



## YE 06 Earnings Release

(Source: Consolidated Financial Statements as of Dec. 31, 2006)

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## INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2006

(Santiago – Chile, March 1<sup>st</sup>, 2007) Inversiones Aguas Metropolitanas S.A. “the Company” or “IAM”, controlling shareholder of Aguas Andinas S.A. –the largest water and sewage company in Chile–, announced today its consolidated results for the year ended December 31, 2006. All figures are in constant Chilean Pesos and are reported according to Chilean Generally Accepted Accounting Principles (Chilean GAAP). Figures as of December 2005 have been adjusted by the year-to-year CPI variation of 2.1%.

The consolidated financial statements of Inversiones Aguas Metropolitanas S.A. for such period include its subsidiary Aguas Andinas S.A. “Aguas Andinas”.

### HIGHLIGHTS

**Net income of IAM as of December 31, 2006, amounted to Ch\$22,618 million as compared to Ch\$17,463 million for the same period of 2005.**

- Net Revenues amounted to Ch\$232,143 million, Ch\$12,520 million (5.7%) more than in the year 2005. This was mainly due to higher income from regulated services, explained by increases of 3.1% on water services, and 7.7% on sewage collection services; and also, as a result of a higher volume of business of our non-regulated subsidiaries.
- Operating Income of IAM for the year 2006 reached Ch\$112,527 million, Ch\$8,916 million (8.6%) higher than in the period 2005. As a percentage of sales, the margin increased from 47.2% for the year 2005 to 48.5% in 2006.
- Non-operating Income of IAM was Ch\$(29,889) million, an improvement of Ch\$1,433 million in relation to the result of the previous year. This variation is basically explained by lower financial expenses (net) of Ch\$904 million, lower amortization of goodwill of Ch\$468 million and an increase in other non-operating income (net) of Ch\$143, partly offset by a lower result from price-level restatements of Ch\$124 million.
- Due to the factors set forth above, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the year ended 2006 increased 29.5% to Ch\$22,618 million from Ch\$17,463 million for the year 2005.

### Principal Consolidated Figures

(Million of Ch\$ as of December 31, 2006)

	2006	2005	% Var
Net Revenues	232,143	219,623	5.7%
Operating Income	112,527	103,611	8.6%
EBITDA	147,973	138,367	6.9%
EBITDA Margin	63.7%	63.0%	
Net Income	22,618	17,463	29.5%

## **PRINCIPALS EVENTS OF THE PERIOD**

### **Ordinary Shareholders Meeting Call and Final Dividend Payment Proposal**

At a Board meeting of the Company held on February 28, 2007, the following was unanimously agreed:

- To call the ordinary shareholders meeting for April 24, 2007, at Av. Presidente Balmaceda 1398, 10<sup>th</sup> floor, Santiago, to know and pronounce on the matters reserved for an ordinary shareholders meeting.
- To submit for the approval of the ordinary shareholders meeting referred to above, the Board's proposal to distribute a final dividend amounting of ThCh\$8,845,300 equivalent to Ch\$8.8453 per share (Ch\$176.906 per ADS), payable on May 23, 2007.

### **Extraordinary Shareholders Meeting Call and Capital Reduction Proposal**

At a Board meeting of the Company held on February 28, 2007, the following was unanimously agreed:

- To call the extraordinary shareholders meeting for April 24, 2007, to be held immediately following the end of the ordinary meeting referred to above, at Av. Presidente Balmaceda 1398, 10<sup>th</sup> floor, Santiago, to submit for its consideration the Board's proposal to reduce the capital of the Company by ThCh\$19,512,800 to be distributed to shareholders pro rata to their shareholdings, corresponding Ch\$19.5128 per share (Ch\$390,256 per ADS). It was also agreed to propose that the Board be authorized to set the date of such payment.

### **Interim Dividend Payment**

On September 27, 2006, the Company's Board of Directors approved the payment of an interim dividend of Ch\$14.133 per share (equivalent to Ch\$282.66 per ADS), to be charged against the 2006 fiscal year, totaling Ch\$14,133,000,000. This interim dividend will be paid on October 27, 2006 to all registered shareholders as of October 21, 2006.

### **Collective Bargaining Agreement**

On July 31, 2006, was signed a new Aguas Andinas' collective bargaining agreement. This agreement, which includes approximately 800 employees, will be in force until 2010.

### **Chief Executive Officer Appointment**

At the meeting of the Board of Directors held on May 29, 2006, Mr. Albert Martínez Lacambra was appointed Chief Executive Officer of IAM. Also, Mr. Martínez presented his resignation as Alternate Director of the Company.

### **Annual and Extraordinary Shareholders' Meeting held on April 27, 2006**

The following resolutions were approved at the annual and extraordinary shareholders' meeting held on April 27, 2006:

- a) The payment of a final dividend of Ch\$5.9744 per share (equivalent to Ch\$119.48 per ADS), charged against net income for the year 2005. This dividend, in addition to the interim dividends paid in 2005, total 100% of 2005 net income. This dividend was paid on May 29, 2006.
- b) The payment of a capital reduction of Ch\$33.6099 per share (equivalent to Ch\$672.2 per ADS). This capital reduction was paid on June 15, 2006.

- c) The appointment of a new Board of Directors. The following Board members were elected at the annual shareholders' meeting:

**Director**

Ángel Simón Grimaldos  
Alfredo Noman Serrano  
Alain Chaigneau  
Joaquín Villarino Herrera  
Herman Chadwick Piñera  
Mario Marcel Cullel  
Jaime Ravinet de la Fuente

**Alternate Director**

Josep Bagué Prats  
Fernando Rayón Martín  
Iván Yarur Sairafi  
Albert Martínez Lacambra  
Ignacio Guerrero Gutierrez  
Juan Toro Rivera  
Rodrigo Castro Fernández

**Sale of 67,308,616 Aguas Andinas' shares**

On April 5, 2006 IAM sold 67,308,616 series A shares of Aguas Andinas S.A., at an average price per share of Ch\$182. Due to this transaction, the shareholding of Inversiones Aguas Metropolitanas S.A. in Aguas Andinas S.A. decreased by 1.1 %, maintaining control of that company with a holding of 50.102%.

**Debt Refinancing**

*Aguas Andinas*

- On January 3, 2006, the Series D bonds were exchanged for new Series F bonds. These new bonds total UF 5,000,000, and have a term of 20 years with 2 year's grace and an annual interest rate of 4.15%.

*Aguas Cordillera*

- On January 1, 2006, the Series B and E bonds were prepaid at a value equivalent to the amount of principal outstanding plus interest accrued to the date of prepayment.

## INCOME STATEMENT ANALYSIS

(In Million of Chilean Pesos)	2006 MM\$	2005 MM\$	% Var
Net Revenues	232,143	219,623	5.7%
Operating Costs	(91,597)	(88,082)	4.0%
Selling & Administrative Expenses	(28,019)	(27,931)	0.3%
Operating Income	112,527	103,611	8.6%
Non-Operating Income	(29,889)	(31,322)	(4.6%)
Financial Expenses	(16,572)	(18,116)	(8.5%)
Net Income	22,618	17,463	29.5%

### Net Revenues

Net revenues for the year 2006 reached Ch\$232,143 million, a 5.7% increased from Ch\$219,623 million for the period 2005. The following table sets forth, for the periods indicated, the principal components of our net revenues:

	2006		2005	
	Million Ch\$	%	Million Ch\$	%
Water	107,436	46.3%	104,241	47.5%
Sewage	98,274	42.3%	91,239	41.5%
Other regulated businesses	9,366	4.0%	9,254	4.2%
Non regulated businesses	17,068	7.4%	14,890	6.8%
Total	232,143	100.0%	219,623	100.0%

The increase in net revenues for the year 2006 of Ch\$12,520 million, resulted mainly from the following factors:

- Water: Water revenues increased Ch\$3,195 million (3.1%) as a result of an increased sales volume of 14.3 million m<sup>3</sup> and a lower average tariff applied. The higher water sales volume is explained by a combination of a 2.8% growth in number of average customers and a 0.3% raise in individual consumption; while the lower average tariff is explained by the accumulated effect of indexation and the new tariff approved by the SISS that will be in force until 2010.
- Sewage: Sewage revenues increased Ch\$7,035 million (7.7%) as a result of (i) higher income from sewage collection services of Ch\$4,283 million (from Ch\$45,180 million in 2005) due to the application of a higher average tariff and a greater sales volume of 11.0 million m<sup>3</sup>, (ii) higher income from sewage treatment services of Ch\$2,027 million (from Ch\$35,811 million in 2005) as a result of a higher average tariff applied and a greater sales volume of 7.4 million m<sup>3</sup>, and (iii) higher income from sewage interconnection services for Ch\$725 million (from Ch\$10,248 in 2005) caused by the application of a higher average tariff and a greater sales volume of 2.6 million m<sup>3</sup>. The changes in the average tariffs are explained by the new tariff approved by SISS in the five-year review and the accumulated effect of indexation. Additionally, higher income from sewage treatment services are also explained by an increase in our sewage treatment coverage, due to the start-up of the sewage treatment plants Talagante and Curacaví.
- Other regulated businesses: Revenues from other regulated businesses increased Ch\$112 million (1.2%) due mainly to higher revenues from fixed charges.

- d) Non-regulated businesses: Revenues from non-regulated businesses increased Ch\$2,178 million or 14.6%, for the year 2006, due to a Ch\$1.072 million increase in revenues derived from sales of materials related to the sanitation industry, a Ch\$618 million increase in services to private companies related to liquid industrial waste and other water and sewage treatment activities, a Ch\$437 million increase in fees to households attributable to installation, cleaning and calibration services and a Ch\$51 million increase in sales of laboratory services.

### **Cost of Sales**

The consolidated cost of sales of IAM (Operating Costs plus SG&A) for the year 2006 was Ch\$119,616 million, higher by Ch\$3,603 million (3.1%) compared to the period 2005. This is explained as follows:

- The operating cost increased by Ch\$3,515 million (4.0%) to Ch\$91,597 million, compared to Ch\$88,082 million the period before. This variation is mainly explained by higher costs due to a higher volume of business of our non-regulated subsidiaries, higher costs due to an increase in our total sewage treatment and higher personnel expenses due to a one time effect attributable to the Collective Bargaining Agreement signed on July 31, 2006.
- Selling & administrative expenses increased by Ch\$88 million (0.3%) to Ch\$28,019 million, compared to Ch\$27,931 million for the previous year. This was mainly explained by lower expenses incurred in tariff studies.

### **Operating Income**

Due to the factors set forth above, the consolidated operating income of Inversiones Aguas Metropolitanas for year 2006 amounted to Ch\$112,527 million, an increase of Ch\$8,916 million over the result for the year 2005. As a percentage of net revenues, our operating income increased from 47.2% for the year 2005 to 48.5% in 2006.

### **Non-Operating Income**

The consolidated non-operating income of Inversiones Aguas Metropolitanas reached Ch\$(29,889) million, an improvement of Ch\$1,433 million over the result for the year 2005.

This variation is basically explained by lower financial expenses (net) of Ch\$904 million, principally due to the debt refinancing plan completed on January 2006; lower amortization of goodwill of Ch\$468 million, higher other non-operating income (net) of Ch\$143 million, partly offset by a lower result from price-level restatements of Ch\$124 million.

### **Income Tax**

Income taxes for the year 2006 increased by Ch\$1.122 million in relation to the previous period, due mainly to higher pre-tax income.

### **Net Income**

Due to the factors set forth above, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the year 2006 reached Ch\$22,618 million, from Ch\$17,463 million for the year 2005.

## **BALANCE SHEET ANALYSIS**

(In Million of Chilean Pesos)	2006	2005	% Var
<b>Assets</b>			
Current Assets	52,648	73,779	(28.6%)
Property, Plant & Equipment	604,122	603,850	0.0%
Other Assets	388,619	416,402	(6.7%)
Total Assets	1,045,389	1,094,031	(4.4%)
<b>Liabilities &amp; Shareholders' Equity</b>			
Current Liabilities	91,880	186,145	(50.6%)
Long-Term Liabilities	287,721	215,072	33.8%
Minority Interest	195,112	190,347	2.5%
Shareholders' Equity	470,675	502,467	(6.3%)
Total Liabilities & Equity	1,045,389	1,094,031	(4.4%)

### **Assets**

Current assets decreased by Ch\$21,131 million compared to the previous period due principally to a decrease in financial investments of Ch\$22,351 million and sundry debtors (net) of Ch\$6,291 million, partly offset by an increase in trade accounts receivable (net) of Ch\$5,615 million, and notes receivable (net) of Ch\$1,950 million.

The Company's fixed assets increased by 2.0% (Ch\$23,528 million) in gross terms compared to the previous period, from Ch\$1,154,904 million to Ch\$1,178,431 million. The most significant increases were in buildings and infrastructure of Ch\$15,985 million, machinery and equipment of Ch\$5,534 million and land of Ch\$1,726 million, due to the investments being made in sanitation and support infrastructure.

The charge for depreciation as of December 2006 reached Ch\$34,355 million, 2.0% above the level of December 2005 (Ch\$33,679 million), due principally to the works that have come into operation in the last year, particularly due to the start-up of the sewage treatment plants Talagante and Curacaví. Also, due to the effect of works that have come into operations in previous years, accumulated depreciation increased by Ch\$23,256 million, 4.2% higher than the previous year.

As a result of the above, net fixed assets increased by Ch\$271 million compared to December 2005.

Other assets decreased by Ch\$27,783 million. The principal changes were the reduction in goodwill of Ch\$31,771 million and in accumulated amortization of Ch\$1,106 million, offset by an increase in other assets of Ch\$4,632 million.

## Liabilities and Shareholders' Equity

The changes in the short and long-term composition of total liabilities are mainly explained by the subsidiary Aguas Andinas S.A., following the application of a company refinancing plan in 2005 and early 2006 which included the following transactions: in Aguas Andinas S.A., the Series A bonds for U.F. 1,200,000 were prepaid in December 2005, the Series E bonds for U.F. 1,650,000 were issued in December 2005, and the Series D bonds (maturing in 2009) were exchanged for Series F bonds (for U.F. 5,000,000 maturing in 2026), in January 2006; and in Aguas Cordillera S.A., all of its bonds were redeemed.

Current liabilities fell by Ch\$94,265 million, due principally to (i) the reduction in bonds payable of Ch\$94,229 million, as the Aguas Andinas Series D bonds were shown in this category in 2005 and then were exchanged in 2006 for Series F bonds; (ii) a decrease in notes and accounts payable of Ch\$3,343 million; (iii) a reduction in borrowings from banks & financial institutions of Ch\$2,640 million (iv) a decrease in notes and accounts payable to related companies of Ch\$2,311 million and (v) lower income taxes of Ch\$1,686 million. These effects were partly offset by an increase in the short-term portion of borrowings from banks & financial institutions at long term of Ch\$7,708 million and higher accruals of Ch\$2,008 million.

Long-term liabilities increased by Ch\$72,650 million compared to December 2005. The main increases were in bonds payable of Ch\$79,360 million (Series F bonds) and notes payable of Ch\$5,679 million; partly offset by a decrease in borrowings from bank & financial institutions of Ch\$13,452 million.

Shareholders' equity declined by Ch\$31,792 million compared to December 2005 due to the net effect of a capital reduction of Ch\$33,610 million during May 2006 and higher interim dividend of Ch\$2,713 million, offset by an increase of Ch\$5,155 million in the net income for the period.

The table below sets forth the maturity of our consolidated long-term debt, as of December 31, 2006 (figures in million of Ch\$):

	Currency	Total	Jan. 07 Dec. 07	Jan. 08 Dec. 08	Jan. 09 Dec. 09	After Dec. 09
Bonds	Indexed Ch\$	205,102	13,487	17,263	17,546	156,806
Bank Debt	Non-Indexed Ch\$	82,369	32,349	14,047	10,104	25,869
RFCs <sup>(1)</sup>	Indexed Ch\$	32,368	420	268	352	31,328
Total <sup>(2)</sup>		319,838	46,255	31,577	28,003	214,003

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

<sup>(2)</sup> The figures consider the accrued financial expenses as of December 31, 2006.

## **CASH FLOW ANALYSIS**

<b>Consolidated Cash Flow (In Million of Chilean Pesos)</b>	<b>2006</b>	<b>2005</b>	<b>% Var</b>
Operating	117,809	116,212	1.4%
Financing	(107,390)	(121,414)	(11.6%)
Investment	(33,119)	(11,160)	196.8%
Net Cash Flow of the Period	(22,701)	(16,361)	38.7%
Saldo final de efectivo	1,278	24,519	(94.8%)

The operating cash flow increase Ch\$1,597 million in relation to the year 2005, mainly due to an increase in collection of trade accounts receivable of Ch\$12,863 million, reflecting higher sales during 2006. These was partly offset by increases of Ch\$4,037 million in income tax payments and Ch\$3,902 million in V.A.T. & similar payables, and an increase in payment to suppliers and personnel of Ch\$2,438 million.

The financing cash flow decreased by Ch\$14,024 million compared to the previous year, due mainly to an increase in payment of loans of Ch\$46,628 million and lower bonds issued of Ch\$25,024 million. This was partly offset by a reduction in bond payment of Ch\$44,892 million a decrease in dividend payment of Ch\$22,635 million and an increase in loans of Ch\$19,445 million.

The investment flow decreased by Ch\$21,960 million compared to December 2005, due mainly to lower payments received on other loans to related companies of Ch\$55,929 million and higher addition of fixed assets of Ch\$11,279 million, partly offset by a decrease in other loans to related companies of Ch\$33,619 million and higher proceeds from sales of permanent investments of Ch\$12,411.



## MAIN OPERATING FIGURES

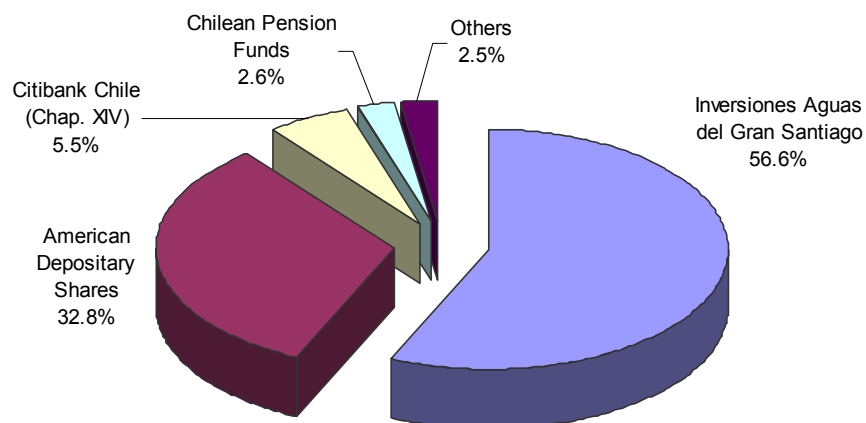
Sales Volume (In thousand m <sup>3</sup> )	2006	2005	% Var
Water	477,394	463,070	3.1%
Sew age Collection	471,328	460,319	2.4%
Sew age Treatment & Disposal	407,255	399,859	1.8%
Sew age Interconnection Service	112,433	109,793	2.4%

Customers	2006	2005	% Var
Water	1,550,008	1,502,634	3.2%
Sew age	1,520,662	1,474,391	3.1%

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## INVERSIONES AGUAS METROPOLITANAS S.A. Shareholder Composition as of December 31, 2006

**Total subscribed and paid shares: 1,000,000,000**  
**Number of shareholders: 80**



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**CONSOLIDATED BALANCE SHEETS**  
**(Chilean GAAP, In thousands of Ch\$ as of December 31, 2006)**

ASSETS	2006	2005
<b>TOTAL CURRENT ASSETS</b>	<b>52,647,797</b>	<b>73,779,426</b>
Cash & bank	131,710	424,869
Time deposits		409,249
Marketable securities	548,473	2,188,078
Trade accounts receivable (net)	42,903,319	37,288,201
Notes receivable (net)	3,572,551	1,622,341
Sundry debtors (net)	191,637	6,482,461
Notes & accounts receivables from related companies	40,642	22,388
Inventories (net)	1,664,009	952,257
Taxes recoverable	328,556	465,467
Prepaid expenses	276,044	480,009
Deferred taxes	1,059,604	801,653
Other current assets	1,931,252	22,642,453
<b>TOTAL FIXED ASSETS</b>	<b>604,121,837</b>	<b>603,850,403</b>
Land	35,790,440	34,064,587
Building & infrastructure	999,585,748	983,601,218
Machinery & equipment	117,753,471	112,219,895
Other fixed assets	20,407,547	20,099,280
Revaluation of fixed assets	4,893,914	4,918,576
Accumulated depreciation	(574,309,283)	(551,053,153)
<b>TOTAL OTHER ASSETS</b>	<b>388,618,595</b>	<b>416,401,556</b>
Goodwill	329,339,208	361,110,196
Negative goodwill	(1,033)	(1,102)
Long-term debtors	8,640,240	8,561,464
Intangible assets	43,809,400	43,425,671
Accumulated amortization	(7,662,525)	(6,556,154)
Other	14,493,305	9,861,481
<b>TOTAL ASSETS</b>	<b>1,045,388,229</b>	<b>1,094,031,385</b>

**CONSOLIDATED BALANCE SHEETS**  
**(Chilean GAAP, In thousands of Ch\$ as of December 31, 2006)**

LIABILITIES & SHAREHOLDERS' EQUITY	2006	2005
<b>CURRENT LIABILITIES</b>	<b>91,880,005</b>	<b>186,145,344</b>
Short-term borrowings from banks & financial institutions	18,031,799	20,671,402
Short-term portion of borrowings from banks & financial institutions at long term	14,317,270	6,609,601
Bonds payable - short-term portion	13,486,530	107,715,756
Accounts payable	14,986,904	18,329,874
Notes payable	438,138	1,259,641
Sundry creditors	1,242,092	1,372,452
Notes & accounts payable to related companies	1,659,009	3,970,177
Accruals	17,991,330	15,982,916
Withholdings	7,475,625	6,832,533
Income taxes	213,021	1,898,852
Unearned income	2,034,599	1,490,262
Other current liabilities	3,688	11,878
<b>LONG TERM LIABILITIES</b>	<b>287,721,331</b>	<b>215,071,686</b>
Borrowings from bank & financial institutions	50,020,000	63,472,167
Bonds payable	191,615,161	112,254,779
Notes payable	31,675,436	25,995,941
Sundry creditors	1,060,746	1,630,705
Accruals	8,931,381	8,038,017
Deferred taxes	3,677,832	2,870,616
Other long-term liabilities	740,775	809,461
<b>MINORITY INTEREST</b>	<b>195,111,772</b>	<b>190,347,376</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>470,675,121</b>	<b>502,466,979</b>
Paid-in capital	461,826,633	496,075,120
Reserves	3,028	-
Retained earnings	303,944	291,888
Interim dividend	(14,076,468)	(11,363,194)
Net income for the period	22,617,984	17,463,165
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,045,388,229</b>	<b>1,094,031,385</b>

**CONSOLIDATED STATEMENTS OF INCOME**  
**(Chilean GAAP, In thousands of Ch\$ as of December 31, 2006)**

CONSOLIDATED STATEMENTS OF INCOME	2006	2005
<b>OPERATING INCOME</b>	<b>112,526,869</b>	<b>103,610,974</b>
OPERATING MARGIN	140,545,995	131,541,831
Revenues from operations	232,143,012	219,623,370
Cost of operations	(91,597,017)	(88,081,539)
Administrative & selling expenses	(28,019,126)	(27,930,857)
<b>NON-OPERATING EXPENSES (INCOME)</b>	<b>(29,888,576)</b>	<b>(31,322,432)</b>
Financial income	5,014,967	5,654,714
Other non-operating income	7,601,753	5,992,133
Amortización of Goodwill	(25,538,678)	(26,006,623)
Financial expenses	(16,571,533)	(18,115,670)
Other non-operating expenses	(2,036,901)	(570,402)
Price-level restatement	1,581,053	1,705,288
Foreign exchange differences	60,763	18,128
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>82,638,293</b>	<b>72,288,542</b>
INCOME TAXES	(18,109,662)	(16,987,370)
<b>RESULT BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>64,528,631</b>	<b>55,301,172</b>
MINORITY INTEREST	(41,910,716)	(37,838,076)
<b>NET INCOME BEFORE AMORTIZATION OF GOODWILL</b>	<b>22,617,915</b>	<b>17,463,096</b>
AMORTIZATION OF NEGATIVE GOODWILL	69	69
<b>NET INCOME FOR THE PERIOD</b>	<b>22,617,984</b>	<b>17,463,165</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Chilean GAAP, In thousands of Ch\$ as of December 31, 2006)**

CONSOLIDATED STATEMENTS OF CASH FLOWS	2006	2005
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>117,808,957</b>	<b>116,212,250</b>
Collection of trade account receivables	274,583,240	261,720,246
Financial income received	978,080	1,058,980
Other income received	2,384,778	3,343,778
Payment to suppliers and personnel	(96,825,474)	(94,387,701)
Interest paid	(13,949,099)	(14,168,176)
Income tax paid	(18,313,400)	(14,276,783)
Other expenses paid	(656,720)	(587,624)
V.A.T & similar payments	(30,392,448)	(26,490,470)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES:</b>	<b>(107,390,127)</b>	<b>(121,413,701)</b>
Loans	94,076,470	74,631,486
Bonds issued	4,451,906	29,475,742
Other financing	16,451,226	16,101,560
Dividend payment	(18,639,918)	(41,275,131)
Capital reduction	(33,912,345)	(25,726,043)
Payment of loans	(101,002,716)	(54,374,360)
Bond payment	(16,988,282)	(61,879,894)
Payment of bond issuance & placement costs	(358,026)	
Other financing disbursements	(51,468,442)	(58,367,061)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES:</b>	<b>(33,119,403)</b>	<b>(11,159,698)</b>
Proceeds from sales of fixed assets	119,868	1,719,667
Proceeds from sales of permanent investments	12,411,178	219
Proceeds from sales of other investments		(1)
Payments received on other loans to related companies		55,928,633
Other investment income		(208)
Addition of fixed assets	(44,787,775)	(33,509,205)
Payment of capitalized interest	(830,097)	(699,108)
Permanentes investments	(3,980)	
Other loans to related companies		(33,619,488)
Other investment disbursements	(28,597)	(980,207)
<b>TOTAL NET CASH FLOW FOR THE PERIOD</b>	<b>(22,700,573)</b>	<b>(16,361,149)</b>
<b>EFFECT OF INFLATION ON CASH &amp; CASH EQUIVALENT</b>	<b>(539,676)</b>	<b>(1,044,066)</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT</b>	<b>(23,240,249)</b>	<b>(17,405,215)</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENT</b>	<b>24,518,603</b>	<b>41,923,818</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENT</b>	<b>1,278,354</b>	<b>24,518,603</b>

**CONSOLIDATED CASH FLOW**  
**(Chilean GAAP, In thousands of Ch\$ as of December 31, 2006)**

RECONCILIATION OF CASH FLOW	2006	2005
<b>Net income for the year</b>	<b>22,617,984</b>	<b>17,463,165</b>
Gain on sale of fixed assets	(2,736,735)	(1,617,799)
<b>Charges (credits) to income not representing cash flows:</b>	<b>60,201,825</b>	<b>60,246,264</b>
Depreciation for the period	34,354,742	33,679,312
Amortization of intangible assets	1,091,584	1,076,982
Write-offs & provisions	1,280,966	1,442,221
Amortization - goodwill	25,538,678	26,006,623
Amortization - negative goodwill	(69)	(69)
Net price-level restatement	(1,581,053)	(1,705,288)
Net foreign exchange differences	(60,763)	(18,128)
Other credits to income statement not representing cash flow	(3,234,474)	(2,943,248)
Other charges to income statement not representing cash flow	2,812,214	2,707,859
<b>Changes in assets affecting operating cash flow (increase) decrease</b>	<b>(7,738,129)</b>	<b>(3,895,584)</b>
Trade account receivable	(5,750,326)	(3,158,289)
Inventories	(623,742)	348,401
Other assets	(1,364,061)	(1,085,696)
<b>Change in liabilities affecting operating cash flow increase (decrease)</b>	<b>3,553,296</b>	<b>6,178,128</b>
Account payable related to operating income (expense)	(1,040,367)	(4,781,001)
Interest payable	1,202,130	948,213
Income tax payable	(888,696)	2,374,681
Other account payable related to the non-operating income (expense)	2,439,631	3,356,152
VAT & similar payables (net)	1,840,598	4,280,083
Minority interest	41,910,716	37,838,076
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>117,808,957</b>	<b>116,212,250</b>