

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

(Santiago – Chile, October 26<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 September 30, 2007<sup>\*</sup>.

### HIGHLIGHTS

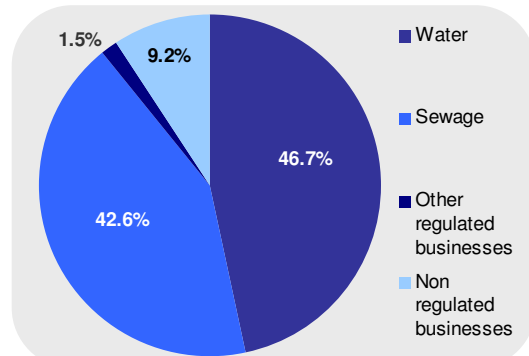
**Net income of IAM as of September 30, 2007, amounted to Ch\$16,768 million as compared to Ch\$16,721 million for the same period of 2006.**

- Net Revenues amounted to Ch\$179,366 million, Ch\$2,403 million (1.4%) 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 third quarter of 2007 amounted to Ch\$92,015 million, lower by Ch\$1,171 million (1.3%) 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\$(21,721) million, higher by Ch\$442 million compared to the result of the previous period. This variation was mainly explained by a higher result in price level restatement of Ch\$2,507 million, partly offset by lower result from other non operating income of Ch\$1,611 million, principally due to the sale of the 1.1% of Aguas Andinas shares in the first half of 2006.
- Due to the factors set forth above, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the third quarter of 2007 increased 0.3% to Ch\$16,768 million from Ch\$16,721 million for the same period of 2006.

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

	Sep. 07	Sep. 06	% Var
Net Revenues	179,366	176,963	1.4%
Operating Income	87,351	83,778	4.3%
EBITDA	115,464	111,572	3.5%
EBITDA Margin	64.4%	63.0%	
Net Income	16,768	16,721	0.3%

### Revenue Breakdown



### Operating Data

Sales Volume (Thousand m <sup>3</sup> )	Sep. 07	Sep. 06	% Var
Water	351,698	354,447	(0.8%)
Sewage Collection	346,825	350,287	(1.0%)
Sewage Treatment & Disposal	299,935	303,092	(1.0%)
Sewage Interconnection Service	84,162	83,770	0.5%
<b>Customers</b>	<b>Sep. 07</b>	<b>Sep. 06</b>	<b>% Var</b>
Water	1,586,270	1,536,485	3.2%
Sewage	1,557,412	1,508,395	3.2%

<sup>\*</sup> All figures are in constant Chilean Pesos and are reported according to Chilean Generally Accepted Accounting Principles (Chilean GAAP). Figures as of September 2006 have been adjusted by the year-to-year CPI variation of 4.7%. 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**

### **Interim Dividend Payment**

At the Board meeting held on September 26, 2007, the payment of an interim dividend of Ch\$14.53 per share (equivalent to Ch\$290.6 per ADS), totaling ThCh\$14.530.000, was approved. This dividend was paid on October 25, 2007.

### **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 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:

<b>Director</b>	<b>Alternate Director</b>
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 *

<sup>(\*)</sup> On August 29, 2007, Mr. Juan Toro presented his resignation as Alternate Director of IAM.

## INCOME STATEMENT ANALYSIS

(In Million of Chilean Pesos)	Sep. 07 MM\$	Sep. 06 MM\$	% Var
Net Revenues	179,366	176,963	1.4%
Operating Costs	(69,465)	(68,543)	1.3%
Selling & Administrative Expenses	(22,550)	(24,643)	(8.5%)
Operating Income	87,351	83,778	4.3%
Non-Operating Income	(21,721)	(22,163)	(2.0%)
Financial Expenses	(12,796)	(12,964)	(1.3%)
Net Income	16,768	16,721	0.3%

### Net Revenues

Net revenues for the third quarter of 2007 reached Ch\$179,366 million, a 1.4% increase from Ch\$176,963 million for the same period of 2006. The following table sets forth, for the periods indicated, the principal components of our net revenues:

	Sep. 07		Sep. 06	
	Million Ch\$	%	Million Ch\$	%
Water	83,745	46.7%	84,042	47.5%
Sewage	76,351	42.6%	76,210	43.1%
Other regulated businesses	2,762	1.5%	3,655	2.1%
Non regulated businesses	16,508	9.2%	13,056	7.4%
Total	179,366	100.0%	176,963	100.0%

The increase in net revenues for the third quarter of 2007 of Ch\$2,403 million, resulted mainly from the following factors:

- Water: Water revenues decreased Ch\$297 million (0.4%) as a result of a lower sales volume of 2.7 million m<sup>3</sup>, which was partially compensated by a higher average tariff applied. The lower water sales volume is explained by a 3.5% decrease in individual consumptions partially compensated by a 2.8% average growth in number of customers. The higher average tariff is explained by the accumulated effect of tariff indexations during 2006 and 2007.
- Sewage: Sewage revenues increased Ch\$141 million (0.2%) as a result of (i) higher income from sewage collection services of Ch\$38 million (from Ch\$38,337 million in 2006) due to the application of a higher average tariff and a decrease in the sales volume of 3.5 million m<sup>3</sup>, (ii) higher income from sewage treatment services of Ch\$398 million (from Ch\$29,241 million in 2006) as a result of a higher average tariff applied and a decrease in the sales volume of 3.2 million m<sup>3</sup>, and (iii) lower income from sewage interconnection services for Ch\$295 million (from Ch\$8,632 million in 2006) caused by the combination of a lower average tariff and a higher sales volume of 0.4 million m<sup>3</sup>.
- Other regulated businesses: Revenues from other regulated businesses decreased Ch\$893 million (24.4%) mainly due to a lower income provisions.
- Non-regulated businesses: Revenues from non-regulated businesses increased Ch\$3,452 million or 26.4%, for the third quarter of 2007, mainly due to a Ch\$1,087 million increase in revenues derived from sales of materials related to the sanitation industry, a Ch\$1,065 million increase in services related to liquid industrial waste and other water and sewage treatment activities, a Ch\$809 million increase in fees to households attributable to installation, cleaning and calibration services; and a Ch\$411 million increase in sales of laboratory services.



## **Cost of Sales**

The consolidated cost of sales of IAM (Operating Costs plus SG&A) for the third quarter of 2007 was Ch\$92,015 million, lower by Ch\$1,171 million (1.3%) as compared to the same period of 2006. This is explained as follows:

- The operating cost increased by Ch\$922 million (1.3%) to Ch\$69,465 million, compared to Ch\$68,543 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 services from third parties. The most important items included in costs of sales are depreciation, which represented 37.5%; outsourcing certain services to third-party contractors, which represented 32.8%; and personnel, which represented 15.1%.
- Selling & administrative expenses decreased by Ch\$2,093 million (8.5%) to Ch\$22,550 million, compared to Ch\$24,643 million for the previous period. This was mainly explained by lower costs in personnel and other services. The most important items in selling and administrative expenses are personnel, which represented 43.0%; outsourcing services, which represented 27.8%; and general expenses, which represented 14.8%.

## **Operating Income**

Due to the factors set forth above, the consolidated operating income of Inversiones Aguas Metropolitanas for the third quarter of 2007 amounted to Ch\$87,351 million, an increase of Ch\$3,574 million as compared to the result for the same period in 2006. As a percentage of net revenues, our operating income increased from 47.3% for the third quarter of 2006 to 48.7% for the same period in 2007.

## **Non-Operating Income**

The consolidated non-operating income of Inversiones Aguas Metropolitanas reached Ch\$(21,721) million, an increase of Ch\$442 million over the result for the same period in 2006.

This variation was basically explained by a higher result in price level restatement of Ch\$2,507 million compared to the previous year, partially offset by a lower result from other non operating income of Ch\$1,611 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\$478 million from financial results.

## **Income Tax**

Income taxes for the third quarter of 2007 increased by Ch\$1,149 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 third quarter of 2007 reached Ch\$16,768 million, an increase of Ch\$47 million as compared to the result for the same period in 2006.

## BALANCE SHEET ANALYSIS

(In Million of Chilean Pesos)	Sep. 07	Sep. 06	% Var
<b>Assets</b>			
Current Assets	59,061	49,134	20.2%
Property, Plant & Equipment	628,317	627,809	0.1%
Other Assets	391,440	417,797	(6.3%)
Total Assets	1,078,818	1,094,740	(1.5%)
<b>Liabilities &amp; Shareholders' Equity</b>			
Current Liabilities	89,105	101,060	(11.8%)
Long-Term Liabilities	320,969	313,716	2.3%
Minority Interest	198,062	192,293	3.0%
Shareholders' Equity	470,681	487,670	(3.5%)
Total Liabilities & Equity	1,078,818	1,094,740	(1.5%)

### Assets

Current assets increased by Ch\$9,927 million compared to the previous period, due principally to an increase in other current assets of Ch\$15,272 million, basically explained by Chilean Central Bank securities to support the dividend paid in October 25, 2007; partly compensated by a decrease in marketable securities of Ch\$6,488 million.

The Company's fixed assets increased by 0.08% (Ch\$508 million), from Ch\$627.809 million to Ch\$628.317 million. The most significant increases were in buildings and infrastructure of Ch\$16,727 million, machinery and equipment of Ch\$1,236 million and land of Ch\$2,088 million, due to the investments being made in sanitation and support infrastructure.

The charge for depreciation as of September 30, 2007 reached Ch\$26,405 million, 0.8% above the level of September 2006 (Ch\$26,194 million), due principally to the works that have come into operation in the last year. Accumulated depreciation increased by Ch\$19,909 million, 3.4% higher than in the previous period.

Other assets decreased by Ch\$26,357 million. The principal changes being the reductions in goodwill of Ch\$26,887 million, other assets of Ch\$1,159 million and intangible assets (net) of Ch\$1,019 million, due to the regular amortizations for the period. This was partly compensated by an increase in deferred taxes of Ch\$2,776 million.

## Liabilities and Shareholders' Equity

Current liabilities decrease by Ch\$11,956 million, due principally to a decrease in the short-term portion of borrowings from banks & financial institutions at long term of Ch\$12,724 million, due mainly to the refinancing of bank debt carried out during the first half of 2007, partly offset by an increase in unearned income of Ch\$1,170 million.

Long-term liabilities increased by Ch\$7,253 million compared to the previous period. The main variations being an increase in borrowings from bank & financial institutions of Ch\$19,342 million, due to the debt refinancing previously mentioned, and an increase in notes payable of Ch\$8,046 million, corresponding to reimbursable financial contributions. This was partly offset by reductions in bonds payable of Ch\$16,471 million, and in deferred taxes of Ch\$3,677 million (due to the effects of the merger between subsidiaries).

Shareholders' equity decreased by Ch\$16,989 million compared to the previous period, due mainly to a capital distribution of Ch\$19,513 million paid on July 25, 2007.

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

	Currency	Total	Otc. 07 Sep. 08	Oct. 08 Sep. 09	Oct. 09 Sep. 10	After Sep. 10
Bonds	Indexed Ch\$	209,348	18,068	18,353	18,650	154,278
Bank Debt	Non-Indexed Ch\$	79,473	407		10,279	68,788
RFCs <sup>(1)</sup>	Indexed Ch\$	40,455	401	295	232	39,527
Total <sup>(2)</sup>		329,277	18,876	18,648	29,160	262,593

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

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

## CASH FLOW ANALYSIS

Consolidated Cash Flow (In Million of Chilean Pesos)	Sep. 07	Sep. 06	% Var
Operating	101,107	98,439	2.7%
Financing	(60,296)	(94,701)	(36.3%)
Investment	(26,336)	(21,083)	24.9%
Net Cash Flow of the Period	14,475	(17,346)	(183.5%)

The operating cash flow increased by Ch\$2,668 million compared to the third quarter of 2006, the main variations being an increase in the collection of trade account receivable of Ch\$4,881 million. This was partly offset by higher payment to suppliers and personnel of Ch\$1,320 million and an increase in V.A.T. & similar payables and other of Ch\$1,077 million.

The financing cash flow decreased by Ch\$34,405 million compared to the previous period, due mainly to an increase in loans of Ch\$22,103 million and a decrease in capital reduction of Ch\$16,377 million. This was partly offset by an increase in dividend payment of Ch\$2,748 million.

The investment cash flow decreased by Ch\$5,253 million compared to the third quarter of 2006, due mainly to lower proceeds from sales of permanent investments of Ch\$13,044 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\$5,852 million and higher proceeds from sales of fixed assets of Ch\$1,698 million.

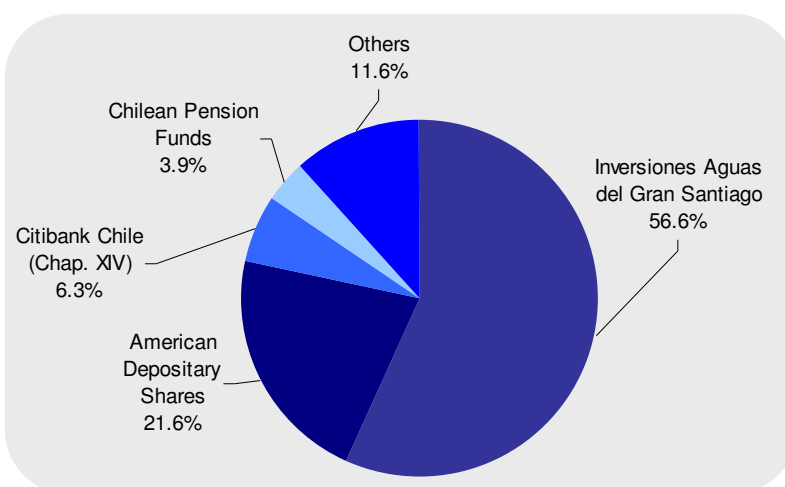


## MAIN OPERATING FIGURES

Sales Volume (In thousand m <sup>3</sup> )	Sep. 07	Sep. 06	% Var
Water	351,698	354,447	(0.8%)
Sewage Collection	346,825	350,287	(1.0%)
Sewage Treatment & Disposal	299,935	303,092	(1.0%)
Sewage Interconnection Service	84,162	83,770	0.5%

Customers	Sep. 07	Sep. 06	% Var
Water	1,586,270	1,536,485	3.2%
Sewage	1,557,412	1,508,395	3.2%

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



**Total subscribed and paid shares: 1,000,000,000**  
**Number of shareholders: 158**

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## CONSOLIDATED BALANCE SHEETS

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

ASSETS	Sep. 07	Sep. 06
<b>TOTAL CURRENT ASSETS</b>	<b>59,061,256</b>	<b>49,133,962</b>
Cash & bank	198,929	441,373
Time deposits	0	741,738
Marketable securities	177,865	6,666,424
Trade accounts receivable (net)	35,876,074	33,267,210
Notes receivable (net)	2,218,918	3,068,331
Sundry debtors (net)	429,814	328,859
Notes & accounts receivables from related companies	17,483	89,961
Inventories (net)	1,648,055	1,404,448
Taxes recoverable	183,947	225,746
Prepaid expenses	533,692	432,903
Deferred taxes	1,101,141	1,063,247
Other current assets	16,675,338	1,403,722
<b>TOTAL FIXED ASSETS</b>	<b>628,316,583</b>	<b>627,808,872</b>
Land	37,912,150	35,824,009
Building & infrastructure	1,056,358,338	1,039,630,952
Machinery & equipment	123,009,168	121,773,295
Other fixed assets	12,649,393	12,292,026
Revaluation of fixed assets	5,143,018	5,134,153
Accumulated depreciation	(606,755,484)	(586,845,563)
<b>TOTAL OTHER ASSETS</b>	<b>391,439,997</b>	<b>417,796,844</b>
Goodwill	325,988,640	352,875,880
Negative goodwill	(1,031)	(1,104)
Long-term debtors	9,027,667	9,095,186
Long-term deferred taxes	2,776,110	-
Intangible assets	55,556,324	55,326,020
Accumulated amortization	(16,564,653)	(15,315,600)
Other	14,656,940	15,816,462
<b>TOTAL ASSETS</b>	<b>1,078,817,836</b>	<b>1,094,739,678</b>

## CONSOLIDATED BALANCE SHEETS

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

LIABILITIES & SHAREHOLDERS' EQUITY	Sep. 07	Sep. 06
<b>CURRENT LIABILITIES</b>	<b>89,105,356</b>	<b>101,060,490</b>
Short-term portion of borrowings from banks & financial institutions at long term	406,762	13,130,439
Bonds payable - short-term portion	18,067,543	15,570,891
Dividends payable	29,499,330	29,534,139
Accounts payable	10,728,412	12,303,059
Notes payable	433,026	601,117
Sundry creditors	1,352,362	1,659,276
Notes & accounts payable to related companies	700,343	3,209,029
Accruals	17,565,541	16,853,202
Withholdings	6,010,094	5,902,899
Income taxes	1,219,677	340,354
Unearned income	3,122,266	1,951,426
Other current liabilities	-	4,659
<b>LONG TERM LIABILITIES</b>	<b>320,969,487</b>	<b>313,716,446</b>
Borrowings from banks & financial institutions	79,066,667	59,724,370
Bonds payable	191,280,664	207,751,735
Notes payable	39,833,541	31,787,278
Sundry creditors	856,560	1,120,790
Accruals	9,064,051	9,140,393
Deferred taxes	-	3,676,695
Other long-term liabilities	868,004	515,185
<b>MINORITY INTEREST</b>	<b>198,061,627</b>	<b>192,292,938</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>470,681,366</b>	<b>487,669,804</b>
Paid-in capital	442,313,833	473,518,223
Price level restatement	22,694,595	11,908,335
Reserves	3,372,694	-
Retained earnings	62,085	319,427
Net income for the period	16,768,159	16,721,070
Interim dividend	(14,530,000)	(14,797,251)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,078,817,836</b>	<b>1,094,739,678</b>

## CONSOLIDATED STATEMENTS OF INCOME

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

CONSOLIDATED STATEMENTS OF INCOME	Sep. 07	Sep. 06
<b>OPERATING INCOME</b>	<b>87,351,457</b>	<b>83,777,754</b>
OPERATING MARGIN	109,901,518	108,420,799
Revenues from operations	179,366,475	176,963,314
Cost of operations	(69,464,957)	(68,542,515)
Administrative & selling expenses	(22,550,061)	(24,643,045)
<b>NON-OPERATING EXPENSES (INCOME)</b>	<b>(21,721,307)</b>	<b>(22,163,214)</b>
Financial income	3,580,667	4,227,220
Other non-operating income	3,546,200	5,157,348
Amortización of Goodwill	(20,143,138)	(20,106,149)
Financial expenses	(12,795,605)	(12,964,307)
Other non-operating expenses	(360,774)	(438,137)
Price-level restatement	4,445,044	1,937,550
Foreign exchange differences	6,299	23,261
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>65,630,150</b>	<b>61,614,540</b>
INCOME TAXES	(14,764,529)	(13,615,391)
<b>RESULT BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>50,865,621</b>	<b>47,999,149</b>
MINORITY INTEREST	(34,097,515)	(31,278,133)
<b>NET INCOME BEFORE AMORTIZATION OF GOODWILL</b>	<b>16,768,106</b>	<b>16,721,016</b>
AMORTIZATION OF NEGATIVE GOODWILL	53	54
<b>NET INCOME FOR THE PERIOD</b>	<b>16,768,159</b>	<b>16,721,070</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

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

CONSOLIDATED STATEMENTS OF CASH FLOWS	Sep. 07	Sep. 06
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>101,107,026</b>	<b>98,438,870</b>
Collection of trade account receivables	222,254,906	217,373,131
Financial income received	459,214	967,886
Other income received	1,955,904	1,934,852
Payment to suppliers and personnel	(74,905,366)	(73,585,117)
Interest paid	(8,083,858)	(8,492,127)
Income tax paid	(14,414,338)	(14,676,614)
Other expenses paid	(591,273)	(627,642)
V.A.T & similar payments	(25,568,163)	(24,455,499)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES:</b>	<b>(60,295,557)</b>	<b>(94,701,328)</b>
Loans	57,285,641	35,182,910
Bonds issued	-	4,679,336
Other financing	13,806,477	12,950,078
Dividend payment	(8,639,461)	(5,891,730)
Capital reduction	(19,270,045)	(35,646,844)
Payment of loans	(61,466,600)	(56,986,252)
Bond payment	(6,407,143)	(11,430,680)
Payment of bond issuance & placement costs	-	(376,316)
Other financing disbursements	(35,604,426)	(37,181,830)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES:</b>	<b>(26,336,167)</b>	<b>(21,083,280)</b>
Proceeds from sales of fixed assets	1,814,893	116,301
Proceeds from sales of permanent investments	-	13,043,995
Addition of fixed assets	(27,717,115)	(33,569,446)
Payment of capitalized interest	(287,411)	(649,410)
Permanentes investments	-	(3,922)
Other investment disbursements	(146,534)	(20,798)
<b>TOTAL NET CASH FLOW FOR THE PERIOD</b>	<b>14,475,302</b>	<b>(17,345,738)</b>
<b>EFFECT OF INFLATION ON CASH &amp; CASH EQUIVALENT</b>	<b>(714,397)</b>	<b>(576,277)</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT</b>	<b>13,760,905</b>	<b>(17,922,015)</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENT</b>	<b>1,341,958</b>	<b>25,771,550</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENT</b>	<b>15,102,863</b>	<b>7,849,535</b>

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

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

RECONCILIATION OF CASH FLOW	Sep. 07	Sep. 06
<b>NET INCOME FOR THE PERIOD</b>	<b>16,768,159</b>	<b>16,721,070</b>
Result from asset sales	(9,576)	(1,699,635)
Gain on sale of fixed assets	(9,576)	(59,975)
Gain on sale of investments	-	(1,639,660)
<b>CHARGES (CREDITS) TO INCOME NOT REPRESENTING CASH FLOWS</b>	<b>44,873,581</b>	<b>46,089,528</b>
Depreciation for the period	26,404,602	26,193,745
Amortization of intangible assets	1,707,464	1,600,272
Write-offs & provisions	1,680,611	1,341,812
Amortization - goodwill	20,143,138	20,106,149
Amortization - negative goodwill	(53)	(54)
Net price-level restatement	(4,445,044)	(1,937,550)
Net foreign exchange differences	(6,299)	(23,261)
Other credits to income statement not representing cash flow	(1,791,524)	(2,759,873)
Other charges to income statement not representing cash flow	1,180,686	1,568,288
<b>CHARGES IN ASSETS AFFECTING OPERATING CASH FLOW (INCREASE) DECREASE</b>	<b>8,772,609</b>	<b>43,136</b>
Trade account receivable	8,242,491	1,889,616
Inventories	(129,657)	(433,871)
Other assets	659,775	(1,412,609)
<b>CHANGE IN LIABILITIES AFFECTING OPERATING CASH FLOW INCREASE (DECREASE)</b>	<b>(3,395,262)</b>	<b>6,006,638</b>
Account payable related to operating income (expense)	(7,196,695)	1,265,947
Interest payable	2,676,174	3,432,192
Income tax payable	136,931	(1,332,754)
Other account payable related to the non-operating income (expense)	369,091	1,952,961
VAT & similar payables (net)	619,237	688,292
Minority interest	34,097,515	31,278,133
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>101,107,026</b>	<b>98,438,870</b>