



CONSOLIDATED FINANCIAL STATEMENTS

Period Ended March 31, 2011

AGUAS ANDINAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

Statements of Financial Position
Statements of Comprehensive Results by
Nature
Statements of Direct Cash Flows
Statement of Changes in Equity
Notes to the interim consolidated financial statements



**Consolidated Statements of Financial Position
As of March 31, 2011 and December 31, 2010
(Thousands of Chilean pesos - ThCh\$)**

ASSETS	Note	31-03-2011 ThCh\$	31-12-2010 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	8	28.855.382	6.089.962
Other current financial assets	9	291.928	406.502
Other current non-financial assets		467.173	770.747
Trade debtors & other accounts receivable, current	9	72.063.694	62.368.041
Accounts receivable from related entities, current	10	14.293	18.221
Inventories	11	2.527.604	1.883.409
Current tax assets		5.662.899	4.170.701
Total current assets other than assets or groups of assets for disposal classified as held for sale or held for distribution to owners		109.882.973	75.707.583
TOTAL CURRENT ASSETS		109.882.973	75.707.583
NON-CURRENT ASSETS			
Other non-current financial assets	9	7.238.651	7.238.651
Other non-current non-financial assets		257.230	276.142
Non-current collection rights	9	2.632.240	2.961.131
Intangible assets other than goodwill	12	218.916.472	218.513.009
Goodwill	13	36.592.577	36.592.577
Property, plant & equipment	14	1.038.564.538	1.031.875.461
Deferred tax assets	23	33.700.826	33.274.830
TOTAL NON-CURRENT ASSETS		1.337.902.534	1.330.731.801
TOTAL ASSETS		1.447.785.507	1.406.439.384

The accompany notes form an integral part of these consolidated financial statements.



**Consolidated Statements of Financial Position
As of March 31, 2011 and December 31, 2010
(Thousands of Chilean pesos - ThCh\$)**

EQUITY AND LIABILITIES	Note	31-03-2011 ThCh\$	31-12-2010 ThCh\$
CURRENT LIABILITIES			
Other financial liabilities, current	9	24.879.792	22.293.049
Trade creditors & other accounts payable, current	9	57.518.315	44.530.080
Accounts payable to related entities, current	10	18.508.553	20.018.775
Other short-term provisions	16	985.422	991.798
Tax liabilities, current		1.868	1.866
Current provisions for personnel benefits	20	1.456.739	3.607.781
Other current non-financial liabilities		1.937.200	1.488.676
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		105.287.889	92.932.025
TOTAL CURRENT LIABILITIES		105.287.889	92.932.025
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	9	552.334.962	549.288.012
Other long-term provisions, non-current	16	1.025.335	1.020.602
Deferred tax liabilities	23	73.839.599	74.260.083
Other accounts payable, non-current	9	1.110.536	1.192.731
Non-current provisions for personnel benefits	20	7.151.691	6.805.124
Other non-financial liabilities, non-current		7.309.445	7.309.028
TOTAL NON-CURRENT LIABILITIES		642.771.568	639.875.580
TOTAL LIABILITIES		748.059.457	732.807.605
EQUITY			
Issued capital	3	155.567.354	155.567.354
Accumulated earnings	3	320.118.628	293.922.289
Accounting issues	3	164.064.038	164.064.038
Other equity participations	3	-5.965.555	-5.965.555
Equity attributable to owners of the controller	3	633.784.465	607.588.126
Non-controller participations	4	65.941.585	66.043.653
TOTAL EQUITY	3	699.726.050	673.631.779
TOTAL EQUITY AND LIABILITIES		1.447.785.507	1.406.439.384

The accompany notes form an integral part of these consolidated financial statements.



**Consolidated Statements of Comprehensive Results by Nature
For the periods ended March 31, 2011 and 2010
(Thousands of Chilean pesos - ThCh\$)**

STATEMENT OF RESULTS BY NATURE	Note	31-03-2011	31-03-2010
Statement of Results		ThCh\$	ThCh\$
Revenues from ordinary activities	18	98.387.074	88.973.432
Raw materials & inputs used		-6.208.706	-6.176.169
Personnel benefits expenses	20	-8.888.323	-8.210.147
Charges for depreciation & amortization	12-14	-13.128.351	-12.854.436
Losses for impairment booked in results for the period	15	0	-429.320
Other expenses, by nature		-15.911.878	-14.847.582
Other gains	5	27.663	1.630.513
Financial income	5	1.208.546	880.699
Financial costs	5	-6.172.537	-4.707.937
Exchange differences	21	651	-21.159
Results of indexation adjustments		-2.668.425	-1.103.052
Earnings before tax		46.645.714	43.134.842
Charge for income taxes	23	-9.150.612	-7.134.827
Earnings from continuing operations		37.495.102	36.000.015
Earnings		37.495.102	36.000.015
Earnings attributable to			
Earnings attributable to owners of the controller		37.423.343	35.133.208
Earnings attributable to non-controller participations	4	71.759	866.807
Earnings		37.495.102	36.000.015
Earnings per share			
Basic earnings per share from continuing operations		6,12	5,74
Basic earnings per share	24	6,12	5,74

STATEMENT OF COMPREHENSIVE RESULTS		31-03-2011	31-03-2010
		ThCh\$	ThCh\$
Earnings		37.495.102	36.000.015
Total comprehensive result		37.495.102	36.000.015
Comprehensive result attributable to			
Comprehensive result attributable to owners of controller		37.423.343	35.133.208
Comprehensive result attributable to non-controller participations		71.759	866.807
Total comprehensive result		37.495.102	36.000.015

The accompany notes form an integral part of these consolidated financial statements.



Consolidated Statements of Direct Cash Flows
For the periods ended March 31, 2011 and 2010
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF CASH FLOWS, DIRECT	Note	31-03-2011 ThCh\$	31-03-2010 ThCh\$
Proceeds of sales of goods & provision of services		111.039.718	107.359.910
Proceeds of royalties, quotas, commissions & other ordinary activity revenues		87.052	0
Proceeds of premiums & provisions, annuities & other policy benefits		54.152	1.510.732
Other operating activity receipts		500.888	1.926.144
Payments to suppliers for supply of goods & services		-27.829.854	-23.910.016
Payments to & on behalf of personnel		-11.664.493	-12.438.333
Payments of premiums & provisions, annuities and other obligations of policies signed		-3.629	-1.022.402
Other operating activity payments		-11.328.303	-9.516.829
Interest paid		-5.137.079	-3.035.648
Interest received		57.149	71.695
Income tax paid		-8.936.102	-6.623.270
Other cash outflows		-1.146.628	-737.497
Net cash flow from operating activities		45.692.871	53.584.486
Proceeds of sales of property, plant & equipment		29.828	5.000
Acquisitions of property, plant & equipment		-21.783.531	-23.741.488
Purchases of intangible assets		-38.296	-220.426
Net cash flow used in investment activities		-21.791.999	-23.956.914
Proceeds of long-term loans		1.281.630	893.786
Proceeds of short-term loans		3.952.182	0
Total loan proceeds		5.233.812	893.786
Loan repayments		-6.369.264	-5.577.799
Net cash flow from (used in) financing activities		-1.135.452	-4.684.013
Net increase in cash & cash equivalents		22.765.420	24.943.559
Cash & cash equivalents at start of the period		6.089.962	24.996.283
Cash & cash equivalents at end of the period	8	28.855.382	49.939.842

The accompany notes form an integral part of these consolidated financial statements.



Statements of Changes in Equity
For the periods ended March 31, 2011 and 2010
(Thousands of Chilean pesos - ThCh\$)

Statement of changes in equity	Note	Issued capital	Accounting issues	Other equity participations	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total Equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01-01-2011		155.567.354	164.064.038	-5.965.555	293.922.289	607.588.126	66.043.653	673.631.779
Restated opening balance		155.567.354	164.064.038	-5.965.555	293.922.289	607.588.126	66.043.653	673.631.779
Comprehensive result								
Earnings					37.423.343	37.423.343	71.759	37.495.102
Dividends	3				11.227.004	11.227.004	0	11.227.004
Decrease through transfers & other changes							-173.827	-173.827
Total changes in equity		0	0	0	26.196.339	26.196.339	-102.068	26.094.271
Closing balance at 31-03-2011		155.567.354	164.064.038	-5.965.555	320.118.628	633.784.465	65.941.585	699.726.050

Statement of changes in equity	Note	Issued capital	Accounting issues	Other equity participations	Accumulated earnings (losses)	Equity attributable to owners 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	309.334.336	623.000.173	66.945.740	689.945.913
Restated opening balance		155.567.354	164.064.038	-5.965.555	309.334.336	623.000.173	66.945.740	689.945.913
Comprehensive result								
Earnings					35.133.208	35.133.208	866.807	36.000.015
Dividends	3				10.539.963	10.539.963		10.539.963
Decrease through transfers & other changes						0	-412.342	-412.342
Total 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	333.927.581	647.593.418	67.400.205	714.993.623

The accompany notes form an integral part of these consolidated financial statements.



CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

Notes to the Financial Statements



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1. GENERAL INFORMATION

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

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

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

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

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

For the purposes of preparing the consolidated financial statements, it 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 2011, the Group has 1,870 employees distributed in 65 CEOs, 621 professionals and 1,184 employees and administratives.



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These consolidated financial statements relate to the statements of financial position as of March 31, 2011 and December 31, 2010 and the comprehensive results of its operations, changes in equity and cash flows for the three-month periods ended March 31, 2011 and 2010, and have been prepared in accordance with International Financial Reporting Standards (IFRS), and represent the integral, explicit and unreserved adoption of the IFRS, and in accordance with Circular 1,924 of April 24, 2009, Circular 556 of December 3, 2009 of the Superintendency of Securities and Insurance (SVS) and its Circular 658 of February 2, 2011..

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

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

Functional and presentational currency

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

New accounting pronouncements

- a) The following new standards and interpretations have been adopted in these interim consolidated financial statements. Their adoption has had no significant impact on the figures reported in these interim consolidated financial statements but could affect the booking of

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

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

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



future transactions or agreements.

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

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

Amendment to NIIFs	Date of obligatory application
IFRS 1 (Revised), First-time adoption of IFRS – (i) Elimination of fixed dates for first-time adoptions – (ii) Severe hyperinflation	Annual periods starting July 1, 2009
IAS 12 Deferred taxes - Recovery of underlying asset	Annual periods starting January 1, 2012
IFRS 7, Financial Instruments: Disclosures – Financial Asset Transfers	Annual periods starting July 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 interim consolidated financial statements in the period of their initial application.

Responsibility for the Information and Estimates Made

The information contained in these consolidated financial statements is the responsibility of the board of the Company, which shows that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The board approved these financial statements at its meeting held on April 19, 2011.

The consolidated financial statements of Aguas Andinas S.A. and its subsidiaries for the year 2010 were approved by the board at its meeting held on January 25, 2011.

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

- Useful lives of property, plant and equipment and intangible assets
- Valuation of assets and goodwill
- Losses through impairment of assets
- Assumptions used in the actuarial calculation of personnel severance benefits
- Assumptions used in the calculation of fair value of financial instruments
- Revenues for supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks arising from pending litigation



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

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 (see subsidiaries included in the consolidated financial statements of Aguas Andinas S.A. in Note 7).

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 a combination of businesses are valued initially at their fair value on the date of acquisition, independently from the scope of minority interests. The excess of the acquisition cost over the fair value of the Group's participation in the net identifiable assets acquired is shown as goodwill. If, following a re-evaluation, the Group's participation in the fair value of the net identifiable assets acquired exceeds the cost of acquisition, the excess is shown immediately in the statement of comprehensive results. The period for the valuation to determine the definitive fair value of assets and liabilities, as established in IFRS 3, should not exceed one year from the date of acquisition.

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

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



B. Operative segments

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

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

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

C. Intangible assets other than goodwill

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

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

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful lives. Estimated useful lives and the amortization method are revised at the closing of each statement of position, booking the effect of any change in the estimate from then on.

ii. Intangible assets generated internally – research and development expenses

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

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

- It is technically possible to complete the production of the intangible asset in such a way as to make it available for use or sale;
- The management has the intention of completing the intangible asset for its use or sale;
- There is the capacity to use or sell the intangible asset;
- It is possible to show how the intangible asset will generate probable economic benefits in the future;



- There are sufficient technical, financial and other resources available for completing the development and using or selling the intangible asset; and
- It is possible to value reliably the disbursements attributable to the intangible asset during its development.

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

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

iii. Method of amortization of intangible assets:

Intangible assets with defined useful life.

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

Computer programs.

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

Intangible assets with undefined useful life.

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

Determination of useful life

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

- Legal, regulatory or contractual limitations.



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

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

D. Goodwill

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

The valuation of assets and liabilities acquired is made provisionally on the date of taking control of the company and then revised within a maximum of one year from the acquisition date. Until the fair value of assets and liabilities is determined definitively, the difference between the acquisition price and the book value of the acquired company is shown provisionally as goodwill.

When the definitive determination of the goodwill is made in the financial statements of the year following the acquisition of the participation, the headings of the previous year shown for comparison purposes are modified to incorporate the value of the acquired assets and liabilities and the definitive goodwill from the date the participation was acquired.

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 non-controller participations, not deriving from a change in control, are booked directly in equity and attributed to the owners of the controller. During the three months ended March, 31 2011, there have been no transactions with non-controller participations.

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

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

E. Property, plant and equipment

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



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

Property, plant and equipment includes property developments carried out and financed by construction companies, enabling their customers to be connected to the sanitation network services of the Society and its sanitation subsidiaries. These assets relate mainly to water and sewage networks necessary for the normal development of the provision of sanitation services to the new customers added. As established in article 9 of Decree Law 70, these are not assets of the sanitation companies for the purpose of tariff setting.

Articles 36 to 43 and 53 of decree Law 382/1988 of the Ministry of Public Works (the General Sanitation Services Law) establish responsibilities with respect to the installation by the property developer and the maintenance and replacement costs by the provider of the service.

At the time of their reception, the Society and its sanitation subsidiaries book these assets at their fair value and as deferred income for the same amount. This deferred income is amortized over the same period as the useful life of the associated assets.

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

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

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount (Note 15).

Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits consideration that the useful life of some asset has been modified.

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

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



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

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

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

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

Fixed assets sales policy

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

F. Impairment of tangible and intangible assets except goodwill

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

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

The recoverable value is the greater of its fair value less sale costs and its value in use. In estimating the value in use, the present value is calculated of the future cash flows of the assets analyzed using a



pre-tax discount rate that reflects both the actual conditions of the money market at the time and the specific risk associated with the asset.

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

G. Leases

i. Financial leases

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

Assets acquired under financial leases are booked initially as assets of the Group at the lower of fair value at the start of the lease and the present value of the minimum lease payments. The corresponding leasing obligation is included in the statement of position as a financial lease obligation.

The minimum lease payments are assigned between financial costs and a reduction in the obligation in order to obtain a constant rate of interest, on the balance outstanding of the obligation. The financial costs are taken directly to results unless they are directly related to the qualified assets, in which case they are capitalized in accordance with the Group's general financing costs policy. The contingent lease payments are shown as expenses in the periods in which they are incurred.

ii. Operative leases

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

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



H. Financial assets

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

Financial assets are classified in the following categories:

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

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

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

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

i. Effective interest-rate method

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

ii. Financial assets at fair value with changes in results

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling or re-purchasing in the immediate future; or



- It forms part of a portfolio of identified financial instruments which the Group manages together and for which there is evidence of a recent and real pattern of obtaining short-term benefits; or
- It is a derivative that has not been designated nor is effective as a hedge instrument

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

- Such designation eliminates or significantly reduces some inconsistency in the valuation or the booking that would arise by using different criteria for valuing assets, or in booking their losses or gains on different bases; or
- It forms part of a group of financial assets which is managed and its return evaluated according to fair value criteria, in accordance with an investment and risk management strategy documented by the Society, or
- It forms part of a contract that contains one or more implicit derivatives, and IAS 39 *Financial Instruments: Booking and Measurement* permits the whole combined contract (asset or liability) to be designated at fair value with changes in results.

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

As of March 31, 2011, the Society and subsidiaries have a shareholding in Sociedad Eléctrica Puntilla S.A. which has been valued at fair value on the acquisition date, as established in IAS 39, paragraph 43. Its later measurement will be at cost as there is no active market, as specified in paragraph 46 c) of the same standard. The Society and subsidiaries, in consideration of the shares received, signed a contract of permanence by which it holds performance bonds for the term of the contract to ensure compliance.

iii. Financial assets held to maturity

Financial assets held to maturity correspond to non-derivative financial assets with fixed or determinable payments and established maturity dates that the Group has the intention and capacity to hold until maturity. Financial assets held to maturity are booked at amortized cost using the effective interest-rate method less any impairment of value, and 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, and to the accrued revenue from consumption between the date of the last meter reading (according to an established monthly routine) and the closing date of the financial statements. These are shown net of the estimate of doubtful accounts or low probability of payment.

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

Policy of impairment of financial assets

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

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 the amount billed is minimal, less than 1%.

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

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

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

v. Financial assets available for sale

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



I. Inventories

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

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

J. Dividend policy

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

K. Foreign currency transactions

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

Currency	31-03-2011 Ch\$	31-12-2010 Ch\$
US dollar	479,46	468,01
Euro	680,47	621,53

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

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

L. Financial liabilities

Loans, bonds payable and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate,



except for transactions for which hedge contracts have been signed, which are valued as described in the following section.

M. Derivative financial instruments and accounting of hedges

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

The Group does not use derivative financial instruments for speculative purposes but 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 (Note 9).

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

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

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

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

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

N. Provisions and contingent liabilities

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



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

Contingent liabilities are possible obligations arising from past events whose future materialization and associated equity damage is considered to have a low probability. According to IFRS, the Group makes no provision for these concepts although, as required in the same rule, they are shown in Note 16 if they do exist.

O. Personnel benefits

The obligation for severance payments which are estimated to accrue to employees who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A., are shown at the actuarial value determined with the projected credit-unit method. 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, can have access to the benefits under the collective contract, and continue to accrue this benefit after July 2002.

Aguas Cordillera S.A. and Aguas Manquehue S.A.

The severance payments of Aguas Cordillera S.A. and Aguas Manquehue 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, are extended 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. and Aguas Manquehue 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 discount rate of 6.4% annually and with mortality rates obtained from the tables RV-2004 of the Superintendency of Securities and Insurance (SVS) and from turnover obtained from internal studies. In addition, there are indemnities agreed in individual work contracts that are booked using the same method.

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

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

P. Income tax and deferred taxes

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

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

Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements 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 will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

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

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time that the liability is settled or asset realized, based on the tax rates that have been approved or are in



the approval process at the close of the statement of financial position. The measurement of deferred assets and liabilities reflects the tax consequences that would be produced in the way the Group expects, at the date of report, to recover or settle the book values of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

Q. Ordinary revenue

Policy for accounting for ordinary revenue

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

Policy for accounting for ordinary revenue for sales of goods

Revenue from sales of goods 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. For the rest of the Group companies, if there are some sales of parts of Property, plant and equipment. The revenue is booked when it is feasible to value it 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.

The services area of the sanitation companies is divided into billing groups which determine dates for meter readings and later billing. This process is developed based on a calendar month, which leads to the end of each month are unread consumption, and therefore, not billed. For the purposes of revenue accounting, the society makes an estimate of unbilled consumption.

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



Method for determining the state of termination of services

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

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

R. Earnings per share

The basic earnings per share are calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the three months periods ended March, 31 2011.

During the period 2011 and the year 2010, the Group has carried out no kind of operation with a potential diluting effect that supposes that diluted earnings per share to be different to the basic earnings per share.

S. 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 and its subsidiaries.

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

T. Consolidated statement of cash flows

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

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

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



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

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

U. Construction contracts

The Group uses the "percentage realization method" for booking revenues and expenses according to the state of progress of the contract. Under this method, contract's revenue is compared to the contract's costs incurred in the degree of progress in which it is located, so the amount of revenue, expenses and earnings are disclosed which may be attributed to the portion of the contract executed.

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 the total revenues, the expected loss is recorded immediately as an expense in the period. When the result of a construction contract cannot be estimated reliably enough, contract revenues are booked only to the extent of the contract costs incurred which will probably be recovered.

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

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

V. Capitalized financing costs

Interest-bearing loans:

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

Interest-cost capitalization policy:

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



3. CAPITAL AND EQUITY

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

	31-03-2011	31-12-2010
Serie A Shares	3.976.260.060	3.976.260.060
Serie B Shares	2.142.705.100	2.142.705.100
Total	6.118.965.160	6.118.965.160

There are no own shares 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.

No dividends were made during the period January-March 2011.

In 2010 it was agreed and made dividend payments in Aguas Andinas S.A. as detailed below:

- The ordinary shareholders meeting held on April 21, 2010 agreed to distribute 100% of the net income for 2009 and the distribution of ThCh\$ 1,563 in reserves for future dividends, discounting the interim dividend paid in November 2009. The amount of dividend No.50 amounted to ThCh\$ 90,618,558, equivalent to Ch\$ 14.80945 per share. This payment was made on May 17, 2010, having entitled to 6,118,965,160 shares.
- In board meeting held October 26, 2010 agreed to distribute the amount of ThCh\$ 33,126,854 on account of earnings 2010, acting as interim dividends. Because of this the dividend No. 51 amounted to Ch\$ 5.4138 per share. This payment was made on November 22, 2010, having entitled to 6,118,965,160 shares.



Provision for minimum dividend

As of March 31, 2011 and 2010, a provision was made for a minimum dividend of 30% of earnings, amounting to ThCh\$ 11,227,004 and ThCh\$ 10,539,963 respectively.

Accumulated earnings (losses)

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

During the period 2011 and year 2010, no accumulated earnings were booked relating to first-adoption adjustments booked at January 1, 2008.

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).

4. NON-CONTROLLER PARTICIPATIONS

The detail by company of the effects caused by the participation of third parties in the equity and results as of March 31, 2011 and 2010 is as follows:



Company	Participation		Non-controller participations			
	31-03-2011	31-03-2010	31-03-2011		31-03-2010	
	%	%	Equity ThCh\$	Result ThCh\$	Equity ThCh\$	Result ThCh\$
Aguas Cordillera S.A.	0,00997%	0,00997%	20.500	565	21.190	561
Essal S.A. (1)	46,49350%	46,49350%	65.921.085	71.194	67.379.015	866.246
Total			65.941.585	71.759	67.400.205	866.807

(1) Includes third party participations by the assignment to market value of the assets and liabilities arising from the purchase of Inversiones Iberaguas Ltda. and Essal S.A.



5. OTHER REVENUE AND EXPENSES

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

Revenues & expenses other than from operations	31-03-2011 ThCh\$	31-03-2010 ThCh\$
Other revenue		
Insurance claims (1)	0	1.494.474
Gain (loss) on sales of non-current assets, not held for sale	27.663	136.039
Total	27.663	1.630.513
Financial costs		
Bank loans	1.537.023	535.109
Interest expense, AFR	796.803	638.131
Interest expense, bonds	3.483.896	3.127.597
Interest expense, others	80.331	68.569
Amortization of complementary costs related to loan agreements	274.484	338.531
Total	6.172.537	4.707.937
Financial income		
Interest income	711.821	524.343
Gain on redemption & extinction of debt	496.725	356.356
Total	1.208.546	880.699

- (1) During the 2010 period, the subsidiary Essal S.A. has received from RSA Seguros Chile S.A. payment of its claim for damages to infrastructure in the town of Chaitén, affected by the eruption of the volcano of the same name in May 2008. The amount received was ThCh\$ 1,494,474.



6. COMBINATIONS OF BUSINESSES

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

The cost of the combination on the date of acquisition was ThCh\$81,122,784, for Iberaguas Inversiones Ltda. and Essal S.A.

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 Essal S.A.

The summarized statement of financial position of the acquired company including the assignment of fair value as of March 31, 2011 and December 31, 2010 is as follows:



Iberaguas Ltda. Consolidated	Iberaguas Consolidated	Fair Value	Iberaguas Consolidated	Iberaguas Consolidated	Fair Value	Iberaguas Consolidated
	31-03-2011 ThCh\$	31-03-2011 ThCh\$	31-03-2011 ThCh\$	31-12-2010 ThCh\$	31-12-2010 ThCh\$	31-12-2010 ThCh\$
Assets						
Current assets						
Total current assets	10.346.947	0	10.346.947	9.575.640	0	9.575.640
Other non-current non-financial assets	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.507.315	4.068	6.511.383	6.536.309	4.169	6.540.478
Goodwill	26.716.713	-26.716.713	0	26.716.713	-26.716.713	0
Property, plant & equipment	121.201.995	85.071.195	206.273.190	121.834.677	86.464.023	208.298.700
Deferred tax assets	2.417.323	0	2.417.323	2.377.978	0	2.377.978
Total non-current assets	156.860.863	58.358.550	215.219.413	157.483.194	59.751.479	217.234.673
Total assets	167.207.810	58.358.550	225.566.360	167.058.834	59.751.479	226.810.313
Liabilities						
Total current liabilities	6.604.323	0	6.604.323	7.977.016	0	7.977.016
Other non-current financial liabilities	43.256.485	5.212.730	48.469.215	42.825.441	5.288.644	48.114.085
Non-current liabilities	866.638	0	866.638	861.681	0	861.681
Deferred tax liabilities	12.460.471	13.781.310	26.241.781	12.441.346	14.005.202	26.446.548
Non-current provisions for personnel benefits	111.142	0	111.142	106.166	0	106.166
Other non-current non-financial liabilities	14.945	0	14.945	14.945	0	14.945
Total non-current liabilities	56.709.681	18.994.040	75.703.721	56.249.579	19.293.846	75.543.425
Total liabilities	63.314.004	18.994.040	82.308.044	64.226.595	19.293.846	83.520.441
Equity						
Issued capital	49.090.900	0	49.090.900	49.090.900	0	49.090.900
Accumulated earnings (losses)	2.305.402	-6.463.752	-4.158.350	1.671.298	-5.878.860	-4.207.562
Other reserves	15.276.404	15.224.305	30.500.709	15.276.404	15.224.305	30.500.709
Equity attributable to owners of the controller	66.672.706	8.760.553	75.433.259	66.038.602	9.345.445	75.384.047
Non-controller participations	37.221.100	30.603.957	67.825.057	36.793.637	31.112.188	67.905.825
Total equity	103.893.806	39.364.510	143.258.316	102.832.239	40.457.633	143.289.872
Total equity & liabilities	167.207.810	58.358.550	225.566.360	167.058.834	59.751.479	226.810.313



Essal S.A.	Essal S.A.	Fair Value	Essal with Fair Value	Essal S.A.	Fair Value	Essal with Fair Value
	31-03-2011 ThCh\$	31-03-2011 ThCh\$	31-03-2011 ThCh\$	31-12-2010 ThCh\$	31-12-2010 ThCh\$	31-12-2010 ThCh\$
Total current assets	10.343.450	0	10.343.450	9.571.257	0	9.571.257
Other non-current non-financial assets	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.507.315	4.068	6.511.383	6.536.309	4.169	6.540.478
Property, plant & equipment	121.201.995	85.071.195	206.273.190	121.834.677	86.464.023	208.298.700
Deferred tax assets	2.417.323	0	2.417.323	2.377.978	0	2.377.978
Total non-current assets	130.144.150	85.075.263	215.219.413	130.766.481	86.468.192	217.234.673
Total assets	140.487.600	85.075.263	225.562.863	140.337.738	86.468.192	226.805.930
Total current liabilities	7.816.490	0	7.816.490	8.999.103	0	8.999.103
Other non-current financial liabilities	43.256.485	5.212.730	48.469.215	42.825.441	5.288.644	48.114.085
Non-current liabilities	866.638	0	866.638	861.681	0	861.681
Deferred tax liabilities	12.460.471	13.781.310	26.241.781	12.441.346	14.005.202	26.446.548
Non-current provisions for personnel benefits	111.142	0	111.142	106.166	0	106.166
Other non-current non-financial liabilities	14.945	0	14.945	14.945	0	14.945
Total non-current liabilities	56.709.681	18.994.040	75.703.721	56.249.579	19.293.846	75.543.425
Total liabilities	64.526.171	18.994.040	83.520.211	65.248.682	19.293.846	84.542.528
Issued capital	41.948.297	0	41.948.297	41.948.297	0	41.948.297
Accumulated earnings (losses)	36.903.424	-11.040.586	25.862.838	36.031.051	-9.947.463	26.083.588
Other reserves	-2.890.292	77.121.809	74.231.517	-2.890.292	77.121.809	74.231.517
Equity attributable to owners of the controller	75.961.429	66.081.223	142.042.652	75.089.056	67.174.346	142.263.402
Total equity	75.961.429	66.081.223	142.042.652	75.089.056	67.174.346	142.263.402
Total equity & liabilities	140.487.600	85.075.263	225.562.863	140.337.738	86.468.192	226.805.930

7. CONSOLIDATED AND UNCONSOLIDATED FINANCIAL STATEMENTS

Identification of link between controller and subsidiary

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



Tax No.	Company	Direct %	Indirect %	31-03-2011 (%)	Direct %	Indirect %	31-12-2010 (%)
96.809.310-K	Aguas Cordillera S.A.	99,9903	0,000000	99,9903	99,9903	0,000000	99,9903
89.221.000-4	Aguas Manquehue S.A.	0,000400	99,999600	100,0000	0,000400	99,999600	100,0000
96.967.550-1	Análisis Ambientales S.A.	99,000000	1,000000	100,0000	99,000000	1,000000	100,0000
96.945.219-8	Ecoriles S.A.	99,038500	0,961500	100,0000	99,038500	0,961500	100,0000
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2,506500	51,000000	53,5065	2,506500	51,000000	53,5065
96.828.120-8	Gestión y Servicios S.A.	97,847800	2,152200	100,0000	97,847800	2,152200	100,0000
96.897.320-7	Inversión Iberaguas Ltda.	99,999998	0,000002	100,0000	99,999998	0,000002	100,0000

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

Summarized financial information of subsidiaries (statement of financial position) as of 31-03-2011

31-03-2011	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Equity
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	19.558.544	243.900.115	12.063.111	45.774.460	205.621.088
Aguas Manquehue S.A.	2.689.221	57.245.366	5.838.023	14.974.612	39.121.952
Inversiones Iberaguas Ltda.	1.225.602	65.457.042	9.937	0	66.672.707
Empresa de Servicios Sanitarios de Los Lagos S.A.	10.343.449	130.144.151	7.816.490	56.709.681	75.961.429
Ecoriles S.A.	9.735.019	156.986	1.129.087	0	8.762.918
Gestión y Servicios S.A.	6.762.835	1.805.274	3.411.617	0	5.156.492
Análisis Ambientales S.A.	4.282.826	1.305.765	392.571	0	5.196.020

Summarized financial information of subsidiaries (statement of comprehensive results) as of 31-03-2011

31-03-2010	Result for the period	Ordinary revenues	Operating expenses (-)	Other expenses (-) / Net revenues (+)
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	5.629.298	10.921.327	-2.152.066	-3.139.963
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.	2.956.278	8.198.208	-3.900.389	-1.341.541
Ecoriles S.A.	255.455	1.722.852	-880.852	-586.545
Gestión y Servicios S.A.	186.696	1.720.960	-1.355.795	-178.469
Análisis Ambientales S.A.	131.325	879.205	-516.163	-231.717



Summarized financial information of subsidiaries (statement of financial position) as of 31-12-2010

31-12-2010	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Equity
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	12.937.685	243.169.524	10.810.801	45.352.829	199.943.579
Aguas Manquehue S.A.	2.868.256	57.505.630	7.742.290	14.685.970	37.945.626
Inversiones Iberaguas Ltda.	1.035.811	65.012.132	9.341	0	66.038.602
Empresa de Servicios Sanitarios de Los Lagos S.A.	9.571.257	130.766.481	8.999.103	56.249.579	75.089.056
Ecoriles S.A.	9.376.986	169.664	1.201.191	0	8.345.459
Gestión y Servicios S.A.	6.739.134	1.845.971	3.223.124	0	5.361.981
Análisis Ambientales S.A.	3.888.774	1.358.229	340.877	0	4.906.126

Summarized financial information of subsidiaries (statement of comprehensive results) as of 31-03-2010

31-03-2011	Result for the period	Ordinary revenues	Operating expenses (-)	Other expenses (-) / Net revenues (+)
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	5.677.509	12.538.198	-2.471.504	-4.389.185
Aguas Manquehue S.A.	1.176.325	2.788.610	-631.256	-981.029
Inversiones Iberaguas Ltda.	634.105	0	0	634.105
Empresa de Servicios Sanitarios de Los Lagos S.A.	1.246.247	8.609.720	-4.255.649	-3.107.824
Ecoriles S.A.	417.459	2.423.109	-1.324.278	-681.372
Gestión y Servicios S.A.	-205.489	2.061.765	-1.590.981	-676.273
Análisis Ambientales S.A.	289.894	1.062.659	-498.883	-273.882

Detail of significant subsidiaries

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



Name of significant subsidiary	Aguas Cordillera S.A.	Essal S.A.
Tax No.	96.809.310-k	95.579.800-5
Country	Chile	Chile
Functional currency	Chilean pesos	Chilean pesos
Percentage participation in significant subsidiary	99,99%	53,51%
Percentage voting rights in significant subsidiary	99,99%	53,51%
Percentage of consolidated totals		
Contribution margin	13,25%	5,73%
Property, plant & equipment	8,59%	11,67%
Result for the period	12,17%	2,67%

8. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Banks	1.519.253	1.755.962
Time deposits (Note 7.7)	11.149.530	1.967.000
Mutual funds (Note 7.7)	16.186.599	2.367.000
Total	28.855.382	6.089.962

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

Detail of some items of the statement of cash flows

- **Other operating activity receipts:** Relate to services connected with the business, principally agreements signed with property developers.
- **Other operating activity payments:** Relate principally to the payment of value added tax (VAT).



9. FINANCIAL INSTRUMENTS

9.1 Capital risk management

The Group manages its capital to ensure that Group entities continue as ongoing businesses through the maximization of profitability for shareholders through the optimization of the debt and capital structure. The Group's general strategy has not changed since 2009. The group's capital structure comprises debt, which includes the loans disclosed in Note 9.4, the capital attributable to equity holders of the controller, which includes the capital, reserves and retained earnings which are shown in Note 3.

9.2 Significant accounting policies

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



9.3 Classes of financial instruments

Classes of financial instruments	Currency or indexation unit	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Other current financial assets		291.928	406.502
Hedge assets, currency derivatives, current	CLP	291.928	406.502
Trade debtors		74.695.934	65.329.172
Trade debtors & other accounts receivable, current	CLP	72.019.483	62.320.696
Trade debtors & other accounts receivable, current	USD	38.727	44.320
Trade debtors & other accounts receivable, current	EUR	5.484	3.025
Collection rights, non-current	CLP	2.632.240	2.961.131
Other current financial liabilities		24.879.792	22.293.049
Bank loans, current	CLP	3.608.314	3.913.732
Bonds, current	CLP	20.801.113	17.604.950
Reimbursable financial contributions, current	CLP	167.583	355.944
Hedge liabilities, currency derivatives, current	CLP	302.782	418.423
Other current financial liabilities, non-current		552.334.962	549.288.012
Bank loans, non-current	CLP	104.136.090	105.654.339
Bonds, non-current	CLP	367.405.891	365.846.377
Reimbursable financial contributions, non-current	CLP	80.792.981	77.787.296
Trade payables		58.628.851	45.722.811
Trade creditors & other accounts payable, current	CLP	56.706.805	43.989.873
Trade creditors & other accounts payable, current	USD	368.035	266.386
Trade creditors & other accounts payable, current	EUR	443.475	273.821
Other accounts payable, non-current	CLP	1.110.536	1.192.731
Other financial assets, non-current	CLP	7.238.651	7.238.651



9.4 Disclosures on financial liabilities

Other financial liabilities

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

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

Reimbursable financial contributions (AFR)

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

They consist of determined amounts of money or works that sanitation public utilities can require of those asking to be incorporated as customers or who request an expansion of service and which, according to current regulations, have defined forms 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 or 15 years and, in some minor cases, through reimbursement by the provision of sanitation services.

The detail of bank loans as of March 31, 2011 and December 31, 2010 is as follows:

Bank loan balances, current.

Debtor	Tax No.	Country of debtor	Bank or financial institution creditor	Creditor Tax No.	Country of creditor	Residual 31-03-2011 ThCh\$	Total book value ThCh\$			Total nominal value ThCh\$		Nominal rate	Effective rate	Repayments	Currency or indexation unit
							31-03-2011 Up to 90 days	91 to 365 days	31-12-2010 ThCh\$	31-03-2011	31-12-2010				
Aguas Andinas S.A.	61.808.000-5	CL	Banco BBVA	97.032.000-8	CL	0		81.676	222.294	88.415	239.989	5,76%	5,81%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	0		118.612	118.939	121.903	153.496	5,64%	5,68%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco Compañia	97.023.000-9	CL	2.700.000		2.765.319	2.837.661	2.777.776	2.887.143	5,61%	5,78%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco Santander	97.036.000-K	CL	0		37.717	156.226	40.898	162.272	5,76%	5,89%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	0		500.365	401.035	514.650	463.050	5,64%	5,68%	Semi-annual	CLP
Aguas Manquehue S.A.	89.221.000-4	CL	Banco Estado	97.030.000-7	CL	0		104.625	177.577	104.625	177.577	4,58%	4,58%	Semi-annual	CLP
			Total			2.700.000	0	3.608.314	3.913.732	3.648.268	4.083.527				

Nominal value = principal+accrued interest

Residual value = total principal due

Book value = principal+accrued interest-deferred issue costs (amortized cost method)



Bank loan balances, non-current.

Debtor	Tax No.	Country of debtor	Bank or financial institution creditor	Tax No. Creditor	Country of creditor	Currency or indexation unit	Years to Maturity				31-03-2011		31-12-2010		Nominal rate	Effective rate	Repayments
							13 months to 3 years	3 to 5 years	More than 5 years	Final maturity	Total Non-Current (book value)	Total Non-Current (nominal value)	Total Non-Current (book value)	Total Non-Current (nominal value)			
							ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$	ThCh\$			
Aguas Andinas S.A.	61808.000-5	CL	Banco BBVA	7.032.000-	CL	CLP	3.452.020	4.868.233	9.357.832	28-08-2016	17.678.085	17.702.667	17.731.016	17.702.667	5,76%	5,81%	Semi-annual
Aguas Andinas S.A.	61808.000-5	CL	Banco de Chile	7.004.000-	CL	CLP	1.119.195	2.451.570	7.071.835	17-07-2017	10.642.600	10.659.000	10.735.240	10.659.000	5,64%	5,68%	Semi-annual
Aguas Andinas S.A.	61808.000-5	CL	Banco Corpbanca	7.023.000-	CL	CLP	13.385.212	0	0	28-08-2013	13.385.212	13.400.000	14.735.865	14.800.000	5,61%	5,78%	Semi-annual
Aguas Andinas S.A.	61808.000-5	CL	Banco Santander	7.036.000-	CL	CLP	0	9.523.301	0	28-08-2015	9.523.301	9.537.000	9.515.735	9.537.000	5,76%	5,89%	Semi-annual
Aguas Andinas S.A.	61808.000-5	CL	Banco de Chile	7.004.000-	CL	CLP	4.725.000	10.350.000	29.855.892	17-07-2017	44.930.892	45.000.000	44.960.483	45.000.000	5,64%	5,68%	Semi-annual
Aguas Manquehue S.A.	89.221.000-4	CL	Banco Estado	7.030.000-	CL	CLP	7.976.000	0	0	09-07-2012	7.976.000	7.976.000	7.976.000	7.976.000	4,58%	4,58%	At maturity
Total							30.657.427	27.193.104	46.285.559		104.136.090	104.274.667	105.654.339	105.674.667			

Nominal value = principal+accrued interest

Book value = principal+accrued interest-deferred issue costs (amortized cost method)

The detail of reimbursable financial contributions as of March 31, 2011 and December 31, 2010 is as follows:

Reimbursable Financial Contributions, current portion

Registration Nº or Identification of Instrument	Currency or Indexation Unit	Balance UF 31-03-2011	Book Value		Contracted real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Tax No. Debtor	Country	Repayment	Secured (Yes/No)
			31-03-2011	31-12-2010								
			ThCh\$	ThCh\$								
AFR	UF	2.190	47.257	47.069	3,73%	3,63%	Chile	Aguas Andinas S.A.	61.808.000-5	Chile	At maturity	No
AFR	UF	4.588	98.998	287.577	6,24%	6,03%	Chile	Aguas Cordillera S.A.	96.809.310-k	Chile	At maturity	No
AFR	UF	936	20.191	20.161	3,54%	3,48%	Chile	Aguas Manquehue S.A.	89.221.000-4	Chile	At maturity	No
AFR	UF	53	1.137	1.137	3,85%	3,77%	Chile	Essal S.A.	96.579.800-5	Chile	At maturity	No
Total		7.767	167.583	355.944								

Reimbursable Financial Contributions, non-current portion

Registration Nº or Identification of Instrument	Currency or Indexation Unit	Balance UF 31-03-2011	Book Value		Contracted real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Tax No. Debtor	Repayment	Secured (Yes/No)
			31-03-2011	31-12-2010							
			ThCh\$	ThCh\$							
AFR	UF	2.294.324	49.507.518	47.772.214	10-03-2026	3,73%	3,63%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	1.178.491	25.429.785	24.716.899	03-03-2026	6,24%	6,03%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	123.409	2.662.948	2.272.038	03-08-2025	3,54%	3,48%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	147.961	3.192.730	3.026.145	02-03-2026	3,85%	3,77%	Essal S.A.	96.579.800-5	At maturity	No
Total		3.744.185	80.792.981	77.787.296							

The detail of bonds outstanding as of March 31, 2010 and December 31, 2010 is as follows:



BONDS

Total current portion

Type of document	Amount outstanding	Book value ThCh\$				Maturity Date	Annual nominal interest rate	Annual effective interest rate	Payment Dates		Issuer	Country of issuer	Tax No. Issuer
		31-03-2011		31-12-2010	Interest				Principal				
		Up to 90 days	91 to 365 days										
	UF			ThCh\$									
BEMOS-B1	25.591	0	558.649	712.542	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5	
BEMOS-B2	40.215	0	877.892	1.119.721	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5	
BAGUA-E	0	315.370	0	0	01-06-2012	4,00%	4,47%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5	
BAGUA-F	263.158	3.736.668	2.839.246	5.568.806	01-12-2026	4,15%	4,74%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5	
BAGUA-G	0	603.074	0	201.729	01-04-2014	3,00%	3,43%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5	
BAGUA-I	320.000	3.856.162	3.452.522	6.868.295	01-12-2015	3,70%	4,07%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5	
BAGUA-J	0	254.221	0	40.471	01-12-2018	4,00%	4,20%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5	
BAGUA-K	0	273.882	0	117.953	01-10-2016	2,90%	3,10%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5	
BAGUA-M	0	795.213	0	399.956	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5	
BESAL-B	115.789	1.988.947	1.249.267	2.575.477	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	Chile	96.579.800-5	
Total	764.753	11.823.537	8.977.576	17.604.950									

Total non-current portion

Type of document	Amount outstanding g	Book value ThCh\$				Final maturity	Annual nominal interest rate	Annual effective interest rate	Payment Dates		Issuer	Country of issuer	Tax No. Issuer
		31-03-2011			31-12-2010								
		13 months to 3 years	3 to 5 years	More than 5 years									
UF									Interest	Principal			
BEMOS-B1	632.257	1.494.210	2.013.936	9.642.570	13.347.352	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BEMOS-B2	993.548	2.348.077	3.164.815	15.152.541	20.974.457	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-E	1.650.000	35.577.875	0	0	35.336.023	01-06-2012	4,00%	4,47%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-F	3.947.368	11.356.983	11.356.983	59.652.441	81.814.497	01-12-2026	4,15%	4,74%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-G	2.500.000	0	53.525.264	0	53.151.383	01-04-2014	3,00%	3,43%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-I	1.680.000	13.810.086	22.168.754	0	35.743.752	01-12-2015	3,70%	4,07%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-J	1.000.000	0	0	21.338.834	21.208.334	01-12-2018	4,00%	4,20%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-K	1.000.000	6.905.043	6.905.043	7.666.598	21.344.818	01-10-2016	2,90%	3,10%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-M	1.750.000	0	0	38.049.351	37.837.821	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BESAL-B	1.910.526	7.495.603	4.997.069	32.783.813	45.087.940	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	Chile	96.579.800-5
Total	17.063.699	78.987.879	104.131.864	184.286.148	365.846.377								

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



i. Credit risk

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

Aguas Andinas S.A. and its sanitation subsidiaries have a well-spread market which implies that the risk of a customer 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 the 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	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Gross exposure per balance sheet for accounts receivable risks	104.360.366	94.049.674
Gross exposure according to risk estimates accounts receivable	-29.664.432	-28.720.502
Net exposure, risk concentrations	74.695.934	65.329.172

Trade debtors & other accounts receivable	31-03-2011 ThCh\$	31-12-2010 ThCh\$
less than 3 months	71.519.758	62.041.555
3 to 6 months	250.416	69.468
6 to 12 months	293.520	257.018
over 12 months	2.632.240	2.961.131
Total	74.695.934	65.329.172

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 structure

Balances as of March 31, 2011	Up to 90 days		91 days to 1 year		13 months to 3 years		3 to 5 years		More than 5 years	
	ThCh\$	Contracted interest rate	ThCh\$	Contracted interest rate	ThCh\$	Contracted interest rate	ThCh\$	Contracted interest rate	ThCh\$	Contracted interest rate
Bank loans	0	0,00%	8.668.645	5,62%	41.057.218	5,48%	34.628.835	5,65%	49.491.958	5,67%
Bonds	14.522.013	4,24%	18.009.682	4,65%	104.109.819	4,23%	125.756.334	3,77%	246.765.388	4,71%
AFRs	0	0,00%	36.439	6,73%	16.065.904	7,70%	5.505.946	2,97%	85.651.199	3,96%
Total	14.522.013		26.714.766		161.232.942		165.891.114		381.908.546	

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

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

Debt instruments	Rate	%
Bank loans	Variable	17,56%
Bonds	Fixed	68,23%
AFRs	Fixed	14,21%
Total		100,00%

Interest rate sensitivity analysis

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

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



Company	Amount of debt (principal) ThCh\$	Variable rate	Pts (+/-)	Impact on result (ThCh\$) (+/-)
Aguas Andinas S.A	98.998.667	TAB 180 days	98	974.278
Aguas Manquehue S.A	7.976.000	TAB 360 days	81	64.626

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 98 basis points, calculated annually, would have an impact on results of +/- ThCh\$ 974,278.

For loans based on 360-day TAB, the positive or negative change in nominal TAB of 88 basis points, calculated annually, would have an impact on results of +/- ThCh\$ 64,626.

9.6 Derivative instruments

The Group has the following hedges at the date of the financial statements:

Company	Hedge instrument	Description of hedge	Item hedged	Nature of risk hedged	Current asset	Current liability	Current asset	Current liability
					31-03-2011		31-12-2010	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$
Gestión y Servicios S.A.	Forward purchase	Exchange rate	Liabilities	Fair value	291.928	302.782	406.502	418.423

9.7 Cash equivalents.

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



Company	Instrument	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Aguas Andinas S.A.	Time deposit	2.000.000	0
Aguas Andinas S.A.	Mutual funds	2.516.530	773.000
Aguas Cordillera S.A.	Time deposit	7.023.512	0
Aguas Cordillera S.A.	Mutual funds	3.000.000	580.000
Aguas Manquehue S.A.	Time deposit	0	0
Aguas Manquehue S.A.	Mutual funds	0	0
Análisis Ambientales S.A.	Time deposit	2.204.983	0
Análisis Ambientales S.A.	Mutual funds	1.000.000	0
Gestión y Servicios S.A.	Time deposit	247.335	0
Gestión y Servicios S.A.	Mutual funds	0	0
Eco-Riles S.A.	Time deposit	4.710.769	1.744.000
Eco-Riles S.A.	Mutual funds	2.600.000	0
Essal S.A.	Time deposit	0	623.000
Essal S.A.	Mutual funds	2.033.000	614.000
Total		27.336.129	4.334.000

9.8 Trade creditors and other accounts payable

The principal concepts are the following:



Trade creditors & other accounts payable, current	Currency or indexation unit	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Dividends	CLP	6.757.429	981.590
Taxes (VAT, monthly prepayments, sole tax, others)	CLP	7.902.523	5.039.364
Suppliers under investments in progress	CLP	12.591.954	9.695.345
Personnel	CLP	1.854.765	1.928.074
Suppliers	CLP	8.666.399	9.680.835
Suppliers	USD	353.122	175.143
Suppliers	EUR	443.475	273.821
Services accrued	CLP	18.288.076	16.161.478
Services accrued	USD	0	91.243
Others	CLP	645.659	503.187
Others	USD	14.913	0
Total		57.518.315	44.530.080

9.9 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:

	31-03-2011	
	Amortized cost ThCh\$	Fair value ThCh\$
Other financial liabilities	576.922.827	593.426.776
Financial liabilities held at amortized cost	576.911.973	593.415.922
Bank debt	107.744.404	106.220.855
Bonds	388.207.004	406.234.503
AFRs	80.960.564	80.960.564
Financial liabilities at fair value	10.854	10.854
Currency forward	10.854	10.854



Methodology and assumptions used in the calculation of fair value

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

- a) The amortized cost of time deposits is a good approximation of fair value as they are very short-term operations.
- b) The amortized cost of AFR liabilities is a good approximation of fair value as they are not very liquid in the market but their issue rate is determined in line with the regulation (Decree Law 70).
- c) Foreign currency forwards are booked at their market value in the financial statements. These were valued using forward exchange rate quotations derived from the forward curves, supplied by an independent supplier of prices, applied to the remaining term of the instrument's maturity.
- d) The fair value of bonds was determined based on market price references as these instruments are traded on the market under normal conditions and with a high level of liquidity.
- e) The fair value of bank debt was determined through the cash flow analysis methodology, applying the discount curves corresponding to the remaining term to the maturity of the obligation.

Booking of fair value measurements in the financial information statements

- Level 1 relates to fair-value measurement methodologies by market quotas (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 assets & liabilities at fair value booked to earnings/losses	31-03-2011			
	Level 1 ThCh\$	Level 2 ThCh\$	Level 3 ThCh\$	Total ThCh\$
Currency forward, net	0	-10.854	0	-10.854
Total		-10.854	0	-10.854

There were no transfers between Levels 1 and 3 in the period.



9.10 Other financial assets, non-current

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$ 7,221,134.- (see note 2.2, letter h ii).

10. INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Company and its subsidiaries reflect market conditions. These transactions 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	Transaction	Currency	Term	Security	Current (ThCh\$)	
								31-03-2011	31-12-2010
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Reimbursement	CLP	30 days	Unsecured	94	27
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Joint business with Gestión y Servicios S.A.	CLP	30 days	Unsecured	4.086	3.566
96.864.190-5	Brisaguas S.A.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	Unsecured	0	573
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Sale of inputs & laboratory services	CLP	30 days	Unsecured	7.340	10.840
59.094.680-K	Aguas de Levante	Related to the controller	CL	Sale of materials	CLP	30 days	Unsecured	2.066	2.066
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	Unsecured	707	1.149
Total accounts receivable								14.293	18.221

Accounts payable to related entities

Tax No. Related party	Related party	Relationship	Country of origin	Transaction	Currency	Term	Security	Current (ThCh\$)	
								31-03-2011	31-12-2010
93.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Joint business with Gestión y Servicios S.A.	CLP	30 days	Unsecured	106.886	102.216
59.127.140-K	Aquagest Services Company S.A.	Related to the controller	CL	Purchase of materials	CLP	30 days	Unsecured	0	39.747
76.080.553-K	Agbar Solutions Chile Ltda	Related to the controller	CL	Purchase of materials	CLP	30 days	Performance bond ThCh\$ 244.800	1.024.717	708.636
76.046.628-K	Asterión S.A.	Related to the controller	CL	Re-engineering service contract of processes & implementation new customer-service information systems	CLP	30 days	Performance bond ThCh\$ 845.149	1.782.657	1.314.675
96.864.190-5	Brisaguas S.A.	Related to the controller	CL	Collections payable	CLP	30 days	Unsecured	0	33.581
59.066.560-6	Degremont S.A. Agencia en Chile	Related to the controller	CL	Principal construction contract La Farfana sewage treatment plant	CLP	30 days	Unsecured	0	382.617
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Operating & maintenance services La Farfana sewage treatment plant	CLP	30 days	Performance bond UF 194.249,62	2.192.650	2.265.320
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Operation & maintenance services biogas purification plant	CLP	30 days	Performance bond UF 112,24	43.773	27.300
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Operation & maintenance services El Trebal sewage treatment plant & construction, operation & maintenance Mapocho sewage treatment plant	CLP	90 days	Performance bond UF 357.863	7.730.503	15.128.000
77.329.730-4	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends payable	CLP	-	Unsecured	5.624.991	0
Foreign	Clavegueram de Barcelona S.A.	Related to the controller	CL	Technical assistance Renato Poblete park study	CLP	30 days	Unsecured	0	15.144
Foreign	Sorea	Related to the controller	CL	Expense reimbursements	CLP	30 days	Unsecured	2.376	1.539
Total accounts payable								18.508.553	20.018.775



Effective March 2011, the company Brisaguas S.A. ceased to be related to the Group.

Transactions

Tax No. Related party	Related party	Relationship	Country of origin	Transaction	Currency	Current (ThCh\$)			
						31-03-2011		31-03-2010	
						Amount	Effect on result (Charge)/ (Credit)	Amount	Effect on result (Charge)/ (Credit)
59.127.140-K	Aquagest Services Company S.A.	Other related parties	CL	Purchase of materials	CLP	0	0	741.463	-740.392
79.046.628-K	Asterión S.A.	Other related parties	CL	Re-engineering service contract of processes & implementation new customer-service information systems	CLP	613.699	-329.857	383.705	-80.673
76.080.553-K	Agbar Solutions Chile Ltda	Other related parties	CL	Purchase of materials	CLP	818.202	-569.280	0	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Other related parties	CL	Operating & maintenance services El Trebal sewage treatment plant & Mapocho sewage treatment plant	CLP	7.040.923	-1.512.973	0	0
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operating & maintenance services La Farfana sewage treatment plant	CLP	3.061.229	-2.691.948	2.573.442	-2.214.422
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operation & maintenance services biogas purification plant		38.936	23.005	34.513	34.513

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

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

	Current (ThCh\$)	
	31-03-2011	31-03-2010
Board of directors	79.760	73.669
Directors' Committee	12.514	8.476
Total	92.273	82.145

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



Detail of related parties and transactions with related parties by the directors and executives.

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

11. INVENTORIES

Classes of inventories	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Merchandise	1.952.934	1.342.120
Supplies for production	518.730	482.589
Other inventories	55.940	58.700
Total inventories	2.527.604	1.883.409

The cost of the inventories shown as an expense during the 2011 period amounts to Ch\$1,664,630 and Ch\$4,730,977 in the 2010 period.

12. INTANGIBLE ASSETS OTHER THAN GOODWILL

The following shows the required information on the Society's intangible assets, as per IAS 38 Intangible assets:



	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Intangible assets, net	218.916.472	218.513.009
Intangible assets of finite life, net	9.318.883	8.963.783
Intangible assets of indefinite life, net	209.597.589	209.549.226
Identifiable intangible assets, net	218.916.472	218.513.009
Patents, trademarks & other rights, net	6.033.177	6.079.377
Computer programs, net	3.285.706	2.884.406
Other identifiable intangible assets, net	209.597.589	209.549.226
Intangible assets, gross	242.021.865	241.501.386
Intangible assets, gross	242.021.865	241.501.386
Other identifiable intangible assets, gross	242.021.865	241.501.386
Identifiable intangible assets, gross	219.260.160	219.211.797
Patents, trademarks & other rights, gross	7.654.259	7.653.655
Computer programs, gross	15.107.446	14.635.934

Classes of accumulated amortization & impairment, intangible assets	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Accumulated amortization & impairment, intangible assets, total	23.105.393	22.988.377
Accumulated amortization & impairment, patents, trademarks & other rights	1.621.082	1.574.278
Accumulated amortization & impairment, computer programs	11.821.740	11.751.528
Accumulated amortization & impairment, other identifiable intangible assets	9.662.571	9.662.571

MOVEMENTS OF INTANGIBLE ASSETS

Current period (31-03-2011)

Movement in identifiable intangible assets	Patents, Trademarks & Other Rights, Net	Computer programs, net	Other identifiable intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01-01-2011	6.079.377	2.884.406	209.549.226
Additions	604	135.484	35.363
Amortization	46.804	365.253	0
Revaluation increases (decreases) recognized in the income statement	0		0
Other increases (decreases)	0	631.069	13.000
Changes, Total	-46.200	401.300	48.363
Closing balance at 31-03-2011	6.033.177	3.285.706	209.597.589



Previous period (31-12-2010)

Movement in identifiable intangible assets	Patents, Trademarks & Other Rights, Net	Computer programs, net	Other identifiable intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01-01-2010	6.267.281	3.042.964	208.490.435
Additions	0	840.017	1.058.791
Expropriations	0	0	0
Amortization	187.215	1.351.609	0
Other increases (decreases)	-689	353.034	0
Changes, Total	-187.904	-158.558	1.058.791
Closing balance at 31-12-2010	6.079.377	2.884.406	209.549.226

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 (31-03-2011)

Company	Water rights ThCh\$	Easements ThCh\$
Aguas Andinas S.A.	73.821.812	7.310.827
Aguas Cordillera S.A.	92.487.444	7.872.777
Aguas Manquehue S.A.	21.202.676	905.342
Essal S.A.	5.032.372	964.339
Total	192.544.304	17.053.285

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

Identifiable intangible assets with indefinite useful lives:

Both the water rights and easements are rights of the Society for which it is not possible to establish a finite useful life, i.e. the period of economic benefits associated with these assets are indefinite. Both assets are legal rights that are not extinguished nor affected by restrictions.



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

Commitments for the acquisition of intangible assets:

Commitments for the year 2011 for the acquisition of intangible assets relate to water rights and easements necessary for the normal operation of the Group societies and in particular for new works under development or prior study stages, plus the expansion of concession zones, shown as follows:

Company	ThCh\$
Aguas Andinas S.A.	2.797.232
Aguas Cordillera S.A.	157.568
Aguas Manquehue S.A.	30.798
Essal S.A.	68.010
Total	3.053.608

13. GOODWILL

The following is a detail of goodwill for the different cash-generating units or groups of these to which this is assigned and its movement in period from January-March 2011 and in 2010.

Tax No.	Company	31-03-2011 ThCh\$	31-12-2010 ThCh\$
96.809.310-k	Aguas Cordillera S.A.	33.823.049	33.823.049
95.579.800-5	Essal S.A.	343.332	343.332
96.897.320-7	Inversiones Iberaguas Ltda.	2.426.196	2.426.196
Total		36.592.577	36.592.577



14. PROPERTY, PLANT AND EQUIPMENT

	31-03-2011	31-12-2010
	ThCh\$	ThCh\$
Property, plant & equipment, net	1.038.564.538	1.031.875.461
Building in progress	85.201.674	71.171.543
Land	148.956.575	148.941.768
Buildings	70.144.125	70.432.661
Plant & equipment	197.512.267	199.622.110
Computer equipment	1.475.444	1.386.254
Fixed installations & accessories	532.167.549	537.158.355
Motor vehicles	1.377.193	1.307.299
Improvements to leased assets	61.810	70.636
Other property, plant & equipment	1.667.901	1.784.835
Property, plant & equipment, gross	1.884.804.676	1.867.465.640
Building in progress	85.201.674	71.171.543
Land	148.956.575	148.941.768
Buildings	88.761.495	88.617.443
Plant & equipment	353.190.879	351.036.540
Computer equipment	8.787.555	10.307.322
Fixed installations & accessories	1.190.822.711	1.188.318.180
Motor vehicles	4.752.917	4.627.828
Improvements to leased assets	440.754	440.754
Other property, plant & equipment	3.890.116	4.004.262
Accumulated depreciation	846.240.138	835.590.179
Buildings	18.617.370	18.184.782
Plant & equipment	155.678.612	151.414.430
Computer equipment	7.312.111	8.921.068
Fixed installations & accessories	658.655.162	651.159.825
Motor vehicles	3.375.724	3.320.529
Improvements to leased assets	378.944	370.118
Other property, plant & equipment	2.222.215	2.219.427



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

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

Property developments carried out and financed by construction companies contributed to the subsidiaries as of March 31, 2011 and December 31, 2010 amount to ThCh\$19,501,106 and ThCh\$17,062,539 respectively.



Current period 31-03-2011

Concept	Opening balance	Additions	Divestitures	Depreciation charge	Other increases (decreases)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Building in progress, net	71.171.543	18.001.421	0	0	-3.971.290	14.030.131	85.201.674
Land	148.941.768	27.807	0	0	-13.000	14.807	148.956.575
Buildings, net	70.432.661	13.295	-5.649	-433.053	136.871	-288.536	70.144.125
Plant & equipment, net	199.622.110	770.710	-6.481	-4.283.569	1.409.497	-2.109.843	197.512.267
Computer equipment, net	1.386.254	131.260	-1	-168.158	126.089	89.190	1.475.444
Fixed installations & accessories, net	537.158.355	977.282	0	-7.712.897	1.744.809	-4.990.806	532.167.549
Motor vehicles, net	1.307.299	100.078	-12.296	-107.002	89.114	69.894	1.377.193
Improvements to leased assets, net	70.636	0	0	-8.826	0	-8.826	61.810
Other property, plant & equipment, net	1.784.835	0	0	-2.789	-114.145	-116.934	1.667.901
Classes of property, plant & equipment, net	1.031.875.461	20.021.853	-24.427	-12.716.294	-592.055	6.689.077	1.038.564.538

Previous year 31-12-2010

Concept	Opening balance	Additions	Divestitures	Depreciation charge	Other increases (decreases)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Building in progress, net	108.193.775	28.038.863	-36.792	0	-65.024.303	-37.022.232	71.171.543
Land	149.179.546	0	-31.431	0	-206.347	-237.778	148.941.768
Buildings, net	71.758.052	285.663	-320.958	-1.731.668	441.572	-1.325.391	70.432.661
Plant & equipment, net	209.746.022	5.891.598	-178.261	-18.182.631	2.345.382	-10.123.912	199.622.110
Computer equipment, net	1.602.794	462.414	-710	-736.682	58.438	-216.540	1.386.254
Fixed installations & accessories, net	474.261.342	32.371.339	-2.330.519	-30.322.638	63.178.831	62.897.013	537.158.355
Motor vehicles, net	1.456.189	335.555	-42.163	-444.747	2.465	-148.890	1.307.299
Improvements to leased assets, net	92.778	15.716	0	-37.858	0	-22.142	70.636
Other property, plant & equipment, net	2.017.909	0	-1.231	-16.880	-214.963	-233.074	1.784.835
Classes of property, plant & equipment, net	1.018.308.407	67.401.148	-2.942.065	-51.473.104	581.075	13.567.054	1.031.875.461



The detail of each consolidated Group Society of amounts of future commitments for acquisitions of property, plant and equipment during 2011, is as follows:

Company	ThCh\$
Aguas Andinas S.A.	118.222.937
Aguas Cordillera S.A.	3.522.763
Aguas Manquehue S.A.	692.197
Essal S.A.	5.218.291
Ecoriles S.A.	244.820
Gestión y Servicios S.A.	446.400
Análisis Ambientales S.A.	303.320
Total	128.650.728

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

Company	31-03-2011
	ThCh\$
Aguas Andinas S.A.	121.043
Aguas Cordillera S.A.	169.588
Total	290.631

15. IMPAIRMENT OF VALUE OF ASSETS

Information about asset impairment per cash generating unit:

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

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

As of December 31, 2010, 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. No indications of impairment have been identified as of March 31, 2011.



As of March 31, 2010, revisions were made of the Society's tangible assets following the earthquake of February 2010, estimating an impairment of ThCh\$ 1,559,616, to March 31 2010 the estimated impairment was ThCh\$ 429,320.-, which was shown in the line "losses for impairment" in the statement of comprehensive results, associated with the sinister, in the following areas:

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

The detail by Society is as follows:

Society	31-03-2011	31-03-2010
	ThCh\$	ThCh\$
Aguas Andinas S.A.	0	429.320
Total	0	429.320

16. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

The detail of these as of March 2011 and December 2010 is as follows:

Classes of provisions	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Provision for legal claims	985.422	991.798
Provisions, current	985.422	991.798
Other provisions, non-current	1.025.335	1.020.602
Provisions, non-current	1.025.335	1.020.602

The movement in current provisions in the period is:



Other provisions, current	Legal claims ThCh\$	Total ThCh\$
Initial balance provisions	991.798	991.798
Changes in provisions		
Increase in existing provisions		
Provision used	-6.376	-6.376
Other increase (decrease)		
Changes in provisions, total	-6.376	-6.376
Closing balance	985.422	985.422

The provisions comprising this heading are described as follows:

1.- Legal claims

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

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

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

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

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

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



Timetable foreseen for release of class of provision: During 2011.

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.

- c) **Nature of class of provision:** There are lawsuits relating to labor demands against Aguas Andinas by former employees of the Society, which was demanded additionally, in the event the demands are accepted the amount should be less than that demanded.

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\$ 302,809.

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

- d) **Nature of class of provision:** Demand for damages. Plaintiff alleges incorrect feasibility certificate issued by the Society.

Timetable foreseen for release of class of provision: During the first half of 2011.

Uncertainties about the timing and amount of a class of provision: Demand received for UF 1,500.

Aguas Andinas appealed against the sentence. The sentence in the first instance was confirmed by the Santiago Appeals Court, the amount demanded should be paid.

- e) **Nature of class of provision:** Demand for non-compliance with contract, Constructora Bengol Ltda. with 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 plus interest, indexation and costs. There is a high probability that the demand will be rejected.

- f) Nature of class of provision:** The Metropolitan COREMA (regional environmental authority) applied a fine of 1.000 UTM by its Resolution 177/2004 of May 28, 2004 for the alleged infringement of the environmental qualification resolution for the La Farfana sewage treatment plant. 10% of the fine was paid prior to the lawsuit.

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 has not committed the fault denounced by the authority, and therefore expects its appeal to be accepted.

- g) Nature of class of provision:** CONAMA (the national environmental authority) applied a fine of 720 UTM for alleged infringement caused by foul odors originating from 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: 10% of the fine has been paid in order to bring an appeal to the courts. The parties are called to hear sentence; there are moderate probabilities that the demand will be accepted.

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 by which 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.- Aguas Andinas S.A. was demanded for damages and extra-contractual liability due to bad odors coming from the Western Santiago and later La Farfana sewage treatment plants, affecting the physical and mental health of the residents. The demands amount to a total of UF 1,303,484. The Company has presented several defenses with respect to the fines and the civil demands for damages, expecting to obtain positive results in all cases.
- 2- The Treasury has made demand on Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A., seeking the return of sums paid during 2004 with respect to the transfer of sanitation infrastructure in the Costanera Norte section. This demand amounts to ThCh\$ 2,705,451 plus indexation, interest and costs. The case is in the evidence stage. The management believes that this will have no adverse effect on the financial statements.
- 3.- Demand for damages brought against Aguas Cordillera S.A. by a 79 residents of Lo Barnechea district due to supply problems in October and November 1996. The amount demanded is ThCh\$ 728,626. There are good probabilities of obtaining a favorable result; final evidence stage pending.
- 4.- Agua Potable Las Hijuelas demanded damages for services in arbitration proceedings against Aguas Cordillera S.A., for alleged non-compliance with a contract signed between the parties on July 12, 2009, for the maintenance and operation of water networks. The amount of the demand is UF 20,000. The case is in its evidence stage; management believes that the demand will not prosper.

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

17. 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\$26,375,211 as of March 31, 2011 and ThCh\$22,180,609 as of December 31, 2010.

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



Guarantee beneficiary	Debtor	Type of guarantee	31-03-2011 ThCh\$	31-12-2010 ThCh\$
S.I.S.S.	Aguas Andinas S.A.	Guarantee policy	2.069.467	12.208
S.I.S.S.	Aguas Andinas S.A.	Performance bond	4.130.472	6.045.981
Serviu Metropolitano	Aguas Andinas S.A.	Performance bond	3.658.856	1.265.714
Dir. Regional de Vialidad	Aguas Andinas S.A.	Performance bond	73.966	23.215
Director de Vialidad	Aguas Andinas S.A.	Performance bond	674.052	311.105
MOP Dirección General de Aguas	Aguas Andinas S.A.	Performance bond	185.522	0
MOP	Aguas Andinas S.A.	Performance bond	392.543	582.368
Municipalidad De Santiago	Aguas Andinas S.A.	Performance bond	39.031	19.945
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	10.499	10.728
Dirección de Obras Hidráulica	Aguas Andinas S.A.	Performance bond	77.770	75.867
Municipalidad De San Bernardo	Aguas Andinas S.A.	Performance bond	12.599	0
Municipalidad De Las Condes	Aguas Andinas S.A.	Performance bond	23.999	0
Municipalidad De Providencia	Aguas Andinas S.A.	Performance bond	82.556	42.193
Sociedad Concesionaria Costanera Norte	Aguas Andinas S.A.	Guarantee policy	209.985	0
Sociedad Concesionaria Via Santa Rosa	Aguas Andinas S.A.	Guarantee policy	21.335	21.799
Sociedad Concesionaria Via Santa Rosa	Aguas Andinas S.A.	Performance bond	15.098	15.427
S.I.S.S.	Aguas Cordillera S.A.	Performance bond	873.685	764.461
S.I.S.S.	Aguas Cordillera S.A.	Guarantee policy	722.029	0
Serviu Metropolitano	Aguas Cordillera S.A.	Performance bond	104.993	19.929
MOP Dirección General	Aguas Cordillera S.A.	Performance bond	312.500	0
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance bond	18.599	0
Municipalidad de Lo Barnechea	Aguas Cordillera S.A.	Performance bond	31.498	10.728
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	63.213	42.911
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	828.168	888.038
S.I.S.S.	Aguas Manquehue S.A.	Guarantee policy	911.399	84.770
Asociación Canal	Aguas Manquehue S.A.	Performance bond	83.994	0
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	23.249	16.091
Codelco	Anam S.A.	Performance bond	12.073	0
Cía Minera Doña Inés de Collahuasi	Ecoriles S.A.	Performance bond	21.565	22.034
Director de Obras Hidráulicas	Essal S.A	Performance bond	192.583	184.403
Serviu	Essal S.A	Performance bond	238.791	218.444
S.I.S.S.	Essal S.A	Guarantee policy	2.299.564	2.272.349
Total			18.415.653	12.950.708



b) Bond issue covenants

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

i. Aguas Andinas S.A.

1.- Send the bond-holders' representative a copy of the unconsolidated and consolidated financial statements of the subsidiary corporations registered with the SVS, both the quarterly and the audited annual statements, in the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.

2.- Book in its accounts the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements and/or those of its subsidiaries.

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

4.- The Society is obliged to ensure that 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 debt to equity ratio.

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, 2011.

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

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



- 1.- Send to the bond-holders' representative a copy of the financial statements, both the quarterly and the audited annual statements, in the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.
- 2.- Book in its accounts the provisions arising from adverse contingencies that, in the opinion of the society's management, should be reflected in its financial statements.
- 3.- Maintain insurance to reasonably protect its assets in line with usual practices for industries of the society's kind.
- 4.- The Society is obliged to ensure that transactions carried out with related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5.- Maintain a debt ratio no higher than 1.2:1, measured on its balance sheets, defined as the debt to equity ratio.
- 6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1.
- 7.- Not to sell, assign or transfer essential assets.

The Society is in compliance with all the covenants established in the bond indentures as of March 31, 2011.

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 societies.



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

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

5.- Maintain insurance to reasonably protect its assets, including its corporate 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 statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.

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

10.- Ensure that 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, 2011.

The sanitation subsidiaries are 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, 2011 and December 31, 2010, the Society has received documents in guarantee for ThCh\$ 39,226,428 and ThCh\$ 40,553,766 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, 2011 is summarized below:

Contractor or supplier	ThCh\$	Expiry date
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	212.491	31-08-2011
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	215.386	31-08-2011
CHILECTRA S.A.	215.783	01-08-2011
VIVIENDAS METROPOLITANAS S.A.	215.783	30-09-2011
INMOBILIARIA BUIN S.A.	223.085	01-04-2013
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	230.873	15-03-2013
AGBAR SOLUTIONS CHILE LTDA	279.299	03-05-2012
SOC. GRAL DE AGUAS DE BARCELONA S.A.	314.746	31-10-2012
SONDA S.A.	314.746	31-10-2012
KDM S.A.	323.674	30-06-2011
ACCIONA INFRAESTRUCTURAS S.A. AGENCIA EN CHILE	406.494	31-08-2011
ING. Y CONST. M. S. T. S.A.	439.005	15-05-2013
ING. Y CONSTRUCCION MST S.A.	478.610	31-05-2011
CONSTRUCTORA OAS LTDA	500.724	15-05-2011
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	658.507	15-05-2013
ACCIONA INFRAESTRUCTURAS S.A. AGENCIA EN CHILE	1.445.840	23-07-2013
OBRASCON HUARTE LAIN S.A. AGENCIA EN CHILE	2.033.403	07-05-2011
CONSTRUCTORA OAS LTDA.	3.610.863	15-05-2011
EMP. DEP. DE A.S. MAPOCHO TREBAL LTDA	3.656.350	01-06-2017
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA	4.191.569	31-12-2012
EMP DEPURADORA DE A.S. MAPOCHO TREBAL LTDA	7.722.061	15-04-2012
FONDO DE INVERSION PRIVADO LOS CASTAÑOS DE LA DEHESA	863.353	30-04-2012
CONSTRUCCIONES Y MONTAJES COM S.A.	110.239	08-03-2012
Total	28.662.884	



18. ORDINARY REVENUES

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

Classes of ordinary revenues	31-03-2011 ThCh\$	31-03-2010 ThCh\$
Ordinary revenues		
Sales of goods	1.195.163	1.387.000
Provision of services	97.191.911	87.586.432
Totales	98.387.074	88.973.432

19. LEASES

Operative leases as lessee:

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

	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Minimum future non-cancellable lease payments payable within a year, lessees	1.332.779	1.354.691
Minimum future non-cancellable lease payments payable between 1 and 5 years, lessees	5.331.117	5.418.765
Minimum future non-cancellable lease payments payable, lessees, total	6.663.897	6.773.456
Minimum lease payments under operative leases	621.107	2.436.193
Lease & sub-lease instalments shown in the statement of results, total	621.107	2.436.193

Significant operative leases:

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



Bases for determining a contingent rental:

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

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

There are agreed automatic one-year renewal periods.

Operative leases as lessors:

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

Minimum future non-cancellable lease payments, lessors	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Minimum future non-cancellable lease payments up to 1 year, lessors	229.939	215.888
Amount of contingent rentals booked in the statement of results	59.886	173.619
Total	289.826	389.507

Significant operative leases of the lessor:

Income from these sources is immaterial for the Society.

20. PERSONNEL BENEFITS

The Society, at the consolidated level, has a workforce of 1,870, of whom 65 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses, total 1,346 and 29 respectively, while 495 workers are covered by the Labor Code.

In the subsidiary Aguas Andinas S.A., the collective contracts for the employees and operatives Nos. 1 and 2 unions were signed on July 31, 2010 for a term of four years.



The No.3 Professionals and Technicians Union contract was submitted to arbitration as no agreement was reached with the Company. On September 8, 2010, the arbitration tribunal fully accepted as the collective work contract the proposal made by the company to the labor authority on July 30, 2010, its term runs from the expiry date of previous collective contract, for a period of two years.

The collective contracts of Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on November 26, 2010, November 30, 2010 and December 23, 2010 for the No.1 and 2 Unions and the Workers and Supervisors Union respectively, all for a term of four years.

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 gains and losses on defined benefits plans

The obligation for the indemnity which it is estimated will accrue to workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue 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., Aguas Cordillera S.A. and Aguas Manquehue 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.: 763, Aguas Cordillera S.A.: 130, Aguas Manquehue S.A.: 22, Análisis Ambientales S.A.: 81, Ecoriles S.A.: 127, and Essal S.A. 223.

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



Employee turnover and disability rates and early retirements: Based on the Group's statistical experience, the turnover rate used is 6.4% for the objective workers. Disabled and early retirements have not been considered due to their infrequent nature.

Rate of discount: A rate of 6.4% p.a. is used, corresponding to the risk-free rate, plus the credit risk and the estimation of expected long-term inflation.

Rate of inflation: The forecast long-term inflation rate reported by the Central Bank of Chile was used, amounting to 3.0%, for making long-term estimates for both 2011 and 2010.

General description of defined benefits plans

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

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

In the case of the worker who retires from the Society in accordance with Nos. 2, 4 or 5 of article 159, 1 a) or No. 6 of article 160 of the Labor Code, he will be paid as an indemnity the accumulated amount for this concept until July 31, 2002, in Aguas Andinas S.A., and December 31, 2002 in Aguas Cordillera S.A., adjusted quarterly for changes in the consumer price index, if positive.

The individual work contracts will apply for personnel not forming part of collective agreements.

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

The following are the movements in actuarial provisions to March 2011 and December 2010, which include movements in provisions:

Provisions for personnel benefits	31-03-2011 ThCh\$	31-03-2010 ThCh\$
Movement in actuarial provision		
Opening balance	7.497.847	6.990.792
Benefits paid	23.555	-1.834.738
Actuarial increases	310.436	2.341.793
Sub-total	7.831.838	7.497.847
Profit sharing & bonuses	776.592	2.915.058
Total provision for personnel benefits, current & non-current	8.608.430	10.412.905

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 any 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 and March the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. For the 2011 period and 2010 year, the amounts are ThCh\$ 776,592 and ThCh\$ 2,915,058 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 2011 and 2010 are as follows:



Personnel expenses	31-03-2011 ThCh\$	31-03-2010 ThCh\$
Wages & salaries	5.364.581	5.320.916
Defined benefits	2.257.869	2.145.065
Serverance payments	875.912	415.286
Other personnel expenses	389.961	328.880
Total personnel expenses	8.888.323	8.210.147

21. EFFECT OF EXCHANGE DIFFERENCES

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

	Currency	31-03-2011 ThCh\$	31-03-2010 ThCh\$
Trade debtors & other accounts receivable	EUR	-102	-88
Trade debtors & other accounts receivable	US\$	-3.272	-26
Other financial assets	US\$	-383	-3.829
Total assets		-3.757	-3.943
Trade creditors & other accounts payable	EUR	-7.023	-5.161
Trade creditors & other accounts payable	US\$	11.791	-12.055
Accounts payable to related entities	EUR	-360	0
Total liabilities		4.408	-17.216
(Loss) gain from exchange differences		651	-21.159



22. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs as of March 31, 2011 and December 2010 is as follows:

Capitalized interest costs:

Capitalized interest costs, property, plant & equipment		31-03-2011	31-12-2010
Capitalization rate of capitalized interest costs, property, plant & equipment	%	8,10	7,58
Capitalized interest costs, property, plant & equipment	ThCh\$	586.337	1.824.396

23. INCOME TAX AND DEFERRED TAXES

Due to the legal modification approved in 2010, referring to the temporary change in corporate tax rates, the reversal of timing differences for deferred taxes for the years 2011 and 2012 has been calculated as a function of the rate applicable to those years, 20% and 18.5% respectively, while the reversals of the following years continue as a function of a rate of 17%.



Deferred tax assets

Deferred tax assets	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Water rights (amortization)	126.849	121.467
Allowance doubtful accounts	5.045.818	4.914.826
Provision vacations	198.729	289.310
Litigation	528.168	526.362
Severance payments	872.549	833.912
Other provisions	266.884	236.314
Income in advance	46.966	41.521
Tax goodwill	11.469.576	11.500.104
Monetary correction fixed assets	11.708.377	11.520.130
Deferred income	1.892.016	1.732.743
Transaction La Dehesa barrage	192.960	191.870
Others	1.351.934	1.366.271
Deferred tax assets	33.700.826	33.274.830

Deferred tax liabilities

Deferred tax liabilities:	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Depreciation fixed assets	15.432.504	15.575.275
Amortization	1.522.205	1.572.926
Investment charge related companies	71.945	71.945
Revaluations property, plant & equipment	14.283.665	14.283.665
Revaluation intangible assets	28.733.432	28.733.432
Fair value of assets on Essal S.A. purchase	13.781.310	14.005.202
Others	14.538	17.639
Changes in deferred tax liabilities	73.839.599	74.260.083



Movement in deferred tax liabilities	31-03-2011	31-12-2010
	ThCh\$	ThCh\$
Deferred tax liabilities, opening balance	74.260.083	76.579.980
Increases (decreases) in deferred tax liabilities	-196.591	-1.424.326
Acquisitions through combinations of businesses	-223.893	-895.571
Changes in deferred tax liabilities	-420.484	-2.319.897
Changes in deferred tax liabilities, total	73.839.599	74.260.083

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

Charge (credit) for current & deferred income taxes	31-03-2011	31-03-2010
	ThCh\$	ThCh\$
Charge for current income taxes		
Charge for current taxes	9.991.676	7.713.738
Adjustment to tax charge previous year	0	0
Current tax charge, net, total	9.991.676	7.713.738
Deferred charge (credit) for taxes related to the creation & reversal of timing differences	-846.478	-585.690
Other deferred tax charge	5.414	6.779
Deferred tax charge, net, total	-841.064	-578.911
Charge (credit) for income taxes	9.150.612	7.134.827

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

	31-03-2011	31-03-2010
	ThCh\$	ThCh\$
Tax charge calculated at the legal rate	9.329.143	7.332.923
Permanent difference for monetary correction investment tax	0	0
Permanent difference for monetary correction tax equity	523.975	352.710
Other permanent differences	-345.444	-154.613
Adjustments to charge for tax using the legal rate, total	178.531	198.097
Tax charge using the effective rate	9.150.612	7.134.827

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

	31-03-2011	31-03-2010
Legal tax rate	20,00%	17,00%
Permanent difference for monetary correction tax investments	-1,12%	-0,82%
Other permanent differences	0,74%	0,36%
Effective tax rate	19,62%	16,54%

24. 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		31-03-2011	31-03-2010
Earnings attributable to holders of participations in equity of the controller	ThCh\$	37.423.343	35.133.208
Basic results available to common shareholders	ThCh\$	37.423.343	35.133.208
Average weighted number of shares, basic		6.118.965.160	6.118.965.160
Earnings per share	Ch\$	6,12	5,74

Diluted earnings (loss) per share

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

25. 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 water business (water).
- Operations unrelated to the water 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.	31-03-2011		31-03-2010	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Revenues from ordinary activities originating from external customers, total	94.148.721	4.238.353	86.309.966	2.663.466
Revenues from ordinary activities between segments, total	9.446	708.367	107.531	315.463
Interest income, total segments	1.162.743	82.230	876.723	20.736
Interest expense, total segments	6.186.749	22.214	4.709.280	15.417
Financial result, net	-5.024.006	60.015	-3.832.557	5.319
Depreciation & amortization, total segments	13.028.151	100.200	12.766.608	87.828
Sums of significant revenue items, total	94.158.167	4.946.720	86.309.966	2.363.402
Sums of significant expense items, total	29.668.606	4.268.121	27.661.163	2.212.078
Earnings of the segment reported, total	37.423.343	501.864	35.133.208	573.476
Income tax charge, total	9.014.061	136.551	7.023.961	110.866

General information on assets & liabilities	31-03-2011		31-12-2010	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Sums other significant non-monetary items, total segments	1.276.135.733	3.248.523	1.364.203.984	3.602.344
Assets of the segments, total	1.447.567.395	23.844.778	1.413.838.637	12.272.720
Liabilities of the segments, total	747.841.346	4.729.348	740.721.047	4.487.230



Significant items of revenues and expenses by segment

Water and non-water segments

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

Revenues

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

Detail of significant revenue items

Water Segment

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

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.

Decrees Nos.60/2010, 176/2010 and 170/2010 set the tariffs for Aguas Andinas S.A., Aguas Cordillera S.A and Aguas Manquehue S.A. respectively for the period 2010–2015. Essal S.A. is in process of tariff negotiations with the competent authority (SISS) for the period 2011-2016.

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 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 remuneration, electricity, treatment-plant operation, depreciation of assets, financial expenses and charge for income tax.

Non-water segment

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

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

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

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



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

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

Reconciliation revenues of ordinary activities	31-03-2011 ThCh\$	31-03-2010 ThCh\$
Reconciliation of revenues of ordinary activities total of the segments	99.104.887	89.396.426
Reconciliation of other ordinary activity revenues	0	0
Reconciliation of elimination of ordinary activities between segments	-717.813	-422.994
Ordinary revenues, total	98.387.074	88.973.432

Reconciliation of earnings	31-03-2011 ThCh\$	31-03-2010 ThCh\$
Consolidation earnings before taxes total of the segments	37.925.208	35.706.684
Consolidation of other earnings (losses)	0	0
Consolidation of elimination of gains (loss) between segments	-501.865	-573.476
Consolidation of earnings	37.423.343	35.133.208

Reconciliations of revenues from ordinary activities, results, assets & liabilities of the segments	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Reconciliation of assets		
Consolidation total assets of the segments	1.471.412.173	1.426.111.357
Consolidation of other assets	0	0
Elimination of the accounts receivable of the corporate office of the segments	-23.626.666	-19.671.973
Assets, total	1.447.785.507	1.406.439.384
Reconciliation of liabilities		
Consolidation total liabilities of the segments	752.570.694	745.208.277
Consolidation of other liabilities	0	0
Reconciliation of elimination of the accounts payable of the corporate office to the segments	-4.511.237	-12.400.672
Liabilities, total	748.059.457	732.807.605



Information on the entity as a whole

Information on the principal customers of the subsidiaries:

Principal customers for water and sewage:

Administradora Plaza Vespucio S.A.
Centro de Detención Preventiva Santiago 1
Cervecera CCU Chile Ltda.
Ejército de Chile
Embotelladora Chilenas Unidas S.A.
Gendarmería de Chile
Ilustre Municipalidad de Santiago
Industrial Ochagavía Ltda.
Pontificia Universidad Católica de Chile
Soc. Concesionaria Autopista Central S.A.
Soprole S.A.
Universidad de Chile

Principal customers in non-sanitation segment:

CMPC Cordillera S.A.
Watt`s S.A.
Soprole S.A.
Agroindustrial El Paico Ltda.
DSM S.A.
Frigorífico O`Higgins S.A.
Soc. Proc. de leche del sur (Prolesur) S.A.
Industrial Ochagavía Ltda.
Sopraval S.A.
Trendy S.A.



Cía Pesquera Camanchaca S.A.

Codelco

Colun Ltda.

Metrogas S.A.

Types of products Water – Non-water segments:

Water segment

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

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

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

Non-Water Segment

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

- Outsourcing service in operations of industrial waste treatment plants and the treatment of excess organic load (subsidiary Ecoriles S.A.).
- Physical, chemical and biological analysis of water, air and solids (subsidiary Anam S.A.).
- Integral engineering services and sale of products like pipes, valves, taps and other related items (subsidiary Gestión y Servicios S.A.).

26. THE ENVIRONMENT

Information on disbursements related to the environment:

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

Detailed information on disbursements related to the environment:

Aguas Andinas S.A.

Project	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Expansion & improvements PEAS	0	48.106
Expansion & improvements Buin Maipu sewage treatment plant (STP)	0	6.865
Expansion & improvements El Monte STP	150.782	825.844
Expansion & improvements Greater Santiago STP	12.361.949	8.399.723
Expansion & improvements Melipilla STP	0	15.309
Expansion & improvements Other Localities STP	15.959	6.308
Expansion & improvements Paine STP	97.288	19.710
Expansion & improvements Pomaire STP	16.553	34.043
Expansion & improvements Talagante STP	16.178	75.713
Farfana - Trebal Sewer	1.555.856	4.085.009
Clean Urban Mapocho sewer	26.534	15.212.503
Improvement & renewal equipment & installations	130.614	365.624
Total	14.371.713	29.094.757

Aguas Manquehue S.A.

Project	31-03-2011 ThCh\$	31-12-2010 ThCh\$
North Zone sewer	59.368	1.686.570
Improvement & renewal equipment & installations	14.760	16.335
Improvement STPs	3.394	61.474
Total	77.522	1.764.379

Gestión y Servicios S.A.

Project	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Biogas purification plant	0	31.003
Total	0	31.003



Essal S.A.

Project	31-03-2011 ThCh\$	31-12-2010 ThCh\$
Improvement disposal infrastructure	19.067	270.246
Improvement EDAR system	56.612	207.002
New treatment system projects	0	411.190
Renewal treatment & disposal equipment	7.121	108.088
Total	82.800	996.526

Environmental investments projected for 2011

Company	ThCh\$
Aguas Andinas S.A.	97.175.323
Aguas Manquehue S.A.	16.935
Essal S.A.	674.760
Total	97.867.018

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 2011.

Future commitments:

The estimated amounts for the year 2011 are:

Total ThCh\$ 97,867,018



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.

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

Aguas Andinas S.A.

An extraordinary shareholders meeting was held on April 14, 2011 which approved that the Society support Corporación de Fomento de la Producción (CORFO) in the sale process of its shares in Aguas Andinas S.A. on the domestic and international markets.

At the date of issue of these consolidated financial statements, the management of the Society and its subsidiaries is unaware of any other subsequent events.

