

H Q I T R A N S E L E C C H I L E S. A.



# Financial Statements

as of December 31, 2001

(Translation from the original in Spanish)

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# H Q I T R A N S E L E C C H I L E S. A.



## C O N T E N T S

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Ch\$	-	Chilean pesos
ThCh\$	-	Thousands of Chilean pesos
UF	-	Unidad de Fomento (an official inflation-indexed monetary unit)
US\$	-	United States dollars
ThUS\$	-	Thousands of United States dollars



REPORT OF INDEPENDENT ACCOUNTANTS

(Translation from the original in Spanish)

Santiago, February 1, 2002

To the Board of Directors and Shareholders,  
HQI Transelec Chile S.A.

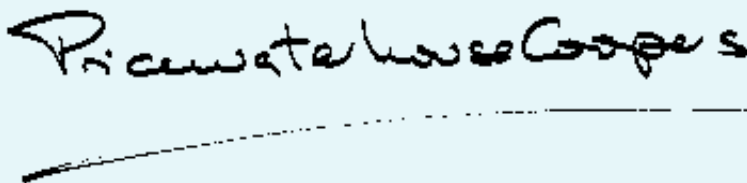
We have reviewed the accompanying balance sheets of HQI Transelec Chile S.A. as of December 31, 2001 and 2000, and the related statements of income and of cash flows for the year ended December 31, 2001 and for the period from September 15, 2000 to December 31, 2000. The financial statements of the Company (including the respective notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audits in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred above present fairly, in all material respects, the financial position of HQI Transelec Chile S.A. at December 31, 2001 and 2000 and the results of their operations and their cash flows for the year ended December 31, 2001 and for the period from September 15, 2000 to December 31, 2000, in conformity with accounting principles generally accepted in Chile.



Eduardo Vergara D.  
RUT: 6.810.153-0



**BALANCE SHEET**

As of December 31,

ASSETS	2001 ThCh\$	2000 ThCh\$
<b>CURRENT ASSETS</b>		
Cash and banks	119,762	90,562
Time deposits	81,862,818	19,045,122
Marketable securities	2,960,188	2,019,472
Trade accounts receivable	8,934,578	8,123,383
Sundry debtors	276,722	337,071
Accounts receivable from related companies	2,389,387	-
Inventories	78,782	35,245
Recoverable taxes	1,479,870	105,197
Prepaid expenses	655,072	452,628
Deferred taxes	179,909	404,296
Other current assets	6,079,038	2,496,370
Total current assets	<u>105,016,126</u>	<u>33,109,346</u>
<b>FIXED ASSETS</b>		
Land	5,385,795	5,383,262
Buildings and infrastructure	281,185,354	270,351,007
Machinery and equipment	222,328,823	222,654,255
Other fixed assets	1,824,294	1,942,952
Increase in value from technical reappraisal	19,528,482	20,283,237
Accumulated depreciation	(57,579,571)	(44,001,902)
Total fixed assets, net	<u>472,673,177</u>	<u>476,612,811</u>
<b>OTHER ASSETS</b>		
Investments in other companies	37,142	37,142
Goodwill	98,929,380	123,229,414
Long-term debtors	441,858	654,022
Notes and accounts receivable from related companies - long term	72,819,412	-
Intangibles	23,153,860	23,153,819
Amortization of intangibles	(1,575,497)	(973,951)
Deferred taxes	19,501,969	-
Other	12,212,898	1,105
Total other assets	<u>225,521,022</u>	<u>146,101,551</u>
Total assets	<u><u>803,210,325</u></u>	<u><u>655,823,708</u></u>

The accompanying Notes 1 to 30 form an integral part of these financial statements.

As of December 31,

LIABILITIES AND EQUITY	2001 ThCh\$	2000 ThCh\$
<b>CURRENT LIABILITIES</b>		
Bonds payable - short term portion	8,318,443	-
Accounts payable	3,930,087	2,862,157
Sundry creditors	2,275,787	1,583,986
Accounts payable to related companies	270,159	321,911,503
Provisions	1,121,662	1,710,268
Withholdings	1,304,247	1,399,822
Other current liabilities	605,603	20,597
Total current liabilities	<u>17,825,988</u>	<u>329,488,333</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term bonds payable	466,360,228	-
Sundry creditors	-	68,045
Provisions	1,299,299	1,230,145
Deferred taxes	-	1,949,176
Other long-term liabilities	34,789	35,867
Total long-term liabilities	<u>467,694,316</u>	<u>3,283,233</u>
<b>MINORITY INTEREST</b>	<u>-</u>	<u>20,056</u>
<b>SHAREHOLDERS' EQUITY</b>		
Paid-in capital	319,754,826	319,754,826
Retained earnings	3,277,260	-
(Loss) profit for the period	(5,342,065)	3,277,260
Total shareholders' equity	<u>317,690,021</u>	<u>323,032,086</u>
<b>Total liabilities and equity</b>	<u><u>803,210,325</u></u>	<u><u>655,823,708</u></u>

The accompanying Notes 1 to 30 form an integral part of these financial statements.

## STATEMENT OF INCOME

	For the year ended December 31, 2001	For the period September 15 to December 31, 2000
	ThCh\$	ThCh\$
<b>OPERATING RESULTS</b>		
Sales	89,958,980	17,508,602
Cost of sales	<u>(24,114,695)</u>	<u>(5,731,123)</u>
Gross margin	65,844,285	11,777,479
Administrative and selling expenses	<u>(2,593,947)</u>	<u>(240,227)</u>
Operating income	<u>63,250,338</u>	<u>11,537,252</u>
<b>NON-OPERATING RESULTS</b>		
Financial income	6,967,702	419,275
Other non-operating income	272,219	25,926
Goodwill amortization	(5,436,668)	(1,209,826)
Financial expenses	(35,731,518)	(5,712,852)
Other non-operating expenses	(871,408)	(131,515)
Price-level restatement	(2,815,730)	1,579,643
Exchange differences	<u>(30,078,816)</u>	<u>(2,530,690)</u>
Non-operating results	<u>(67,694,219)</u>	<u>(7,560,039)</u>
Income (loss) before income taxes	(4,443,881)	3,977,213
Minority interest	-	(406)
Income tax	<u>(898,184)</u>	<u>(699,547)</u>
<b>(LOSS) PROFIT FOR THE PERIOD</b>	<u><u>(5,342,065)</u></u>	<u><u>3,277,260</u></u>

The accompanying Notes 1 to 30 form an integral part of these financial statements.



## STATEMENT OF CASH FLOWS

	For the year ended December 31, 2001	For the period September 15 to December 31, 2000
	ThCh\$	ThCh\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) profit for the period	(5,342,065)	3,277,260
Charges (credits) to income not representing cash flows:		
Loss on sale of fixed assets	41,975	-
Depreciation	14,885,188	3,572,705
Amortization of intangibles	667,730	302,047
Amortization of goodwill	5,436,668	1,209,826
Price-level restatement and exchange differences	32,894,546	951,047
Other charges (credits) to income not representing cash flows	(1,022,904)	(68,233)
Decrease (increase) in assets which effect cash flows:		
Trade accounts receivable and sundry debtors	(750,846)	(5,407,350)
Inventories	(43,537)	490,880
Other assets	860,237	27,374
Increase (decrease) in liabilities which effect cash flows:		
Accounts payable and sundry creditors	1,100,751	487,894
Interest payable	6,152,019	-
Income tax payable (net)	(1,739,660)	-
Value added tax and other taxes	38,779	-
Profit minority interest	-	405
Net cash flows from operating activities	<u>53,178,881</u>	<u>4,843,855</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital increase	-	319,754,826
Bonds payable	430,901,228	-
Payment of related company loans	(331,241,937)	-
Bond issuance and placement expenses	(9,860,346)	-
Net cash flows from financing activities	<u>89,798,945</u>	<u>319,754,826</u>

**CASH FLOWS FROM INVESTMENT ACTIVITIES**

Sale of fixed assets	74,878	-
Other loan reimbursements from related companies	39,208,951	4,619
Purchase of fixed assets	(10,507,000)	(1,298,518)
Investment in subsidiary	-	(320,200,267)
Other loans to related companies	(103,284,603)	-
Other investment disbursements	(2,708,521)	-
Net cash flows from investing activities	<u>(77,216,295)</u>	<u>(321,494,166)</u>
 Total net cash flow for the year	 65,761,531	 3,104,515
 EFFECT OF INFLATION AND EXCHANGE		
ON CASH AND CASH EQUIVALENTS	<u>72,422</u>	<u>719,262</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	65,833,953	3,823,777
CASH AND CASH EQUIVALENTS AT THE		
BEGINNING OF THE PERIOD	<u>23,528,854</u>	<u>19,705,077</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>89,362,807</u></u>	<u><u>23,528,854</u></u>

The accompanying Notes 1 to 30 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2001 and for the period September 15 to December 31, 2000  
(Translation from the original in Spanish)

### NOTE 1 - REGISTRATION

Inversiones HQ Chile Limitada was formed as a limited liability company by public deed dated September 15, 2000. The objective of the Company was to invest in shares and public securities. On October 16, 2000, the Company changed its name to Inversiones HQI Transelec Chile Limitada, without making any change to the Company's objective. On November 23, 2000, the Company changed its name to HQI Transelec Chile S.A. and was registered as a closed Company with the Chilean Superintendent of Securities and Insurance Companies, and is subject to its control, under number 729 as from March 22, 2001. The revised objective of the new Company is the exploitation and development of electrical systems of its own and of third parties pertaining to the transmission of electrical energy, for which they can acquire and/or make use of concessions, taking into account all the benefits that are available by law to electrical companies.

On October 23, 2000, Inversiones HQI Transelec Chile Limitada (now HQI Transelec Chile S.A.) and Inversiones HQI Chile Holding Limitada together acquired all the shares of Empresa Nacional de Transmisión Eléctrica S.A. ("TRANSELEC"), from Empresa Nacional de Electricidad S.A. ("ENDESA") and Endesa Inversiones Generales S.A.

Per public deed dated January 18, 2001, the Company purchased from Inversiones HQI Chile Holding Limitada 98,606 shares, corresponding to 0.01% of the share capital in Compañía Nacional de Transmisión Eléctrica S.A., concentrating 100% of ownership. As a result, Compañía Nacional de Transmisión Eléctrica S.A. was absorbed by HQI Transelec Chile S.A., the latter assuming all assets, liabilities, obligations and rights of TRANSELEC. The Company directly undertook business operations associated with the transmission of electrical energy which were carried out by the absorbed subsidiary.

### NOTE 2 - ACCOUNTING PRINCIPLES

#### a) Period

The financial statements for the year 2001 relate to the twelve month period between January 1 and December 31. The consolidated financial statements as of December 31, 2000 and the respective notes, correspond to the period from September 15, 2000 to December 31, 2000.

#### b) Basis of preparation

The financial statements of HQI Transelec Chile S.A. at December 31, 2001 have been prepared in conformity with accounting principles generally accepted in Chile issued by the Chilean Institute of Accountants, and specific instructions and regulations issued by the Superintendent of Securities and Insurance Companies. The latter predominate over the former in the event of discrepancy.

The 2000 financial statements presented for purposes of comparability, correspond to the consolidation of HQI Transelec Chile S.A. and TRANSELEC for the period between September 15 and December 31, 2000.

The consolidated financial statements as of December 31, 2000 have been prepared in conformity with accounting principles generally accepted, and include the assets, liabilities and results of HQI Transelec Chile S.A. and 99,99% of its subsidiary, TRANSELEC.

c) Basis of presentation

For comparative purposes, the consolidated financial statements for the period ended December 31, 2000 have been restated in the percentage of the change in the Consumer Price Index for the year 2001 which amounted to 3,1%.

d) Basis of consolidation

The consolidated financial statements as of December 31, 2000 include the assets, liabilities, results and cash flows of HQI Transelec Chile S.A. and TRANSELEC. The amounts and effects of the transactions between the companies have been eliminated and the participation of the minority investors has been recognized and presented in the balance sheet in the account Minority interest.

e) Price-level restatement

The financial statements have been restated in order to reflect the effect of changes in the purchasing power of the Chilean peso during the respective periods. Accordingly, non-monetary assets and liabilities and shareholders' equity have been restated against income. The restatements have been determined on the basis of the official Chilean Consumer Price Index (CPI) issued by the National Institute of Statistics, applied one month in arrears, which was 3,1% for the year ended December 31, 2001 (0,099% for the period from September 15 to December 31, 2000). In addition, the accounts in the income statement have been restated to their year-end values.

f) Operating estimates

The Company has to make accounting estimates to record its accounts receivable from transmission tolls. Final settlements of these accounts may extend beyond one fiscal year and can result in losses or gains for amounts not expected to be significant.

g) Bases of translation

Balances in foreign currency are adjusted at the exchange rate prevailing on the closing date of the financial statements. Indexed units have been restated according to variations in the corresponding index.

Assets and liabilities in foreign currency and UF have been translated into Chilean pesos at the following closing exchange or conversion rates:

	Ch\$ per unit	
	2001	2000
Unidad de Fomento	16,262,66	15,769,92
United States dollar	654,79	573,65

h) Time deposits

Investments in time deposits are recorded at cost plus price-level indexation and accrued interest at year end.

i) Resale agreements

Other current assets include purchases under resale agreements which are recorded at their initial investment value at purchase date plus interest and readjustments.

j) Marketable securities

This item includes investments in mutual funds, which are valued at their quoted market value at each year end.

k) Allowance for doubtful accounts

The Company believes that it is unnecessary to record an allowance for doubtful accounts at year end considering the aging of its accounts receivable.

l) Fixed assets

Fixed assets are valued at restated purchase cost or contribution value at year end.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, considering a residual value of 5% for assets purchased until 1999.

During 2001, the remaining useful life of some assets (including lines and electrical equipment) was modified, extending the period for depreciation.

m) Goodwill

The amount presented as Goodwill represents the difference between the purchase value of shares in Compañía Nacional de Transmisión Eléctrica S.A. and the proportional equity value of the investment on the purchase date. This difference is amortized over a 20-year period.

n) Bonds payable

This item includes, in long-term, the obligation incurred in the issuance of bonds by the Company at nominal value plus readjustments at year end and, in short-term, accrued interest at year end. The difference between the book value and placement value is amortized until maturity and is presented in Other current assets and Other long-term assets.

o) Severance indemnities

The provision for severance payments to Company staff upon reaching 15 years of service is presented at present value on an accrual basis, using an annual interest rate of 6.5% and considering an average tenure of 35 years. An average of 75% of the benefit, for staff with less than 15 years of service, has been accrued at present value.

p) Income taxes and deferred taxes

The Company provides for income taxes in accordance with current legislation.

In conformity with Technical Bulletin No. 60 issued by the Chilean Institute of Accountants, deferred taxes have been recorded for all temporary differences between accounting balances for assets and liabilities and the corresponding tax balances, considering the tax rate at the estimated date of reversal. The effect of deferred income taxes as of January 1, 2000, which were not previously recorded by TRANSELEC, acquired by HQI Transelec Chile S.A. on October 23, 2000, are recorded in net income as from acquisition based on the period of reversal.

q) Debt security issuance and placement expenses

The Company has deferred the expenses incurred in the issuance and placement of debt securities during 2001. These deferred charges are recorded under Other long-term and short-term assets, and are amortized using the straight-line method until maturity of the obligations.

r) Staff vacation

In conformity with Technical Bulletin No. 47 issued by the Chilean Institute of Accountants, the annual cost of employee vacations is recorded as an expense in the financial statements on an accrual basis.

s) Intangibles

This balance consists of rights-of-way which are amortized on the straight-line basis over 40 years in conformity with Technical Bulletin No. 55 issued by the Chilean Institute of Accountants.

t) Statement of cash flows

Cash and cash equivalents correspond to cash and banks, time deposits, marketable securities and investments under resale agreements.

Cash flows from operating activities include all business-related cash flows and, in general, all cash flows not defined as from financial or investment activities. The concept of operations used in this statement is broader than that used in the Income Statement.

u) Derivative contracts

The hedging contracts subscribed by the Company include foreign exchange forward contracts and swaps and have been recorded at fair value in conformity with Technical Bulletin No. 57 issued by the Chilean Institute of Accountants.

### NOTE 3 - ACCOUNTING CHANGES

There have been no changes in accounting policies for the period January 1 to December 31, 2001, that could effect significantly the interpretation of these financial statements.

As discussed in Note 2 I), the Company changed the useful life of some fixed assets, resulting in a decrease in the charge to income during the year of approximately ThCh\$ 5,240,000.

### NOTE 4 - MARKETABLE SECURITIES

The balance of marketable securities at each year end corresponds to investments in mutual funds as follows:

Entity	2001 ThCh\$	2000 ThCh\$
BHIF	580,884	542,002
Banchile	481,662	596,747
Citicorp	18,546	632,389
Santander	300,264	248,334
Santiago	655,254	-
Sudamericano	500,367	-
Crédito Inversiones	423,211	-
Total	<u>2,960,188</u>	<u>2,019,472</u>

### NOTE 5 - SHORT- AND LONG-TERM DEBTORS

Debtors are summarized as follows:

a) Trade accounts receivable short-term

	2001 ThCh\$	2000 ThCh\$
Tolls and transmission charges	8,543,173	7,894,990
Services provided to other parties	<u>391,405</u>	<u>228,393</u>
Total	<u>8,934,578</u>	<u>8,123,383</u>

	Current Upto 90 days		Current Between 90 and 1 year		Total Current		Long-term	
	2001	2000	2001	2000	2001	2000	2001	2000
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Tolls and transmission charges	8,934,578	8,123,383	-	-	8,934,578	8,123,383	-	-
Sundry debtors	276,722	337,071	-	-	276,722	337,071	441,858	654,022
Total long-term receivables							441,858	654,022

Significant balances and transactions with related companies are as follows:

The receivable balance as at December 31, 2001 originates in a loan granted on April 17, 2001 to Inversiones HQI Chile Holding Ltda. for ThUS\$ 169,354. On July 31, 2001 Inversiones HQI Chile Holding Ltda. paid ThUS\$ 62,000 of the total debt, of which, MUS\$ 58,144 corresponded to capital and MUS\$ 3,856 to interest. The amount due is payable in United States dollars and accrues a 7.875% interest on an annual basis of 360 days. The balance due will be paid from the dividends to be received by Inversiones HQI Chile Holding Ltda. from HQI Transelec Chile S.A., first for payment of accrued interest and then for capital amortization.

b) Notes and accounts payable

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In order to hedge its exposure to exchange rate risk, TRANSELEC entered into a forward contract (US\$ - UF) with Hydro Québec for ThUS\$250,000. This contract was entered into on December 1, 2000 and matured at various dates between April 6 and May 9, 2001.

RUT	Company	2001 M\$	Short-term 2000 M\$
0-E	Hydro Québec	270.159	2.174.210
77.498.840-8	Inversiones HQI Chile Holding Ltda.	-	319,737,293
Total		<u>270,159</u>	<u>321,911,503</u>

#### c) Transactions

Company	RUT	Relationship	Nature of transaction	2001	Effect	2000	Effect
				Amount	in income	Amount	in income
				ThCh\$	(charge)credit ThCh\$	ThCh\$	(charge)credit ThCh\$
Inversiones HQI Chile Holding Ltda,	77,498,840-8	Shareholder	Payment of loans	323,478,454	(22,787,154)	-	-
			Loans obtained	-	-	319,737,293	(6,268,810)
			Loans granted	104,445,612	15,536,489	-	-
			Reimbursement of loans	41,464,980	-	-	-
Hydro Québec	0-E	Ultimate parent	Forward contract	2,843,874	4,952,710	2,174,210	(2,174,210)

### NOTE 7 - DEFERRED TAXES AND INCOME TAXES

#### a) General information

At December 31, 2001 the Company has not provided for income tax due to tax losses amounting to ThCh\$ 19,362,984. Nonetheless, as a result of the merger with TRANSELEC, on March 31, 2001 the Company paid income taxes amounting to ThCh\$1,248,349, corresponding to the taxable income of the subsidiary for the period between January 1 and 31, 2001. There are no undistributed tax profits from prior years.

At December 31, 2000, the Company provided for an income tax expense of ThCh\$ 943,845, based on taxable income of ThCh\$ 6,173,799.

## b) Deferred taxes

In conformity with the principle described in Note 2 p), deferred taxes have been adjusted in 2001 to recognize the effect of the changes in the rate introduced by the tax reform published in September 2001. This adjustment represented a charge to net income during 2001 of approximately ThCh\$ 259,000.

Concepts	2001				2000			
	Deferred tax asset		Deferred tax liability		Deferred tax asset		Deferred tax liability	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Temporary differences								
Accrued employee vacations	62,279	-	-	-	63,308	-	-	-
Fixed assets	-	-	-	3,243,054	-	-	-	2,636,050
Accelerated depreciation	-	-	-	897,715	-	-	-	863,527
Accrued employee severance benefits	-	-	-	119,819	-	-	-	124,653
Other events	22,753	-	-	-	340,988	-	-	-
Tax loss benefit	-	3,291,707	-	-	-	-	-	-
Increase in value of fixed assets (absorption)	-	20,199,007	-	-	-	-	-	-
Prepaid expenses	-	-	1,527,158	-	-	-	-	-
Forward contracts	94,877	-	-	-	-	-	-	-
Complementary accounts - net of amortization	-	-	-	(1,799,001)	-	-	-	(1,675,054)
Total	<u>179,909</u>	<u>23,490,714</u>	<u>-</u>	<u>3,988,745</u>	<u>404,296</u>	<u>-</u>	<u>-</u>	<u>1,949,176</u>

## c) Income taxes

Item	2001 M\$	2000 M\$
Current tax expense	(14,331)	(944,314)
Deferred tax effects	451,377	565,541
Amortization on deferred tax complementary accounts	(86,881)	(320,774)
Other charges	(1,248,349)	-
Total income tax	<u>(898,184)</u>	<u>(699,547)</u>

## NOTE 8 - OTHER CURRENT ASSETS

Other current assets is summarized as follows:

	2001	2000
	M\$	M\$
Resale agreements	4,420,039	2,373,698
Bond issuance expenses	1,052,476	-
Deferred bond discount	592,349	-
Others	14,174	122,672
	<u>6,079,038</u>	<u>2,496,370</u>

## NOTE 9 - INFORMATION ABOUT PURCHASES UNDER RESALE AGREEMENTS OF SECURITIES

At December 31, 2001 the resale agreements are summarized as follows:

Code	Dates Purchase	Maturity	Company	Currency	Suscription value ThCh\$	Rate %	Final value ThCh\$	Identification of security	Market value ThCh\$
CRV	12/17/01	1/2/02	Banco Corpbanca	Pesos	600,000	0,55	601,760	PRD	601,540
CRV	12/17/01	1/2/02	BBVA - Banco BHIF	Pesos	1,050,555	0,55	1,053,080	PDBC	1,052,695
CRV	12/21/01	1/15/02	Banco BCI	Pesos	1,850,000	0,49	1,857,554	PDBC	1,853,022
CRV	12/26/01	1/16/02	Bank Boston	Pesos	700,000	0,54	702,646	PRD	700,630
CRV	12/27/01	1/17/02	Banco BCI	Pesos	212,000	0,54	212,801	PRBC	212,152

## NOTE 10 - FIXED ASSETS

Fixed assets are summarized as follows:

	2001			2000		
	Gross value ThCh\$	Accumulated depreciation ThCh\$	Net value ThCh\$	Gross value ThCh\$	Accumulated depreciation ThCh\$	Net value ThCh\$
Land, rights and others	<u>5,385,795</u>	<u>-</u>	<u>5,385,795</u>	<u>5,383,262</u>	<u>-</u>	<u>5,383,262</u>
Buildings and infrastructure						
Buildings	6,332,423	(897,648)	5,434,775	6,269,448	(664,201)	5,605,247
Access roads	346,890	(36,451)	310,439	346,890	(26,643)	320,247
Lines	243,566,829	(22,829,987)	220,736,842	243,152,418	(17,143,110)	226,009,308
Houses and apartments	613,668	(205,483)	408,185	582,519	(131,353)	451,166
Non-hydraulic civil projects	17,735,521	(2,179,891)	15,555,630	17,635,914	(1,550,852)	16,085,062
Work in progress	<u>12,590,023</u>	<u>-</u>	<u>12,590,023</u>	<u>2,363,818</u>	<u>-</u>	<u>2,363,818</u>
	<u>281,185,354</u>	<u>(26,149,460)</u>	<u>255,035,894</u>	<u>270,351,007</u>	<u>(19,516,159)</u>	<u>250,834,848</u>
Machinery and equipment						
Telecommunication equipment	5,369,870	(3,289,228)	2,080,642	5,291,546	(3,183,550)	2,107,996
Machinery and office equipment, furniture	1,131,322	(720,077)	411,245	1,029,878	(784,379)	245,499
Service equipment	20,720	(12,553)	8,167		17,581	(10,388)
7,193		Tools and				
instruments	1,329,714	(1,041,610)	288,104	1,332,084	(985,792)	346,292
Power generation unit	477,727	(68,928)	408,799	459,255	(52,400)	406,855
Electrical equipment	183,193,177	(22,187,857)	161,005,320	183,416,527	(16,162,595)	167,253,932
Protection and mechanical equipment	30,134,617	(3,716,692)	26,417,925	29,838,064	(2,595,235)	27,242,829

Transportation and loading equipment	<u>671,676</u>	<u>(393,166)</u>	<u>278,510</u>	<u>1,269,320</u>	<u>(711,404)</u>	<u>557,916</u>
	<u>222,328,823</u>	<u>(31,430,111)</u>	<u>190,898,712</u>	<u>222,654,255</u>	<u>(24,485,743)</u>	<u>198,168,512</u>
Subtotal	<u>508,899,972</u>	<u>(57,579,571)</u>	<u>451,320,401</u>	<u>498,388,524</u>	<u>(44,001,902)</u>	<u>454,386,622</u>
Other fixed assets						
Advances to contractors	101,140	-	101,140	97,937	-	97,937
Construction materials	<u>1,723,154</u>	<u>-</u>	<u>1,723,154</u>	<u>1,845,015</u>	<u>-</u>	<u>1,845,015</u>
	<u>1,824,294</u>	<u>-</u>	<u>1,824,294</u>	<u>1,942,952</u>	<u>-</u>	<u>1,942,952</u>
Increased value from technical reappraisal	<u>22,641,489</u>	<u>(3,113,007)</u>	<u>19,528,482</u>	<u>22,829,884</u>	<u>(2,546,647)</u>	<u>20,283,237</u>
Total fixed assets	<u>533,365,755</u>	<u>(60,692,578)</u>	<u>472,673,177</u>	<u>523,161,360</u>	<u>(46,548,549)</u>	<u>476,612,811</u>

Depreciation for 2001 totalled ThCh\$ 14,885,188 (ThCh\$ 3,572,705 for period 2000). The amount of ThCh\$ 14,854,029 was charged to Operating costs (ThCh\$ 3,567,626 for period 2000) and ThCh\$ 21,159 (ThCh\$ 5,079 for period 2000) was recorded in Administrative and selling expenses.

Assets subject to technical reappraisal correspond to those contributed by ENDESA to Transelec S.A. and include: land, buildings, electrical equipment, telecommunication equipment, lines, houses, and apartments.

## NOTE 11 - INVESTMENT IN OTHER COMPANIES

This balance corresponds to an 8.33% of Sociedad Centro de Despacho Económico de Carga del Sistema Eléctrico Interconectado Central Limitada (CDEC-SIC), whose exclusive objective is to administrate the operations of the power stations and transmission lines that are interconnected within the electricity system.

RUT	Company	Percentage of participation %	Book value at	
			31/12/01 M\$	31/12/00 M\$
77.286.570-8	CDEC-SIC Ltda.	8,333	37,142	37,142

## NOTE 12 - GOODWILL AND NEGATIVE GOODWILL

a) Goodwill is summarized as follows:

	Year ended December 31,	
	2001	2000
	ThCh\$	ThCh\$
Opening balance	124,439,240	124,439,240
Transfer to Deferred taxes (1)	(20,861,770)	-
Opening equity balance difference (2)	1,998,404	-
	<u>105,575,874</u>	<u>124,439,240</u>
Amortization of goodwill	<u>(6,646,494)</u>	<u>(1,209,826)</u>
	<u><u>98,929,380</u></u>	<u><u>123,229,414</u></u>

- (1) Corresponds to the deferred tax credit generated by the allocation of goodwill, resulting from the absorption of TRANSELEC by the Company, to fixed assets (tax accounting). Consequently, goodwill was deducted in the equivalent amount of the deferred tax credit.
- (2) As a result of the arbitration process -relative to the Share Purchase Agreement dated October 23, 2000 between Inversiones HQI Transelec Limitada (currently HQI Transelec Chile S.A.), Inversiones HQI Chile Holding Limitada and Hydro Quebec International Inc., the buyers, and Empresa Nacional de Electricidad (ENDESA) and Endesa Inversiones Generales S.A. (Enigesa), the sellers- whereby share buyers undertook to reimburse the sellers the difference between the net equity of ThCh\$ 188,019,844, and the period-end net equity value on the agreement date, if such difference were positive, on June 29, 2001, an arbitration resolution was rendered by the arbitration auditors. A net equity at year-end of ThCh\$ 190,688,338 was determined, which was greater than the initial net equity reference by ThCh\$ 2,668,494. Since a portion of this amount was recognized as goodwill at December 31, 2000, goodwill only increased by ThCh\$ 1,968,870 (historical) during 2001.

b) Goodwill and the corresponding amortization is originated as follows:

RUT	Company	2001		2000	
		Amortization during the period ThCh\$	Balance of goodwill ThCh\$	Amortization during the period ThCh\$	Balance of goodwill ThCh\$
96,659,380-6	Compañía Nacional de Transmisión Eléctrica S.A,	5,436,668	98,929,380	1,209,826	123,229,414
	Total	<u><u>5,436,668</u></u>	<u><u>98,929,380</u></u>	<u><u>1,209,826</u></u>	<u><u>123,229,414</u></u>

### NOTE 13 - INTANGIBLES

Intangibles is summarized as follows:

	2001 ThCh\$	2000 ThCh\$
Rights-of-way	23,153,860	23,153,819
Accumulated amortization	(1,575,497)	(973,951)
Net value	<u>21,578,363</u>	<u>22,179,868</u>

The amortization charge to income amounted to ThCh\$ 667,730 in 2001 (ThCh\$ 302,047 for period 2000).

### NOTE 14 - OTHER ASSETS

The balance at each period end is summarized as follows:

	2001 ThCh\$	2000 ThCh\$
Deferred expenses on bond placements - UF	2,026,376	-
Deferred expenses on bond placements - US\$	5,904,430	-
Discount on bond placements - UF	2,651,147	-
Discount on bond placements - US\$	1,317,100	-
Payments in advance	290,448	-
Rental deposits for employee housing	23,397	1,105
	<u>12,212,898</u>	<u>1,105</u>

### NOTE 15 - LONG- AND SHORT-TERM OBLIGATIONS (PROMISSORY NOTES AND BONDS)

a) During 2001, the Company made the following public offering of bonds in the local market:

On April 2, 2001 the Company registered the first bond issuance for a maximum of UF 10,000,000 with the Superintendent of Securities and Insurance Companies under number 249. Of this amount, UF 9,200,000 were finally placed on April 11, 2001.

As of December 31, 2001 the risk ratings obtained are the following:

Classifier	Rating
Fitch Chile Clasificadora de Riesgo Ltda.	AA
Feller-Rate Clasificadora de Riesgo Limitada	AA+

The terms of issuance of these bonds are as follows:

Issue	:	HQI Transelec Chile S.A.
Securities issued	:	Bearer bonds in local currency, denominated in Unidades de Fomento.
Maximum issued	:	10,000,000 Unidades de Fomento divided into Series A Series A-1 : Up to UF 3,000,000 (3,000 bonds at UF 1,000 each). Series A-2 :Up to UF 4,000,000 (400 bonds at UF 10,000 each). Series B Series B-1: Up to UF 1,000,000 (1,000 bonds at UF 1,000 each). Series B-2: Up to UF 3,000,000 (300 bonds at UF 10,000 each).
Indexation	:	Change in Unidades de Fomento
Amortization period	:	Series A 6 years and Series B 21 years (6 years of grace and 1 and 15 years for capital amortization, respectively).
Capital amortization	:	Series A, in one installment, upon maturity, and Series B, payable half-yearly, in increasing amounts, and effective September 1, 2007.
Early redemption	:	Series A: without early redemption and Series B,: effective September 1, 2009, on any of its denominated dates of payment of interest or interest and capital amortization.
Interest rate	:	Series A and B bonds accrue an 6.20% annual interest rate on the outstanding capital, expressed in Unidades de Fomento. Interest is calculated over a period of 360 days, upon maturity and payable half-yearly in two semesters of 180 days each.
Interest payments	:	Half-yearly payments, upon maturity on March 1 and September 1 yearly, starting September 1, 2001. Interest accrued at year-end amounts to ThCh\$ 3,045,593 and is presented in Current liabilities.
Guarantees:	:	This issuance has no special guarantees, except for the general guarantee on all of the issuer's assets.
Period of placement	:	36 months, as from the date of register with the Superintendent of Securities and Insurance Companies.

b) The Company issued and placed notes in the international market on April 17, 2001 as follows:

As of December 31, 2001 the risk ratings obtained are the following:

	Rating
Standard and Poor's Rating Group	A-
Fitch Ibca, Duff & Phelps	A-
Moody's Investors Service Inc.	Baa1

Issuer	:	HQI Transelec Chile S.A.
Securities issued	:	US\$ (Yankee Bonds) traded in the U.S. market.
Issue value	:	ThUS\$ 465,000 of a single series



Indexation : Change in United States dollar

Capital amortization : At maturity on April 15, 2011.

Nominal interest rate : 7.875% annual.

Interest payments : On April 15 and October 15 each year, effective October 15, 2001. Interest accrued at year-end amounts to ThCh\$ 5,272,850 and is presented in Current liabilities.

c) Bonds

Register number or identification of bonds	Nominal amount		Currency	Interest rate	Final maturity	Periodicity		Par value	Issued in
	Series	placed				Amortization	payments	12/31/2001	Chile or abroad
Long-term bonds									
249	A1	2,000,000	UF	6,20%	03/01/2007	Semester	At maturity	32,525,320	Chile
249	A2	4,000,000	UF	6,20%	03/01/2007	Semester	At maturity	65,050,640	Chile
249	B1	200,000	UF	6,20%	03/01/2022	Semester	From 2006	3,252,532	Chile
249	B2	3,000,000	UF	6,20%	03/01/2022	Semester	From 2006	48,787,980	Chile
First offering	Sole	465,000,000	US\$	7,875%	04/15/2011	Semester	At maturity	304,477,350	Abroad
Swap contracts	3 contracts	7,315,503	UF	9,16%	2006	Semester	At maturity	12,266,406	Chile
Total long-term								466,360,228	

**NOTE 16 - PROVISIONS AND WRITE-OFFS**

Provisions at each year end are as follows:

	<u>2001</u>	<u>2000</u>
	ThCh\$	ThCh\$
a) Short-term provisions		
Employee severance indemnity benefits	-	40,225
Accrued payroll	625,118	502,697
Employee vacation benefits	389,241	422,050
Cost of accidents (lines and substations)	107,303	22,306
Accrual for TRANSELEC purchase price adjustment	-	722,990
	<u>1,121,662</u>	<u>1,710,268</u>
Total	<u>1,121,662</u>	<u>1,710,268</u>
b) Long-term provisions		
Employee severance indemnity benefits	<u>1,299,299</u>	<u>1,230,145</u>

## NOTE 17 - SEVERANCE INDEMNITIES

The change in severance indemnities during each period is as follows:

	2001 ThCh\$	2000 ThCh\$
Opening balance	1,232,173	1,188,101
Price-level restatement	38,197	51,607
Provision for the period	<u>28,929</u>	<u>30,662</u>
Total	<u><u>1,299,299</u></u>	<u><u>1,270,370</u></u>
Short-term	-	40,225
Long-term	<u>1,299,299</u>	<u>1,230,145</u>
Total	<u><u>1,299,299</u></u>	<u><u>1,270,370</u></u>

## NOTE 18 - MINORITY INTEREST

The minority interest at December 31, 2000 was composed as follows:

Subsidiary	Percent	ThCh\$
	%	
TRANSELEC	0,01	20,056

## NOTA 19 - EQUITY

During 2001 and the period September 15 and December 31, 2001, the changes in shareholders' equity are summarized as follows:

### a) Changes in equity

	2001			2000		
	Paid-in capital ThCh\$	Retained earnings ThCh\$	Net income (loss) for the period ThCh\$	Paid-in capital ThCh\$	Other reserves ThCh\$	Net income for the period ThCh\$
Opening balance	310,140,471	-	3,178,720	100	(100)	-
Prior-year income distribution	-	3,178,720	(3,178,720)	-	-	-
Capital increase	-	-	-	340,073,800	(340,073,800)	-
Capital decrease for change in legal structure	-	-	-	(32,993,485)	32,993,485	-
Paid-in capital	-	-	-	-	307,049,463	-
Paid-in capital	-	-	-	-	30,952	-
Price-level restatements	9,614,355	98,540	-	3,060,056	-	-
Net income (loss) for the period	-	-	(5,342,065)	-	-	3,178,720
Final balance	<u>319,754,826</u>	<u>3,277,260</u>	<u>(5,342,065)</u>	<u>310,140,471</u>	<u>-</u>	<u>3,178,720</u>
Restated balance				<u>319,754,826</u>		<u>3,277,260</u>

### b) Number of shares

Series	Number of shares	Number of paid-in shares	Voting shares
Single series	1,000,000	1,000,000	1,000,000

### c) Capital

Series	Suscribed capital ThCh\$	Paid-in capital ThCh\$
Single series	319,754,826	319,754,826

## NOTE 20 - OTHER NON-OPERATING INCOME AND EXPENSES

These are summarized as follows:

	2001 ThCh\$	2000 ThCh\$
Other non-operating income:		
Prior-year income	208,149	-
Miscellaneous income	2,523	25,926
Income on disposal of materials	61,547	-
	<u>272,219</u>	<u>25,926</u>
Total	<u>272,219</u>	<u>25,926</u>
Other non-operating expenses:		
Prior-year expenses	151,002	131,515
Miscellaneous losses	528,387	-
Retired employee benefits	121	-
Directors' remuneration	18,785	-
Fiscal and judicial fines	7,295	-
Research expenses	56,517	-
Loss on disposal of fixed assets	109,301	-
	<u>871,408</u>	<u>131,515</u>
Total	<u>871,408</u>	<u>131,515</u>

## NOTE 21 - PRICE-LEVEL RESTATEMENT

The net effects of price-level restatements, as described in Note 2 e), resulted in a net charge to income amounting to ThCh\$ 2,815,730 (net credit of ThCh\$ 1,579,643 in period 2000) and is summarized below. In conformity with Circular 1560 issued by the Superintendent of Securities and Insurance on September 20, 2001, Exchange differences must be presented discounting the effect of inflation. The said effect is presented in Price-level restatement and implied a net charge of ThCh\$ 5,916,520 (net credit in Exchange differences) during 2001 (ThCh\$ 1,623,955 during period 2000).

	Index	2001 ThCh\$	2000 ThCh\$
Assets (charges) / credits			
Fixed assets	IPC	14,920,613	5,103,404
Other non-monetary assets	IPC	6,927,291	1,927,272
Expense accounts	IPC	402,884	38,989
Total (charges) / credits		<u>22,250,788</u>	<u>7,069,665</u>
Liabilities (charges) / credits			
Shareholders' equity	IPC	(9,712,895)	(3,154,918)
Non-monetary liabilities	IPC/UF	(13,932,198)	(1,880,879)
Income accounts	IPC	<u>(1,421,425)</u>	<u>(454,225)</u>
Total (charges) / credits		<u>(25,066,518)</u>	<u>(5,490,022)</u>
Price-level restatement net (loss) income		<u>(2,815,730)</u>	<u>1,579,643</u>

## NOTE 22 - EXCHANGE DIFFERENCES

The effects of exchange differences during 2001 amounted to a net charge to income of ThCh\$ 30,078,816 (ThCh\$ 2,530,690 in period 2000), and is summarized as follows:

Item	Currency	Amount	
		2001 ThCh\$	2000 ThCh\$
Assets (charges) / credits			
Time deposits	Dollars	(126,340)	252,047
Notes and accounts receivable from related companies	Dollars	8,686,767	-
Forward contracts	Dollars	1,786,570	-
Total (charges) / credits		<u>10,346,997</u>	<u>252,047</u>
Liabilities (charges) / credits			
Notes and accounts payable to related companies	Dollars	(12,431,679)	(2,782,737)
Bonds payable	Dollars	(18,491,640)	-
Swap contracts	Dollars	(9,502,494)	-
Total (charges) / credits		<u>(40,425,813)</u>	<u>(2,782,737)</u>
Net loss from exchange differences		<u>(30,078,816)</u>	<u>(2,530,690)</u>

## NOTE 23 - DEBT SECURITY ISSUANCE EXPENSES

Expenses incurred in debt securities issued in the local and foreign markets include: stamp tax, placement fees, legal services, financial services, risk classification reports, and printing costs.

	Local ThCh\$	Abroad ThCh\$	Total ThCh\$
Composition			
Bond issuance expenses	2,630,432	7,229,914	9,860,346
Amortization	(274,571)	(602,493)	(877,064)
	<u>2,355,861</u>	<u>6,627,421</u>	<u>8,983,282</u>
Balance sheet presentation			
Other current assets	329,485	722,991	1,052,476
Other long-term assets	<u>2,026,376</u>	<u>5,904,430</u>	<u>7,930,806</u>
	<u>2,355,861</u>	<u>6,627,421</u>	<u>8,983,282</u>

## NOTE 24 - DERIVATIVE CONTRACTS

The Company maintains forward contracts and swaps to hedge the risk of exchange rate fluctuations of short-term trade accounts receivable and long-term bond payables, as follows:

Type of derivative	Type of contract	Nominal value US\$	Maturity	Contract Description					Value of hedged item ThCh\$	Accounts effected			
				Specific item	Position purchase/sale	Item or transaction hedged		Asset/Liability		Effect in income			
						Name	Amount ThCh\$	Name		Amount ThCh\$	Realized ThCh\$	Unrealized ThCh\$	
S	HCEI	100,000,000	2nd Quarter 2006	Exchange rate (US\$)	P	US\$ Bonds	67,900,000	65,479,000	Bonds payable	6,125,743	(73,752)	(6,051,991)	
S	HCEI	50,000,000	2nd Quarter 2006	Exchange rate (US\$)	P	US\$ Bonds	35,830,500	32,739,500	Bonds payable	4,568,697		(4,568,697)	
S	HCEI	20,000,000	4th Quarter 2006	Exchange rate (US\$)	P	US\$ Bonds	14,110,000	13,095,800	Bonds payable	1,571,966		(1,571,966)	
FR	HCEI	30,000,000	2nd Quarter 2002	Exchange rate (US\$)	P	US\$ Bonds	20,535,000	19,980,000	Sundry creditors	592,980		(555,000)	
FR	HCEI	4,000,000	1st Quarter 2002	Exchange rate (US\$)	P	Trade receivables	2,650,720	2,619,160	Sundry creditors	31,560		(31,560)	
FR	HCEI	2,000,000	1st Quarter 2002	Exchange rate (US\$)	P	Trade receivables	1,316,000	1,309,580	Sundry creditors	6,420		(6,240)	

## NOTE 25 - CONTINGENCIES AND RESTRICTIONS

a) As a result of the obligations incurred in the bond offerings, the Company is required to meet specific ratios and obligations, including:

- Maintain at all times assets free from any encumbrance, assets with a book value equal to or greater than one point two times the book value of the issuer's total obligations and debts which are not pledged as actual guarantees on goods and assets owned. These obligations include debts arising from the aforementioned bond offering.
- Prohibition to sell, assign, transfer, contribute or dispose of the issuer's primary assets in any way.
- Maintain an individual and consolidated leverage ratio whereby the proportion of Total liabilities/Total capitalization is not greater than zero point seven times.
- Maintain at all times an individual and consolidated minimum equity equal to fifteen million Unidades de Fomento.

b) Direct obligations

There are no direct obligations.

c) Indirect obligations

There are no guarantors or guarantees issued arising from indirect obligations.

d) Pending lawsuits

There are pending lawsuits filed against the Company, in response to which it has instituted the corresponding defense, representing a total of ThCh\$ 173,268.

Management believes that no significant contingencies will result from the pending lawsuits.

e) Direct guarantees

Creditor of Guarantee	Debtor	Type of guarantee	Book value of compromised assets ThCh\$	Balance pending at 31/12/01 ThCh\$	Guarantees to be released within 3 years ThCh\$
Banco Santiago	Conama	Performance guarantee	919,588	919,588	919,588



## NOTA 26 - GUARANTEES OBTAINED FROM THIRD PARTIES

At December 31, 2001 the Company has received financial guarantees from contractors and third parties for the completion of constructions, maintenance work and repayment of housing loans, amounting to ThCh\$ 1,366,870 (ThCh\$ 459,056 at December 31, 2000).

## NOTE 27 - LOCAL AND FOREIGN CURRENCY

Assets and liabilities held in foreign currency have been translated to Chilean pesos at their respective exchange rates at each period end and are summarized as follows (see conversion rates in Note 2 g):

### a) Assets

		2001 ThCh\$	2000 ThCh\$
Current assets			
Cash and banks	Pesos	108,884	27,000
Cash and banks	Dollars	10,878	63,562
Time deposits	Dollars	81,862,818	19,045,122
Marketable securities	Pesos	2,960,188	2,019,472
Trade accounts receivable	Pesos	8,934,578	8,123,383
Sundry debtors	Pesos	276,722	337,071
Inventories	Pesos	78,782	35,245
Recoverable taxes	Pesos	1,479,870	105,197
Prepaid expenses	Pesos	655,072	452,628
Other current assets	Pesos	1,658,999	122,672
Other current assets - resale agreements	Pesos	4,420,039	2,373,698
Accounts receivable from related companies	Dollars	2,389,387	-
Deferred taxes	Pesos	179,909	404,296
Fixed assets			
Fixed assets	Pesos	472,673,177	476,612,811
Other assets			
Investments in other related companies	Pesos	37,142	37,142
Goodwill	Pesos	98,929,380	123,229,414
Long-term debtors	UF	441,858	654,022
Accounts receivable from related companies	Dollars	72,819,412	-
Intangibles	Pesos	23,153,860	23,153,819
Amortization of intangibles	Pesos	(1,575,497)	(973,951)
Long-term deferred taxes	Pesos	19,501,969	-
Other assets	Pesos	12,212,898	1,105
Total assets	Pesos	<u>645,685,972</u>	<u>636,061,002</u>
	Dollars	<u>157,082,495</u>	<u>19,108,684</u>
	UF	<u>441,858</u>	<u>654,022</u>

b) Current liabilities

Item	Currency	Up to 90 days				90 days to 1 year	
		2001		2000		2001	
		Amount	Average annual rate	Amount	Average annual rate	Amount	Average annual rate
		ThCh\$		ThCh\$		ThCh\$	
Interest payable - bonds	UF	3,045,593	6,2%	-		-	
Interest payable - bonds	Dollars	-		-		5,272,850	7,875%
Accounts payable	Pesos	3,930,087		2,862,157		-	
Sundry creditors	Dollars	-		27,259		-	
Sundry creditors	Pesos	2,275,787		1,556,727		-	
Withholdings	Pesos	1,304,247		1,399,822		-	
Other current liabilities	Pesos	12,803		20,597		-	
Notes and accounts payable related companies	Dollars	270,159		319,737,293		-	
Forward contracts	Dollars	592,800		-		-	
Provisions	Pesos	1,121,662		1,710,268		-	
Notes and accounts payable related companies	Pesos	-		2,174,210			
	UF	<u>3,045,593</u>		<u>-</u>		<u>-</u>	
	Dollars	<u>862,959</u>		<u>319,764,552</u>		<u>5,272,850</u>	
	Pesos	<u>8,644,586</u>		<u>9,723,781</u>		<u>-</u>	

c) Long-term liabilities 12/31/2001

Rubro	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Average	Amount	Average	Amount	Average	Amount	Average
			annual		annual		annual		annual
		ThCh\$	rate	ThCh\$	rate	ThCh\$	rate	ThCh\$	rate
Bonds payable	Dollars	-		-		304,477,350	7,875	-	
Bonds payable	UF	-		-		102,780,011	6,2	46,836,461	6,2%
Sundry creditors	Dollars	-		-		-		-	
Provisions	Pesos	1,299,299		-		-		-	
Other liabilities – long term	Pesos	34,789		-		-		-	
Swap contracts	Dollars	-		12,266,406		-		-	
Total long-term liabilities		<u>1,334,088</u>		<u>12,266,406</u>		<u>407,257,361</u>		<u>46,836,461</u>	
	Dollars	-		12,266,406		304,477,350		-	
	UF	-		-		102,780,011		46,836,461	
	Pesos	1,334,088		-		-		-	

d) Long-term liabilities 12/31/2000

Item	Currency	1 a 3 años		3 a 5 años		5 a 10 años		Más de 10 años	
		Amount	Average	Amount	Average	Amount	Average	Amount	Average
			annual		annual		annual		annual
		ThCh\$	%	ThCh\$	%	ThCh\$	%	ThCh\$	%
Customs duties	Dollars	68,045		-		-		-	
Long-term provisions	Pesos	1,230,145		-		-		-	
Deferred taxes	Pesos	1,949,176		-		-		-	
Other liabilities - long term	Pesos	35,867		-		-		-	
Total long-term liabilities		<u>3,283,233</u>		<u>-</u>		<u>-</u>		<u>-</u>	
	Dollars	68,045		-		-		-	
	Pesos	3,215,188		-		-		-	

### **NOTA 28 - SANCTIONS**

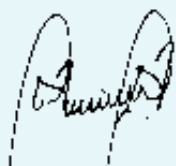
During 2001 and 2000, the Company, its Directors and Management have not been sanctioned by the Superintendent of Securities and Insurance Companies.

### **NOTE 29 - SUBSEQUENT EVENTS**

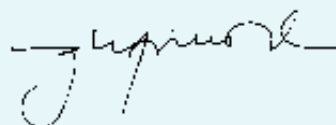
There have been no subsequent events between December 31, 2001 and the date the financial statements were issued, which could significantly affect their interpretation.

### **NOTE 30 - ENVIRONMENTAL EXPENSES**

At December 31, 2001, the Company has made no disbursements related with this concept.



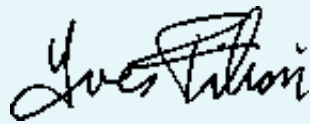
Juan Carlos Rodríguez  
Accountant



Guillermo Espinosa  
General Manager

## S U B S C R I P T I O N   O F   T H I S   A N N U A L   R E P O R T

In compliance with the General Regulation Number 30 of the Superintendency of Securities and Insurance, this Report has been signed by the majority of the members of the Board of Directors of the Company:



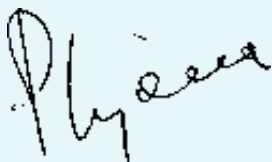
*Yves Fillion*



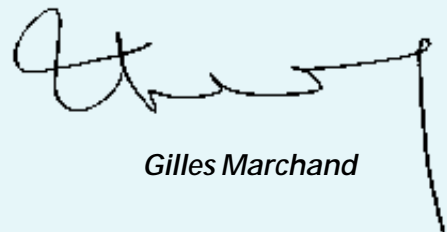
*Jacques Régis*



*Daniel Leclair*



*Pedro Lizana Greve*



*Gilles Marchand*

DESIGN  
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CLAUDIO PEREZ/IMA  
PRINTING  
IMPRESORA Y EDITORA OGRAMA S.A.