



CONSOLIDATED FINANCIAL STATEMENTS

Period Ended March 31, 2010

AGUAS ANDINAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS AGUAS ANDINAS S.A.

**Statements of Financial Position
Statements of Integral Results
Statements of Cash Flows
Statement of Changes in Equity**



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

ASSETS	Note	31-03-2010 ThCh\$	31-12-2009 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	6	49.939.841	24.996.283
Other financial assets current	7	945.917	900.059
Other non-financial assets current		1.161.098	418.581
Trade debtors & other accounts receivable, net	7	58.379.493	61.855.960
Accounts receivable from related entities, Current	8	51.585	14.786
Inventories	9	1.793.074	1.694.961
Recoverable taxes, current		74.924	1.428.934
Total current assets other than assets or groups of assets for disposal classified as held for sale or for distribution to the owners		112.345.932	91.309.564
CURRENT ASSETS, TOTAL		112.345.932	91.309.564
NON-CURRENT ASSETS			
Other non-financial assets, non-current		480.449	480.229
Receivables, non-current	7	2.960.555	3.265.193
Intangible assets other than goodwill	10	218.009.455	217.800.680
Goodwill	11	36.592.577	36.592.577
Property, plant & equipment	12	1.026.235.094	1.022.473.285
Deferred tax assets	21	27.062.289	27.367.033
TOTAL NON-CURRENT ASSETS		1.311.340.419	1.307.978.997
TOTAL ASSETS		1.423.686.351	1.399.288.561

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



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

LIABILITIES & EQUITY	Note	31-03-2010 ThCh\$	31-12-2009 ThCh\$
CURRENT LIABILITIES			
Other financial liabilities, current	7	38.735.923	36.560.941
Trade creditors & other accounts payable	7	57.759.229	62.355.834
Accounts payable to related entities, current	8	10.772.273	4.944.762
Other short-term provisions	13	1.125.533	957.415
Current taxes payable		5.544.806	4.250.963
Provisions for personnel benefits, current	18	583.808	3.824.586
Other non-financial liabilities, current		1.952.559	2.631.830
Total current liabilities other than liabilities included in groups of assets for disposal classified as held for sale		116.474.131	115.526.331
TOTAL CURRENT LIABILITIES		116.474.131	115.526.331
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	7	505.298.541	508.405.440
Other long-term provisions	14	1.028.140	1.029.507
Deferred tax liabilities	21	77.892.935	78.783.369
Liabilities, non-current	7	1.044.085	1.557.754
Provisions for personnel benefits	18	5.348.330	5.747.456
Other non-financial liabilities, non-current		7.973.944	4.660.169
TOTAL NON-CURRENT LIABILITIES		598.585.975	600.183.695
TOTAL LIABILITIES		715.060.106	715.710.026
EQUITY			
Capital issued		155.567.354	155.567.354
Retained earnings		327.560.838	302.967.593
Accounting issues		164.064.038	164.064.038
Other equity participations		-5.965.555	-5.965.555
Equity attributable to participation of the controller		641.226.675	616.633.430
Non-controller participations		67.399.570	66.945.105
TOTAL EQUITY	2.3	708.626.245	683.578.535
TOTAL EQUITY & LIABILITIES		1.423.686.351	1.399.288.561

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



**Consolidated Statements of Integral Results by Nature
To March 31, 2010 and March 31, 2009
(Thousands of pesos - ThCh\$)**

STATEMENT OF RESULTS BY NATURE	Note	31-03-2010	31-03-2009
Statement of Results		ThCh\$	ThCh\$
Ordinary revenues	15	88.823.400	95.300.620
Raw materials & inputs used		-6.176.169	-7.591.961
Personnel benefits costs	17	-8.210.147	-8.908.895
Depreciation & amortization	10-12	-12.854.436	-11.917.904
Losses for impairment	13	-429.320	0
Other expenses		-14.681.292	-15.284.071
Other gains	3	1.614.255	2.012.985
Financial costs	3	-4.707.937	-6.541.088
Financial income	3	880.699	1.518.803
Exchange differences	19	-21.159	34.626
Results indexation units		-1.103.052	8.468.534
Earnings before tax		43.134.842	57.091.649
Income tax charge	21	-7.134.827	-10.252.947
Earnings from continued operations		36.000.015	46.838.702
Earnings		36.000.015	46.838.702
Earnings attributable to			
Earnings attributable to participation of the controller		35.133.208	45.314.870
Earnings attributable to non-controller participations		866.807	1.523.832
Earnings		36.000.015	46.838.702
Earnings per share			
Basic earnings per share		5,7	7,4
Basic earnings per share	22	5,7	7,4

STATEMENT OF INTEGRAL RESULTS		31-03-2010	31-03-2009
		M\$	M\$
Earnings		36.000.015	46.838.702
Total integral result		36.000.015	46.838.702
Integral result attributable to			
Integral result attributable to participation of the controller		35.133.208	45.314.870
Integral result attributable to non-controller participations		866.807	1.523.832
Total integral result		36.000.015	46.838.702

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



Consolidated Statements of Cash Flows
To March 31, 2010 and March 31, 2009
(Thousands of pesos - ThCh\$)

STATEMENT OF CASH FLOWS	NOTE	31-03-2010 ThCh\$	31-03-2009 ThCh\$
Proceeds of sale of goods & provision of services		107.493.476	117.507.661
Proceeds of premiums & benefits, annual installments & other insurance benefits		2.077.699	101.889
Other operating income		258.192	893.289
Payments to & on behalf of personnel		-12.438.333	-11.434.745
Payments to suppliers for supply of goods & services		-23.920.384	-23.687.931
Payments of premiums & benefits, annual installments & other obligations under insurance policies		-1.046.925	-44.858
Other operating activity payments		-9.526.018	-10.480.761
Interest paid		-3.035.648	-7.973.405
Interest received		40.194	99.822
Income tax recovered (paid)		-6.623.270	-6.747.283
Other cash inflows (outflows)		372.676	-71.807
Net cash flow from (used in) operating activities		53.651.659	58.161.871
Proceeds of sale of property, plant & equipment		5.000	4.364.292
Purchases of property, plant & equipment		-23.741.488	-21.240.105
Purchases of intangible assets		-220.534	-51
Net cash flow from (used in) investment activities		-23.957.022	-16.875.864
Proceeds of long-term loans		1.297.147	869.007
Proceeds of short-term loans		0	597.144
Total loan proceeds		1.297.147	1.466.151
Repayments of loans		-6.048.226	-11.672.531
Dividends paid		0	-6.186
Cash flows from (used in) financing activities		-4.751.079	-10.212.566
Net increase (decrease) in cash & cash equivalents		24.943.558	31.073.441
Cash & cash equivalents at start of the period		24.996.283	619.602
Cash & cash equivalents at close of the period	6 and 7	49.939.841	31.693.043

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



Statements of Changes in Equity
For the period to March 31, 2010 and March 31, 2009
(Thousands of pesos - ThCh\$)

Statement of Changes in Equity, Abbreviated	Note	Issued capital	Accounting issues	Other equity participations	Retained earnings	Equity attributable to participations of the controller	Non-controller 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
Opening balance restated		155.567.354	164.064.038	-5.965.555	302.967.593	616.633.430	66.945.105	683.578.535
Integral result								
Earnings (loss)					35.133.208	35.133.208	866.807	36.000.015
Dividends	2.3				10.539.963	10.539.963		10.539.963
Other increase (decrease) in equity						0	-412.342	-412.342
Changes in equity		0	0	0	24.593.245	24.593.245	454.465	25.047.710
Closing balance at 31-03-2010		155.567.354	164.064.038	-5.965.555	327.560.838	641.226.675	67.399.570	708.626.245
Statement of Changes in Equity, Abbreviated	Note	Issued capital	Accounting issues	Other equity participations	Retained earnings	Equity attributable to participations of the controller	Non-controller 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
Opening balance restated		155.567.354	164.064.038	-5.965.555	292.940.067	606.605.904	67.351.366	673.957.270
Integral result								
Earnings (loss)					45.314.870	45.314.870	1.523.832	46.838.702
Dividends	2.3				13.594.461	13.594.461		13.594.461
Other increase (decrease) in equity						0	-457.012	-457.012
Changes in equity		0	0	0	31.720.409	31.720.409	1.066.820	32.787.229
Closing balance at 31-03-2009		155.567.354	164.064.038	-5.965.555	324.660.476	638.326.313	68.418.186	706.744.499

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



CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

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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 an 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 March, 31 2010, the Group has 1,772 employees distributed in 61 CEOs, 450 professionals and 1,261 employees and administratives.



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These consolidated financial statements relate to the periods of January-March 2010, comparative with December 2009, in accordance with IFRS and Circular 1,924 of April 24, 2009, circular 556 of December 3, 2009 and circular 473 of September 25, 2008 of the Superintendency of Securities and Insurance (S.V.S).

The 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 consolidated financial statements for the period January-March 2010 and December 2009 both 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, 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.

The consolidated financial statements have been prepared under the historic cost criterion. In the particular case of land and intangible assets, these have been shown under the cost model, the fair value being considered as their attributed cost at the time of the first adoption, as permitted by IFRS 1.

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 consolidated financial statements, the results and financial position of each Group company are shown in Chilean pesos which is the Society's functional currency and the presentational currency for the consolidated annual financial statements.



New accounting pronouncements

The following IFRS and interpretations of the published CFRS have been issued but are still not applicable.

New IFRS	Date of obligatory application
IFRS 9, Financial Instruments: Classification and Valuation	Annual periods starting on or after January 1, 2013
IFRS amendments	Date of obligatory application
IAS 24, Disclosure of related parties	Annual periods starting on or after January 1, 2011
New Interpretations	Date of obligatory application
CFRS 19, Extinction of financial liabilities with equity instruments	Annual periods starting on 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 on 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 Society, which shows that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The board, in session May 25, 2010, has approved these financial statements.

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

- Useful lives of fixed 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 matters analyzed as of March 31, 2010 and December, 31 2009, it is possible that events 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 financial statements in the integral results or equity accounts, as the case may be.



2.2 Accounting Policies

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

A. Consolidation

The 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.

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 difference is shown immediately in the statement of integral 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 Society, 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.

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

B. Joint ventures

Participations in joint ventures are integrated by the equity-value method, as described in IAS 28 Investments in Associates (paragraphs 20 to 34).

Once the investor has reduced the value of its investment to zero, it takes into account the additional losses by showing a liability, only to the extent that it has incurred implicit legal obligations, or has made payments in the name of the joint-venture associate. If the joint-venture associate obtains subsequent earnings, the investor will continue to show its part in them when its participation in such earnings equals that corresponding to it in unrecognized losses.



C. 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 is 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).

D. Intangible assets

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 from third parties:

Intangible assets acquired from third parties 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 prospectively.

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 are 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 separately.

iii. Method of amortization of intangible assets:

Defined useful life.

The amortization method employed by the Society reflects the level to which the future economic benefits of the asset are used. 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.

Undefined useful life.

Intangibles with an undefined useful life relate mainly to water rights and easements which were obtained on an indefinite basis. 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.

E. 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, to then revise it 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 quarter of 2010, there have been no transactions with minority participations.

The goodwill that was generated prior our transition to IFRS, this is January 1, 2008, remains by the net worth registered at that date, whereas which are originated later remains valued at acquisition cost.

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 value to a lower amount than the registered net cost, proceeding, if is necessary, to an impairment adjustment.

F. 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.

Later costs are included in the value of the initial asset or 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 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. The residual value and useful life of assets are revised and adjusted if necessary at each closing of financial position.

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



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

The useful lives used by the Society are those indicated in a technical study prepared by external specialist firms. The useful life applied by the Society therefore corresponds to the technical useful lives of the assets.

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

Life or rate for:	Useful life (years) minimum	Useful life (years) maximum
Buildings	25	80
Plant & equipment	5	50
Information technology equipment	4	4
Fixed installations & accessories	5	80
Motor vehicles	7	7
Improvements to rented 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.

Policy of sales of fixed assets

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

G. Impairment of tangible and intangible assets except goodwill

The Group revises at each closing date of the statement of financial position to see whether there exists any indication of deterioration in the book value of the tangible and intangible assets. 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 effective generating unit to which this asset belongs.

Intangible assets with undefined useful lives are tested annually for impairment or when there are indications that the asset could have suffered an impairment.

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.

H. 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.

i. 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 limit 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 limit 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
- Financial assets available for sale
- Loans and accounts receivable

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

Aguas Andinas and its subsidiaries invest in low-risk instruments that meet 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 valuation or in 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 portfolio 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 Society, or
- It forms part of a contract that contains one or more implicit derivatives, and IAS 39 *Financial Instruments: Booking and Measurement* permits that 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 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 in 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.

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 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 estimate of non-payment is made through an analysis of the ageing of the debts and historic payment record, and the collection of accounts receivable from customers and other debtors, all of which are identified specifically. The existence of significant financial difficulties by the debtor, the probability that the debtor might enter bankruptcy or financial restructuring and the lack or delay in making payments are considered to be indicators that the accounts receivable has been impaired.

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. If these are "non-social cases", the 100% allowance is made directly while an allowance of 55% of the amount agreed is made for those classified as "social cases", with the remaining 45% being provisioned as a trade discount.

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 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.

J. Inventories

Inventories are shown at cost which does not exceed their 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.



K. Dividend policy

The dividend policy is to distribute 30% of the earnings for each year, which has been applied for the last 10 years. In the case of just the final dividend, 70% provided financial conditions permit, and subject to approval by the ordinary shareholders meeting.

L. Foreign currency transactions

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

Currency	31-03-2010 Ch\$	31-12- 2009 Ch\$
US dollar	524,46	507,10
Euro	709,30	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 integral results, unless they are deferred in equity as cash-flow and net investments hedges.

M. Financial obligations

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.

N. 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 investment in foreign currency. 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 on the results account affecting that transaction.

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

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 in a range of 80% to 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.

O. 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.



P. 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 Society, is shown at its actuarial value, determined in accordance with the projected credit-unit method, at a real discount rate of 7.1% annually and with mortality rates obtained from the tables RV-2004 of the Superintendency of Securities and Insurance 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.

Q. Income tax and deferred tax

The charge for income tax for the period 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 and 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 asset is revised on each closing date of the statement of 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 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.



R. 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. 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, 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 carried out.

Method for determining the termination of services

The provision of the service is confirmed through the metering of consumption, in accordance with legal provisions.

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 company.



S. 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 weighted average number of common shares in circulation during the period.

T. The environment

Assets of an environmental kind are those used constantly in the business of the Society 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.

U. 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.

V. Construcion 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).

W. 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.

	31-03-2010	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.

During the period January-March 2010 Aguas Andinas S.A. has not made dividend payments.

During the period January-December 2009, Aguas Andinas S.A. agreed and 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 the 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.

- **Retained earnings**

The amounts booked for revaluation of land and intangible assets and other adjustments of the first adoption are included in Retained 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).

3. Other revenue and expenses

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

Non-operating revenue & expenses	31-03-2010 ThCh\$	31-03-2009 ThCh\$
Other revenue	1.614.255	2.012.985
Insurance claims	1.494.474	0
Gain on sale of non-current assets, not held for sale	119.781	2.012.985
Financial costs	4.707.937	6.541.088
Bank loans	535.109	2.659.478
Interest expense, AFR	638.131	436.372
Interest expense, bonds	3.127.598	2.934.480
Interest expense, others	68.568	106.294
Amortization of complementary costs to loan agreements	338.531	404.464
Financial income	880.699	1.518.803
Interest income	524.343	928.307
Gain on debt redemption & repayment	356.356	590.496

4. COMBINATIONS OF BUSINESSES

Acquisitions detail

On July 10, 2008, the subsidiary 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. (Essal), 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.

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 March 31, 2010 and December, 31 2009 is as follows:

	IBERAGUAS Consolidated	Fair Value	IBERAGUAS Consolidated	IBERAGUAS Consolidated	Fair Value	IBERAGUAS Consolidated
IBERAGUAS LTDA. CONSOLIDATED	31-03-2010 ThCh\$	31-03-2010 ThCh\$	31-03-2010 ThCh\$	31-12-2009 ThCh\$	31-12-2009 ThCh\$	31-12-2009 ThCh\$
Assets						
Current assets						
Total current assets	11.466.501	0	11.466.501	8.796.455	0	8.796.455
Other non-financial assets, non-current	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.510.580	4.473	6.515.053	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	124.305.845	90.642.508	214.948.353	122.762.257	92.035.336	214.797.593
Deferred tax assets	2.308.623	0	2.308.623	2.555.681	0	2.555.681
Total non-current assets	159.859.278	63.930.268	223.789.546	158.588.315	65.323.197	223.911.512
Total assets	171.325.779	63.930.268	235.256.047	167.384.770	65.323.197	232.707.967
Total current liabilities	9.198.964	0	9.198.964	8.773.966	0	8.773.966
Other financial liabilities, non-current	43.965.995	5.516.385	49.482.380	43.869.548	5.592.298	49.461.846
Liabilities, non-current	848.241	0	848.241	845.994	0	845.994
Deferred tax liabilities	11.675.896	14.676.880	26.352.776	11.697.405	14.900.773	26.598.178
Provisions for personnel benefits, non-current	101.511	0	101.511	97.623	0	97.623
Other non-financial liabilities, non-current	2.479.046	0	2.479.046	1.563.712	0	1.563.712
Total non-current liabilities	59.070.689	20.193.265	79.263.954	58.074.282	20.493.071	78.567.353
Total liabilities	68.269.653	20.193.265	88.462.918	66.848.248	20.493.071	87.341.319
Issued capital	49.090.900	0	49.090.900	49.090.900	0	49.090.900
Retained earnings	2.073.714	-4.124.184	-2.050.470	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 participations of the controller	66.441.018	11.100.121	77.541.139	64.935.417	11.685.013	76.620.430
Minority participations	36.615.108	32.636.882	69.251.990	35.601.104	33.145.113	68.746.218
Total equity	103.056.126	43.737.003	146.793.129	100.536.521	44.830.126	145.366.647
Total equity & liabilities	171.325.779	63.930.268	235.256.047	167.384.770	65.323.197	232.707.967

	Essal	Fair Value	ESSAL with Fair Value	Essal	Fair Value	ESSAL with Fair Value
ESSAL	31-03-2010 ThCh\$	31-03-2010 ThCh\$	31-03-2010 ThCh\$	31-12-2009 ThCh\$	31-12-2009 ThCh\$	31-12-2009 ThCh\$
Total current assets	11.463.404	0	11.463.404	8.792.357	0	8.792.357
Other non-financial assets, non-current	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.510.581	4.473	6.515.054	6.536.146	4.574	6.540.720
Property, plant & equipment	124.305.845	90.642.508	214.948.353	122.762.257	92.035.336	214.797.593
Deferred tax assets	2.308.623	0	2.308.623	2.555.681	0	2.555.681
Total non-current assets	133.142.566	63.930.268	197.072.834	131.871.601	92.039.910	223.911.511
Total assets	144.605.970	63.930.268	208.536.238	140.663.958	92.039.910	232.703.868
Total current liabilities	10.810.571	0	10.810.571	9.934.362	0	9.934.362
Other financial liabilities, non-current	43.965.995	5.516.385	49.482.380	43.869.548	5.592.298	49.461.846
Liabilities, non-current	0	0	0	845.994	0	845.994
Deferred tax liabilities	0	14.676.880	14.676.880	11.697.405	14.900.773	26.598.178
Provisions for personnel benefits, non-current	848.241	0	848.241	97.623	0	97.623
Other non-financial liabilities, non-current	11.675.896	0	11.675.896	1.563.711	0	1.563.711
Total non-current liabilities	57.338.373	20.193.265	77.531.638	58.074.281	20.493.071	78.567.352
Total liabilities	68.148.944	20.193.265	88.342.209	68.008.643	20.493.071	88.501.714
Issued capital	41.948.297	0	41.948.297	41.948.297	0	41.948.297
Retained earnings	36.266.938	-33.384.806	2.882.132	32.465.227	-5.574.970	26.890.257
Other reserves	-1.758.209	77.121.809	75.363.600	-1.758.209	77.121.809	75.363.600
Equity attributable to participations of the controller	76.457.026	43.737.003	120.194.029	72.655.315	71.546.839	144.202.154
Total equity	76.457.026	43.737.003	120.194.029	72.655.315	71.546.839	144.202.154
Total equity & liabilities	144.605.970	63.930.268	208.536.238	140.663.958	92.039.910	232.703.868



5. CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

Summarized Financial Information on Subsidiaries at 31-03-2010

31-03-2010	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Equity
SUBSIDIARIES	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	23.765.248	236.045.863	9.244.319	44.403.824	206.162.958
Aguas Manquehue S.A.	1.440.592	54.667.539	5.840.191	13.501.830	36.766.110
Inversiones Iberaguas Ltda.	1.620.865	64.826.315	6.161	0	66.441.019
Empresa de Servicios Sanitarios de Los Lagos S.A.	11.463.404	133.142.566	10.810.571	59.070.689	74.724.710
Ecoriles S.A.	7.735.065	161.111	883.050	0	7.013.126
Gestión y Servicios S.A.	5.981.466	1.713.675	3.139.642	134	4.555.365
Análisis Ambientales S.A.	3.070.951	1.305.158	373.463	0	4.002.646

Summarized Financial Information (Statement of Results) on Subsidiaries to 31-03-2010

31-03-2010	Result for Period	Ordinary Revenue	Operating Expenses (-)	Other Expenses (-) / Net Revenue (+)
SUBSIDIARIES	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	5.629.298	10.915.987	-2.152.065	-3.134.624
Aguas Manquehue S.A.	1.069.621	2.239.906	-521.355	-648.930
Inversiones Iberaguas Ltda.	1.505.602	1.619	0	1.503.983
Empresa de Servicios Sanitarios de Los Lagos S.A.	2.956.279	8.198.208	-3.900.389	-1.341.540
Ecoriles S.A.	255.455	1.722.852	-880.852	-586.545
Gestión y Servicios S.A.	186.696	1.720.960	-1.355.794	-178.470
Análisis Ambientales S.A.	131.325	879.205	-516.163	-231.717

Summarized Financial Information (Statement of Financial Position) on Subsidiaries at 31-12-2009



31-12-2009	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Equity
SUBSIDIARIES	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	18.490.145	235.398.832	8.923.738	44.431.579	200.533.660
Aguas Manquehue S.A.	2.612.050	54.980.643	8.488.865	13.407.339	35.696.489
Inversiones Iberaguas Ltda.	1.169.554	63.770.924	5.061	0	64.935.417
Empresa de Servicios Sanitarios de Los Lagos S.A.	8.792.357	131.871.601	9.934.362	58.074.281	72.655.315
Ecoriles S.A.	7.364.901	164.799	722.028	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	447.353	0	3.871.322

Summarized Financial Information (Statement of Financial Position) on Subsidiaries at 31-03-2009

31-03-2009	Result for Period	Ordinary Revenue	Operating Expenses (-)	Other Expenses (-) / Net Revenue (+)	Gastos Ordinarios
SUBSIDIARIES	ThCh\$	ThCh\$	ThCh\$	ThCh\$	M\$
Aguas Cordillera S.A.	8.382.424	11.453.561	-2.232.249	-838.888	8.382.424
Aguas Manquehue S.A.	1.314.197	2.389.790	-539.026	-536.567	1.314.197
Inversiones Iberaguas Ltda.	1.670.537	0	0	1.670.537	1.670.537
Empresa de Servicios Sanitarios de Los Lagos S.A.	3.275.718	8.807.035	-4.064.558	-1.466.759	3.275.718
Ecoriles S.A.	445.603	1.678.758	-802.098	-431.057	445.603
Gestión y Servicios S.A.	260.231	2.344.583	-1.639.129	-445.223	260.231
Análisis Ambientales S.A.	225.202	827.843	-399.574	-203.067	225.202

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.
Country	Chile	Chile
Functional currency	Chilean pesos	Chilean pesos
Percentage participation in significant subsidiary	99,99003%	53,50650%
Percentage voting power in significant subsidiary	99,99003%	53,50650%
Percentage of consolidated figures		
Contribution margin	9,44%	8,15%
Property, plant & equipment	8,94%	11,81%
Result for the period	8,57%	3,83%



6. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	31-03- 2010 ThCh\$	31-12- 2009 ThCh\$
Banks	217.587	970.105
Time deposits (Note 7.7)	49.722.254	24.026.178
Total	49.939.841	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 and outflows from other 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 2008. 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 Notes 7 and 2.3 respectively.

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 2. I y 2. N to the financial statements.

7.3 Classes of financial instruments



Clases of financial instruments	31-03-2010 ThCh\$	31-12-2009 ThCh\$
Other financial assets, current	945.917	900.059
Hedge assets, foreign currency derivatives, current	945.917	900.059
Trade debtors	61.340.048	65.121.153
Trade debtors & other accounts receivable, net	58.379.493	61.855.960
Receivables, non-current	2.960.555	3.265.193
Other financial liabilities, current	38.735.923	36.560.941
Bank loans, current	11.082.619	11.624.135
Bonds, current	26.386.391	23.594.341
Reimbursable financial contributions, current	366.359	357.533
Hedge liabilities, foreign currency derivatives, current	900.555	984.932
Other financial liabilities, non-current	505.298.541	508.405.440
Bank loans, non-current	120.146.093	125.562.880
Bonds, current	314.795.139	314.310.984
Reimbursable financial contributions, current	70.357.309	68.531.576
Trade creditors	58.803.314	63.913.588
Trade creditors & other accounts payable	57.759.229	62.355.834
Non-current liabilities	1.044.085	1.557.754

7.4 Disclosures on financial liabilities

i. Other financial liabilities

On interest-bearing loans, is include bank loans, Reimbursable financial contributions (RFC) and bonds payable, which are explain at the following:

Reimbursable financial contributions (RFC)

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.

Balances of interest-bearing loans, current.

Debtor	Tax No. Debtor	Country of Origin	Bank	Tax No. Creditor	Country of Origin	Residual	Total nominal value		Total book value		Amortization
						31-03-2010	31-03-2010	31-12-2009	31-03-2010	31-12-2009	
						ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Aguas Andinas S.A.	61808000-5	Chile	Banco BBVA	97032000-8	Chile	4.194.668	4.251.209	4.349.278	4.231.071	4.328.400	Semi-annual
Aguas Andinas S.A.	61808000-5	Chile	Banco de Chile	97004000-5	Chile	1.482.000	1.502.652	1.536.625	1.497.551	1.531.625	Semi-annual
Aguas Andinas S.A.	61808000-5	Chile	Banco Corpbanca	97023000-9	Chile	2.600.000	2.664.555	2.685.418	2.609.443	2.628.275	Semi-annual
Aguas Andinas S.A.	61808000-5	Chile	Banco Santander	97036000-k	Chile	2.652.000	2.684.804	2.749.750	2.659.867	2.723.897	Semi-annual
Aguas Andinas S.A.	61808000-5	Chile	Banco de Chile	97004000-5	Chile	0	121.884	388.700	33.001	300.273	Semi-annual
Aguas Manquehue	89221000-4	Chile	Banco Estado	97030000-7	Chile	0	51.684	111.664	51.684	111.664	Maturity
Essal S.A.	96579800-5	Chile	Banco de Chile	97004000-5	Chile	0	0	1	1	1	Maturity
TOTAL						10.928.668	11.276.788	11.821.436	11.082.618	11.624.135	

Nominal value = capital+accrued interest

Residual value = total principal due

Book value= capital+interest+amortized cost

Balances of interest-bearing loans, non-current.

Debtor	Tax No. Debtor	Country of Origin	Bank	Tax No. Creditor	Country of Origin	Currency Indexation Unit	Years to maturity			31-03-2010		31-12-2009		Amortization
							13 months to 5 years	61 months or more	Maturity	Total non-current (nominal value)	Total non-current (book value)	Total non-current (nominal value)	Total non-current (book value)	
							ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Aguas Andinas S.A.	61808000-5	Chile	Banco BBVA	97032000-8	Chile	Non-indexed C	25.937.619	0	28-08-2013	25.974.667	25.937.619	28.072.000	28.030.496	Semi-annual
Aguas Andinas S.A.	61808000-5	Chile	Banco de Chile	97004000-5	Chile	Non-indexed C	9.168.490	0	29-08-2013	9.177.000	9.168.490	9.918.000	9.908.088	Semi-annual
Aguas Andinas S.A.	61808000-5	Chile	Banco Corpbanca	97023000-9	Chile	Non-indexed C	15.998.462	0	29-08-2013	16.100.000	15.998.462	17.400.000	17.285.809	Semi-annual
Aguas Andinas S.A.	61808000-5	Chile	Banco Santander	97036000-k	Chile	Non-indexed C	16.376.080	0	29-08-2013	16.422.000	16.376.080	17.748.000	17.696.436	Semi-annual
Aguas Andinas S.A.	61808000-5	Chile	Banco de Chile	97004000-5	Chile	Non-indexed C	21.150.000	23.539.442	29-08-2013	45.000.000	44.689.442	45.000.000	44.666.051	Semi-annual
Aguas Manquehue S.A.	89221000-4	Chile	Banco Estado	97030000-7	Chile	Non-indexed C	7.976.000	0	09-07-2012	7.976.000	7.976.000	7.976.000	7.976.000	Maturity
TOTAL							96.606.651	23.539.442	248.673	120.649.667	120.146.093	126.114.000	125.562.880	

Nominal value = capital+accrued interest

Book value= capital+interest+amortized cost



Reimbursable financial contributions, current portion

Nº de Inscripción o Identificación del Instrumento	Empresa Emisora	Tax No. Issuer	Country of origin	Nominal amount UF	Book value		Contract interest rate	Effective rate	Placement in Chile or abroad	Secured (Yes/No)
					31-3-2010	31-12-2009				
					ThCh\$	ThCh\$				
AFR	Aguas Andinas S.A.	61.808.000-5	Chile	2.143	45.005	30.906	3,83%	3,96%	Chile	No
AFR	Aguas Cordillera S.A.	96.809.310-k	Chile	13.139	299.231	109.251	6,14%	6,08%	Chile	No
AFR	Aguas Manquehue S.A.	89.221.000-4	Chile	999	20.981	216.239	3,69%	4,09%	Chile	No
AFR	Essal S.A.	96.579.800-5	Chile	54	1.137	1.137	3,95%	3,95%	Chile	No
TOTALES				16.336	366.354	357.533				

Reimbursable financial contributions, non-current portion

Nº de Inscripción o Identificación del Instrumento	Empresa emisora	Rut empresa emisora	Pais de Origen	Monto Nominal UF	Valor contable		Fecha Vencimiento	Tasa interés contrato	Tasa efectiva	Garantizada (Sí/No)
					31-03-2010	31-12-2009				
					M\$	M\$				
AFR	Aguas Andinas S.A.	61808000-5	Chile	2.035.797	42.748.727	41.539.156	29-03-2025	3,83%	3,96%	No
AFR	Aguas Cordillera S.A.	96809310-k	Chile	1.085.822	22.800.652	22.286.719	29-03-2025	6,14%	6,08%	No
AFR	Aguas Manquehue S.A.	89221000-4	Chile	100.360	2.107.419	1.957.883	09-03-2025	3,69%	4,09%	No
AFR	Essal S.A.	96579800-5	Chile	128.605	2.700.511	2.747.817	03-02-2025	3,95%	3,95%	No
TOTALES				3.350.584	70.357.309	68.531.576				

BONDS

Total current portion

Type of document	Issuer	Tax No. Issuer	Country of origin	Nominal amount placed	Book value		Maturity	Nominal annual interest rate	Effective annual interest rate	Payments of	
					31-03-2010	31-12-2009				Interest	Principal
				UF	ThCh\$	ThCh\$					
BEMOS-B1	Aguas Andinas S.A.	61.808.000-5	Chile	19.570	418.644	576.268	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual
BEMOS-B2	Aguas Andinas S.A.	61.808.000-5	Chile	30.753	657.879	903.738	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual
BAGUA-C1	Aguas Andinas S.A.	61.808.000-5	Chile	166.666	3.535.185	3.480.972	01-12-2010	4,25%	5,24%	Semi-annual	Semi-annual
BAGUA-C2	Aguas Andinas S.A.	61.808.000-5	Chile	500.000	10.605.594	10.442.955	01-12-2010	4,25%	5,24%	Semi-annual	Semi-annual
BAGUA-E	Aguas Andinas S.A.	61.808.000-5	Chile	0	309.364	0	01-06-2012	4,00%	4,47%	Semi-annual	Maturity
BAGUA-F	Aguas Andinas S.A.	61.808.000-5	Chile	263.158	6.451.133	5.448.256	01-12-2026	4,15%	4,74%	Semi-annual	Semi-annual
BAGUA-G	Aguas Andinas S.A.	61.808.000-5	Chile	0	588.163	182.918	01-04-2014	3,00%	3,43%	Semi-annual	Maturity
BAGUA-I	Aguas Andinas S.A.	61.808.000-5	Chile	0	380.538	0	01-12-2015	3,70%	4,07%	Semi-annual	Semi-annual
BAGUA-J	Aguas Andinas S.A.	61.808.000-5	Chile	0	247.877	40.067	01-12-2018	4,00%	4,20%	Semi-annual	Maturity
BESAL_B	Essal S.A.	96.579.800-5	Chile	115.789	3.192.014	2.519.167	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual
Current				1.095.935	26.386.391	23.594.341					



Total non-current portion

Type of document	Issuer	Tax No. Issuer	Country of origin	Nominal amount placed	Book value		Maturity	Nominal annual interest rate	Effective annual interest rate	Payments of	
					31-03-2010	31-12-2009					
				UF	ThCh\$	ThCh\$				Interest	Principal
BEMOS-B1	Aguas Andinas S.A.	61.808.000-5	Chile	657.853	13.255.257	13.423.032	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual
BEMOS-B2	Aguas Andinas S.A.	61.808.000-5	Chile	1.033.763	20.829.579	21.093.311	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual
BAGUA-E	Aguas Andinas S.A.	61.808.000-5	Chile	1.649.994	34.466.473	34.337.100	01-06-2012	4,00%	4,47%	Semi-annual	Maturity
BAGUA-F	Aguas Andinas S.A.	61.808.000-5	Chile	4.210.523	85.257.702	84.934.701	01-12-2026	4,15%	4,74%	Semi-annual	Semi-annual
BAGUA-G	Aguas Andinas S.A.	61.808.000-5	Chile	2.500.000	51.875.228	51.687.899	01-04-2014	3,00%	3,43%	Semi-annual	Maturity
BAGUA-I	Aguas Andinas S.A.	61.808.000-5	Chile	2.000.000	41.600.611	41.455.597	01-12-2015	3,70%	4,07%	Semi-annual	Semi-annual
BAGUA-J	Aguas Andinas S.A.	61.808.000-5	Chile	1.000.000	20.728.422	20.665.315	01-12-2018	4,00%	4,20%	Semi-annual	Maturity
BESAL-B	Essal S.A.	96.579.800-5	Chile	2.026.316	46.781.867	46.714.029	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual
Current				15.078.449	314.795.139	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 at reasonable cost.

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 the 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	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Gross exposure to risks of accounts receivable	89.343.308	91.301.937
Gross exposure according to estimates of risks on accounts receivable	-28.003.260	-26.180.784
Net exposure, risk concentrations	61.340.048	65.121.153



Trade debtors & other accounts receivable (net)	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Less than 3 months	58.087.974	61.564.005
3 to 6 months	27.046	123.632
6 to 12 months	264.473	168.323
Over 12 months	2.960.555	3.265.193
Total	61.340.048	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 at March 31, 2010	Up to 90 days		91 days to 1 year		13 months to 5 years		More than 5 years	
	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate
Bank loans	0	0,00%	11.276.788	1,82%	96.799.667	1,91%	23.850.000	1,84%
Bonds	10.978.176	4,42%	12.034.847	4,58%	155.760.719	3,90%	160.864.400	4,80%
AFR	91.584	6,31%	274.775	6,11%	14.515.357	6,93%	55.841.952	3,97%
Total	11.069.760		23.586.410		267.075.743		240.556.352	

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	24,32%
Bonds	Fixed	62,76%
AFR	Fixed	12,92%
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 TAB rate for 180 and 360 days over the last 3 years prior to the presentation of the report, with a reliability of 95%.

Company	Nominal amount debt	Floating rate	Pts (+/-)	Impact result ThCh\$
Aguas Andinas S.A.	123.602.333	TAB 180 days	395	4.883.317
Aguas Manquehue S.A.	7.976.000	TAB 360 days	326	260.206

For loans based on TAB 180, the positive or negative change in nominal TAB of 395 basis points, calculated annually, would have an impact on results of +/- ThCh\$4,883,317.

For loans based on TAB 360, the positive or negative change in nominal TAB of 326 basis points, calculated annually, would have an impact on results of +/- ThCh\$260,206.

7.6 Derivative instruments

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

Company	Hedge instrument	Description of hedge	Item hedged	Nature of risk hedged	Current assets	Current liability	Current assets	Current liability
					31-03-2010		31-12-2009	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$
Gestión y Ser	Forward purchas	Exchange rate	Liabilities	Fair value	945.917	900.555	900.059	984.932



7.7 Cash equivalents.

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

Company	Instrument	31-03-2010 ThCh\$	31-12-2009 ThCh\$
Aguas Cordillera S.A.	Time deposit	17.208.084	11.593.082
Análisis Ambientales S.A.	Time deposit	1.945.013	2.000.019
Gestión y Servicios S.A.	Time deposit	2.270.011	1.740.014
Eco-Riles S.A.	Time deposit	6.010.029	5.800.057
ESSAL S.A.	Time deposit	3.969.000	956.000
Aguas Andinas S.A.	Time deposit	18.320.117	1.937.006
Total (cash equivalent)		49.722.254	24.026.178

7.8 Trade creditors and other accounts payable

The principal concepts are the following:

Trade creditors & other accounts payable	31-03-10 ThCh\$\$	31-12-09 ThCh\$
Dividends	9.019.932	3.348.395
Taxes	9.442.796	8.578.623
Suppliers for ongoing investments	12.954.746	18.134.743
Personnel	1.873.154	2.224.134
Suppliers	13.993.578	18.533.890
Services accrued	10.196.028	11.242.530
Others	278.995	293.519
Total	57.759.229	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:



	31-03-10	
	Amortized cost	Fair value
	ThCh\$	ThCh\$
Other financial assets	49.722.254	49.722.254
Investments booked at amortized cost	49.722.254	49.722.254
Time deposits	49.722.254	49.722.254
Other financial liabilities	543.179.272	557.438.956
Financial liabilities booked at amortized cost	543.133.909	557.393.594
Bank debt	131.228.712	123.648.858
Bonds	341.181.530	363.021.068
AFR	70.723.668	70.723.668
Financial liabilities booked at fair value	45.362	45.362
Foreign currency forwards	45.362	45.362

Methodology and assumptions used in the calculation of fair value

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

- The amortized cost of time deposits is a good approximation of fair value as they are very short-term operations.
- The amortized cost of reimbursable financing contributions is a good approximation of fair value as they are not liquid in the market but their issue rate is determined in line with the market price.
- 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 curve, contributed by an independent supplier of prices, applied to the remaining term of the instrument's maturity.
- 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.
- 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	31-03-2010			
	Level 1	Level 2	Level 3	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Foreign currency forwards		45.362		45.362
Total		45.362		45.362

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

8. INFORMATION ON RELATED ENTITIES

Relationship between controller and subsidiary

Balances and transactions with related entities

Tax No.	Company	Direct %	Indirect %	Total 2010 (%)	Direct %	Indirect %	Total 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

Transactions between the Society and its subsidiaries meet 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	Related party	Relationship	Country of origin	Transactions with related party	Currenc y	Term	Security	Current (ThCh\$)	
								31-03-2010	31-12-2009
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Joint venture with Gestión y Servicios S.A.	CLP	30 days	None	2.007	0
96.864.190-5	Brisaguas S.A.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	None	348	916
59.066.560-6	Degremont S.A. Agencia en Chile S.A.	Related to the controller	CL	Withholding in arbitration of Degremont with a third party	CLP	30 days	None	48.784	0
76.938.110-4	Empresa Depuradora de Aguas Servidas S.A.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	None	446	13.870
Total accounts receivable								51.585	14.786

Accounts payable to related entities

Tax No. Related party	Name	Relationship	Country of origin	Transactions	Currenc y	Term	Security	Current (ThCh\$)	
								31-03-2010	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	Unsecured	62.003	60.547
59.127.140-K	Aquaquest Services Company S.A.	Related to controller	CL	Purchase of materials	CLP	30 days	Unsecured	519.457	1.024.596
None	Aquaplan	Related to controller	CL	Improvements to operation & safety El Yeso reservoir	CLP	30 days	Unsecured	0	23.769
79.046.628-K	Asterión S.A.	Related to controller	CL	Re-engineering service contract for new customer service information system processes & implementation	CLP	30 days	Performance bond Ch\$ 845,149,032	439.663	197.967
96.864.190-5	Brisaguas S.A.	Related to controller	CL	Collections payable	CLP	30 days	Unsecured	72.702	46.410
59.066.560-6	Degremont S.A. Agencia en Chile	Related to controller	CL	Principal contract construction La Farfana sewage treatment plant	CLP	30 days	Unsecured	287.698	284.562
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	La Farfana sewage treatment operation & maintenance services	CLP	30 days	Unsecured	1.845.446	1.049.491
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Biogas purification plant operation & maintenance services	CLP	30 days	Unsecured	15.499	8.307
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends payable	CLP	-	Unsecured	7.527.225	2.246.457
None	Sorea	Related to controller	CL	Expenses reimbursement	CLP	30 days	Unsecured	2.580	2.656
Total accounts payable								10.772.273	4.944.762

Transactions

Tax No. Related party	Name	Relationship	Country of origin	Transaction	Currency	Current (ThCh\$)			
						31-03-2010		31-03-2009	
						Amount	Effect on result (Charge)/(Credit)	Amount	Effect on result (Charge)/(Credit)
79.046.628-K	Asterión S.A.	Other related parties	CL	Re-engineering service contract for new customer service information system processes & implementation	CLP	383.705	-80.673	0	0
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	La Farfana sewage treatment operation & maintenance services	CLP	2.573.442	-2.214.422	2.603.880	-2.241.933
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Biogas purification plant operation & maintenance services	CLP	34.513	-34.513	0	0
59.127.140-K	Aquaquest Services Company S.A.	Other related parties	CL	Purchase of materials	CLP	741.463	-740.392	278.611	-278.611

The criterion of materiality for reporting transactions with related entities is amounts of over ThCh\$ 25,000.

Remuneration paid to the directors and directors' committee

	March 2010 (ThCh\$)	March 2009 (ThCh\$)
Board	66.541	66.709
Directors' Committee	8.476	8.545
Total	75.017	77.254

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 Company is unaware of any transactions between related parties and directors and/or executives.

9. INVENTORIES

Classes of inventories	31-03-2010 ThCh\$	31-12-2009 ThCh\$
Merchandise	869.893	840.584
Supplies for production	828.974	782.680
Others	94.207	71.697
Total inventories	1.793.074	1.694.961

The cost of the inventories shown as an expense during the March 2010 period amounts to Ch\$1,187,766.

10. INTANGIBLE ASSETS

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



	31-3-2010 ThCh\$	31-12-2009 ThCh\$
Intangible assets, net	218.009.455	217.800.680
Goodwill, net	0	0
Intangible assets with finite life, net	9.144.186	9.310.245
Intangible assets with infinite life, net	208.865.269	208.490.435
Identifiable intangible assets, net	218.009.455	217.800.680
Patents, registered trademarks & other rights, net	6.221.032	6.267.281
Computer programs, net	2.923.154	3.042.964
Other identifiable intangible assets, net	208.865.269	208.490.435

Intangible assets, gross	239.828.202	239.472.591
Intangible assets, gross	239.828.202	239.472.591
Other identifiable intangible assets, gross	239.828.202	239.472.591
Identifiable intangible assets, gross	218.527.840	218.364.360
Patents, registered trademarks & other rights, gross	7.654.899	7.654.344
Computer programs, gross	13.645.463	13.453.887

Classes of accumulated amortization & impairment, intangible assets	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Accumulated amortization & impairment, intangible assets, total	21.818.747	21.671.911
Accumulated amortization & impairment, patents, registered trademarks & other rights	1.433.867	1.387.063
Accumulated amortization & impairment, computer programs	10.722.309	10.410.923
Accumulated amortization & impairment, other identifiable intangible assets	9.662.571	9.873.925



Current period (31-03-10)

Movements in identifiable intangible assets	Patents, registered trademarks & other rights, net	Computer programs, net	Other identifiable intangible assets, net
Concept	Patents & water rights defined useful lives	Software	Water rights & easements
	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01-01-2009	6.267.281	3.042.964	208.490.435
Additions	555	64.845	374.834
Amortization	46.804	311.386	0
Other increases (decreases)	0	126.731	0
Changes, total	-46.249	-119.810	374.834
Closing balance at 31-03-2010	6.221.032	2.923.154	208.865.269

Previous period (31-12-09)

Movements in identifiable intangible assets	Patents, registered trademarks & other rights, net	Computer programs, net	Other identifiable intangible assets, net
Concept	Patents & water rights defined useful lives	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
Divestitures	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 March 31, 2010

Company	Water rights	Easements
	ThCh\$	ThCh\$
Aguas Andinas S.A.	73.821.813	6.832.547
Aguas Cordillera S.A.	92.478.596	7.853.884
Aguas Manquehue S.A.	21.185.498	733.743
Essal S.A.	5.032.372	926.816
Total	192.518.279	16.346.990

Completely-amortized identifiable intangible assets correspond to minor part of software.

Identifiable intangible assets with indefinite useful lives:

Both the water rights and easements are rights of the Company 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 unaffected 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 particularly 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.	32.732
Análisis Ambientales S.A.	32.993
Total	4.462.269

11. GOODWILL

The following is a detail of goodwill arising from the purchase of companies:



Tax No.	Company	31-03-2010	31-12-2009
		ThCh\$	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.	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

	31-03-2010 ThCh\$	31-12-2009 ThCh\$
Property, plant & equipment, net	1.026.235.094	1.022.473.285
Construction in progress	116.089.163	108.470.676
Land	149.329.847	149.179.546
Buildings	71.313.852	71.758.052
Plant & equipment	207.020.080	209.803.172
Information technology equipment	1.586.483	1.602.794
Fixed iInstallations & accessories	477.322.915	478.092.169
Motor vehicles	1.348.218	1.456.189
Improvements to rented assets	86.623	92.778
Other property, plant & equipment	2.137.913	2.017.909
Property, plant & equipment, gross	1.831.501.560	1.816.245.286
Construction in progress	116.089.163	108.470.676
Land	149.329.847	149.179.546
Buildings	88.219.998	88.398.891
Plant & equipment	346.005.140	344.334.394
Information technology equipment	10.650.315	10.572.434
Fixed iInstallations & accessories	1.111.141.461	1.105.340.539
Motor vehicles	5.086.299	5.083.834
Improvements to rented assets	428.969	425.036
Other property, plant & equipment	4.550.368	4.439.936
Accumulated depreciation	805.266.466	793.772.001
Buildings	16.906.146	16.640.839
Plant & equipment	138.985.060	134.531.222
Information technology equipment	9.063.832	8.969.640
Fixed iInstallations & accessories	633.818.546	627.248.370
Motor vehicles	3.738.081	3.627.645
Improvements to rented assets	342.346	332.258
Other property, plant & equipment	2.412.455	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 clases of property, plant and equipment.



Present period 31-03-2010

Concept	Opening balance	additions	Divestitures	Depreciation charge	Other increases (decreases)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress, net	108.470.677	7.618.487	0	0	0	7.618.487	116.089.164
Land	149.179.546	150.301	0	0	0	150.301	149.329.847
Buildings, net	71.758.052	266.829	-280.461	-430.568	0	-444.200	71.313.852
Plant & equipment, net	209.803.172	1.936.422	-151.094	-4.568.420	0	-2.783.092	207.020.080
Information technology equipment, net	1.602.794	165.854	0	-182.165	0	-16.311	1.586.483
Fixed installations & accessories, net	478.092.169	6.414.547	-1.192.775	-7.190.228	1.199.202	-769.254	477.322.915
Motor vehicles, net	1.456.189	2.466	0	-110.437	0	-107.971	1.348.218
Improvements to rented assets, net	92.778	3.932	0	-10.087	0	-6.155	86.623
Other property, plant & equipment, net	2.017.909	125.574	-1.230	-4.340	0	120.004	2.137.913
Classes of property, plant & equipment, net	1.022.473.286	16.684.412	-1.625.560	-12.496.245	1.199.202	3.761.809	1.026.235.095

Previous period 31-12-2009

Concept	Opening balance	additions	Divestitures	Depreciation charge	Other increases (decreases)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress, net	83.100.017	25.469.545	-163.909	0	65.023	25.370.659	108.470.676
Land	149.438.810	572.701	-831.965	0	0	-259.264	149.179.546
Buildings, net	71.346.387	2.325.993	-198.275	-1.708.564	-7.489	411.665	71.758.052
Plant & equipment, net	212.168.715	15.522.773	-122.236	-17.884.772	118.692	-2.365.543	209.803.172
Information technology equipment, net	1.183.322	1.089.634	-136	-669.981	-45	419.472	1.602.794
Fixed installations & accessories, net	470.795.474	36.039.175	-176.518	-28.467.217	-98.745	7.296.695	478.092.169
Motor vehicles, net	1.657.368	283.142	-53.656	-430.665	0	-201.179	1.456.189
Improvements to rented 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	-1.413.359	846	2.017.909
Classes of property, plant & equipment, net	991.818.671	82.752.613	-1.546.695	-49.216.331	-1.334.973	30.654.614	1.022.473.285

Commitments for the acquisition of property, plant and equipment:

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.	6.459.487
Ecoriles S.A.	65.370
Gestión y Servicios S.A.	376.258
Analisis Ambientales S.A.	268.281
Total	129.196.034

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



Company	31-12-2009
	ThCh\$
Aguas Andinas S.A.	134.422
Aguas Cordillera S.A.	171.539
Total	305.961

13. IMPAIRMENT OF VALUE OF ASSETS

Information about asset impairment per cash generating unit:

Each company 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 position whether there is any sign of impairment of value of any asset. If there should be such sign, 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 March 31, 2010, revisions were made of the company's tangible assets following the earthquake of February 2010, estimating an impairment of ThCh\$ 429,320 with respect to:

- Water treatment and pumping plants
- Sewage treatment and pumping plants
- Operative premises (closures and others)
- Water storage tanks
- Other administration assets (warehouses, agencies and offices).

14. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

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



Classes of provisions	31-03-10 ThCh\$		31-12-09 ThCh\$
Provision for legal claims	1.125.533		957.415
Provisions, current	1.125.533		957.415
Other provisions, non-current	1.028.140		1.029.507
Provisions, non-current	1.028.140		1.029.507

The movement in current provisions in the period is:

	Legal claims ThCh\$	Legal claims ThCh\$
Opening balance provisions	957.415	957.415
Changes in provisions	0	0
Increase (decrease) in existing provisions	168.117	168.117
Provision used		
Another increase (decrease)		
Changes in provisions, total	168.118	168.118
Closing balance	1.125.533	1.125.533

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 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 amount to be indemnified. The amount of the indemnity has still not been determined. Sentence has been appealed.

Principale assumptions concerning future event relating to the class of provision: The sentence was appealed and as stated above a lesser amount has been provisioned.

- 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, which the court should determine the location thereof. 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\$ 77,000.

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.- Inversiones Lo Castillo S.A and others made demand on CORFO to return a plot of land at Av. Andrés Bello in Las Condes. This land was acquired by CORFO under a sale by Aguas Andinas in September 1999. The demand should be rejected. The Company is a party in the case to defend the buyer's rights. Case closed: the demand was rejected without cost to the Company.
- 3.- The Treasury has made demand on Aguas Andinas 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\$ 339,259 plus indexation, interest and costs. The case is in the discussion stage, believing that the Treasury's demand should be rejected.
- 4.- An individual sued Aguas Andinas S.A for damages for non-compliance with an APR project contract in Lomas de Culiprán. The amount demanded is ThCh\$146,000. The demand has been notified and answered, and the discussion proceedings remain pending. It is believed that, if accepted, the indemnity should be for a lesser amount
- 5.- Demand for damages brought 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.
- 6.- 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 so it has not



yet been answered. The estimate of the result is so far unpredictable as information is being gathered to answer the demand.

- 7.- The Company 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\$18,524,000 as of March 31, 2010 and ThCh\$15,419,000 as of December 31, 2009.

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

Beneficiary of guarantee	Debtor	Type or guarantee	31-03-2010 ThCh\$	31-12-2009 ThCh\$
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	10.499	20.943
Munic. De San Bernardo	Aguas Andinas S.A.	Performance bond	12.599	12.566
Soc. Conc. Via Santa Rosa	Aguas Andinas S.A.	Performance bond	15.098	15.058
Essal S.A.	Aguas Andinas S.A.	Performance bond	15.749	15.707
Soc. Conc. Via Santa Rosa	Aguas Andinas S.A.	Policy	21.335	21.278
Munic. De Las Condes	Aguas Andinas S.A.	Performance bond	23.999	35.320
Mun. De Santiago	Aguas Andinas S.A.	Performance bond	39.031	38.928
Dir. Regional de Vialidad	Aguas Andinas S.A.	Performance bond	73.966	76.031
Direc. De Obras Hidraulica	Aguas Andinas S.A.	Performance bond	77.770	90.160
Munic. De Providencia	Aguas Andinas S.A.	Performance bond	82.556	82.337
MOP Dir. Gral de Aguas	Aguas Andinas S.A.	Performance bond	185.522	185.030
Soc. Conc. Costanera Norte	Aguas Andinas S.A.	Policy	209.985	209.429
MOP	Aguas Andinas S.A.	Performance bond	392.543	398.526
Director de Vialidad	Aguas Andinas S.A.	Performance bond	674.052	672.266
S.I.S.S.	Aguas Andinas S.A.	Policy	2.069.467	2.098.874
Serviu Metropolitano	Aguas Andinas S.A.	Performance bond	3.658.856	3.372.732
S.I.S.S.	Aguas Andinas S.A.	Performance bond	4.130.472	3.734.388
Munic. De Las Condes	Aguas Cordillera S.A.	Performance bond	18.599	18.065
Munic. Lo Barnechea	Aguas Cordillera S.A.	Performance bond	31.498	20.943
Munic. De Vitacura	Aguas Cordillera S.A.	Performance bond	63.213	41.886
Serviu Metropolitano	Aguas Cordillera S.A.	Performance bond	104.993	40.067
MOP Direcc. Gral	Aguas Cordillera S.A.	Performance bond	312.500	311.672
S.I.S.S.	Aguas Cordillera S.A.	Policy	722.029	720.117
S.I.S.S.	Aguas Cordillera S.A.	Performance bond	873.685	865.153
Asoc. Canal	Aguas Manquehue S.A.	Performance bond	83.994	83.772
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	828.168	845.287
S.I.S.S.	Aguas Manquehue S.A.	Policy	911.399	902.849
Codelco	Anam S.A.	Performance bond	12.073	9.212
Essal S.A.	Anam S.A.	Performance bond	36.000	36.000
Aguas Andinas S.A.	Anam S.A.	Performance bond	127.517	232.675
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	23.249	7.500
Aguas Andinas S.A.	Gestión y Servicios S.A.	Performance bond	118.253	78.253
TOTAL			15.960.669	15.293.024



b) Bond issue covenants

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

- 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.- Register 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 head 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 March 31, 2010.

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 lender banks 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.- Register in its accounts the provisions arising from adverse contingencies that, in the opinion of the Society's management, should be reflected in its financial statements.



- 5.- Maintain insurance to cover reasonably its assets, including its head offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the Society'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 balance sheets, 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 March 31, 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 March 31, 2010 and December 31, 2009, the Society has received documents in guarantee for ThCh\$ 37,383,000 and ThCh\$ 33,583,000 respectively, arising mainly from works contracts with construction companies to ensure due performance of the 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 March 31, 2010 is summarized below:



Contractor or supplier	Company	ThCh\$	Expiry date
Chilectra S.A.	Aguas Andinas S.A.	209.985	02-08-2010
Agbar servicios Compartidos S.A.	Aguas Andinas S.A.	244.801	07-05-2010
Sociedad General de Aguas 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.	314.978	01-07-2010
Compañía de petroleos de Chile Copec S.A.	Aguas Andinas S.A.	353.087	22-03-2011
Ingeniería y Construcción MTS S.A.	Aguas Andinas S.A.	465.751	31-03-2011
Obrascon Huarte Iain S.A. Agencia en Chile	Aguas Andinas S.A.	1.978.772	30-10-2010
Degremont S.A.	Aguas Andinas S.A.	2.562.643	30-04-2010
Constructora OAS Ltda.	Aguas Andinas S.A.	487.271	29-03-2011
Constructora OAS Ltda.	Aguas Andinas S.A.	3.513.850	29-03-2011
Empresa Depuradora de Aguas Servidas Mapocho Trebal Ltda.	Aguas Andinas S.A.	7.514.593	15-04-2012
Empresa Depuradora de Aguas Servidas Mapocho Trebal Ltda.	Aguas Andinas S.A.	3.558.115	01-06-2017
Empresa Depuradora de Aguas Servidas Ltda.	Aguas Andinas S.A.	4.078.955	31-12-2012
Comsa de Chile S.A.	Aguas Manquehue S.A.	298.906	30-05-2010
Comsa de Chile S.A.	Aguas Manquehue S.A.	355.821	30-05-2010
Administradora de Negocios Inmobiliarios S.A. en Rep. F.I.P.	Aguas Manquehue S.A.	629.956	30-09-2010
Total		27.196.976	

16. ORDINARY REVENUES

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

Classes of of ordinary revenues	31-03-10 ThCh\$	31-03-09 ThCh\$
Ordinary revenues		
Sales of goods	1.387.000	2.211.639
Provision of services	87.436.400	93.088.981
Total	88.823.400	95.300.620

17. LEASES

Information on financial leases by class of asset, lessee:

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



	31-mar-10	31-dec-2009
	ThCh\$	ThCh\$
Minimum future payments of non-cancellable leases, up to 1 year, lessees	1.288.089	1.303.297
Minimum future payments of non-cancellable leases, between 1 and 5 years, lessees	5.152.357	5.213.187
Minimum future payments of non-cancelable leases, lessees, total	6.440.447	6.516.483
Minimum payments under operative leases	2.121.747	1.976.492
Lease and sub-lease installments shown in statement of results, total	2.121.747	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 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 payments of non-cancelable leases, lessors	31-mar-10	31-dec-2009
	ThCh\$	ThCh\$
Minimum future payments of non-cancelable leases, up to 1 year, lessors	192.390	262.353
Contingent income shown in statement of results	32.633	269.803



Significant operative leases of the lessor:

Income from these sources is immaterial for the Company.

18. PERSONNEL BENEFITS

The Society, at the consolidated level, has a workforce of 1,772, of whom 61 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses, total 1,130 and 57 respectively, while 524 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 obligations 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. 267.

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 implicit in 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 years, 2010 and 2009.

These assumptions have remained unaltered for the years 2010 and 2009.

General description of defined benefits plans

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

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 Company 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 current and non-current actuarial provisions to March 2010 and December 2009, which include movements in provisions:



Provisions for personnel benefits	31-03-2010 ThCh\$	31-12-2009 ThCh\$
Movements actuarial provision		
Opening balance	6.990.792	6.370.438
Benefits paid	-1.751.211	-1.296.864
Actuarial increases	258.193	1.917.218
Sub-total	5.497.774	6.990.792
Profit-sharing & bonuses	434.364	2.581.250
Total provision for personnel benefits, current & non-current	5.932.138	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 Society's obligation with its personnel with respect to profit-sharing bonuses payable in February 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 position for the immediately-previous year. For the 2010 and 2009 periods, the amounts are ThCh\$ 434,364 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 Society.



Personnel expenses

Personnel expenses to March 2010 and 2009 are as follows:

Personnel expenses	31-03-2010 ThCh\$	31-03-2009 ThCh\$
Salaries & wages	5.320.916	6.315.907
Defined benefits	2.145.065	2.102.804
Severance payments	415.286	200.750
Other personnel expenses	328.881	289.434
Total personnel expenses	8.210.148	8.908.895

19. EXCHANGE DIFFERENCES

The statement of integral results shows an exchange difference loss of ThCh\$ 21,159 for the period ended March 31, 2010 and a gain of ThCh\$ 34,626 to March 31, 2009, due to foreign currency fluctuations on payments to foreign suppliers.

20. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs as of March 31, 2010 and December 2009 is as follows:

Capitalized interest costs:

Capitalized interest costs, Property, plant & equipment		31-03-2010	31-12-2009
Rate of capitalization of capitalized interest costs, Property, plant & equipment	%	4,15	5,69
Amount of capitalized interest costs, Property, plant & equipment	ThCh\$	668.052	2.586.750



21. INCOME TAX AND DEFERRED TAXES

Deferred tax assets

Deferred tax assets	31-03-2010 ThCh\$	31-12-2009 ThCh\$
Amortization	130.083	125.263
Depreciation assets	1.332.730	1.320.398
Allowance doubtful accounts	3.990.089	3.623.804
Allowance payment agreements	772.816	826.962
Provision vacations	199.947	269.422
Litigation	245.418	490.538
Severance payments	553.853	569.792
Obsolescence fixed assets	1.728.882	1.942.767
Other provisions	74.196	119.122
Unearned income	44.431	51.091
Tax goodwill	6.075.856	6.797.421
Monetary correction fixed assets	9.439.180	9.411.858
Deferred income	810.616	401.495
La Dehesa dam transaction	186.602	186.108
Others	1.477.590	1.230.992
Deferred tax assets	27.062.289	27.367.033

Deferred tax liabilities



Deferred tax liabilities	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Depreciation fixed assets	17.054.782	18.063.449
Depreciation reimbursable payments	13.017	6.045
Amortization	1.773.518	1.854.512
Investment expense related companies	71.945	71.945
Revaluation of property, plant & equipment	14.283.665	14.283.665
Revaluation intangible assets	28.733.432	28.733.432
Fair value of assets in purchase ESSAL	14.676.857	14.900.773
IFRS /Taxation fixed assets	383.621	378.098
Fixed assets IAS 18 reimbursable payments	796.428	401.495
Others	105.670	89.955
Deferred tax liabilities	77.892.935	78.783.369

	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Movement in deferred tax liabilities		
Deferred tax liabilities, opening balance	78.783.369	78.075.211
Increases (decreases) in deferred tax liabilities	-15.567.291	-14.192.615
Acquisition through combinations of business	14.676.857	14.900.773
Changes in deferred tax liabilities	-890.434	708.158
Changes in deferred tax liabilities, total	77.892.935	78.783.369

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

Charge (recovery) for income tax, current & deferred	31-03-2010	31-03-2009
	ThCh\$	ThCh\$
Charge for current income tax		
Charge for current taxes	7.713.738	10.381.856
Charge for current taxes, net, total	7.713.738	10.381.856
Deferred charge (recovery) for taxes relating to creation & reversal of timing differences	-585.690	-134.490
Other deferred taxes charge	6.779	5.582
Charge for deferred taxes, net, total	-578.911	-128.908
Charge (recovery) for income tax	7.134.827	10.252.947



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

	31-03-2010	31-03-2009
	ThCh\$	ThCh\$
Tax charge using the legal rate	7.332.923	9.705.580
Permanent difference for monetary correction tax equity	352.710	0
Other permanent differences	-154.613	-547.367
Adjustments to tax charge using the legal rate, total	198.097	-547.367
Tax charge using the effective rate	7.134.827	10.252.947

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

	31-03-2010	31-03-2009
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	-0,82%	0,00%
Other permanent differences	0,36%	0,04%
Effective tax rate	16,54%	17,04%

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		31-03-2010	31-03-2009
Earnings (Loss) attributable to shareholders in equity of the controller	ThCh \$	35.133.208	45.314.870
Results available to common shareholders, basic	ThCh \$	35.133.208	45.314.870
Weighted average number of shares, basic		6.118.965.160	6.118.965.160
Earnings per share	Ch\$	5,742	7,406

Diluted earnings (loss) per share

The Society has not carried out any type of transaction with a potential dilutive effect that supposes diluted earnings per share 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.	31-03-2010		31-03-2009	
	WATER ThCh\$	NON-WATER ThCh\$	WATER ThCh\$	NON-WATER ThCh\$
Revenues from ordinary activities deriving from external customers, total	86.309.966	2.513.434	90.486.061	4.814.559
Revenues from ordinary activities between segments, total	107.531	465.495	129.242	502.420
Interest income, total segments	876.723	20.736	1.370.152	135.386
Interest expense, total segments	4.709.280	15.417	6.686.571	40.121
Financial result, net	-3.832.557	5.319	-5.316.420	95.265
Depreciation & amortization, total segments	12.766.609	87.828	11.839.866	78.038
Sums of significant revenue items, total	86.309.966	2.513.434	90.486.061	4.814.559
Sums of significant expense items, total	-30.027.948	-1.728.637	-28.158.963	-3.274.055
Earnings (loss) of the segment, total	35.133.208	573.476	45.314.870	931.036
Charge (recovery) for income tax, total	7.023.961	110.866	10.049.107	203.840

General information on assets & liabilities	31-03-2010		31-12-2009	
	WATER ThCh\$	NON-WATER ThCh\$	WATER ThCh\$	NON-WATER ThCh\$
Other significant non-monetary items, total segments	1.190.996.820	4.050.024	1.223.224.940	4.016.451
Assets of the segments, total	1.712.941.025	19.867.839	2.175.290.902	20.724.278
Liabilities of the segments, total	701.692.345	4.296.701	709.219.307	5.726.615

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. On the other side, there are 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.

In November 2009 finished the negotiation of rates of Aguas Andinas S.A. for the period 2010-2015, being pending the issuance of the corresponding decree. To Aguas Cordillera S.A. and Aguas Manquehue S.A. it was completed in February and March, being pending the issuance of the corresponding decree.

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 income tax.

Non-water segment

The significant items of expenses are mainly those related to remunerations, the cost materials for sale and 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, which in the consolidation of the financial statements should be netted 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 of ordinary activity revenues	31-03-2010 ThCh\$	31-03-2009 ThCh\$
Reconciliation of total ordinary revenue activity of segments	89.396.426	95.932.282
Reconciliation of other revenue from ordinary activities	0	0
Reconciliation of elimination of ordinary activities between segments	-573.026	-631.662
Ordinary revenue, total	88.823.400	95.300.620



Reconciliation of earnings	31-03-2010 M\$	31-03-2009 M\$
Consolidation total earnings of segments	42.841.510	56.498.853
Consolidation of other earnings (loss)	0	0
Consolidation of elimination of earnings between segments	293.332	592.796
Consolidation of earnings before tax	43.134.842	57.091.649

Reconciliation of revenues from ordinary activities, results, assets & liabilities of the segments	31-03-2010 ThCh\$	31-12-2009 ThCh\$
Reconciliation of assets		
Consolidation total assets of the segments	1.732.808.864	2.196.015.180
Consolidation of other assets	0	0
Elimination of accounts receivable of the corporate headquarters from the segments	-309.122.513	-796.726.619
Assets, total	1.423.686.351	1.399.288.561
Reconciliation of liabilities		
Consolidation total liabilities of the segments	705.989.045	714.945.923
Consolidation of other liabilities	0	0
Elimination of accounts payable of the corporate headquarters to the segments	9.071.061	764.103
Liabilities, total	715.060.106	715.710.026

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
- Embotelladoras 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 the 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.
-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.

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 is reported in accordance with Circular 1901 of October 30, 2008:

Detailed information on disbursements related to the environment:

Aguas Andinas S.A.

Project	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Paine sewage treatment plant (STP) expansion & improvement	3.052	31.141
El Monte STP expansion & improvement	2.896	142.452
Laboratory equipment	0	5.419
Septic tank sludge reception stations	0	230
Farfana - Trebal interceptor	617.010	1.066.389
Clean Urban Mapocho interceptor	9.154.068	35.730.199
Melipilla sewage improvement (Esmeralda STP)	0	16.181
STP improvements & other investments localities	5.492	7.443
Improvement localities STPs	2.428	24.508
Improvement & renewal of equipment	86.633	103.990
ISO, OSHOS & safety improvements	0	6.364
Large STP works & improvement	909.118	2.521.137
External platform for handling & disposal of sludge	11.819	39.153
Talagante STP	6.981	7.181
Renewal & improvement STP equipment & installations	26.178	250.927
Relocation Pomaire chlorination system	0	10.355
Primary sludge system Talagante STP	112	6.468
PEAS remote control system	40.467	39.394
El Trebal third heavy sludge impulsion	0	6.056
Buin - Maipo STP	0	1.360.742
Total	10.866.254	41.375.729



Aguas Manquehue S.A.

Project	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Improvement & renewal STP equipment & installations	2.379	20.417
STP improvements	2.375	1.103
North sewer	34.479	4.522.378
Total	39.233	4.543.898

Gestión y Servicios S.A.

Project	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Biogas purification plant	0	111.439
Total	0	111.439

ESSAL S.A.

Project	31-03-2010	31-12-2009
	ThCh\$	ThCh\$
Disposal infrastructure improvement	58.857	782.786
EDAR system improvement	65.114	332.011
New treatment system projects	375.028	992.343
Renewal treatment & disposal installations	16.056	884.882
Total	515.055	2.992.022

Investments in the environment planned 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 this year.

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 FROLOWING THE DATE OFTHE STATEMENT OF FINANCIAL POSITION

The ordinary shareholders meeting. held on April 21 renewed the whole board of directors, electing the following persons as directors and alternate directors:

Director	Alternate Director
Joaquín Villarino Herrera	Diane D`Arras
Patricio Prieto Sánchez	Antoni Siurana Zaragoza
Arturo Vergara del Rio	Salvador Villarino Krumm
Bruno Philippi Irarrázaval	Juan Antonio Guijarro Ferrer



Sergio Guzmán Lagos	Juan Antonio Figueroa
Ricardo Sanhueza Palma	Víctor Selmán Biester
Mario Puentes Lacamara	Andrés Rengifo Briceño

Mister Sergio Guzmán Lagos and his respective alternate, Mister Juan Antonio Figueroa have been elected as independent directors.

The board of the Society met on the same day and appointed Joaquín Villarino as chairman of the board and the Society and Patricio Prieto as vice chairman. The members of the Directors' Committee will be Sergio Guzmán, Arturo Vergara y Mario Puentes.

On May 18, 2010, the Supreme Court gave sentence in favor of Aguas Andinas S.A. and Essal S.A. in the demand brought by the fiscal authorities for alleged breach of the anti-trust law.

Aguas Cordillera S.A.

The shareholders meeting of April 20 also agreed to distribute the sum of ThCh\$ 13,380,104, equivalent to 100% of the earnings for 2009, less the interim dividend paid on November 19, 2009. The Society's dividend No.6 will therefore amount to Ch\$266,924.08313 per share and be payable from June 10, 2010.

Aguas Manquehue S.A.

On 25.05.2010, the SVS was informed that, having evaluated the damages suffered by the Company as a result of the earthquake on February 27, various fractures were detected on the north sewer with an estimated cost of repair of ThCh\$ 2,224,000. The Company has insurance cover for damages to its infrastructure, like those that have occurred.

Essal S.A.

The ordinary shareholders meeting held on April 19 renewed the whole board of directors, electing the following persons as directors and alternate directors for the full statutory period:

Director	Alternate Director
Joaquín Villarino Herrera	Camilo Larraín Sánchez
Felipe Larraín Aspillaga	Iván Yarur Sairafi



Marta Colet Gonzalo	Salvador Villarino Krumm
Guillermo Pickering de la Fuente	Joaquim Marti Marques
María Gracia Cariola Cubillos	Patricio Larraín Delgado
Joaquín Brahm Barril	Iván Jara Guzmán
Marco Antonio Rivera Keller	Ricardo Salas Arancibia

The board of the Company met on the same day and appointed Joaquín Villarino as chairman of the board and the Company and Felipe Larraín as vice chairman.

The same shareholders meeting also agreed to distribute 60% of the earnings for 2009, being ThCh\$ 4,570,419. The 30% corresponding to the obligatory minimum dividend amounts to ThCh\$ 2,285,210, corresponding to Ch\$2.3847 per share and will be payable from May 12, 2010. The remaining 30%, as an additional dividend, will be determined by the board, both as to its form and timing, but not later than December 31, 2010.

On May 18, 2010, the Supreme Court gave sentence in favor of Essal S.A. in the demand brought by the fiscal authorities for alleged breach of the anti-trust law.

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 as of March 31, 2010.

