2.660.066	1.740.014
Eco-Riles S.A.	Time deposit	6.135.160	5.800.059
ESSAL S.A.	Time deposit	1.426.000	956.000
Aguas Andinas S.A.	Time deposit	14.537.389	1.937.006
Total		34.688.930	24.026.180

7.8 Trade creditors and other accounts payable

The principal concepts are the following:



Trade creditors & other accounts payable accounts payable	Currency or indexation unit	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Dividends	CLP	9.889.078	3.348.395
Taxes (VAT, PPM, sole tax, others)	CLP	7.648.942	8.578.623
Suppliers for investments	CLP	10.983.324	18.134.743
Personnel	CLP	2.045.499	2.224.134
Suppliers	CLP	13.256.392	18.429.727
Suppliers	USD	19.152	98.778
Suppliers	EUR	578	5.385
Services accrued	CLP	10.712.436	11.241.004
Services accrued	USD	189.696	1.526
Services accrued	EUR	29.770	0
Others	CLP	264.767	293.519
Total		55.039.634	62.355.834

7.9 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost

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

	30-06-2010	
	Amortized cost ThCh\$	Fair value ThCh\$
Other financial assets	34.688.930	34.688.930
Investments held at amortized cost	34.688.930	34.688.930
Time deposits	34.688.930	34.688.930
Other financial liabilities	594.863.524	599.766.430
Financial liabilities maintained at amortized cost	594.826.767	599.729.674
Bank debt	131.912.838	123.616.393
Bonds	390.052.535	403.251.887
AFR	72.861.394	72.861.394
Financial liabilities maintained at fair value	36.757	36.757
Currency forwards	36.757	36.757

Methodology and assumptions used in the calculation of fair value

The fair value of financial assets and liabilities was determined using the following methodology:



- a) The amortized cost of time deposits is a good approximation of fair value as they are very short-term operations.
- b) The amortized cost of AFR liabilities is a good approximation of fair value as they are not very liquid in the market but their issue rate is determined in line with the market price.
- c) Foreign currency forwards are booked at their market value in the financial statements. These were valued using forward exchange rate quotations derived from the forward curves, supplied by an independent supplier of prices, applied to the remaining term of the instrument's maturity.
- d) The fair value of bonds was determined based on market price references as these instruments are traded on the market under normal conditions and with a high level of liquidity.
- e) The fair value of bank debt was determined through the cash flow analysis methodology, applying the discount curves corresponding to the remaining term to the maturity of the obligation.

Booking of fair value measurements in the financial statements

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

Financial liabilities at fair value booked as gain/loss	30-06-2010			
	Level 1	Level 2	Level 3	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Foreign currency forwards	0	36.757	0	36.757
Total		36.757		36.757

There were no transfers between Levels 1 and 2 in the period.

8. INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities



Transactions between the Company and its subsidiaries reflect market conditions. These have been eliminated in the consolidation and are not detailed in this Note.

Accounts receivable from related entities

Tax No. Related party	Name of related party	Relationship	Country of origin	Transaction	Currency	Term	Collateral	Current (ThCh\$)	
								30-06-2010	31-12-2009
96.713.610-7	Agbar Chile S.A.	Related to controller	CL	Joint venture with Gestión y Servicios S.A.	CLP	30 days	None	2.675	0
96.864.190-5	Brisaguas S.A.	Related to controller	CL	Chemical & bacteriological analysis services	CLP	30 days	None	237	916
59.066.560-6	Degremont S.A. Agencia en Chile S.A.	Related to controller	CL	Arbitrational withholding of Degremont with third party	CLP	30 days	None	48.784	48.784
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to controller	CL	Sales of machinery & inputs	CLP	30 days	None	461.356	0
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Chemical & bacteriological analysis services	CLP	30 days	None	0	13.870
Total cuentas por cobrar								513.052	63.570

Accounts payable to related entities

Tax No. Related party	Name of related party	Relationship	Country of origin	Transaction	Currency	Term	Collateral	Current (ThCh\$)	
								30-06-2010	31-12-2009
93.713.610-7	Agbar Chile S.A.	Related to controller	CL	Joint venture with Gestión y Servicios S.A.	CLP	30 days	None	61.894	60.547
59.127.140-K	Aquagest Services Company S.A.	Related to controller	CL	Purchase of materials	CLP	30 days	None	645.922	1.024.596
76.080.553-K	Agbar Solutions Chile Ltda	Related to controller	CL	Purchase of materials on consignment	CLP	30 days	Performance bond ThCh\$244.800	265.790	0
None	Aquaplan	Related to controller	CL	Updating of operation & safety El Yeso reservoir	CLP	30 days	None	0	23.769
76.046.628-K	Asterión S.A.	Related to controller	CL	Processes re-engineering service contract & implementation of new information systems for customer service	CLP	30 days	Performance bond ThCh\$845.149	900.079	197.967
96.864.190-5	Brisaguas S.A.	Related to controller	CL	Collections payable	CLP	30 days	None	46.332	46.410
59.066.560-6	Degremont S.A. Agency in Chile	Related to controller	CL	Principal construction contract La Farfana sewage treatment plant	CLP	30 days	None	290.488	333.346
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Operation & maintenance services La Farfana sewage treatment plant	CLP	30 days	Performance bond UF194.249,62	2.205.797	1.049.491
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Operation & maintenance services biogas purification plant	CLP	30 days	Performance bond UF112,24	29.023	8.307
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to controller	CL	Operation & maintenance services El Trebal sewage treatment plant & maintenance of Mapocho sewage treatment plant	CLP	90 days	Performance bond UF357.863	1.221.097	0
77.274.820-5	Inversiones Aguas Metropolitana Ltda.	Controller	CL	Dividends payable	CLP	-	None	8.264.590	2.246.457
None	Sorea	Related to controller	CL	Expense reimbursement	CLP	30 days	None	2.447	2.656
Total Accounts Payable								13.933.459	4.993.546



Transactions

Tax No. Related party	Name of related party	Relationship	Country of origin	Transaction	Currency	Current (ThCh\$)				Current (ThCh\$)			
						30-06-2010		30-06-2009		01-04-2010 to 30-06-2010		01-04-2009 to 30-06-2009	
						Amount	Effect on result (Charge)/(Credit)	Monto	Efectos en resultado (Cargo)/(Abono)	Amount	Effect on result (Charge)/(Credit)	Amount	Effect on result (Charge)/(Credit)
59.127.140-K	Aquagest Services Company S.A.	Other related parties	CL	Purchase of materials on consignment	CLP	1.386.891	-1.124.294	1.248.688	-1.248.688	645.428	-383.902	970.077	-970.077
76.046.628-K	Asterión S.A.	Other related parties	CL	Processes re-engineering service contract & implementation of new information systems for customer service	CLP	855.309	-146.344	124.304	-776	471.604	-65.671	124.304	-776
76.080.553-K	Agbar Solutions Chile Ltda.	Other related parties	CL	Purchase of materials on consignment	CLP	224.723	-224.723	0	0	224.723	224.723	0	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Other related parties	CL	Operation & maintenance services El Trebal sewage treatment plant & maintenance of Mapocho sewage treatment plant	CLP	1.647.421	-1.510.803	0	0	1.647.421	-1.510.803	0	0
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operation & maintenance services La Farfana sewage treatment plant	CLP	5.597.103	-4.871.847	5.290.789	-4.558.027	3.023.661	-2.657.424	2.686.909	-2.316.094
77.329.730-4	Inversiones Aguas del Gran Santiago Ltda.	Controller	CL	Dividends	CLP	25.288.314	0	7.306.437	0	25.288.314	0	7.306.437	0
77.329.730-4	Inversiones Aguas del Gran Santiago Ltda.	Controller	CL	Capital distribution	CLP	0	0	13.709.539	0	0	0	13.709.539	0

The criterion of materiality for reporting transactions with related entities is of amounts of over ThCh\$ 50,000.

Remuneration paid to the directors of the Company and subsidiaries, and directors' committee

	Current (ThCh\$)			
	30-06-2010	30-06-2009	01-04-2010 to 30-06-2010	01-04-2009 to 30-06-2009
Board	135.564	140.749	69.023	72.040
Directors' committee	15.766	17.039	7.290	8.494
Total	151.330	157.788	76.313	80.534

These relate to fees related to their functions on the board and directors' committee as agreed by the ordinary shareholders meetings of the companies and their subsidiaries.

Detail of Related Parties and Transactions with Related Parties by the Directors and Executives.

The management of the Society is unaware of any transactions between related parties and directors and/or executives.



9. INVENTORIES

Classes of inventories	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Merchandise	858.121	840.584
Supplies for production	667.436	782.680
Other inventories	85.890	71.697
Total inventories	1.611.447	1.694.961

The cost of the inventories shown as an expense during the 2010 period amounts to Ch\$2,397,922.- and to ThCh\$7,475,841 in 2009 period.

10. INTANGIBLE ASSETS OTHER THAN GOODWILL

The following shows the required information on the Society's intangible assets, as per IFRS 3 Combination of Businesses and IAS 38 Intangible assets:

	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Intangible assets, net	218.563.295	217.800.680
Intangible assets of finite life, net	9.403.943	9.310.245
Intangible assets of infinite life, net	209.159.352	208.490.435
Identifiable intangible assets, net	218.563.295	217.800.680
Patents, trademarks & other rights, net	6.173.107	6.267.281
Computer programs, net	3.230.836	3.042.964
Other identifiable intangible assets, net	209.159.352	208.490.435
Intangible assets, gross	240.790.144	239.472.591
Intangible assets, gross	240.790.144	239.472.591
Other identifiable intangible assets, gross	240.790.144	239.472.591
Identifiable intangible assets, gross	218.821.923	218.364.360
Patents, trademarks & other rights, gross	7.653.777	7.654.344
Computer programs, gross	14.314.444	13.453.887

Classes of accumulated amortization & impairment, intangible assets	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Accumulated amortization & impairment, intangible assets, total	22.226.849	21.671.911
Accumulated amortization & impairment, patents, trademarks & other rights	1.480.670	1.387.063
Accumulated amortization & impairment, computer programs	11.083.608	10.410.923
Accumulated amortization & impairment, other identifiable intangible assets	9.662.571	9.873.925



MOVEMENT OF INTAGIBLES ASSETS

Current period (30-06-2010)

Movement in identifiable intangible assets	Patents, Trademarks & Other Rights, Net	Computer programs, net	Other identifiable intangible assets, net
Concept	Patents & water rights definite useful life	Software	Water rights & easements
	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01-01-2010	6.267.281	3.042.964	208.490.435
Additions	0	499.937	668.020
Amortization	93.608	672.687	0
Other increases (decreases)	-566	360.622	897
Changes, Total	-94.174	187.872	668.917
Closing balance at 30-06-2010	6.173.107	3.230.836	209.159.352

Previous period (31-12-2009)

Concept	Patents & water rights definite useful life	Software	Water rights & easements
	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01-01-2009	6.253.207	2.244.563	207.439.165
Additions	1.317.213	1.937.653	262.183
Divestments	0	0	0
Amortization	216.794	1.145.395	0
Other increases (decreases)	-1.086.345	6.143	789.087
Changes, Total	14.074	798.401	1.051.270
Closing balance at 31-12-2009	6.267.281	3.042.964	208.490.435

Detail of significant identifiable intangible assets:

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

Current period at June 30, 2010

Company	Water rights ThCh\$	Easements ThCh\$
Aguas Andinas S.A.	73.821.813	7.105.549
Aguas Cordillera S.A.	92.499.320	7.853.884
Aguas Manquehue S.A.	21.185.500	733.742
Essal S.A.	5.032.372	927.172
Total	192.539.005	16.620.347

Fully-amortized identifiable intangible assets in use correspond to a minor portion of software.



Identifiable intangible assets with indefinite useful lives:

Both the water rights and easements are rights of the Society for which it is not possible to establish a finite useful life, i.e. the period of economic benefits associated with these assets are indefinite. Both assets are legal rights that are not extinguished and are not affected by restrictions.

There were no disbursements in research and development booked as an expense.

Commitments for the acquisition of intangible assets:

Commitments for the acquisition of intangible assets relate to water rights and easements necessary for the normal operation of the Group companies and in particular for new works under development or prior study stages, plus the expansion of concession zones, shown as follows:

Company	ThCh\$
Aguas Andinas S.A.	4.349.777
Aguas Cordillera S.A.	23.048
Aguas Manquehue S.A.	23.719
Essal S.A.	117.900
Análisis Ambientales S.A.	32.993
Total	4.547.437

11. GOODWILL

The following is a detail of goodwill for the different cash-generating units or groups of these to which this is assigned and its movement in the period January-June 2010 and year 2009.

Tax No.	Company	30-06-2010 ThCh\$	31-12-2009 ThCh\$
96.809.310-k	Aguas Cordillera S.A.	33.823.049	33.823.049
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL S.A.)	343.332	343.332
96.897.320-7	Inversiones Iberaguas Ltda.	2.426.196	2.426.196
Total		36.592.577	36.592.577



12. PROPERTY, PLANT AND EQUIPMENT

	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Property, plant & equipment, net	1.023.948.658	1.022.473.285
Building in progress	45.026.384	108.470.676
Land	149.015.563	149.179.546
Buildings	71.014.015	71.758.052
Plant & equipment	204.612.948	209.803.172
Computer equipment	1.545.621	1.602.794
Fixed installations & accessories	549.542.956	478.092.169
Motor vehicles	1.255.695	1.456.189
Improvements to leased assets	76.397	92.778
Other property, plant & equipment	1.859.079	2.017.909
Property, plant & equipment, gross	1.841.246.610	1.816.245.286
Building in progress	45.026.384	108.470.676
Land	149.015.563	149.179.546
Buildings	88.337.698	88.398.891
Plant & equipment	348.224.929	344.334.394
Computer equipment	10.768.654	10.572.434
Fixed installations & accessories	1.190.560.762	1.105.340.539
Motor vehicles	4.607.777	5.083.834
Improvements to leased assets	428.969	425.036
Other property, plant & equipment	4.275.874	4.439.936
Accumulated depreciation	817.297.952	793.772.001
Buildings	17.323.683	16.640.839
Plant & equipment	143.611.981	134.531.222
Computer equipment	9.223.033	8.969.640
Fixed installations & accessories	641.017.806	627.248.370
Motor vehicles	3.352.082	3.627.645
Improvements to leased assets	352.572	332.258
Other property, plant & equipment	2.416.795	2.422.027

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

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



Current period 30-06-2010

Concept	Opening balance	Additions	Divestments	Charge for depreciation	Other increases (decreases)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Buildings in progress, net	108.470.676	882.935	-1.121.692	0	-63.205.535	-63.444.292	45.026.384
Land	149.179.546	0	-42.191	0	-121.792	-163.983	149.015.563
Buildings, net	71.758.052	96.822	-292.676	-863.251	315.068	-744.037	71.014.015
Plant & equipment, net	209.803.172	2.537.799	-151.094	-9.196.709	1.619.780	-5.190.224	204.612.948
Computer equipment, net	1.602.794	256.433	0	-371.905	58.299	-57.173	1.545.621
Fixed installations & accessories, net	478.092.169	25.740.129	-1.257.940	-14.819.732	61.788.330	71.450.787	549.542.956
Motor vehicles, net	1.456.189	26.236	-8.407	-220.790	2.467	-200.494	1.255.695
Improvements to leased assets, net	92.778	3.931	0	-20.312	0	-16.381	76.397
Other property, plant & equipment, net	2.017.909	0	-1.230	-8.679	-148.921	-158.830	1.859.079
Classes of property, plant & equipment, net	1.022.473.285	29.544.285	-2.875.230	-25.501.378	307.696	1.475.373	1.023.948.658

Previous period 31-12-2009

Concept	Opening balance	Additions	Divestments	Charge for depreciation	Other increases (decreases)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Buildings in progress, net	83.100.017	25.469.545	-163.909	0	65.023	25.370.659	108.470.676
Land	149.438.810	572.702	-831.965	0	-1	-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 & equipment, net	212.197.826	15.554.901	-122.236	-17.893.996	119.959	-2.341.372	209.856.454
Computer equipment, net	1.183.323	1.089.634	-136	-669.981	-45	419.472	1.602.795
Fixed installations & accessories, net	470.815.075	36.062.123	-176.518	-28.472.450	-98.287	7.314.868	478.129.943
Motor vehicles, net	1.678.679	283.142	-57.592	-434.221	-457	-209.128	1.469.551
Improvements to leased assets, net	111.515	17.967	0	-37.654	950	-18.737	92.778
Other property, plant & equipment, net	2.017.063	1.431.683	0	-17.478	-1.413.360	845	2.017.908
Classes of property, plant & equipment, net	991.888.695	82.807.690	-1.550.631	-49.234.344	-1.333.707	30.689.008	1.022.577.703



The detail of each consolidated Group Society of amounts of future commitments for acquisitions of property, plant and equipment, is as follows:

Company	ThCh\$
Aguas Andinas S.A.	99.503.724
Aguas Cordillera S.A.	6.065.118
Aguas Manquehue S.A.	16.457.796
Essal S.A.	7.111.190
Ecoriles S.A.	65.370
Gestión y Servicios S.A.	376.258
Análisis Ambientales S.A.	268.281
Total	129.847.737

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

Company	30-06-2010 ThCh\$
Aguas Andinas S.A.	130.570
Aguas Cordillera S.A.	171.051
Total	301.621

13. IMPAIRMENT OF VALUE OF ASSETS

Information about asset impairment per cash generating unit:

Each Society as a whole is defined as a cash-generating unit as each is individually capable of generating future economic benefits. According to the standard, the Society will evaluate on each closing of its statement of financial position whether there is any sign of impairment of value of any asset. If there is, the Society will estimate the amount recoverable for the asset. For assets with an indefinite useful life, the impairment test will be made at the close of the period.

The Society and subsidiaries makes annual impairment tests of their intangible assets of indefinite useful life, property, plant and equipment and goodwill.

As of December 31, 2009, the respective impairment tests were made based on the Group's estimates and projections. These estimates indicated that the benefits attributable to participations with associated



goodwill individually exceed their consolidated book value in all cases.

As of June 30, 2010, revisions were made of the Society's tangible assets following the earthquake of February 2010, estimating an impairment of ThCh\$ 1,549,896, which was shown in the line Losses for impairment in the statement of comprehensive results, associated with the following:

- Water treatment and pumping plants
- Sewage treatment and pumping plants
- Operative premises (enclosures and others)
- Water storage tanks
- Other administrative assets (warehouse, agencies and offices).

The detail of the subsidiaries with respect to losses for impairment is the following:

	30-06-2010 ThCh\$	01-04-2010 a 30-06-2010 ThCh\$
Aguas Andinas S.A	429.320	0
Aguas Manquehue S.A	1.120.576	1.120.576
Total impairment losses	1.549.896	1.120.576

14. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

The detail of these as June 2010 and December 2009 is as follows:

Classes of provisions	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Provision for legal claims	1.118.204	957.415
Provisions, current	1.118.204	957.415
Other provisions, non-current	1.029.880	1.029.507
Provisions, non-current	1.029.880	1.029.507



The movement in current provisions in the period is:

	Legal claims	Total
	ThCh\$	ThCh\$
Opening balance provisions	957.415	957.415
Increases (decreases) in existing provisions	268.104	268.104
Provision used	-30.000	-30.000
Other decreases	-77.315	-77.315
Changes in provisions, total	160.789	220.789
Closing balance provisions	1.118.204	1.178.204

The provisions comprising this heading are described as follows:

1.- Legal claims

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

The following are the provisions for legal claims that could affect the Society:

- a) Nature of class of provision:** The Sanitation Services Superintendency (SISS) has ordered fines on Aguas Andinas S.A. and subsidiaries, mainly for non-compliance with instructions and breach of the continuity and quality of the service provided by the Society.

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

Uncertainties about the timing and amount of a class of provision: It is believed that the Society did not commit the breach and therefore that its appeal should be accepted.

- b) Nature of class of provision:** An individual has sued Aguas Andinas S.A. for non-compliance with easement conditions in the building of the El Trebal plant discharge pipe. Chambers and chimneys were built that were not contemplated in the easement contract.



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

Uncertainties about the timing and amount of a class of provision: Only a part of the demand was accepted in the first instance, regarding the right to be indemnified. The amount of the indemnity has still not been determined. Sentence has been appealed.

Principal assumptions concerning future event relating to the class of provision: The sentence was appealed and as stated above a lesser amount has been provisioned. Appeal rejected and sentence certified executable, case closed for all legal purposes.

- c) **Nature of class of provision:** Aguas Andinas S.A. sold land to CORFO located at Quebrada de Ramón. The sale contract stated that there was a lawsuit pending with a third party who claimed ownership of 7.8 hectares of land, for which the court should determine its location. Depending on the location is the amount to be returned to CORFO and this to the individual.

Timetable foreseen for release of class of provision: During 2010.

Principal assumptions concerning future events relating to class of provision: The court determined the location of the land.

Uncertainties about the timing and amount of a class of provision: Pending a determination of the value of the land.

- d) **Nature of class of provision:** There are lawsuits relating to labor demands against Aguas Andinas by former employees of the company, corresponding to severance payments.

Timetable foreseen for release of class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: The lawsuits relate to demands amounting to ThCh\$ 52,000.

Principal assumptions regarding future events relating to the class of provision: Sentences in first instances given and appealed against to the Supreme Court.

- e) **Nature of class of provision:** The Metropolitan regional environmental authority applied a fine of 1,000 UTM by Resolution 177/2004 of May 28, 2004 for the alleged breach of the environmental qualification resolution for the La Farfana sewage treatment plant.

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

Uncertainties about the timing and amount of a class of provision: The Society believes that it did not commit the breach claimed. The result of an appeal is awaited.

- f) **Nature of class of provision:** Demand for damages. Plaintiff alleges incorrect feasibility certificate by the company.

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

Uncertainties about the timing and amount of a class of provision: Demand accepted for UF 1,500. Aguas Andinas appealed against the sentence. The case is currently pending arguments in the Santiago Appeals Court.

- g) **Nature of class of provision:** Demand for non-compliance with contract, Constructora Bengol Ltda. vs Aguas Andinas S.A.

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

Uncertainties about the timing and amount of a class of provision: Pending notification of conciliation audience. Demand amounts to ThCh\$ 146,000, interest, indexation and costs.

2.- Other provisions, non-current

These relate to a transaction on July 10, 2007, signed before the notary María Gloria Acharan Toledo, between Aguas Cordillera S.A. and property developers in which it is assumed that should Aguas Cordillera S.A. in the future abandon and sell the land transferred to it, it should pay at least U.F.52,273.29. This amount will be set off against the debt receivable from the developers.

B.- Contingent liabilities



- 1.- A demand was made on Aguas Andinas S.A for an alleged breach of the environmental Law 19,300 due to defects and technical faults that caused bad odors to come from the La Farfana sewage treatment plant, affecting the physical and mental health of the residents. The demand is for damages for environmental damage due to the production of bad smells from the Santiago West and later La Farfana sewage treatment plants. The demands amount to a total of UF 1,390,888. The Company has presented several defenses with respect to the fines and the civil demands for damages, expecting to obtain positive results in all cases.
- 2- The Treasury has made demand on Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A., seeking the return of sums paid during 2004 with respect to the transfer of sanitation infrastructure in Costanera Norte. This demand amounts to ThCh\$ 3,226,005 plus indexation, interest and costs. The case is in the discussion stage, believing that the Treasury's demand should be rejected.
- 3.- Demand for damages brought against Aguas Cordillera S.A. by a 79 residents of Lo Barnechea district due to supply problems in October and November 1996. The amount demanded is ThCh\$ 728,626. There are good probabilities of obtaining a favorable result.
- 4.- In September 2009, Aguas Manquehue S.A. was sued by Comsa de Chile S.A. for breach of contract in projects awarded under public tender, in the so-called North Sewer Project of Aguas Manquehue. An indemnity is claimed because Aguas Manquehue S.A. is considered to have defaulted negligently under its obligations as follows:
 - Aguas Manquehue has not complied with its obligation to pay the agreed price.
 - Aguas Manquehue did not comply on time with its obligation to provide land (to start the works).
 - Aguas Manquehue did not design a feasible project.

The amount claimed is ThCh\$ 5,942,806. The demand was notified on September 25 and is currently in the discussion stage. The estimate of the result is so far unpredictable as information is being gathered to answer the demand.

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



15. Guarantees and restrictions

a) Direct guarantees

Guarantee policies and performance bonds have been granted in favor of various institutions, the principal ones being the SISS, to guarantee the conditions for the provision of services and development programs in the Company's concession areas, SERVIU Metropolitano to guarantee the replacement of paving, and other institutions, for ThCh\$18,907,071 as of June 30, 2010 and ThCh\$17,673,702 as of December 31, 2009.

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



Guarantee beneficiary	Debtor	Type of guarantee	30-06-2010	31-12-2009
S.I.S.S.	A. Andinas S.A.	Performance bond	4.179.286	3.734.388
Serviu Metropolitano	A. Andinas S.A.	Performance bond	2.694.295	3.372.732
S.I.S.S.	A. Andinas S.A.	Guarantee policy	2.040.142	2.098.874
MOP	A. Andinas S.A.	Performance bond	781.155	398.526
Director de Vialidad	A. Andinas S.A.	Performance bond	371.589	672.266
Soc. Conc. Costanera Norte	A. Andinas S.A.	Guarantee policy	212.079	209.429
MOP Dir. Gral de Aguas	A. Andinas S.A.	Performance bond	186.529	185.030
Direc. De Obras Hidraulica	A. Andinas S.A.	Performance bond	83.118	90.160
Munic. De Providencia	A. Andinas S.A.	Performance bond	83.004	82.337
Dir. Regional de Vialidad	A. Andinas S.A.	Performance bond	61.278	76.031
Mun. De Santiago	A. Andinas S.A.	Performance bond	39.242	38.928
Munic. De Las Condes	A. Andinas S.A.	Performance bond	24.113	35.320
Soc. Conc. Via Santa Rosa	A. Andinas S.A.	Guarantee policy	21.451	21.278
Secretaría Reg. Minist. De Obra	A. Andinas S.A.	Performance bond	17.507	8.739
Soc. Conc. Via Santa Rosa	A. Andinas S.A.	Performance bond	15.181	15.058
Munic. De San Bernardo	A. Andinas S.A.	Performance bond	12.668	12.566
Chilectra S.A.	A. Andinas S.A.	Performance bond	10.557	20.943
S.I.S.S.	A. Cordillera S.A.	Performance bond	900.139	865.153
MOP Direcc. Gral	A. Cordillera S.A.	Performance bond	315.531	311.672
Serviu Metropolitano	A. Cordillera S.A.	Performance bond	53.005	40.067
Munic. De Vitacura	A. Cordillera S.A.	Performance bond	42.404	41.886
Munic. De Las Condes	A. Cordillera S.A.	Performance bond	18.221	18.065
Munic. Lo Barnechea	A. Cordillera S.A.	Performance bond	10.601	20.943
S.I.S.S.	A.Manquehue S.A.	Guarantee policy	920.237	902.849
S.I.S.S.	A.Manquehue S.A.	Performance bond	721.352	845.287
Asoc. Canal	A.Manquehue S.A.	Performance bond	84.809	83.772
Cía Minera Doña Inés de Collahuasi	Ecoriles S.A.	Performance bond	21.572	0
Municipalidad de Las Condes	Gest. y Serv. S.A.	Performance bond	23.402	7.500
S.I.S.S.	Essal S.A.	Performance bond	2.147.682	2.073.819
Director de Obras Hidraulicas	Essal S.A.	Performance bond	129.523	127.227
Serviu	Essal S.A.	Performance bond	41.000	37.790
Municipalidad de Futaleufú	Essal S.A.	Performance bond	15.866	15.866
Total			16.278.538	16.464.501

b) Bond issue covenants

The Society has restrictions and covenants relating to bond issues made on the domestic market, as follows:



i. Aguas Andinas S.A.

- 1.- Send the bond-holders' representative a copy of the unconsolidated and consolidated financial statements of the subsidiary corporations registered with the SVS, both the quarterly and the audited annual statements, in the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.
- 2.- Book in its accounts the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements and/or those of its subsidiaries.
- 3.- Maintain insurance to cover reasonably its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the company's kind.
- 4.- The Society is obliged to ensure that the transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets, defined as the ratio of debt to equity.
- 6.- Not to sell, assign or transfer essential assets (public-utility concession granted by the S.I.S.S. for Greater Santiago), except for contributions or transfers of essential assets to subsidiary companies.

The Society is in compliance with all the covenants established in the bond indentures as of June 30, 2010.

ii. Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL S.A.)

- 1.- Send the bond-holders' representative a copy of the financial statements, both the quarterly and the audited annual statements, in the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.
- 2.- Book in its accounts the provisions arising from adverse contingencies that, in the opinion of the company's management, should be reflected in its financial statements.
- 3.- Maintain insurance to cover reasonably its assets in line with usual practices for industries of the company's kind.



4.- The Society is obliged to ensure that the transactions carried out with related parties are made on equitable conditions similar to those normally prevailing in the market.

5.- Maintain a debt ratio no higher than 1.2:1, measured on its balance sheets, defined as the ratio of debt to equity.

6.- Maintain a ratio of Ebitda/Financial expenses of no less than 3.5:1.

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

c) Bank loan covenants

The Society has covenants and restrictions in loan agreements with various Chilean banks, as follows:

1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets, defined as the ratio of total liabilities to equity.

2.- Prohibition on disposal of or loss of title to essential assets, except for contributions or transfers of essential assets to subsidiary companies.

3.- Send the different banks with which the company has loans, a copy of the unconsolidated and consolidated financial statements, both the quarterly and the audited annual statements, within no more than five days of their presentation to the SVS.

4.- Book in its accounts the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements.

5.- Maintain insurance to cover reasonably its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the Company's kind.

6.- Send a certificate signed by the Society's chief executive officer declaring compliance with the obligations under the loan agreement.

7.- Prohibition on distribution of dividends, except for the obligatory minimum, if there is a situation of default or delay in the payment of any loan installment.

8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.

9.- Prohibition on liquidating or dissolving the Society, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present subsidiaries.

10.- Ensure that the transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

The Society is in compliance with all the covenants set out in bank loan agreements as of June 30, 2010.

The Society is in compliance with all the provisions of DFL. N° 382 of the General Sanitation Services Law of 1988, and its Regulations (D.S. MOP N°1199/2004 published in November 2005).

d.- Guarantees received from third parties.

As of June 30, 2010 and December 31, 2009, the Society has received documents in guarantee for ThCh\$ 39,939,000 and ThCh\$ 33,583,000 respectively, arising mainly from works contracts with construction companies to ensure due performance of contracts. There are also other guarantees for service contracts and acquisition of materials, to ensure their timely delivery.

A detail of the more important bank guarantees received as of June 30, 2010 is summarized below:



Contractor or supplier	Company	ThCh\$	Maturity
ITT FLYGT CHILE S.A.	Aguas Andinas S.A.	201.570	31-03-2011
CHILECTRA S.A.	Aguas Andinas S.A.	212.050	02-08-2010
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	Aguas Andinas S.A.	240.000	10-09-2010
AGBAR SOLUTION CHILE LIMITADA	Aguas Andinas S.A.	244.801	26-12-2010
CONSTRUCTORA INTERNACIONAL	Aguas Andinas S.A.	300.000	02-09-2010
BESALCO CONST. S.A.	Aguas Andinas S.A.	300.000	02-09-2010
SOC. GRAL DE AGUAS DE BARCELONA S.A.	Aguas Andinas S.A.	314.746	31-10-2012
SONDA S.A.	Aguas Andinas S.A.	314.746	31-10-2012
KDM S.A.	Aguas Andinas S.A.	318.075	31-12-2010
C. DE PETROLEOS DE CHILE COPEC S.A.	Aguas Andinas S.A.	356.558	22-03-2011
CONSTRUCTORA INTERNACIONAL	Aguas Andinas S.A.	400.000	16-08-2010
BESALCO CONST. S.A.	Aguas Andinas S.A.	400.000	02-09-2010
ING. Y CONSTRUCCION MST S.A.	Aguas Andinas S.A.	470.331	31-03-2011
CONSTRUCTORA OAS LTDA.	Aguas Andinas S.A.	492.063	29-03-2011
CONSTRUCTORA INTERNACIONAL	Aguas Andinas S.A.	600.000	30-08-2010
BESALCO CONST. S.A.	Aguas Andinas S.A.	600.000	02-09-2010
OBRASCON HUARTE LAIN S.A. AGENCIA EN CHILE	Aguas Andinas S.A.	1.998.228	30-10-2010
DEGREMONT S.A.	Aguas Andinas S.A.	2.587.840	31-10-2010
CONSTRUCTORA OAS LTDA.	Aguas Andinas S.A.	3.548.401	29-03-2011
EMPRESA DEPURADORA DE A.S. MAPOCHO TREBAL LTDA	Aguas Andinas S.A.	3.593.101	01-06-2017
EMP. DEPURADORA DE A.S. MAPOCHO TREBAL LTDA	Aguas Andinas S.A.	7.588.481	15-04-2012
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA	Aguas Andinas S.A.	4.119.061	31-12-2012
ADM. DE NEGOCIOS INMOB. S.A. EN REP. F.I.P.	Aguas Manquehue S.A.	636.150	30-09-2010
Total		29.836.202	

16. ORDINARY REVENUES

The detail of ordinary revenue and financial income generated by Group companies is as follows:

Classes of ordinary revenues	30-06-2010 ThCh\$	30-06-2009 ThCh\$	01-04-2010 to 30-06-2010 ThCh\$	01-04-2009 to 30-06-2009 ThCh\$
Ordinary revenues				
Sales of goods	6.667.961	7.333.639	5.280.961	5.122.000
Provision of services	159.726.940	165.530.106	72.290.540	72.441.125
Total	166.394.901	172.863.745	77.571.501	77.563.125



17. LEASES

Operative leases as lessee:

Included under this heading are certain installations where mainly commercial agencies operate.

	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Minimum future lease payments payable within a year, lessees	1.290.045	1.303.297
Minimum future lease payments payable between 1 and 5 years, lessees	5.160.181	5.213.187
Minimum future lease payments payable, lessees, total	6.450.226	6.516.483
Minimum lease payments under operative leases	2.219.284	1.976.492
Lease & sub-lease instalments shown the statement of results, total	2.219.284	1.976.492

Significant operative leases:

The most significant operative leases relate to the commercial agencies in different districts of the Metropolitan Region. In these cases, the term ranges from 1 to 5 years with automatic one-year renewals. These contracts may be terminated in advance subject to giving notice within the term and conditions established with each lessor.

Bases for determining a contingent rental:

Should it be decided to terminate in advance without complying with the period of notice, the installments stipulated in the original contract must be paid.

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

There are agreed automatic one-year renewal periods.



Operative leases as lessors:

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

Minimum future lease payments, lessors	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Minimum future lease payments up to 1 year, lessors	194.256	262.353
Amount of contingent rentals booked in the statement of comprehensive results	96.345	269.803

Significant operative leases of the lessor:

Income from these sources is immaterial for the Society.

18. PERSONNEL BENEFITS

The Society, at the consolidated level, has a workforce of 1,797, of whom 61 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses, total 1,124 and 58 respectively, while 554 workers are covered by the Labor Code.

Policies for defined benefits plans

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

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

For workers who form part of or were incorporated into current collective agreements at the date of the financial statements, the actuarial valuation calculation is applied for severance payments.



Accounting policies for recording gains and losses in defined benefits plans

The obligation for the indemnity which is estimated to accrue to workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A. and ESSAL S.A., are shown at their actuarial value, determined using the projected credit-unit method. The positive or negative effect on indemnities deriving from changes in estimates or in rates of turnover, mortality, advanced retirements through dismissal, wage increases, inflation or discount of the workers, are booked directly in results.

Actuarial assumptions

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

Participants in each plan: These benefits are extended to all workers who are part of a union agreement and to workers who are not unionized. Unionized workers forming part of collective agreements are as follows, by company: Aguas Andinas S.A. 735, Aguas Cordillera S.A. 128 and ESSAL S.A. 261.

Death rate: The RV-2004 mortality tables of the SVS are used.

Employee turnover and disability rates and early retirements: According to the Group's statistical experience, the turnover rate used is 1.1% for the objective workers. Disabled and early retirements have not been considered due to their rare nature.

Rate of discount: A rate of 7.1% p.a. is used, corresponding to the risk-free rate, plus the credit risk and the estimation of expected long-term inflation.

Rate of inflation: The forecast long-term inflation rate reported by the Central Bank of Chile was used, amounting to 3.0%, for making long-term estimates for both 2010 and 2009.

These assumptions have remained unaltered for the half-year ended June 30, 2010 and the year 2009.

General description of defined benefits plans

The following benefits are in addition to those indicated in Note 2, O:



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

In the case of the worker who retires from the Society in accordance with 2, 4 or 5 of article 159. 1 a) or 6 of article 160 of the Labor Code, will be paid as an indemnity the accumulated amount for this concept until July 31, 2002, adjusted quarterly for changes in the consumer price index, if positive.

For personnel not forming part of the collective agreements, their individual work contracts will apply.

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

The following are the movements in actuarial provisions to June 2010 and December 2009, which include movements in provisions:

Provisions for personnel benefits	30-06-2010	31-12-2009
	ThCh\$	ThCh\$
Movement in actuarial provision		
Opening balance	6.990.792	6.370.438
Benefits paid	-1.854.495	-1.296.864
Actuarial increases	426.003	1.917.218
Sub-total	5.562.300	6.990.792
Profit sharing & bonuses	1.465.314	2.581.250
Total provision for personnel benefits, current & non-current	7.027.614	9.572.042

Information on benefits on termination of the contractual relationship

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

Profit sharing and bonuses

This relates to the Company's obligation with its personnel with respect to profit-sharing bonuses payable in February and March the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. For the 2010 and 2009 periods, the amounts are ThCh\$ 1,465,314 and ThCh\$ 2,581,250 respectively. In addition, advances are made against this bonus in the months of March, June, September and December each year.

The annual amount will depend on the earnings generated by each Group company.

Personnel expenses



Personnel expenses to June 2010 and 2009 are as follows:

Personnel expenses	30-06-2010 ThCh\$	30-06-2009 ThCh\$	01-04-2010 to 30-06-2010 ThCh\$	01-04-2009 to 30-06-2009 ThCh\$
Wages & salaries	11.510.958	12.573.947	6.190.042	6.258.040
Defined benefits	4.355.033	4.475.515	2.209.968	2.372.711
Serverance payments	1.385.089	743.461	969.804	542.710
Other personnel expenses	713.607	563.684	384.726	274.251
Total personnel expenses	17.964.687	18.356.607	9.754.540	9.447.712

19. EFFECT OF EXCHANGE DIFFERENCES

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

	Currency	30-06-2010 ThCh\$	30-06-2009 ThCh\$	01-04-2010 to 30-06-2010 ThCh\$	01-04-2009 to 30-06-2009 ThCh\$
Trade debtors & other accounts receivable	EUR	-553	-144	-465	61
Trade debtors & other accounts receivable	US\$	112	-46.253	47	-53
Accounts receivable from related entities	EUR	0	-454	0	0
Other financial assets	US\$	77.741	-51.949	32.379	948
Total assets		77.300	-98.800	31.961	956
Trade creditors & other accounts payable	EUR	-5.935	13.763	-494	-1.875
Trade creditors & other accounts payable	US\$	2.374	115.057	-1.208	2.564
Accounts payable to related entities	EUR	0	2.835	0	0
Other financial liabilities	US\$	-13.775	0	-9.946	-3.416
Other non-financial liabilities	US\$	-78.703	0	-17.893	0
Total liabilities		-96.039	131.655	-29.541	-2.727
(Loss) gain from exchange differences		-18.739	32.855	2.420	-1.771

20. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs as of June 30, 2010 and December 2009 is as follows:

Capitalized interest costs:



Capitalized interest costs, property, plant & equipment		30-06-2010	31-12-2009
Capitalization rate of capitalized interest costs, property, plant & equipment	%	7,68	5,69
Capitalized interest costs, property, plant & equipment	ThCh\$	1.145.473	2.586.750

21. INCOME TAX AND DEFERRED TAXES

Deferred tax assets

Deferred tax assets	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Amortization	139.199	125.263
Depreciation assets	1.422.542	1.417.312
Provision doubtful accounts	4.102.465	3.623.721
Provision payment agreements	715.599	826.962
Provision vacations	224.777	273.486
Litigation	244.172	490.538
Severance payments	573.454	570.629
Other provisions	130.392	119.122
Income in advance	29.353	51.091
Tax goodwill	6.075.856	6.797.421
Monetary correction fixed assets	13.154.489	11.354.625
Deferred income	844.044	419.458
Transaction La Dehesa barrage	188.412	186.108
Others	2.141.984	1.258.597
Deferred tax assets	29.986.738	27.514.333



Deferred tax liabilities

Deferred tax liabilities:	30-06-2010	31-12-2009
	ThCh\$	ThCh\$
Depreciation fixed assets	19.834.103	18.997.158
Amortization	1.699.687	1.853.742
Investment charge related companies	71.945	71.945
Revaluations property, plant & equipment	14.283.665	14.283.665
Revaluation intangible assets	28.733.432	28.733.432
Fair value of assets on ESSAL purchase	14.452.988	14.900.773
Others	106.364	89.954
Changes in deferred tax liabilities	79.182.184	78.930.669
	30-06-2010	31-12-2009
	ThCh\$	ThCh\$
Movement in deferred tax liabilities		
Deferred tax liabilities, opening balance	78.930.669	78.075.211
Increases (decreases) in deferred tax liabilities	699.300	1.528.768
Acquisitions through combinations of businesses	-447.785	-673.310
Changes in deferred tax liabilities	251.515	855.458
Changes in deferred tax liabilities, total	79.182.184	78.930.669

Reconciliation of tax charge using the legal rate and the charge using the effective tax rate

The numeric reconciliation between the charge (credit) for tax and the result of multiplying the accounting gain by the applicable tax rate(s).



	30-06-2010	30-06-2009
	ThCh\$	ThCh\$
Tax charge calculated at the legal rate	11.253.214	14.852.309
Permanent difference for monetary correction investment tax	0	0
Permanent difference for monetary correction tax equity	937.821	0
Other permanent differences	-72.669	-565.695
Adjustments to charge for tax using the legal rate, total	865.152	565.695
Tax charge using the effective rate	10.388.062	15.418.004

Reconciliation of the legal rate with the effective tax rate

Numeric reconciliation between the average effective rate and the applicable tax rate, specifying the way the applicable rate used is calculated

	30-06-2010	30-06-2009
Legal tax rate	17,00%	17,00%
Permanent difference for monetary correction investment tax	0.00%	0.00%
Permanent difference for monetary correction tax equity	-1,42%	0,00%
Other permanent differences	0,11%	0,65%
Effective tax rate	15,69%	17,65%

22. EARNINGS PER SHARE

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

Earnings per share		30-06-2010	30-06-2009	01-04-2010 to 30-06-2010	01-04-2009 to 30-06-2009
Earnings attributable to holders of participations in equity of the controller	ThCh\$	54.984.723	69.680.300	19.851.515	24.365.430
Basic results available to common shareholders	ThCh\$	54.984.723	69.680.300	19.851.515	24.365.430
Average weighted number of shares, basic		6.118.965.160	6.118.965.160	6.118.965.160	6.118.965.160
Earnings per share	Ch\$	8,98	11,38	3,24	3,98

Diluted earnings (loss) per share



The Society has not carried out any type of transaction with a potential diluting effect that supposes diluted earnings per share to be different to the basic earnings per share.

23. BUSINESS SEGMENTS

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

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

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

Types of products and services that provide the ordinary revenues of each segment reported.

The water segment consists only of sanitation services that permit the provision of products and production services, the distribution of water and the collection and treatment of sewage. This segment comprises Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., and Essal S.A. through Iberaguas Ltda.

The non-water segment consists of services related to environmental analysis, industrial waste treatment and integral engineering services, plus the sale of products related to the services mentioned. The subsidiaries included are EcoRiles S.A., Anam S.A. and Gestión y Servicios S.A.



General information on results, assets and liabilities.

General information on results.	30-06-2010		30-06-2009	
	WATER	NON WATER	WATER	NON WATER
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Revenues from ordinary activities originating from external customers, total	157.960.267	8.434.634	163.676.933	9.186.812
Revenues from ordinary activities between segments, total	1.410.632	304.601	1.462.588	318.755
Interest income, total segments	1.719.824	43.269	2.934.884	175.335
Interest expense, total segments	10.214.437	33.295	12.260.406	50.333
Financial result, net	-8.494.614	9.974	-9.446.274	125.002
Depreciation & amortization, total segments	26.087.920	179.752	23.037.737	155.197
Sums of significant revenue items, total	159.370.899	8.739.235	164.843.407	9.505.567
Sums of significant expense items, total	54.438.677	7.040.080	72.493.775	7.577.130
Earnings before tax (loss) of the segment reported, total	65.395.083	1.518.551	90.964.518	2.307.684
Earnings of the segment reported, total	55.217.767	1.307.806	77.565.331	1.913.572
Income tax charge, total	10.177.316	210.745	15.023.892	394.112
General information on assets & liabilities	30-06-2010		31-12-2009	
	WATER	NON WATER	WATER	NON WATER
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Sums other significant non-monetary items, total segments	1.206.685.774	3.252.014	1.201.037.063	3.171.547
Assets of the segments, total	1.413.891.994	20.432.220	1.402.012.370	20.746.670
Liabilities of the segments, total	778.168.817	4.164.981	718.433.822	5.749.007

Significant items of revenues and expenses by segment

Water and non-water segment

The significant items of ordinary revenues and expenses are principally those related to the business of the segment. There are also significant sums in relation to expenses in depreciation, personnel and other sundry expenses including outsourced services.

Revenues

Our revenues are mainly generated by the regulated services we provide related to the production and distribution of water, the collection, treatment and disposal of sewage and other regulated services (including revenues from suspending and restoring supplies, the monitoring of liquid waste discharges and fixed charges).



Detail of significant revenue items

Water Segment

The significant items of ordinary revenues are principally those related to the water and sewage businesses, i.e. from the sale of water, excess-consumption, variable charge, fixed charge, sewage service, collector use and sewage treatment.

Tariffs

The most important factor determining the results of our operations and financial position are the tariffs set for our regulated sales and services. Having a natural monopoly, we are regulated by the SISS and our tariffs are set in accordance with the Sanitation Services Tariffs Law (No.70 of 1988).

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

Specifically, the adjustments are applied as a function of a formula that includes the consumer price index, the wholesale price index for imported industrial goods and the wholesale price index for national industrial goods, all published by the Chilean National Institute of Statistics. Tariffs are also subject to adjustment to reflect additional services previously authorized by the SISS.

Decree No.60/2010 sets the tariffs for Aguas Andinas S.A. for the period 2010–2015.

For Aguas Cordillera S.A and Aguas Manquehue S.A., the tariff negotiation period was concluded in February and March, and the issue of the corresponding decree is awaited.

Non-water segment

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

Significant items of expenses

Water segment

The significant items of expenses are mainly those related to remunerations, electricity, treatment-plant operation, depreciation of assets, financial expenses and charge for income tax.

Non-water segment

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

Detail of explanation of measurement of results, assets and liabilities of each segment

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

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

There are no differences in the nature of the measurement of results as, according to the standard, there are no accounting policies that show different criteria of assignment of costs or similar.

There are no differences in the nature of the measurement of assets and liabilities as, according to the standard, there are no accounting policies that show different criteria of assignment of either.

Reconciliation revenues of ordinary activities	30-06-2010 ThCh\$	30-06-2009 ThCh\$
Reconciliation of revenues of ordinary activities total of the segments	168.110.134	174.645.088
Reconciliation of other revenues of ordinary activities	0	0
Reconciliation of elimination of ordinary activities between segments	-1.715.233	-1.781.343
Ordinary revenues, total	166.394.901	172.863.745
Reconciliation of earnings (loss)	30-06-2010 ThCh\$	30-06-2009 ThCh\$
Consolidation earnings before taxes total of the segments	66.913.634	93.272.202
Consolidation of other earnings (loss)	0	0
Consolidation of elimination of loss between segments	-718.261	-5.905.679
Consolidation of earnings before tax	66.195.373	87.366.523

Reconciliations of revenues from ordinary activities, results, assets & liabilities of the segments	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Reconciliation of assets		
Consolidation total assets of the segments	1.434.324.214	1.422.759.040
Consolidation of other assets	0	0
Elimination of the accounts receivable of the corporate office of the segments	-31.954.296	-23.274.395
Assets, total	1.402.369.918	1.399.484.645
Reconciliation of liabilities		
Consolidation total liabilities of the segments	782.333.798	724.182.829
Consolidation of other liabilities	0	0
Reconciliation of elimination of the accounts payable of the corporate office to the segments	-15.104.247	-8.276.719
Liabilities, total	767.229.551	715.906.110

Information on the entity as a whole

Information on the principal customers:

Principal customers for water and sewage:

Administradora Plaza Vespucio S.A.

Centro de Detención Preventiva Santiago 1

Cervecera CCU Chile Ltda.

Ejército de Chile

Embotelladora Chilenas Unidas S.A.

Gendarmería de Chile

Ilustre Municipalidad de Santiago



Industrial Ochagavía Ltda.

Pontificia Universidad Católica de Chile

Soc. Concesionaria Autopista Central S.A.

Soprole S.A.

Universidad de Chile

Principal customers in non-sanitation segment:

-CMPC Cordillera S.A

-Watt`s S.A.

-Soprole S.A

-Agroindustrial El Paico Ltda.

-DSM S.A

-Frigorífico O`Higgins S.A.

-Soc. Proc. de leche del sur (Prolesur) S.A

-Industrial Ochagavía Ltda.

-Sopraval S.A

-Trendy S.A.

-Cía Pesquera Camanchaca S.A.

-Codelco

-Colun Ltda.

-Metrogas S.A

Types of products Water – Non-water segment:

Water segment

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

- Production and distribution of water.
- Collection and treatment of sewage.

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

Non-Water Segment

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

- Outsourcing service in operations of industrial waste treatment plants and the treatment of excess organic load (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 like pipes, valves, taps and other related items (subsidiary Gestión y Servicios S.A.).

24. THE ENVIRONMENT

Information on disbursements related to the environment:

The following disbursements related to the environment are reported in accordance with Circular 1901 of October 30, 2008:

Detailed information on disbursements related to the environment:



Aguas Andinas S.A.

Project	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Exoansion & improvements Monte sewage treatment plant (STP)	12.274	142.452
Expansion & improvements Paine STP	3.077	31.141
Expansion& improvements Pomaire STP	345	0
Expansion & improvements Talagante STP	30.539	7.181
Laboratory equipment	0	5.419
Farfana - Trebal interceptor	155.785	1.066.389
Clean Urban Mapocho interceptor	11.688.708	35.730.199
Improvement Melipilla (Esmeralda) STP	0	16.181
STP improvements & other local investments	5.492	7.443
STP improvements localities	3.017	24.508
Equipment improvement & renewal	146.281	103.990
ISO, OSHOS & safety improvements	0	6.364
Large STP works & improvements	2.296.036	2.521.137
External platform for handling & disposing of sludge	27.092	39.153
Renewal & improvements STP equipment & installations	28.878	250.927
Chlorination system replacement Pomaire	0	10.355
Primary mud sifting system Talagante STP	211	6.468
Remote control PEAS system	40.467	39.394
Third heavy muds impulsion system, El Trebal	0	6.056
Buin - Maipo STP	0	1.360.742
Total	14.438.202	41.375.499

Aguas Manquehue S.A.

Project	30-06-2010 ThCh\$	31-12-2009 ThCh\$
North sewer	101.612	4.522.378
Improvement & renewal STP & PEAS equipment & installations	5.141	20.417
STP improvements	20.990	1.103
Total	127.743	4.543.897



Gestión y Servicios S.A.

Project	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Biogas purification plant	31.003	111.439
Total	31.003	111.439

ESSAL S.A.

Project	30-06-2010 ThCh\$	31-12-2009 ThCh\$
Improvement disposal infrastructure	126.735	782.786
Improvement EDAR system	66.616	332.011
New treatment systems	393.730	992.343
Renewal treatment & disposal equipment	30.285	884.882
Total	617.366	2.992.022

Environmental investments projected for 2010

Company	ThCh\$
Aguas Andinas S.A.	40.535.214
Aguas Manquehue S.A.	52.683
Essal S.A.	2.355.080
TOTAL	42.942.977

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

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



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

The projected disbursements are estimated to be made during 2010.

Future commitments:

The estimated amounts for the year are:

Total ThCh\$ 42,942,977.

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

25. EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On July 15, 2010, the Chilean Senate approved Law 20,442 for the national reconstruction; its promulgation and publication in the Official Gazette are still pending. This law sets a temporary increase of 3 percentage point in the rate of income tax to 20% for the commercial year 2011, to then reduce to 18.5% in the commercial year 2012 and finally revert to 17% in 2013. It is estimated that the effect on deferred tax assets and liabilities that will be reversed or liquidated in those years with respect to the calculations at the current rate of 17% at June 30, 2010, are not significant for the Society.

The board of the Society, at its meeting held on July 27, 2010, agreed the "Society's general policy on habitual ordinary business operations with related parties" (the "Habituality policy"), as indicated in article 147 b) of the Corporations Law 18,046 about Anonymous Societies.

In accordance with that law, the habituality policy will free the Society from compliance with the requirements and procedures indicated in numbers 1 to 7 of that article, for approving operations with related parties that are indicated in this habituality policy.

The habituality policy was made available to shareholders at the corporate offices and on the web site of Aguas Andinas S.A. (www.aguasandinas.cl).

On July 20 and 26 was received from de Insurance Companies an advance of compensation by an amount of ThCh\$ 2,045,649, corresponding to the companies Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Anam S.A. The final liquidation of this event will be made once the insurers and the insured approve the liquidator report.

On July 31, a collective agreement was signed with the Unions Nos. 1 and 2 (463 people) for the period 2010-2014, granting new benefits that will imply a higher cost for the Society of approximately Ch\$500 million this year.

On August 5, an arbitration tribunal was set up in accordance with current regulations to define the new collective agreement with the Society's No.3 Union, as a result of disagreement about the proposals of the company and the union.

Aguas Cordillera S.A.

On July 26, 2010 the SVS was informed that the director and vice-chairman, Joaquín Villarino Herrera, had presented his resignation. The board then unanimously agreed to appoint Camilo Larraín Sánchez as a new director of the company.

On August 13, 2010 the SVS was informed that the director, Luis Eduardo Jiménez López, had presented his resignation.

On August 18, 2010 the SVS was informed that the director, Luis Andrés Rengifo Briceño, had presented his resignation.

In board meeting held on August 30, 2010, the director of the Company María Colet Gonzalo had presented her resignation and in her place the board appointed Ivan Yarur Sairafi.

On August 30, 2010 and in consideration of resignation of directors Luis Eduardo Jiménez López and Luis Andrés Rengifo Briceño, the board decided to appoint in their place Mario Varela Herrera and Osvaldo Carvajal Rondanelli, respectively.

Aguas Manquehue S.A.

On July 26, 2010 the SVS was informed that the director and vice-chairman, Joaquín Villarino Herrera, had presented his resignation. The board then unanimously agreed to appoint Camilo Larraín Sánchez as a new director of the company.

On August 13, 2010 the SVS was informed that the director, Luis Eduardo Jiménez López, had presented his resignation.

In board meeting held on August 30, 2010, was known the resignation of Company's director, Luis Andrés Rengifo Briceño. Considering this and the prior resignation of the director Luis Eduardo Jiménez López, the board decided to appoint in his place Osvaldo Carvajal Rondanelli and Mario Varela Herrera, respectively.

At the date of issue of these financial statements, the management of the Company is unaware of any other subsequent events that significantly affect the financial position and/or results of the Company and its subsidiaries as of June 30, 2010.