



# 1H 07 Earnings Release

Source: Consolidated Financial Statements as of June 30, 2007

USOTC: IAMTY

Santiago Stock Exchange: IAM

## INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE PERIOD ENDED JUNE 30, 2007

(Santiago – Chile, August 14<sup>th</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 period ended June 30, 2007\*.

### HIGHLIGHTS

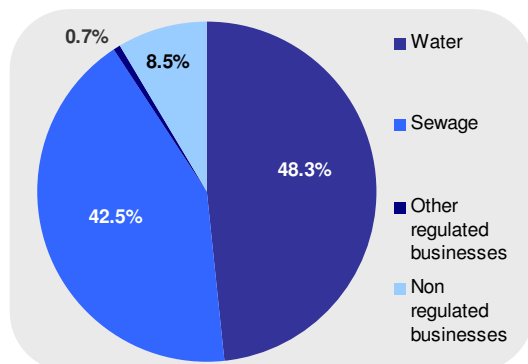
**Net income of IAM as of June 30, 2007, amounted to Ch\$13,983 million as compared to Ch\$14,637 million for the same period of 2006.**

- Net Revenues amounted to Ch\$124,118 million, Ch\$2,625 million (2.2%) more than in the same period of 2006. This was mainly due to a higher volume of business of our non-regulated subsidiaries.
- Consolidated cost of sales (Operating Costs plus SG&A) for the first half of 2007 amounted to Ch\$59,232 million, lower by Ch\$165 million (0.3%) as compared to the same period of 2006. This variation was mainly explained by a combination of lower personnel expenses, lower costs of services from third parties and higher costs due to a higher volume of business in our non-regulated subsidiaries.
- Non-operating Income of IAM was Ch\$(15,114) million, lower by Ch\$1,040 million in relation to the result of the previous period. This variation was mainly explained by a lower result from other non operating income of Ch\$1,626 million, principally due to the sale of the 1.1% of Aguas Andinas shares in the first half of 2006; partly offset by a higher result in price level restatement of Ch\$ 927 million compared to the previous period.
- Due to the factors set forth above, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the first half of 2007 decreased 4.5% to Ch\$13,983 million from Ch\$14,637 million for the same period of 2006.

### Principal Consolidated Figures (Million of Ch\$ as of June 30, 2007)

	June 07	June 06	% Var
Net Revenues	124,118	121,493	2.2%
Operating Income	64,886	62,096	4.5%
EBITDA	83,001	79,981	3.8%
EBITDA Margin	66.9%	65.8%	
Net Income	13,983	14,637	-4.5%

### Revenue Breakdown



### Operating Data

Sales Volume (Thousand m <sup>3</sup> )	June 07	June 06	% Var
Water	253,443	254,253	(0.3%)
Sewage Collection	248,079	249,533	(0.6%)
Sewage Treatment & Disposal	213,434	214,404	(0.5%)
Sewage Interconnection Service	60,946	60,764	0.3%
<b>Customers</b>			
Water	1,572,671	1,523,755	3.2%
Sewage	1,543,661	1,495,679	3.2%

\* All figures are in constant Chilean Pesos and are reported according to Chilean Generally Accepted Accounting Principles (Chilean GAAP). Figures as of June 2006 have been adjusted by the year-to-year CPI variation of 2.9%. The consolidated financial statements of Inversiones Aguas Metropolitanas S.A. for such period include its subsidiary Aguas Andinas S.A. “Aguas Andinas”.

## PRINCIPALS EVENTS OF THE PERIOD

### Establishment of the Level I ADR Program

On July 31, 2007, IAM's sponsored Level I American Depositary Receipts program was declared effective by the US Securities and Exchange Commission. The Level I ADRs will trade on the Over-the-Counter market (OTC) under the ticker symbol "IAMTY" and its CUSIP number is 46128Q201.

### Capital Reduction Payment

At the annual Extraordinary Shareholders' Meeting of the Company held on April 24, 2007, the payment of a capital distribution of Ch\$19.5128 per share (equivalent to Ch\$390.256 per ADS), totaling ThCh\$19.512.800, was approved. This capital reduction was paid on July 25, 2007.

### Approval of Environmental Impact Assessment of Mapocho Urban Cleaning Project

On June 4, 2007, the Regional Environmental Commission for the Santiago Metropolitan Region approved the Environmental Impact Assessment for the Mapocho Urban Cleaning Project. This development involves an investment of nearly US\$72 million, and an estimated construction period of 18 months.

### Final Dividend Payment

At the annual Ordinary Shareholders' Meeting of the Company held on April 24, 2007, the payment of a final dividend of Ch\$8.8453 per share (equivalent to Ch\$176.906 per ADS), to be charged against the net income for the year 2006, totaling ThCh\$8.845.300, was approved. This final dividend was paid on May 23, 2007.

### Chief Executive Officer Appointment

At the meeting of the Board of Directors held on April 25, 2007, Mr. Albert Martínez Lacambra presented his resignation as Chief Executive Officer of IAM. At the same meeting, Mrs. Marta Colet Gonzalo was appointed as Chief Executive Officer of IAM.

### Board of Directors and Directors' Committee Constitution

At the meeting of the Board of Directors held on April 25, 2007, the Board was declared as constituted. Mr. Ángel Simón was elected as the chairman and Mr. Joaquín Villarino Herrera as vice-chairman. The same Board meeting appointed the members of the Company's Directors' Committee, being Mr. Herman Chadwick, Mr. Jaime Ravinet and Mr. Joaquín Villarino Herrera.

### Appointment of a new Board of Directors

At the annual Ordinary Shareholders' Meeting of the Company held on April 24, 2007, the following Board members were elected:

Director	Alternate Director
Ángel Simón Grimaldos	Josep Bagué Prats
Joaquín Villarino Herrera	Pedro Butazoni Álvarez
Jean Louis Chaussade	Albert Martínez Lacambra
Juan Antonio Guijarro	Xavier Amorós
Herman Chadwick Piñera	Rodrigo Castro Fernández
Mario Marcel Cullel	Ignacio Guerrero Gutiérrez
Jaime Ravinet de la Fuente	Juan Toro Rivera

## INCOME STATEMENT ANALYSIS

(In Million of Chilean Pesos)	June 07 MM\$	June 06 MM\$	% Var
Net Revenues	124,118	121,493	2.2%
Operating Costs	(45,027)	(44,628)	0.9%
Selling & Administrative Expenses	(14,205)	(14,769)	(3.8%)
Operating Income	64,886	62,096	4.5%
Non-Operating Income	(15,114)	(14,074)	7.4%
Financial Expenses	(8,287)	(8,305)	(0.2%)
Net Income	13,983	14,637	(4.5%)


### Net Revenues

Net revenues for the first half of 2007 reached Ch\$124,118 million, a 2.2% increase from Ch\$121,493 million for the same period of 2006. The following table sets forth, for the periods indicated, the principal components of our net revenues:

	June 07		June 06	
	Million Ch\$	%	Million Ch\$	%
Water	60,000	48.3%	59,755	49.2%
Sewage	52,711	42.5%	51,999	42.8%
Other regulated businesses	870	0.7%	1,461	1.2%
Non regulated businesses	10,537	8.5%	8,278	6.8%
Total	124,118	100.0%	121,493	100.0%

The increase in net revenues for the first quarter of 2007 of Ch\$2,625 million, resulted mainly from the following factors:

- Water: Water revenues increased Ch\$244 million (0.4%) as a result of a higher average tariff applied which was partially compensated by a decrease in sales volume of 0.8 million m<sup>3</sup>. The higher average tariff is explained by the accumulated effect of tariff indexations during 2006 and 2007. The lower water sales volume is explained by a 3.1% decrease in individual consumptions partially compensated by a 2.8% average growth in number of customers.
- Sewage: Sewage revenues increased Ch\$712 million (1.4%) as a result of (i) higher income from sewage collection services of Ch\$374 million (from Ch\$26,124 million in 2006) due to the application of a higher average tariff and a decrease in the sales volume of 1.5 million m<sup>3</sup>, (ii) higher income from sewage treatment services of Ch\$638 million (from Ch\$19,751 million in 2006) as a result of a higher average tariff applied and a decrease in the sales volume of 1.0 million m<sup>3</sup>, and (iii) lower income from sewage interconnection services for Ch\$299 million (from Ch\$6,124 million in 2006) caused by the combination of a lower average tariff and a higher sales volume of 0.2 million m<sup>3</sup>.
- Other regulated businesses: Revenues from other regulated businesses decreased Ch\$590 million (40.5%) mainly due to a lower provision for revenues accrued on unbilled cubic meter readings.
- Non-regulated businesses: Revenues from non-regulated businesses increased Ch\$2,259 million or 27.3%, for the first half of 2007, mainly due to a Ch\$805 million increase in revenues derived from sales of materials related to the sanitation industry, a Ch\$790 million increase in services to private companies related to liquid industrial waste and other water and sewage treatment activities and a Ch\$645 million increase in fees to households attributable to installation, cleaning and calibration services.



## **Cost of Sales**

The consolidated cost of sales of IAM (Operating Costs plus SG&A) for the first half of 2007 was Ch\$59,232 million, lower by Ch\$165 million (0.3%) as compared to the same period of 2006. This is explained as follows:

- The operating cost increased by Ch\$399 million (0.9%) to Ch\$45,027 million, compared to Ch\$44,628 million for the previous period. This variation was mainly explained by higher costs due to a higher volume of business in our non-regulated subsidiaries and in non-regulated sanitation activities, partially compensated by lower costs in personnel and services from third parties. The most important items included in costs of sales are depreciation, which represented 38%, outsourcing certain services to third-party contractors, which represented 29%, and personnel, which represented 17%.
- Selling & administrative expenses decreased by Ch\$564 million (3.8%) to Ch\$14,205 million, compared to Ch\$14,769 million for the previous period. This was mainly explained by lower costs in personnel and services from third parties. The most important items in selling and administrative expenses are personnel, which represented 47%, outsourcing services, which represented 27%, and general expenses, which represented 12%.

## **Operating Income**

Due to the factors set forth above, the consolidated operating income of Inversiones Aguas Metropolitanas for the first half of 2007 amounted to Ch\$64,886 million, an increase of Ch\$2,790 million as compared to the result for the same period in 2006. As a percentage of net revenues, our operating income increased from 51.1% for the first half of 2006 to 52.3% for the same period in 2007.

## **Non-Operating Income**

The consolidated non-operating income of Inversiones Aguas Metropolitanas reached Ch\$(15,114) million, a decrease of Ch\$1,040 million over the result for the same period in 2006.


This variation was basically explained by a lower result from other non operating income of Ch\$1,626 million, principally due to the sale of the 1.1% of Aguas Andinas shares in the first half of 2006, and a decrease of Ch\$339 million from interest income, partially offset by higher results in price level restatement of Ch\$927 million compared to the previous year.

## **Income Tax**

Income taxes for the first half of 2007 increased by Ch\$551 million in relation to the previous year, 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 first half of 2007 reached Ch\$13,983 million, a decrease of Ch\$654 million as compared to the result for the same period in 2006.



## BALANCE SHEET ANALYSIS

(In Million of Chilean Pesos)	June 07	June 06	% Var
<b>Assets</b>			
Current Assets	64,601	42,045	53.6%
Property, Plant & Equipment	609,494	607,829	0.3%
Other Assets	383,816	411,562	(6.7%)
Total Assets	1,057,910	1,061,436	(0.3%)
<b>Liabilities &amp; Shareholders' Equity</b>			
Current Liabilities	82,604	78,790	4.8%
Long-Term Liabilities	315,082	303,526	3.8%
Minority Interest	195,321	193,607	0.9%
Shareholders' Equity	464,903	485,513	(4.2%)
Total Liabilities & Equity	1,057,910	1,061,436	(0.3%)

### Assets

Current assets increased by Ch\$22,556 million compared to the previous period, due principally to an increase in cash and equivalent of Ch\$18,688 million, due to the fact that the capital reduction was paid in July 25, 2007 (in 2006 it was paid in June); increase in trade accounts receivable (net) of Ch\$2,598 million, due to a higher invoice level; increases in notes receivable (net) of Ch\$538 million, in inventories (net) of Ch\$426 million, due to a raise of inventories in our subsidiary Gestión & Servicios; and increase in other current assets of Ch\$290 million.

The Company's fixed assets increased by 2.2% (Ch\$25,808 million) in gross terms compared to the previous period, from Ch\$1,172,294 million to Ch\$1,198,102 million. The most significant increases were in buildings and infrastructure of Ch\$21,216 million, machinery and equipment of Ch\$2,156 million and land of Ch\$2,093 million, due to the investments being made in sanitation and support infrastructure.

The charge for depreciation as of June 30, 2007 reached Ch\$17,012 million, 1.4% above the level of June 2006 (Ch\$16,773 million), due principally to the works that have come into operation in the last year. Also, due to the effect of works that have come into operations in previous years, accumulated depreciation increased by Ch\$24,144 million, 4.3% higher than in the previous period.

As a result of the above, net fixed assets increased by Ch\$1,665 million compared to the first half of 2006.

Other assets decreased by Ch\$27,747 million. The principal changes being the reductions in goodwill of Ch\$26,024 million and in intangible assets (net) of Ch\$973 million, due to the regular amortizations for the period.

## Liabilities and Shareholders' Equity

Current liabilities rose by Ch\$3,814 million, due principally to an increase in notes & accounts payable to related companies of Ch\$17,436 million, partly offset by a decrease in the short-term portion of borrowings from banks & financial institutions at long term of Ch\$11,338 million and a decrease in short-term borrowings from banks & financial institutions of Ch\$3,959 million, due mainly to the refinancing of bank debt carried out during the first half of 2007.

Long-term liabilities increased by Ch\$11,556 million compared to the previous period. The main variations being an increase in borrowings from bank & financial institutions of Ch\$20,369 million, due to the debt refinancing previously mentioned, and an increase in notes payable of Ch\$6,383 million, corresponding to reimbursable financial contributions. This was partly offset by a reduction in bonds payable of Ch\$15,517 million.

Shareholders' equity decreased by Ch\$20,611 million compared to the first half of 2006, due mainly to a reduction in paid-in capital of Ch\$23,064 million (as a result of a capital distribution of Ch\$19,513 million approved by the Extraordinary Shareholders Meeting held on April 24, 2007 and paid on July 25, 2007).

The table below sets forth the maturity of our consolidated long-term debt, as of June 30, 2007 (figures in million of Ch\$):

	Currency	Total	July 07 June 08	July 08 June 09	July 09 June 10	After June 10
Bonds	Indexed Ch\$	202.091	16.199	17.678	17.966	150.248
Bank Debt	Non-Indexed Ch\$	87.263	8.196	-	5.139	73.927
RFCs <sup>(1)</sup>	Indexed Ch\$	36.604	375	289	314	35.626
Total <sup>(2)</sup>		325.958	24.770	17.967	23.420	259.801

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

<sup>(2)</sup> The figures consider the accrued financial expenses as of June 30, 2007.

## CASH FLOW ANALYSIS

Consolidated Cash Flow (In Million of Chilean Pesos)	June 07	June 06	% Var
Operating	72,326	69,302	4.4%
Financing	(34,934)	(81,486)	(57.1%)
Investment	(17,815)	(10,442)	70.6%
Net Cash Flow of the Period	19,577	(22,626)	(186.5%)

The operating cash flow increased by Ch\$3,024 million in relation to the first half of 2006, the main variations being an increase in the collection of trade account receivable of Ch\$5,849 million and a reduction in interest paid of Ch\$1,486 million. This was partly offset by higher payment to suppliers and personnel of Ch\$3,550 million and an increase in V.A.T. & similar payables of Ch\$538 million.

The financing cash flow increased by Ch\$46,552 million compared to the previous period, due mainly to a capital reduction of Ch\$34,550 million that was paid in June 2006; and an increase in loans of Ch\$28,160 million. This was partly offset by an increase in payment of loans of Ch\$15,061 million.

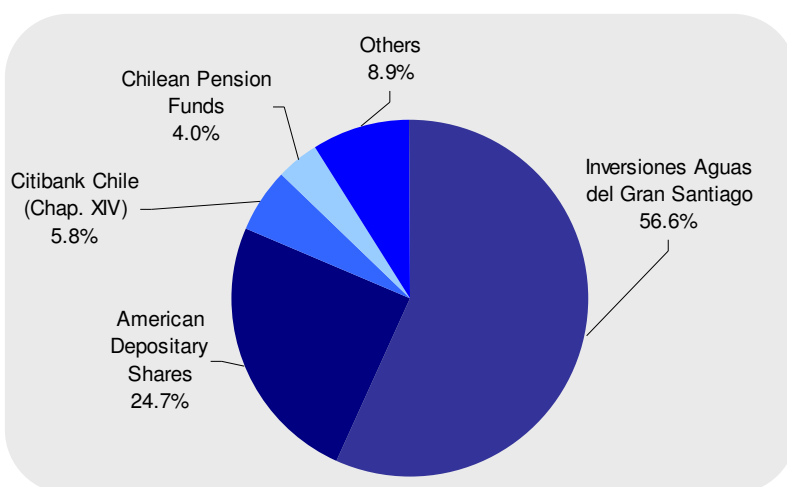
The investment flow decreased by Ch\$7,373 million compared to the first half of 2006, due mainly to lower proceeds from sales of permanent investments of Ch\$12,644 million (due to the sale of a 1.1% shareholding in Aguas Andinas S.A. during 2006), partly offset by a lower addition of fixed assets of Ch\$3,409 million and higher proceeds from sales of fixed assets of Ch\$1,591 million.

## MAIN OPERATING FIGURES

Sales Volume (In thousand m <sup>3</sup> )	June 07	June 06	% Var
Water	253,443	254,253	(0.3%)
Sewage Collection	248,079	249,533	(0.6%)
Sewage Treatment & Disposal	213,434	214,404	(0.5%)
Sewage Interconnection Service	60,946	60,764	0.3%

Customers	June 07	June 06	% Var
Water	1,572,671	1,523,755	3.2%
Sewage	1,543,661	1,495,679	3.2%

## INVERSIONES AGUAS METROPOLITANAS S.A. Shareholder Composition as of June 30, 2007



**Total subscribed and paid shares: 1,000,000,000**  
**Number of shareholders: 141**

For further information contact:  
Giovano Suazo  
Inversiones Aguas Metropolitanas  
(562) 496 2732  
[gsuazo@aguasmetropolitanas.cl](mailto:gsuazo@aguasmetropolitanas.cl)

## CONSOLIDATED BALANCE SHEETS

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2007)

ASSETS	June 07	June 06
<b>TOTAL CURRENT ASSETS</b>	<b>64,601,031</b>	<b>42,044,803</b>
Cash & bank	267,536	161,817
Time deposits	19,548,109	719,119
Marketable securities	692,962	940,459
Trade accounts receivable (net)	35,243,608	32,645,547
Notes receivable (net)	2,900,326	2,362,513
Sundry debtors (net)	440,686	544,034
Notes & accounts receivables from related companies	47,884	17,966
Inventories (net)	1,723,337	1,297,786
Taxes recoverable	246,268	369,083
Prepaid expenses	719,052	581,190
Deferred taxes	1,090,423	1,015,030
Other current assets	1,680,840	1,390,259
<b>TOTAL FIXED ASSETS</b>	<b>609,493,720</b>	<b>607,829,190</b>
Land	36,820,451	34,727,081
Building & infrastructure	1,024,895,866	1,003,680,096
Machinery & equipment	119,102,246	116,945,847
Other fixed assets	12,254,994	11,944,354
Revaluation of fixed assets	5,028,030	4,996,175
Accumulated depreciation	(588,607,867)	(564,464,363)
<b>TOTAL OTHER ASSETS</b>	<b>383,815,604</b>	<b>411,562,244</b>
Goodwill	322,576,643	348,601,064
Negative goodwill	(1,017)	(1,088)
Long-term debtors	8,776,812	8,793,765
Intangible assets	53,813,153	53,528,649
Accumulated amortization	(15,653,022)	(14,395,497)
Other	14,303,035	15,035,351
<b>TOTAL ASSETS</b>	<b>1,057,910,355</b>	<b>1,061,436,237</b>

## CONSOLIDATED BALANCE SHEETS

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2007)

LIABILITIES & SHAREHOLDERS' EQUITY	June 07	June 06
<b>CURRENT LIABILITIES</b>	<b>82,604,440</b>	<b>78,790,071</b>
Short-term portion of borrowings from banks & financial institutions	7,850,461	11,809,892
Short-term portion of borrowings from banks & financial institutions at long term	345,660	11,684,071
Bonds payable - short-term portion	16,199,086	13,759,461
Accounts payable	9,628,469	11,717,186
Notes payable	419,234	569,972
Sundry creditors	1,356,479	1,679,634
Notes & accounts payable to related companies	20,448,496	3,012,408
Accruals	16,188,882	15,899,657
Withholdings	6,379,470	6,099,392
Income taxes	1,287,350	769,386
Unearned income	2,500,853	1,788,578
Other current liabilities	-	434
<b>LONG TERM LIABILITIES</b>	<b>315,082,434</b>	<b>303,526,346</b>
Borrowings from banks & financial institutions	79,066,667	58,697,590
Bonds payable	185,891,866	201,408,834
Notes payable	35,949,691	29,566,453
Sundry creditors	836,310	1,199,698
Accruals	8,695,572	8,139,227
Deferred taxes	3,775,713	3,915,363
Other long-term liabilities	866,615	599,181
<b>MINORITY INTEREST</b>	<b>195,320,945</b>	<b>193,606,809</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>464,902,536</b>	<b>485,513,011</b>
Paid-in capital	442,313,833	465,377,508
Price level restatement	8,540,552	5,188,322
Reserves	3,086	-
Retained earnings	62,080	309,815
Net income for the period	13,982,985	14,637,366
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,057,910,355</b>	<b>1,061,436,237</b>

## CONSOLIDATED STATEMENTS OF INCOME

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2007)

CONSOLIDATED STATEMENTS OF INCOME	June 07	June 06
<b>OPERATING INCOME</b>	<b>64,886,481</b>	<b>62,095,996</b>
OPERATING MARGIN	79,091,147	76,865,084
Revenues from operations	124,118,426	121,493,211
Cost of operations	(45,027,279)	(44,628,127)
Administrative & selling expenses	(14,204,666)	(14,769,088)
<b>NON-OPERATING EXPENSES (INCOME)</b>	<b>(15,114,421)</b>	<b>(14,073,679)</b>
Financial income	2,478,184	2,835,653
Other non-operating income	2,022,577	3,763,404
Amortización of Goodwill	(13,020,011)	(13,056,967)
Financial expenses	(8,286,543)	(8,305,201)
Other non-operating expenses	(317,181)	(431,918)
Price-level restatement	1,997,383	1,070,469
Foreign exchange differences	11,170	50,881
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>49,772,060</b>	<b>48,022,317</b>
INCOME TAXES	(10,705,390)	(10,154,292)
<b>RESULT BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>39,066,670</b>	<b>37,868,025</b>
MINORITY INTEREST	(25,083,720)	(23,230,694)
<b>NET INCOME BEFORE AMORTIZATION OF GOODWILL</b>	<b>13,982,950</b>	<b>14,637,331</b>
AMORTIZATION OF NEGATIVE GOODWILL	35	35
<b>NET INCOME FOR THE PERIOD</b>	<b>13,982,985</b>	<b>14,637,366</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2007)

CONSOLIDATED STATEMENTS OF CASH FLOWS	June 07	June 06
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>72,326,319</b>	<b>69,302,062</b>
Collection of trade account receivables	156,117,523	150,268,563
Financial income received	354,715	891,027
Other income received	796,689	1,374,259
Payment to suppliers and personnel	(51,054,545)	(47,504,409)
Interest paid	(5,576,881)	(7,063,346)
Income tax paid	(10,206,149)	(10,799,159)
Other expenses paid	(471,726)	(769,983)
V.A.T & similar payments	(17,633,307)	(17,094,890)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES:</b>	<b>(34,934,295)</b>	<b>(81,486,168)</b>
Loans	54,694,934	26,535,289
Bonds issued	-	4,536,320
Other financing	8,931,049	8,257,493
Dividend payment	(8,375,527)	(5,710,650)
Capital reduction	-	(34,550,300)
Payment of loans	(51,060,695)	(35,999,366)
Bond payment	(6,209,621)	(11,080,221)
Payment of bond issuance & placement costs	-	(358,984)
Other financing disbursements	(32,914,435)	(33,115,749)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES:</b>	<b>(17,815,189)</b>	<b>(10,441,924)</b>
Proceeds from sales of fixed assets	1,607,226	16,147
Proceeds from sales of permanent investments	-	12,644,303
Addition of fixed assets	(19,038,668)	(22,447,989)
Payment of capitalized interest	(278,550)	(629,451)
Permanentes investments	-	(3,802)
Other investment disbursements	(105,197)	(21,132)
<b>TOTAL NET CASH FLOW FOR THE PERIOD</b>	<b>19,576,835</b>	<b>(22,626,030)</b>
<b>EFFECT OF INFLATION ON CASH &amp; CASH EQUIVALENT</b>	<b>(370,879)</b>	<b>(533,399)</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT</b>	<b>19,205,956</b>	<b>(23,159,429)</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENT</b>	<b>1,302,651</b>	<b>24,980,824</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENT</b>	<b>20,508,607</b>	<b>1,821,395</b>

## RECONCILIATION OF NET INCOME FOR THE PERIOD WITH OPERATING CASH FLOW

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2007)

RECONCILIATION OF CASH FLOW	June 07	June 06
<b>Net income for the year</b>	<b>13,982,985</b>	<b>14,637,366</b>
Gain on sale of fixed assets	16,010	(1,584,326)
<b>Charges (credits) to income not representing cash flows:</b>	<b>29,660,586</b>	<b>30,007,270</b>
Depreciation for the period	17,011,984	16,773,124
Amortization of intangible assets	1,102,092	1,111,771
Write-offs & provisions	1,031,885	1,090,187
Amortization - goodwill	13,020,011	13,056,967
Amortization - negative goodwill	(35)	(35)
Net price-level restatement	(1,997,383)	(1,070,469)
Net foreign exchange differences	(11,170)	(50,881)
Other credits to income statement not representing cash flow	(1,287,826)	(1,745,725)
Other charges to income statement not representing cash flow	791,028	842,331
<b>Changes in assets affecting operating cash flow (increase) decrease</b>	<b>8,174,851</b>	<b>480,044</b>
Trade account receivable	8,342,972	2,224,619
Inventories	(170,804)	(81,285)
Other assets	2,683	(1,663,290)
<b>Change in liabilities affecting operating cash flow increase (decrease)</b>	<b>(4,591,833)</b>	<b>2,531,014</b>
Account payable related to operating income (expense)	(7,484,360)	2,479,926
Interest payable	1,491,304	800,143
Income tax payable	273,191	(856,856)
Other account payable related to the non-operating income (expense)	47,351	324,537
VAT & similar payables (net)	1,080,681	(216,736)
Minority interest	25,083,720	23,230,694
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>72,326,319</b>	<b>69,302,062</b>