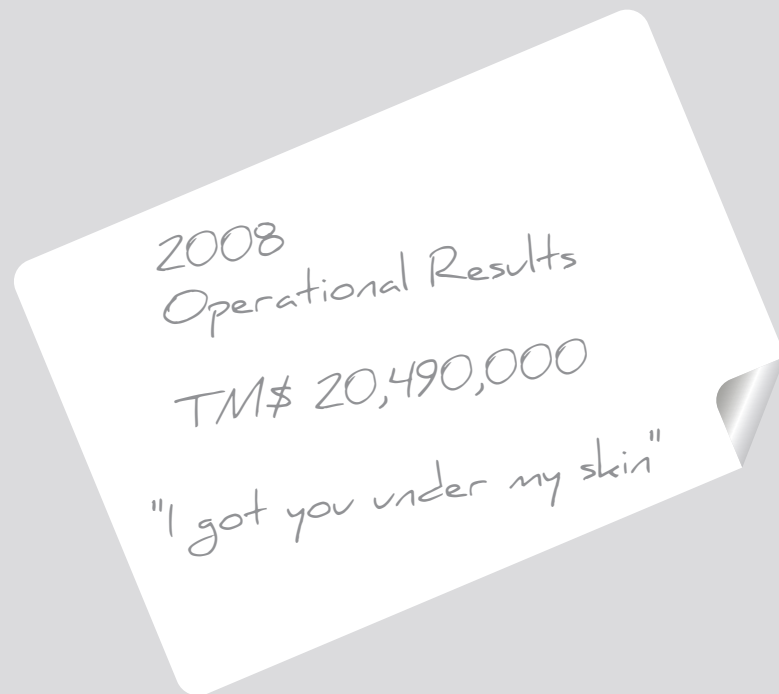


# FINANCIAL STATEMENTS METRO S.A. 2008





2008  
Operational Results

TM\$ 20,490,000

"I got you under my skin"

062

• financial statements

067

• notes to the financial statements

103

• independent auditors' report

# GENERAL CONSOLIDATED BALANCE SHEETS

metro\_s.a.financial\_statements

As of 31st December  
( in thousand pesos )

ASSETS	Note N°	2008 ThCh\$	2007 ThCh\$
<b>CURRENT ASSETS</b>			
Cash and banks		1,605,470	2,627,896
Time deposits	42	33,195,841	43,128,540
Trade receivables (net)	5	9,204,931	4,064,755
Notes receivable (net)	5	1,385,253	984,436
Sundry debtors (net)	5	3,510,928	3,892,586
Inventory		4,916	1,923
Recoverable taxes	8	274,868	303,484
Prepaid expenses		14,201	12,238
Other current assets	10,11 and 32	37,660,395	26,119,051
<b>Total current assets</b>		<b>86,856,803</b>	<b>81,134,909</b>
<b>FIXED ASSETS</b>			
Land	12	48,997,213	48,753,971
Buildings and infrastructure works	12	1,568,878,267	1,384,472,941
Machinery and equipment	12	1,101,587,066	1,104,973,668
Other fixed assets	12	26,842,632	19,283,484
Sub Total		2,746,305,178	2,557,484,064
Less: Accumulated Depreciation	12	(474,997,708)	(419,477,394)
<b>Total net fixed assets</b>		<b>2,271,307,470</b>	<b>2,138,006,670</b>
<b>OTHER ASSETS</b>			
Long-term debtors	5	66,108,453	37,434,479
Intangible assets (net)		589,253	357,724
Other	18 and 32	45,614,060	9,043,809
<b>Total other assets</b>		<b>112,311,766</b>	<b>46,836,012</b>
<b>TOTAL ASSETS</b>		<b>2,470,476,039</b>	<b>2,265,977,591</b>

The enclosed explanatory notes No. 1 to 43 pertain to these financial statements.

For comparison purposes, 2007 values were restated by 8.9%

# GENERAL CONSOLIDATED BALANCE SHEETS

As of 31st December  
( in thousand pesos )

LIABILITIES	Note N°	2008 ThCh\$	2007 ThCh\$
<b>CURRENT LIABILITIES</b>			
Bank and financial institutions obligations, long term portion short term	19	52,038,421	50,912,439
Bonds payable –short term	22	10,958,092	9,191,477
Accounts payable		12,233,593	18,308,253
Sundry creditors		57,108	152,806
Provisions	23	38,006,410	28,443,486
Withholdings		3,182,405	1,357,805
Unearned income		1,841,621	1,878,106
Other current liabilities		1,053,865	208,226
<b>Total current liabilities</b>		<b>119,371,515</b>	<b>110,452,598</b>
<b>LONG-TERM LIABILITIES</b>			
Bank and financial institutions obligations	21	475,703,909	412,688,715
Bonds payable –long term	22	550,258,420	465,845,873
Notes payable –long term		-	75,530
Long-term notes and accounts payable to related companies	6	13,725,300	44,121,757
Long-term provisions	23	37,773,398	31,825,019
Other long-term liabilities		27,627,957	21,403,595
<b>Total long-term liabilities</b>		<b>1,105,088,984</b>	<b>975,960,489</b>
Minority interests	26	(10,645)	(10,527)
<b>EQUITY</b>			
Paid capital	27	1,329,710,460	1,193,267,025
Accumulated results	27	(13,691,994)	(31,663,683)
Net income (loss) for the year	27	(69,992,281)	17,971,689
<b>Total equity</b>		<b>1,246,026,185</b>	<b>1,179,575,031</b>
<b>TOTAL LIABILITIES</b>		<b>2,470,476,039</b>	<b>2,265,977,591</b>

The enclosed explanatory notes No. 1 to 43 pertain to these financial statements.

For comparison purposes, 2007 values were restated by 8.9%

# CONSOLIDATED INCOME STATEMENTS

metro\_s.a.financial\_statements

From 1st January to 31st December  
( ThCh\$ )

	Note N°	2008 ThCh\$	2007 ThCh\$
<b>OPERATING INCOME</b>			
Passenger transport revenue		186,585,393	169,900,379
Sales channel revenue		11,929,675	11,987,066
Commercial premises and space rental		3,792,327	3,444,040
Advertising space rental		3,082,858	3,653,845
Sundry rentals		3,168,821	3,111,476
Other operating income		309,185	510,452
<b>Total operating income</b>		<b>208,868,259</b>	<b>192,607,258</b>
<b>OPERATING EXPENSES</b>			
Personnel expenses		(30,442,011)	(29,776,145)
Maintenance expenses		(31,569,796)	(36,532,395)
Electricity costs		(27,503,746)	(21,838,189)
General operating expenses		(31,485,285)	(28,982,831)
Depreciation and amortization	12	(54,537,069)	(51,703,531)
<b>Total operating expenses</b>		<b>(175,537,907)</b>	<b>(168,833,091)</b>
<b>OPERATING MARGIN</b>		<b>33,330,352</b>	<b>23,774,167</b>
<b>SELLING AND ADMINISTRATIVE EXPENSES</b>			
Personnel expenses		(6,245,636)	(6,147,578)
Maintenance expenses		(492,597)	(321,828)
General selling and administrative expenses		(4,478,567)	(7,050,051)
Depreciation and amortization	12	(1,623,887)	(1,552,301)
<b>Total selling and administrative expenses</b>		<b>(12,840,687)</b>	<b>(15,071,758)</b>
<b>OPERATING RESULT</b>		<b>20,489,665</b>	<b>8,702,409</b>
<b>NON-OPERATING RESULT</b>			
Financial income		7,623,199	4,365,680
Other non-operating income	28	1,826,109	2,207,930
Financial Expense (less)		(49,038,588)	(54,128,656)
Other non-operating expenses (less)	28	(7,872,752)	(1,366,614)
Monetary correction	29	(10,548,013)	788,722
Exchange rate difference	30	(32,472,019)	57,402,111
<b>Total non-operating result</b>		<b>(90,482,064)</b>	<b>9,269,173</b>
<b>Result before income tax and extraordinary items</b>		<b>(69,992,399)</b>	<b>17,971,582</b>
Minority interests	26	118	107
<b>NET INCOME (LOSS) FOR THE YEAR</b>		<b>(69,992,281)</b>	<b>17,971,689</b>

The enclosed explanatory notes No. 1 to 43 pertain to these financial statements.

For comparison purposes, 2007 values were restated by 8.9%

# CONSOLIDATED CASH FLOW STATEMENTS

For the 1st January to 31st December period  
( ThCh\$ )

	Note N°	2008 ThCh\$	2007 ThCh\$
<b>OPERATING CASH FLOW</b>			
Trade accounts receivable		200,202,810	186,022,862
Financial income		5,343,555	3,287,295
Other income		16,069,816	1,763,383
Payment to suppliers and personnel (less)		(113,316,336)	(95,374,619)
Interests (less)		(45,469,800)	(50,646,113)
Income tax (less)		(2,271,994)	(2,144,430)
Other expenses (less)		(8,245,020)	(2,833,357)
VAT and similar (less)		(1,338,631)	(1,267,803)
<b>NET POSITIVE CASH FLOW FROM OPERATION ACTIVITIES</b>		<b>50,974,400</b>	<b>38,807,218</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of common stock		92,321,678	24,160,092
Obligations with the public		81,332,443	-
Borrowings from banks		108,301,011	90,673,348
Borrowings from related companies	6	13,725,300	44,121,757
Other sources of financing		7,643,839	-
Payment of loans (less)		(117,717,204)	(53,413,353)
Other payments (less)		(6,620,657)	-
Payments of common stock issuance costs (less)		(16,738)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>178,969,672</b>	<b>105,541,844</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Other investment income		-	48,039,332
Payment of interests capitalized (less)	2i	(1,519,448)	(820,633)
Additions to property, plants and equipment (less)		(228,234,241)	(128,169,905)
Other payments of investments (less)		-	(48,073,747)
<b>NET CASH FLOW (NEGATIVE) FROM INVESTMENTS ACTIVITIES</b>		<b>(229,753,689)</b>	<b>(129,024,953)</b>
<b>Net cash flow</b>			
		190,383	15,324,109
<b>Price-level Restatements of Cash and Cash Equivalents</b>			
		(4,734,488)	(4,415,538)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>			
		(4,544,105)	10,908,571
<b>Cash and Cash Equivalents at Beginning of Period</b>			
		63,561,651	52,653,080
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>59,017,546</b>	<b>63,561,651</b>
	2t		

The enclosed explanatory notes No. 1 to 43 pertain to these financial statements.

For comparison purposes, 2007 values were restated by 8.9%

# CONSOLIDATED CASH FLOW STATEMENTS

metro\_s.a.financial\_statements

For the 1st January to 31st December period  
( ThCh\$ )

NET CASH FLOW FROM OPERATION ACTIVITIES AND INCOME FOR THE YEAR CONCILIATION	Note N°	2008 ThCh\$	2007 ThCh\$
(Loss) Net income		(69,992,281)	17,971,689
<b>Income on sale of assets</b>		-	23,507
(Profit) Loss on sale of assets		-	23,507
<b>Other Debits (Credits) to income that do not represent cash flows</b>		<b>138,153,677</b>	<b>40,983,791</b>
Depreciation	12	56,143,998	53,244,326
Amortization of intangibles	12	16,958	11,506
Write-offs and provisions		546,206	880,093
Price-level restatement	29	10,548,013	(788,722)
Exchange differentials	30	32,472,019	(57,402,111)
Other credits to income that do not represent cash flows (less)		(22,705,671)	(12,956,707)
Other debits to income that do not represent cash flows		61,132,154	57,995,406
<b>Changes in operating assets</b>		<b>24,717,406</b>	<b>1,669,530</b>
Receivables		(9,949,032)	(9,764,028)
Inventories		(3,296)	(218)
Other assets		34,669,734	11,433,776
<b>Changes in operating liabilities</b>		<b>(41,904,284)</b>	<b>(21,841,192)</b>
Trade accounts payable and notes payables relating to operating activities		18,813,156	35,342,698
Taxes to be paid		3,568,788	3,482,542
Net income tax to be paid (net)		(2,271,994)	(2,144,430)
Other trade accounts payable relating to operating activities		(61,504,423)	(59,485,656)
V.A.T. and other taxes (net)		(509,811)	963,654
(Loss) minority interest	26	(118)	(107)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>50,974,400</b>	<b>38,807,218</b>

The enclosed explanatory notes No. 1 to 43 pertain to these financial statements.

For comparison purposes, 2007 values were restated by 8.9%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of 31st December 2008 and 2007

## EMPRESA DE TRANSPORTE DE PASAJEROS METRO S.A.

1

### • Inscription in the Securities Register:

Dated 28th January 1989, Law No. 18,772 was published in the Official Gazette, creating "Empresa de Transporte de Pasajeros Metro S.A.", which is governed by the rules affecting open corporations. On January 25, 1990, the Company began its operations as the legal successor, in all its rights and obligations, of the Dirección General de Metro.

The company is inscribed in the Securities Register under No. 421 and is subject to the supervision of the Chilean Superintendency of Securities and Insurance.

2

### • Applied accounting criteria:

- a) **Accounting period** – The financial statements relate to the twelve-month periods ended 31st December 2008 and 2007.
- b) **Preparation basis** – These financial statements have been prepared in compliance with the accounting principles generally accepted in Chile, issued by the Chilean Accountants Association, with rules administered by the Chilean Superintendency of Securities and Insurance. In case of discrepancies, the rules administered by the Superintendency of Securities and Insurance prevail.
- c) **Presentation basis** – Financial statements as of December 31 2007 and their respective notes have been restated by 8.9% off-the-books for comparison purposes and the corresponding reclassifications have been made in appropriate cases.
- d) **Consolidation Basis** – Assets, liabilities, income and cash flows from the parent company and subsidiary are included in these consolidated financial statements. All intercompany transactions and significant balances have been eliminated from the consolidation, as well as the non-realized income and the participation of minority investors has been recognized, presented under minority interest. Empresa de Transporte Suburbanos de Pasajeros S.A. (Transub S.A.) is in the organization and implementation stage and it was consolidated according to the instructions in Circular N° 1819 from 14th November 2006 by the Superintendencia de Valores y Seguros.

Companies included in the consolidation:

Tax Id.	Company name	Percentage of participation			
		31/12/2008		31/12/2007	
		Direct	Indirect	Total	Total
96.850.680-3	Transub S.A.	66.66	-	66.66	66.66



- e) **Monetary correction** – In order to reflect the effect of the variation in the purchasing power of the local currency in the financial statements; equity capital, non monetary assets and liabilities, profit statements and cash flow have been restated according to the accounting principles generally accepted in Chile.

For these purposes, the following restatements percentages were applied as of December 31, 2008 and 2007 (Note 29).

	2008	2007
	%	%
Initial capital	8.9	7.4
January	8.4	7.3
February	8.4	7.0
March	8.0	7.2
April	7.1	6.7
May	6.7	6.1
June	5.5	5.5
July	3.9	4.5
August	2.8	3.3
September	1.8	2.2
October	0.7	1.1
November	(0.1)	0.8

- f) **Conversion basis** – Assets and liabilities in foreign currency and those in Unidades de Fomento, are shown at the following exchange rates and values at each year end.

	2008	2007
	Ch\$	Ch\$
American Dollar (US\$) "Observado"	636.45	496.89
Euro (€)	898.81	730.94
Unidad de fomento (U.F.)	21,452.57	19,622.66
Unidad tributaria mensual [Monthly Tax Unit] (U.T.M.)	37,652.00	34,222.00

- g) **Inventories** – The company has stocks of promotional items for their sale, which are shown under the inventories of the current asset. For these items, the cost system used by the company is the weighted average.

The spare part and supply for operations stock is shown under "Other Current Assets" and "Other Fixed Assets" at their restated replacement cost. The costing system for these items is F.I.F.O and P.M.P. The company makes allowances of obsolescence for spare parts and equipment maintenance. The obsolescence allowance is made on the basis of technical reports from professionals in the equipment user areas and the repair and maintenance areas.

h) **Bad debt estimate** – The criteria used to for the allowance for rental debtors, are based on the monthly information provided by the Commercial Management and a 100% allowance is made on the third overdue month. Regarding notes and accounts receivables, this is based on reports from the lawyers, which inform the status of the trials and the possibility of collecting the debt.

i) **Fixed assets** – Fixed assets are shown at their restated initial contribution or purchase cost. All fixed assets with a value of 2 UTM or more are capitalized and those of lower value are taken to expenses of the year.

Maintenance expenses incurred regularly each year, to keep the asset in normal operation, are charged to the corresponding year profit. For rolling stock major and mid-life maintenance, an allowance has been made each year, according to the maintenance program and it is shown under short and long term provisions.

Financing costs directly related to works in progress, are capitalized according to Technical Bulletin No.31 of the Chilean Accountants Association. ThCh\$ 1,519,448 have been capitalized under this concept in 2008, and ThCh\$ 820.633 in 2007.

j) **Fixed assets depreciation** – Depreciation is calculated on the restated contribution or purchase value, according to the linear method and the assets' estimated useful life.

Strategic spare parts of the asset are depreciated according to the useful life assigned to the main goods.

k) **Intangible assets** –These relate to effectively paid easements. They are valued at their restated original cost, and they are amortized by the linear method over 40 years, according to Technical Bulletin No. 55 of the Chilean Accountants Association.

l) **Transactions under repurchase agreements** – Purchase of financial instruments under repurchase agreements are shown at their restated original cost plus accrued taxes and indexation, and are classified under other current assets.

m) **Bonds payable** – Issued bonds are recorded at their nominal value. Differences between book value and placement value; and issuance and bond placement cost, are registered as deferred charge or unearned income and are amortized or recognized over the bonds term. Interests are monthly accrued based on 360-day years. (note 22)

n) **Income tax and deferred taxes** – Income tax is recorded on the basis of taxable net income for tax purposes. The recognition of deferred taxes arising from all timing differences, tax losses implying a tax benefit and other events which create differences between asset and liability tax base and their accounting base are made according to Technical Bulletins No. 60 and complementary bulletins of the Chilean Accountants Association and as established in Circular No. 1466 dated January 27, 2000 of the Superintendency of Securities and Insurance. (See note 8).

The Company has registered value provision for the total of the long and short-term receivable accrued tax balance according to its future income.

o) **Severance payments** – The company's liability for severance payments, according to collective agreements subscribed with trade unions and individual contracts subscribed with executives, is provisioned by applying the present value of the accrued benefit cost method, with a discount rate of 6% per year, considering an expected retirement from the Company age of 55 years old for women and 60 years old for men.

- p) **Operating income** - The Company's income is recorded according to accounting principles generally accepted in Chile, on an accrued and/or received basis. The Company's main income derive from passenger transport, sales channel, rental of premises, commercial and advertising spaces.

As from February 2007, Metro S.A. joined the Transantiago System as passenger transport operator; such situation meant an important increase on passenger flow, which explains the income and operational expense increase.

- q) **Derived Contracts** - The company keeps contracts of coverage of expected transactions, in order to eliminate the risk of exchange rate and interest rate fluctuation. Such contracts have been valued and accounted for according to Technical Bulletin N° 57 of the Accountants Association (see note 34).
- r) **Computer software** - The Company has purchased software in the form of packages. The acquisition cost is deferred and amortized on a linear basis over four years.
- s) **Research and development expenses** - Research and development expenses are charged to results in the year they are incurred.
- t) **Cash flow statement** -The investments pointed out in item 6.2 of Technical Bulletin No. 50 of the Chilean Accountants Association, are considered cash equivalents. They comprise financial investments whose maturities do not exceed 90 days. For classification purposes, the concept of operating cash flow mainly comprises all that relates to activities in accordance with the Company's line of business, also including received and paid interests during the year associated to investment and financing activities.

Items considered cash equivalents as of December 31, 2008 and 2007 are the following:

	2008	2007
	ThCh\$	ThCh\$
Cash and banks	1,605,470	2,627,896
Time deposits	33,185,128	42,948,128
Agreements	24,226,948	17,985,627
<b>Total</b>	<b>59,017,546</b>	<b>63,561,651</b>

- u) **Vacations** - The annual cost of vacations and personnel benefits are recognized over accrued basis.
- v) **Ticket printing materials** - These materials are charged to the restated original costs and are included in "Other Current Assets". At the moment of their delivery to ticket manufacturing units, they are debited to income.
- w) **Time deposits** - Time deposits are shown according to the deposited capital value plus indexation and accrued interests, if applicable, to the end of the year. (see note 42).

3 • Accounting changes:  
Accounting principles have been uniformly applied during 2008 and 2007.

4 • Marketable securities:  
There are no records.

5 • Short and long-term debtors:  
The following is a detailed list of debtors in ThCh\$:

AREA	Current					Total Current (net)		Long Term	
	Up to 90 days		More than 90 days		Subtotal	2008	2007	2008	2007
	2008	2007	up to 1 year						
Trade accounts receivable	9,204,931	4,064,755	318,942	403,289	9,523,873	9,204,931	4,064,755	-	-
Bad debt estimate		-	(318,942)	(403,289)	(318,942)	-	-	-	-
Notes receivable	1,385,253	1,097,347	153,197	43,372	1,538,450	1,385,253	984,436	211,084	237,508
Bad debt estimate	-	(112,911)	(153,197)	(43,372)	(153,197)	-	-	-	-
Sundry debtors	1,415,029	1,922,079	2,104,280	1,982,179	3,519,309	3,510,928	3,892,586	65,897,369	37,196,971
Bad debt estimate	-	-	(8,381)	(11,672)	(8,381)	-	-	-	-
<b>Total long-term debtors</b>								<b>66,108,453</b>	<b>37,434,479</b>

**Short-term debtors:**

The following is a detail of these:

	2008	%	2007	%
	ThCh\$		ThCh\$	
<b>Trade accounts receivable:</b>				
Rental debtors	915,427		1,167,958	
Bad debt estimate	(311,442)		(395,121)	
Transantiago Financial Administrator (AFT) debtors (2) and (3)	8,575,406		3,268,326	
Other debtors	33,040		31,760	
Bad debt estimate	(7,500)		(8,168)	
<b>Sub totals</b>	<b>9,204,931</b>	<b>65.28</b>	<b>4,064,755</b>	<b>45.46</b>
<b>Notes receivable:</b>				
Notes receivable	1,531,423		1,133,067	
Bad debt estimate	(146,170)		(148,631)	
Documents under legal actions for collection.	7,027		7,652	
Bad debt estimate	(7,027)		(7,652)	
<b>Sub totals</b>	<b>1,385,253</b>	<b>9.82</b>	<b>984,436</b>	<b>11.01</b>
<b>Sundry debtors:</b>				
Staff accounts receivable (1)	2,503,472		1,508,719	
Welfare bad debt estimated	(8,381)		(11,672)	
Sundry current accounts (1) and (2)	35,541		40,297	
Advances to contractors and suppliers (2)	850,009		893,754	
Other accounts receivable (2)	130,287		1,461,488	
<b>Sub totals</b>	<b>3,510,928</b>	<b>24.90</b>	<b>3,892,586</b>	<b>43.53</b>
<b>Total short-term debtors</b>	<b>14,101,112</b>	<b>100.00</b>	<b>8,941,777</b>	<b>100.00</b>

(1) Includes loans to staff granted by the company for medical, dental and other purposes. They do not accrue interests.

(2) No allowances made due to the degree of repayment assurance.

(3) Includes accounts receivable salary and interests Sales Channel, ticket manufacturing contract, operational contribution indexation and modification to Annex N° 1.

#### Long-term debtors:

The following is a detail of these:

	2008	%	2007	%
	ThCh\$		ThCh\$	
Notes and accounts receivable	211,084	0.32	237,508	0.63
Loans against severance payments	2,750,299	4.16	2,601,326	6.95
Loans to staff and sundry welfare debtors	212,765	0.32	232,733	0.62
Contract advances (*)	31,988,680	48.39	5,128,590	13.70
Expropriation consignments	8,690,875	13.14	6,632,610	17.72
Balance VAT fiscal credit	20,426,215	30.90	20,000,041	53.43
Consignment funds to be accounted for	202,813	0.31	1,275,464	3.41
Other receivable taxes (**)	1,625,722	2.46	1,326,207	3.54
<b>Total long-term debtors</b>	<b>66,108,453</b>	<b>100.00</b>	<b>37,434,479</b>	<b>100.00</b>

(\*) Relate to advances to contractors granted for infrastructure works and rolling stock for Network Expansion Projects and other projects in progress; these advances will be recovered upon completion of the works and are agreed in pesos, foreign currency or UF, depending on each contract and do not accrue interests.

(\*\*) Relate to stamp taxes paid for issuance of series A and B bonds, for which a refund was requested to the Internal Tax Service. This request was rejected in the first instance, and has been appealed in second instance to the Court of Appeal of Santiago. Dated 30.10.08 the Contraloria General de la Republica has issued ruling N° 51.038, which confirms the application of the exemption to the referred tax.

## 6

### • Balances and transactions with related entities:

#### Notes and accounts receivable:

As of December 31, 2008 and 2007, the parent company does not have outstanding receivables to related companies.

#### Notes and accounts payable:

They refer to contributions from the Chilean Treasury for Network Expansion Projects. In 2008, contributions for ThCh\$ 106,046,978 were received and in 2007, ThCh\$ 44,121,757, out of which Th\$136,443,435 were capitalized in December 2008. As of December 31, 2008, the contribution balance amounts to ThCh\$ 13,725,300 and as of December 31, 2007, to Th\$44,121,757.

The Extraordinary Shareholders' Meeting held on December 03, 2008, resolved the capitalization of Treasury contributions for ThCh\$ 125,705,908 (historic), received in 2007 and 2008 for financing the Line 1 extension projects towards Los Dominicos and Line 5 Maipú – Pudahuel- Lo Prado and for financing the rolling stock investments, among other commitments.

The amounts due to the Treasury are recorded in ThCh\$ in the following table:

Tax Id.	Company	Short Term		Long Term	
		2008	2007	2008	2007
60801000-9	Fisco Chile Ministerio de Hacienda (*)	-	-	13,725,300	44,121,757
<b>Total</b>		<b>-</b>	<b>-</b>	<b>13,725,300</b>	<b>44,121,757</b>

(\*) Treasury contributions to Investment Projects.

**Transactions:**

There are no other transactions with related entities.

7

• **Inventories:**

No note required, considering the balance at the end of each year.

8

• **Deferred taxes and income tax:**

**a) General Information:**

As of December 31, 2008 and 2007, the Company does not register income tax allowances, as it has a negative taxable income amounting to ThCh\$ 281,163,027 and ThCh\$ 186,346,026 respectively, determined according to legal resolutions in force.

As of December 31, 2008 and 2007, recoverable taxes are registered in the current asset, according to the following detail:

	2008	2007
	ThCh\$	ThCh\$
<b>Short-term assets (liabilities):</b>		
Training expenses credits	274,868	303,484
Income tax provision	-	-
<b>Net total</b>	<b>274,868</b>	<b>303,484</b>

**b) Balances of taxed earnings:**

As of December 31, 2008 and 2007, the company does not register taxed earnings pending distribution.

c) Deferred taxes:

As of December 31, 2008 and 2007, deferred taxes in ThCh\$ are the following:

Item	2008				2007			
	Deferred Tax Asset		Deferred Tax Liability		Deferred Tax Asset		Deferred Tax Liability	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
<b>Timing differences</b>								
Bad debt provision	52,945	-	-	-	67,171	-	-	-
Unearned income	313,076	3,496,325	-	-	319,278	3,638,611	-	-
Vacation provision	335,219	-	-	-	320,959	-	-	-
Fixed asset depreciation	-	-	-	7,800,687	-	-	-	7,861,499
Severance payments	-	954,754	-	-	-	934,386	-	-
Other events	-	3,889,400	28,231	9,140,348	27,036	2,834,562	-	8,430,723
Litigation Provision	504,722	-	-	-	623,854	-	-	-
Maintenance provision	682,006	-	-	-	1,001,142	-	-	-
Provision for staff benefits	308,679	-	-	-	160,440	-	-	-
Tax loss	-	47,797,715	-	-	-	31,678,824	-	-
Spare part provision	-	721,334	-	-	-	1,381,980	-	-
Irrecoverable VAT credit	-	-	-	28,497,733	-	-	-	25,010,718
<b>Sub totals</b>	<b>2,196,647</b>	<b>56,859,528</b>	<b>28,231</b>	<b>45,438,768</b>	<b>2,519,880</b>	<b>40,468,363</b>	<b>-</b>	<b>41,302,940</b>
Less: Deferred tax liability	(28,231)	(45,438,768)	-	-	-	(41,302,940)	-	-
Net deferred tax	2,168,416	11,420,760	-	-	2,519,880	(834,577)	-	-
Valuation provision	(2,168,416)	(11,420,760)	-	-	(2,519,880)	834,577	-	-
<b>Balance deferred taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

d) Income tax:

There is a tax benefit and its composition in ThCh\$ is the following:

Item	2008	2007
Effect on assets or liabilities of deferred taxes for the year	12,041,607	(2,853,620)
Effect on assets or liabilities of deferred taxes for changes in valuation provision	(12,041,607)	2,853,620
<b>Total</b>	<b>-</b>	<b>-</b>

- 9 • Short and long-term leasing agreements and assets for leasing:  
No records.



10. Others current assets:  
The following is a detail of these:

	2008	2007
	ThCh\$	ThCh\$
Securities under repurchase agreements - Equity	24,226,948	17,985,628
Indexation and interest	5,125	26,058
<b>Subtotal</b>	<b>24,232,073</b>	<b>18,011,686</b>
Electrical spares and accessories	3,371,438	2,439,076
Mechanical spares and accessories	5,832,073	3,313,273
Maintenance materials	183,461	262,961
Safety elements	8,034	10,567
Fuels, lubricants, chemicals	118,096	212,065
Cardboard	85,344	55,033
Ink	17,703	14,035
Other materials	249,970	231,488
<b>Subtotal</b>	<b>9,866,119</b>	<b>6,538,498</b>
Imports in transit	1,525,010	1,087,503
Deferred bond discount	340,142	321,510
Deferred expense issuance and placement of bonds	191,645	132,441
Swap interests receivable	1,477,499	-
Other circulating assets	27,907	27,413
<b>Subtotal</b>	<b>3,562,203</b>	<b>1,568,867</b>
<b>Total</b>	<b>37,660,395</b>	<b>26,119,051</b>

11 • Information on purchase and sale commitments and transactions under repurchase agreements, involving securities:

As of December 31, 2008 and 2007, the item other current assets includes investments in fixed-income instruments, acquired under the mode of financial instrument purchase contract with resale agreement.

These contracts correspond to indexed coupons (Zero) in UF, Time Deposits (DPF), Indexed and non-indexed promissory notes (promissory note), and discountable promissory notes from Banco Central de Chile (PDBC).

Detail of these transactions in ThCh\$ as of December 31, 2008 is as follows:

Cod.	Dates		Counterparty	Currency	Value	Rate	Value	Identification	Value	Value
	Start	Expiry								
CRV	30/12/2008	02/01/2009	Banco Estado S.A. Corredores de Bolsa	Ch\$	6,000,000	0.72	6,004,320	ZERO/ PROMISORY NOTE	6,001,719	6,001,439
CRV	30/12/2008	02/01/2009	Banco del Estado de Chile	Ch\$	1,963,349	0.57	1,964,468	DPF	1,963,683	1,963,722
CRV	30/12/2008	05/01/2009	Banco del Estado de Chile	Ch\$	1,180,000	0.57	1,181,245	DPF	1,180,165	1,180,224
CRV	30/12/2008	05/01/2009	Banco del Estado de Chile	Ch\$	13,725,300	0.65	13,743,143	ZERO/PDBC	13,729,413	13,728,271
CRV	29/12/2008	28/01/2009	BCI Corredores de Bolsa	Ch\$	179,000	0.72	180,289	ZERO/ PROMISORY NOTE	179,085	179,085
CRV	29/12/2008	08/01/2009	Banco del Estado de Chile	Euros	1,159,093	0.50	1,179,462	ZERO/PDBC	1,179,331	1,179,332
<b>Total</b>					<b>24,206,742</b>		<b>24,252,927</b>		<b>24,233,396</b>	<b>24,232,073</b>

## 12 • Fixed assets:

Detail of this item, including accumulated depreciation, depreciation for the year affecting operating income, items of other fixed assets and works in progress, is as follows:

### a) Fixed asset detail

Item	Net balance 31/12/2008 ThCh\$	Depreciation Accumulated ThCh\$	Fixed assets 2008 ThCh\$	Net balance 31/12/2007 ThCh\$	Depreciation Accumulated ThCh\$	Fixed asset 2007 ThCh\$
Land	48,997,213	-	48,997,213	48,753,971	-	48,753,971
<b>Building and infrastructure:</b>						
Track	149,373,442	56,647,742	206,021,184	156,024,225	51,255,852	207,280,077
Stations	472,577,422	43,248,813	515,826,235	478,126,446	37,037,476	515,163,922
Tunnels	452,108,584	47,322,421	499,431,005	459,262,586	41,443,317	500,705,903
Commercial premises	4,130,696	2,069,867	6,200,563	4,236,738	1,963,825	6,200,563
Buildings	67,726,055	25,305,363	93,031,418	69,813,101	23,540,447	93,353,548
Works in progress	28,120,831	-	28,120,831	1,729,377	-	1,729,377
New Works in progress lines and extensions	220,736,933	-	220,736,933	84,606,911	-	84,606,911
VAT tax credit new tracks and extensions	(482,894)	-	(482,894)	(22,021,242)	-	(22,021,242)
VAT tax credit	(7,008)	-	(7,008)	(2,546,118)	-	(2,546,118)
<b>Subtotals</b>	<b>1,394,284,061</b>	<b>174,594,206</b>	<b>1,568,878,267</b>	<b>1,229,232,024</b>	<b>155,240,917</b>	<b>1,384,472,941</b>
<b>Machinery and equipment:</b>						
Rolling stock	545,715,559	167,858,361	713,573,920	579,332,204	148,916,469	728,248,673
Electrical Equipment	248,480,318	115,865,252	364,345,570	253,463,168	100,913,843	354,377,011
Workshop machinery and equipment	8,346,985	4,425,614	12,772,599	8,168,636	3,936,067	12,104,703
Office machinery and equipment	3,125,644	4,945,523	8,071,167	3,476,665	3,979,868	7,456,533
Other machinery and equipment	840,212	1,983,598	2,823,810	1,017,698	1,769,050	2,786,748
<b>Subtotals</b>	<b>806,508,718</b>	<b>295,078,348</b>	<b>1,101,587,066</b>	<b>845,458,371</b>	<b>259,515,297</b>	<b>1,104,973,668</b>
<b>Other fixed assets:</b>						
Furniture and possessions	1,338,734	3,543,767	4,882,501	1,648,479	3,146,674	4,795,153
Máquinas y equipos de casino	11,899	23,086	34,985	12,263	21,320	33,583
Computer software	685,030	1,758,301	2,443,331	942,999	1,553,186	2,496,185
Tools	24,331	-	24,331	26,634	-	26,634
Electrical accessories and spare parts	8,529,615	-	8,529,615	7,131,443	-	7,131,443
Electrical spare parts allowance	(2,166,760)	-	(2,166,760)	(4,706,752)	-	(4,706,752)
Mechanical accessories and spare parts	3,202,600	-	3,202,600	4,585,592	-	4,585,592
Mechanical spare parts allowance	(1,867,250)	-	(1,867,250)	(3,026,491)	-	(3,026,491)
Maintenance materials	602,408	-	602,408	600,081	-	600,081
Maintenance materials allowance	(209,129)	-	(209,129)	(396,054)	-	(396,054)
Metro Fixed assets to be distributed	271,091	-	271,091	1,727,598	-	1,727,598
New lines and extensions' fixed assets for distribution	11,094,909	-	11,094,909	6,016,512	-	6,016,512
<b>Subtotals</b>	<b>21,517,478</b>	<b>5,325,154</b>	<b>26,842,632</b>	<b>14,562,304</b>	<b>4,721,180</b>	<b>19,283,484</b>
<b>Total</b>	<b>2,271,307,470</b>	<b>474,997,708</b>	<b>2,746,305,178</b>	<b>2,138,006,670</b>	<b>419,477,394</b>	<b>2,557,484,064</b>
<b>Resume new lines and extensions</b>	<b>Net balance 31/12/2008 ThCh\$</b>	<b>Depreciation Accumulated ThCh\$</b>	<b>Fixed assets 2008 ThCh\$</b>	<b>Net balance 31/12/2007 ThCh\$</b>	<b>Depreciation Accumulated ThCh\$</b>	<b>Fixed asset 2007 ThCh\$</b>
Buildings	68,624	161,479	230,103	-	159,113	159,113
Works in progress	220,736,933	-	220,736,933	84,606,911	-	84,606,911
Electrical Equipment (offices)	-	3,562	3,562	10	806	816
Office machines and office equipment	6,020	28,836	34,856	513	14,249	14,762
Other machines and equipment	14,388	145,861	160,249	21,668	138,018	159,686
Furniture and possessions	1,958	27,362	29,320	13	9,727	9,740
Fixed assets for distribution	11,094,909	-	11,094,909	6,016,512	-	6,016,512
<b>Sub totals</b>	<b>231,922,832</b>	<b>367,100</b>	<b>232,289,932</b>	<b>90,645,627</b>	<b>321,913</b>	<b>90,967,540</b>
VAT Proportional tax credit new lines and extensions	(482,894)	-	(482,894)	(22,021,242)	-	(22,021,242)
<b>Total net VAT</b>	<b>231,439,938</b>	<b>367,100</b>	<b>231,807,038</b>	<b>68,624,385</b>	<b>321,913</b>	<b>68,946,298</b>

Privately-owned real estate contributed by shareholders, are registered in the Real Estate Registrar of Santiago, San Miguel and Puente Alto.

National public-use real estate, according to Law No. 18,772, were contributed by shareholders in indefinite concession and free of charge. In addition, there are eighteen properties in easement.

As of December 31, 2008, the determination of some property registry numbers and valuation of certain real estate properties is being processed by the Internal Tax Service.

- b) **Spare parts and accessories** - As of December 31, 2008 and 2007 spare parts, accessories and maintenance materials amount to ThCh\$ 23,334,623 and ThCh\$ 12,317,116 respectively.

For the previously mentioned amounts, an obsolescence allowance amounting to ThCh\$ 4,243,139 was made as of December 31, 2008 (ThCh\$8,129,297 in 2007). Most of this allowance is related to Line 1 and 2 materials and spare parts, following the technical report on the condition of spare part stocks issued by Electrowatt Ingenieros Consultores (Chile) S.A., plus other specific studies.

- c) **Computer software** - The company purchased during 2008 computer software amounting to ThCh\$ 37,339 (ThCh\$ 579,738 in 2007), the software amortization amounted to ThCh\$ 302,984 in 2008 (ThCh\$293,607 in 2007). Useful life considered for these assets is 4 years.

- d) **Depreciation and amortization**

Depreciation and amortization was charged to the following items:

	2008	2007
	ThCh\$	ThCh\$
<b>Income statements:</b>		
Operating expenses	54,537,069	51,703,531
Selling and administrative expenses	1,623,887	1,552,301
<b>Totals</b>	<b>56,160,956</b>	<b>53,255,832</b>

## e) Works in progress

	2008	2007
	ThCh\$	ThCh\$
<b>Works in progress related to Expansion Projects:</b>		
Line 5 West and South extension	774,998	3,499,928
Tobalaba-Vespucio-Puente Alto Line	19,035,326	24,348,805
L-2 North extension	672,559	877,232
L-2 South extension	9,960	9,960
Line 2 North extension on Recoleta	6,641,421	7,829,208
Line 5 extension project to Maipu	122,461,185	22,706,760
Line 1 extension project to Los Dominicos	71,141,484	25,335,018
<b>Sub totals</b>	<b>220,736,933</b>	<b>84,606,911</b>
<b>Other works:</b>		
Air conditioning equipment replacement	55,869	66,365
Energy backup system equipment	-	5,791
Central warehouse and management systems	1,205,820	996,607
Improvement on inspection hole in terminal stations	215,788	142,788
Building of transitory residue disposal	84,642	84,642
Supply, replacement and installation of energy cupboards L-2	70,903	70,903
Enlargement and improval Weighline system	210,061	56,337
San José de la Estrella Station Project	3,981,113	-
Project of 35 extra pneumatic-tyred rail coaches	6,125,038	-
Project of 30 extra steel coaches	13,807,150	-
Building of fuel tanks in workshops	77,610	65,274
Express operation Project	382,281	-
Encomenderos Access Project Tobalaba station	219,806	-
Other works	1,684,750	240,670
<b>Sub totals</b>	<b>28,120,831</b>	<b>1,729,377</b>
IVA VAT tax credit	(7,008)	(2,546,118)
VAT tax credit new lines and extensions	(482,894)	(22,021,242)
<b>Totals</b>	<b>248,367,862</b>	<b>61,768,928</b>

## f) Train pledge and insurance contract

To guarantee the bank syndicated loan signed on 23rd January 2004, whose agent bank is BNP Paribas, a pledge was granted over 236 train coaches model NS93. Fire insurance according to Policy No. 0020052218 was contracted with La Interamericana Compañía de Seguros Generales S.A.

13. Leaseback transactions:  
No records.

14. Investments in related companies:  
Subsidiary Empresa de Transporte Suburbano de Pasajeros S.A., (Transub S.A.) Rut 96.850.680 – 3 is in organization stage and implementation, with no activity development and as from 2007, it has been included in the consolidation, according to circular N°1819 of the Superintendencia de Valores y Seguros.

15. Investments in other companies:  
No records.

16. Lower and higher investment value:  
No records.

17. Intangible assets:  
No note required due to year end balances.

18. Other (of other assets):  
Detail of this item is as follows:

	2008	2007
	ThCh\$	ThCh\$
Deferred expense Severance payments	236,221	284,323
Deferred expense Bonds	3,547,761	2,747,042
Deferred expense Bond discount	5,605,144	5,659,168
Other deferred expenses Personnel	84,732	353,276
Swap	36,140,202	-
<b>Total</b>	<b>45,614,060</b>	<b>9,043,809</b>

19 • Short-term Banks and financial institutions obligations:  
Balance as of December 31 of each year in ThCh\$ is as follows:

Tax Id.	Bank or financial institution	Currency and indexation unit						Total	
		Dollars		Euros		UF		2008	2007
		2008	2007	2008	2007	2008	2007		
	Short term								
	Total	-	-	-	-	-	-	-	-
	Long term – short term portion								
59046320-5	BNP Paribas (*)	48,902,041	43,937,817	-	-	-	-	48,902,041	43,937,817
0-E	Natixis Banques	2,499,706	2,020,855	72,041	63,880	-	-	2,571,747	2,084,735
97004000-5	Banco de Chile (*)	-	-	-	-	564,633	4,889,887	564,633	4,889,887
	Total	51,401,747	45,958,672	72,041	63,880	564,633	4,889,887	52,038,421	50,912,439
	Principal outstanding	46,129,229	39,351,133	70,700	62,612	161,967	4,152,201	46,361,896	43,565,946
	Average annual interest rate	3.84	5.53	2.00	2.00	3.83	4.41	-	-
	Obligations percentage in foreign currency %			98.91					
	Obligations percentage in local currency %			1.09					

(\*) Acting as agent bank for syndicated loans.

20 • Other current liabilities:

No note required in view of the balances at each year end.

21 • Long-term Banks and financial institutions obligations:  
Detail of this item in ThCh\$ is as follows:

Tax Id.	Bank or financial institution	Currency or Indexation Unit	Years to maturity						31/12/2008		31/12/2007
			More than 1 to 2	More than 2 to 3	More than 3 to 5	More than 5 to 10	More than 10 years Amount	Term	Total long-term at close of financial statements	Average annual interest rate	Total long-term at close of financial statements
59046320-5	BNP Paribas (*)	Dollars	43,667,976	43,978,726	87,893,428	217,628,674	3,595,911	1	396,764,715	3.91	320,797,074
O-E	Natixis Banques	Dollars	2,561,802	2,678,513	5,387,848	13,499,843	21,664,913	12	45,792,919	0.73	41,027,080
		Euros	70,695	70,695	141,390	353,474	331,166	5	967,420	2.00	919,363
97004000-5	Banco de Chile (*)	UF	-	2,145,257	8,581,028	21,452,570	-		32,178,855	6.22	49,945,198
<b>Total</b>			<b>46,300,473</b>	<b>48,873,191</b>	<b>102,003,694</b>	<b>252,934,561</b>	<b>25,591,990</b>		<b>475,703,909</b>		<b>412,688,715</b>

Obligations percentage in foreign currency % 93.24

Obligations percentage in local currency % 6.76

(\*) Acting as agent bank for syndicated loans.



## 22 • Bonds payable:

Detail of this item in ThCh\$ is as follows:

Instrument registration or identification number	Series	Nominal amount placed outstanding	Bond indexation unit	Interest rate %	Final maturity	Payment dates		Par value		Placement in Chile or abroad
						Interest payment	Amortization payment	2008	2007	
<b>Current portion of long-term bond</b>										
257	A	4,200,000	UF	5.6	15/07/2026	Half-yearly	Half-yearly	2,294,912	2,285,980	National
275	B	2,100,000	UF	5.6	01/11/2026	Half-yearly	Half-yearly	414,743	413,129	National
297	C	4,000,000	UF	5.5	15/07/2027	Half-yearly	Half-yearly	2,147,116	2,138,760	National
339	D	4,000,000	UF	5.5	15/07/2028	Half-yearly	Half-yearly	2,147,116	2,138,760	National
370	E	2,800,000	UF	5.5	15/05/2029	Half-yearly	Half-yearly	416,489	414,868	National
371	F	1,900,000	UF	5.5	15/07/2029	Half-yearly	Half-yearly	1,019,881	1,015,911	National
431	G	2,800,000	UF	4.5	15/09/2030	Half-yearly	Half-yearly	787,133	784,069	National
515	H	1,000,000	UF	4.3	15/07/2020	Half-yearly	Half-yearly	420,880	-	National
515	I	2,850,000	UF	4.7	15/07/2029	Half-yearly	Half-yearly	1,309,822	-	National
<b>Total current portion</b>								<b>10,958,092</b>	<b>9,191,477</b>	
<b>Long-term bonds</b>										
257	A	4,200,000	UF	5.6	15/07/2026	Half-yearly	Half-yearly	90,100,794	89,750,122	National
275	B	2,100,000	UF	5.6	01/11/2026	Half-yearly	Half-yearly	45,050,397	44,875,061	National
297	C	4,000,000	UF	5.5	15/07/2027	Half-yearly	Half-yearly	85,810,280	85,476,307	National
339	D	4,000,000	UF	5.5	15/07/2028	Half-yearly	Half-yearly	85,810,280	85,476,307	National
370	E	2,800,000	UF	5.5	15/05/2029	Half-yearly	Half-yearly	60,067,196	59,833,415	National
371	F	1,900,000	UF	5.5	15/07/2029	Half-yearly	Half-yearly	40,759,883	40,601,246	National
431	G	2,800,000	UF	4.5	15/09/2030	Half-yearly	Half-yearly	60,067,196	59,833,415	National
515	H	1,000,000	UF	4.3	15/07/2020	Half-yearly	Half-yearly	21,452,570	-	National
515	I	2,850,000	UF	4.7	15/07/2029	Half-yearly	Half-yearly	61,139,824	-	National
<b>Total long term</b>								<b>550,258,420</b>	<b>465,845,873</b>	

Dated July 31, 2001, December 5, 2001, August 9, 2002, September 3, 2003, June 23, 2004 and September 14, 2005, the Company placed its "A" and "G" series bonds in the local market, calculated on the basis of 360-day years, 25-year term with a 10 year's grace, half-year interest payments and with no prepayments allowed. The par value is expressed in ThCh\$.

Dated September 3, 2008, the company placed its "H" and "I" series bonds in the local market, calculated on the basis of 360-day years, 12-year term with 7 year's grace for the "H" series and 21-year term with 10 year's grace for the "I" series, with half-year interest payments and with total or partial anticipated bond rescue. The par value is expressed in ThCh\$.

"A" and "B" series have State guarantee, according to Law Decree No.1,263 and laws Nos. 18,196, 18,382 and 19,702, in Decree No.117, of the Treasury Department, and Ministry of Public Works, Economy and Reconstruction and Supreme Decree No.389 of the Treasury Department, both dated April 20, 2001.

"C" series have State guarantee, according to Law Decree No.1,263 and laws Nos. 18,196, 18,382 and 19,774, in Decree No.274, of the Treasury Department, and Ministry of Public Works, and Supreme Decree No.363 of the Treasury Department, both dated May 13, 2002.

"D" and "E" series have State guarantee, according to Law Decree N° 1,263 and laws N° 18,196 and 19,847, in Decree N°222 of the Treasury Department and Ministry of Public Works dated 29th April 2003, and Supreme Decree N°356 of the Treasury Department dated 7th May 2003.

"F" series have State guarantee according to Law Decree No. 1,263 and laws Nos. 18,196 and 19,847. Guarantee to issue bonds in the local market is authorized and guaranteed by Supreme Decree No. 1,024 of the Treasury Department, and Ministry of Public Works dated November 11, 2003.

"G" series have State guarantee according to Law Decree No. 1,263 and laws Nos. 18,196 and 19,847. Guarantee to issue bonds in the local market is authorized and guaranteed by Supreme Decree No. 592 of the Treasury Department, and Ministry of Public Works dated May 11, 2005.

"H" and "I" series do not have any guarantee, notwithstanding the right of general pledge the law grants to creditors.

## 23 • Provisions and write-offs:

The following balances are recorded under short-term provisions:

	2008	2007
	ThCh\$	ThCh\$
Lawsuits provision	2,968,956	3,669,728
Electricity provision	2,611,953	2,297,822
Vacation provision	1,971,875	1,887,996
Service contracts provision	3,186,837	2,490,812
Vacation bonus provision	728,531	687,784
Productivity bonus provision	1,521,758	1,588,366
Other personnel provisions	2,051,500	1,215,984
Maintenance provision	4,011,799	5,889,069
Sales operators provision	641,198	668,498
Property taxes provision	8,250,389	5,779,274
Annex N°1 modification provision	7,558,960	-
Additive provision N° 1 tickets	580,385	-
Other provisions for accrued expenses	1,922,269	2,268,153
	<b>38,006,410</b>	<b>28,443,486</b>

The following balances are recorded under long-term provisions:

	2008	2007
	ThCh\$	ThCh\$
Severance payments provision	16,711,282	16,864,214
Rolling stock maintenance provision	21,062,116	14,960,805
<b>Total</b>	<b>37,773,398</b>	<b>31,825,019</b>

In 2008 fixed assets and materials were written off for ThCh\$ 590,457, in 2007 for ThCh\$ 333,556, in addition, loss for land expropriation for ThCh\$ 1,016,701 was recorded under this item in 2007.

## 24 • Severance payments:

This item comprises severance payment provisions and related accounts, calculated according to the criteria indicated in Note 2 (n) and its detail as of December 31 of each year, is as follows:

	2008	2007
	ThCh\$	ThCh\$
<b>Long-term liabilities:</b>		
Severance payments provision	16,711,282	16,864,214
<b>Long-term assets:</b>		
Deferred expense severance payments	236,221	284,323
<b>Operating results:</b>		
Deferred expenses amortization	25,968	28,245
Indemnities	1,070,370	684,194
Accrued provision severance payments	471,570	662,851

Advance given to personnel amounts to ThCh\$ 2,750,299 in 2008 and ThCh\$ 2,601.326 in 2007. These values are included in the Long-term debtors item (Note 5).

## 25 • Other long-term liabilities:

No note required, considering year-end balances.

## 26 • Minority interest:

To 31st December 2008 and 2007, minority interest is as follows:

Company	31/12/2008		31/12/2007	
	Liabilities ThCh\$	Income ThCh\$	Liabilities ThCh\$	Income ThCh\$
Empresa de Transporte Suburbano de Pasajeros S.A. (Transub S.A.)	(10,645)	118	(10,527)	107

## 27 • Changes in capital:

### 2008 capital increase

On the Extraordinary Shareholder's meeting carried out on 3rd December 2008, the following agreements were reached:

- To increase the subscribed and paid capital, capitalizing fiscal contributions for ThCh\$100,703,908 (historical) through the issuance of 2,660,605,231 "A" series shares subscribed and paid by the Chilean Treasury and Corfo pro rata to their shareholdings.

- To increase again the capital coming from the preceding increase by ThCh\$25,002,000 through the issuance of 660,554,822 "A" series shares, subscribed and paid by the Chilean Treasury.

## 2007 Capital increase

On June 29 2007, the Extraordinary Shareholders' Meeting approved a future capital increase of ThCh\$46,710,000, through issuance of "A" series registered and no-par- value shares at Ch\$34.71 each, to be paid and subscribed by the Treasury shareholder.

On September 27, 2007, the Chilean Treasury subscribes and pays 625,410,544 "A" series shares for Ch\$21,708,000,000, according to the agreement reached in the Extraordinary Shareholder's Meeting.

On 3rd December 2008, the remaining ThCh\$25,002,000 were subscribed and paid.

- a) **Paid capital** - As of December 31, 2008, the paid capital is represented by 13,009,451,068 and 19.163.677.063 registered non-par-value shares, "A" and "B" series respectively, 19,150,441,587 of which are Corfo shares and 13,022,686,544 are Chilean Treasury shares.

As of December 31, 2007, the paid capital is represented by 9,688,291,015 and 19.163.677.063 registered non-par-value shares, "A" and "B" series respectively, 17.533.591.788 of which are Corfo shares and 11,318,376,290 are Chilean Treasury shares.

"A" shares correspond to the initial capital and its increases subscribed and paid for by the Chilean Treasury and Corfo, and cannot be disposed of. "B" shares correspond to capital increases that could allow the entry of other shareholders.

a.1.- **Share ownership** - The following is the distribution of shareholders, in accordance with Circular No. 792 dated 15 April, 1988.

Type of shareholder	Total holding		Number of shareholders	
	2008	2007	2008	2007
	%	%		
10% holding or more	100	100	2	2
Less than 10% holding, with investment of 200 UF or more	-	-	-	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>2</b>	<b>2</b>

Company's controller:				
Corporación de Fomento de la Producción	59.52	60.77	1	1

	Holding percentage	
	2008	2007
Chilean Treasury represented by the Ministry of Finance	40.48	39.23
Corporación de Fomento de la Producción	59.52	60.77
	<b>100.00</b>	<b>100.00</b>

b) **Distribution of earnings and dividends** – The Company's dividend policy complies with the current legislation that requires that at least 30% of net income for the year should be distributed as cash dividends, unless otherwise agreed unanimously at the Shareholders' Meeting.

At the Extraordinary Shareholders' Meeting dated 25th April, 2008, it was unanimously agreed not to distribute dividends.

c) **Accumulated deficit development period** – subsidiary – This relates to the organization and implementation expenses of Empresa de Transporte Suburbano de Pasajeros S.A. (Transub S.A.). According to Circular No.1819 from the Superintendency of Securities and Insurance, the balance of accumulated deficit in development period of subsidiary was transferred to accumulated results.

#### Changes in equity:

##### Year 2008

Items	Paid Capital	Accumulated Result	Accumulated deficit development period subsidiary	Result for the year
Historical balances by 31/12/2007	1,095,745,661	(29,075,925)	-	16,502,928
Distribution result prior year	-	16,502,928	-	(16,502,928)
Capital increase	136,443,435	-	-	-
Restatement of capital	97,521,364	(1,118,997)	-	-
Result for the year	-	-	-	(69,992,281)
<b>Balance by 31/12/2008</b>	<b>1,329,710,460</b>	<b>(13,691,994)</b>	<b>-</b>	<b>(69,992,281)</b>

##### Year 2007

Rubros	Paid Capital	Accumulated Result	Accumulated deficit development period subsidiary	Result for the year
Historical balance by 31/12/2006	999,590,395	9,738,785	(43,643)	(36,767,698)
Distribution result prior year	-	(36,767,698)	-	36,767,698
Capital increase	21,708,000	-	-	-
Capital increase	74,447,266	(2,003,370)	-	-
Accumulated deficit transfer	-	(43,643)	43,643	-
Result for the year	-	-	-	16,502,928
Balances by 31/12/2007	1,095,745,661	(29,075,926)	-	16,502,928
<b>Restated balances by 31/12/2008</b>	<b>1,193,267,025</b>	<b>(31,663,683)</b>	<b>-</b>	<b>17,971,689</b>

## Number of shares:

Series	No. subscribed shared	No. paid shared	No. of shares with voting rights
A	13,009,451,068	13,009,451,068	13,009,451,068
B	19,163,677,063	19,163,677,063	19,163,677,063

## Capital (amount – ThCh\$):

Series	Subscribed capital	Paid Capital
A	537,678,621	537,678,621
B	792,031,839	792,031,839

## 28.

• Other non-operating income and expenses:  
The following is the detail:

	2008 ThCh\$	2007 ThCh\$
<b>Other non-operating income</b>		
AFT indexation and interests	764,318	-
Revenues from fines and indemnities	548,369	548,705
Commercial indexation and interests	157,907	179,323
Proposal sales	66,083	78,384
Other income	289,432	386,778
Fixed asset normalization	-	709,953
Fixed asset sales	-	304,787

<b>Total</b>	<b>1,826,109</b>	<b>2,207,930</b>
--------------	------------------	------------------

	2008 ThCh\$	2007 ThCh\$
<b>Other non-operating expenses</b>		
Indemnities (*)	(7,097,032)	(1,033,058)
Write-offs and other	(590,456)	(333,556)
Other expenses	(185,264)	-

<b>Total</b>	<b>(7,872,752)</b>	<b>(1,366,614)</b>
--------------	--------------------	--------------------

(\*) Belonging to the end of arbitral trial with Consorcio de Ingeniería y Construcción VEI Ltda. in 2008.

## 29 • Price-level restatements:

The application of the monetary correction mechanism described in Note 2(e) generated a net charge to income for ThCh\$ 10,548,013 as of December 31, 2008 (ThCh\$788,722 net charge for 2007), as hereby detailed:

ASSETS (Charges) / Credits	Indexation		
	unit	2008	2007
Inventories, supplies and spare parts	IPC	771,200	458,287
Fixed asset	IPC	178,622,776	146,357,575
Other non-monetary assets	UTM	1,703,416	1,390,441
Other non-monetary assets	UF	225,880	418,658
Other non-monetary assets	IPC	1,197,545	168,277
Long-term assets	UF	1,685,911	876,719
Swap	IPC	6,691,007	-
Long-term assets	IPC	977,614	605,342
Expense and cost accounts	IPC	7,845,646	7,086,595
<b>Total (charges) credits</b>		<b>199,720,995</b>	<b>157,361,894</b>

LIABILITIES-EQUITY (Charges) / Credits	Indexation		
	unit	2008	2007
Equity	IPC	(96,402,367)	(78,891,403)
Minority interest	IPC	(354)	(321)
Accounts payable related companies	IPC	(8,293,573)	(2,661,467)
External loans	IPC	(33,956,175)	(30,057,968)
Internal loans	UF	(3,251,234)	(2,963,614)
Non-monetary liabilities	IPC	(155)	(1,435)
Non-monetary liabilities	UF	(2,685,012)	(1,745,126)
Swap	UF	(11,344,475)	-
Long-term liabilities	UF	(45,441,618)	(32,752,103)
Revenue accounts	IPC	(8,894,045)	(7,499,735)
<b>Total Charges</b>		<b>(210,269,008)</b>	<b>(156,573,172)</b>
<b>Profit (loss) for monetary corrections</b>		<b>(10,548,013)</b>	<b>788,722</b>



### 30 • Exchange differences:

Application of the exchange difference concept generated a net credit to income of ThCh\$ 32,472,019 as of December 31, 2008 (net charges to results of ThCh\$ 57,402,111 for 2007), as hereby detailed:

ASSETS (Charges) / Credits	Currency	2008	2007
Current assets	Dollars	6,502,472	(1,006,181)
Current assets	Euros	208,368	(8,223)
Long-term assets	Dollars	2,275,460	(102,180)
Long-term assets	Euros	(571)	20,888
<b>Total (Charges) Credits</b>		<b>8,985,729</b>	<b>(1,095,696)</b>

LIABILITIES (Charges) Credits	Currency	2008	2007
Current liabilities	Dollars	26,720	12,966
Current liabilities	Euros	(23,568)	2,693
External loans	Dollars	(76,188,117)	58,452,844
External loans	Euros	(24,066)	29,304
Swap	Dollars	34,751,283	-
<b>Total (Charges) Credits</b>		<b>(41,457,748)</b>	<b>58,497,807</b>
<b>Profit (Loss) for exchange differences</b>		<b>(32,472,019)</b>	<b>57,402,111</b>

### 31 • Extraordinary items:

No records.

### 32 • Stock and debt securities Issuance and placement expenses:

Stock issuance and placement expenses:

In the capital increase of September 2007 and December 2008, no stock issuance and placement expenses were made.

Debt securities issuance and placement expenses:

The total previous debt securities issuance and placement expenses (bonds), series A, B, C, D, E, F, G, H and I were capitalized as deferred charges and are being amortized on a linear basis over the term of the obligations, as stated in Circular No. 1370 from the Superintendency of Securities and Insurance.

These deferred expenses are registered in Other Current Assets and Other Long-term Assets, with ThCh\$ 191,645 to be amortized in the short term (ThCh\$ 132,441 in 2007) and ThCh\$ 3,547,761 in the long term (ThCh\$ 2,747,042 in 2007).

## 33 • Cash Flow Statement

### Financing and investment activities that commit future cash flows are:

- Financial Loan agreement for the Metro New Lines Project, with a bank syndicate led by BNP Paribas, for US\$ 150,000,000, fully drawn as of 31st December 2008. Undrawn balance US\$50,000,000 (see note 35, letter b).
- Buyer Credit Agreement for the Metro New Lines Project, with a bank syndicate led by BNP Paribas, for US\$ 340,000,000, fully drawn as of 31st December 2008. Undrawn balance as of 31 December 2007 US\$ 5,537,565.77, not including capitalizations and financed coface premium (see note 35, letter c).
- Financial Loan Agreement to finance the extension works in Line 5 to Maipú and Line 1 towards Los Dominicos, with a bank syndicate led by BNP Paribas, for US\$ 130,000,000, not drawn as of 31st December 2008 and 2007 (See note 35, letter e).
- Buyer Credit Agreement for the extension projects of Line 5 to Maipú and Line 1 towards Los Dominicos, with a bank syndicate led by BNP Paribas, for US\$ 260,000,000. As of December 31, 2008, undrawn balance is US\$ 236,062,147.60 (not including coface premium). As of December 31, 2007, amount has not been drawn (See note 35, letter f).
- Financial Loan Agreement for the Line 5 Extension Projects to Maipú and Line 1 Extension to Los Dominicos, with an international bank syndicate led by BNP Paribas, for UF 9,200,000. Undrawn balance as of December 31, 2008, UF 7,700,000. As of 31st December 2007, the sum remains undrawn (See note 35, letter g).
- Buyer Credit Agreement for the Line 5 Extension Projects to Maipu and Line 1 Extension to Los Dominicos, with an international bank syndicate led by BNP Paribas for US\$ 260,000,000, which remains undrawn as of December 31, 2007.
- Loan Agreement for Debt Restructuring year 2007 and 2008, with BNP Paribas, for US\$ 90,000,000, fully drawn as of 31st December. As of 31st December 2007, undrawn balance of US\$ 62,300,000.00. (Note 35, letter h).

### 34 • Derivative contracts:

As of December 31, 2008, the Company has hired derivative operations (Cross Currency Swap) with Banco Santander –Chile and Deutsche Bank. The aim of these operations is to eliminate risks due to exchange rate fluctuations and interest rates.

Type of Derived	Type of Contract	Description of contracts						Value of the affected accounts US\$	Accounting accounts affecting			
		Value of Contract US\$	Maturity or expiration	Item specified	Position buy and sell	Entry or transaction protected			Asset/Liability		Effect on results	
						Name	Amount US\$		Name	Amount	Realized	Not realized
CCS	CCTE	12,002,348.49	II-2016	Currency	C	Loan in Dollars	12,002,348.49	12,002,348.49	Swap	1,680,947	1,536,928	144,019
CCS	CCTE	6,425,884.64	II-2016	Currency	C	Loan in Dollars	6,425,884.64	6,425,884.64	Swap	809,370	783,607	25,763
CCS	CCTE	7,870,721.69	IV-2016	Currency	C	Loan in Dollars	7,870,721.69	7,870,721.69	Swap	1,065,588	986,277	79,311
CCS	CCTE	19,512,418.67	II-2016	Currency	C	Loan in Dollars	19,512,418.67	19,512,418.67	Swap	2,630,198	2,445,086	185,112
CCS	CCTE	3,903,745.23	II-2016	Currency	C	Loan in Dollars	3,903,745.23	3,903,745.23	Swap	498,062	480,560	17,502
CCS	CCTE	2,949,793.61	I-2016	Currency	C	Loan in Dollars	2,949,793.61	2,949,793.61	Swap	348,614	360,937	(12,323)
CCS	CCTE	4,682,659.35	IV-2016	Currency	C	Loan in Dollars	4,682,659.35	4,682,659.35	Swap	493,359	490,262	3,097
CCS	CCTE	4,073,463.97	IV-2016	Currency	C	Loan in Dollars	4,073,463.97	4,073,463.97	Swap	429,175	426,481	2,694
CCS	CCTE	18,443,622.16	IV-2016	Currency	C	Loan in Dollars	18,443,622.16	18,443,622.16	Swap	2,029,885	1,965,330	64,555
CCS	CCTE	3,194,048.15	II-2016	Currency	C	Loan in Dollars	3,194,048.15	3,194,048.15	Swap	354,154	341,972	12,182
CCS	CCTE	2,644,526.40	II-2016	Currency	C	Loan in Dollars	2,644,526.40	2,644,526.40	Swap	294,287	283,203	11,084
CCS	CCTE	2,323,735.13	IV-2016	Currency	C	Loan in Dollars	2,323,735.13	2,323,735.13	Swap	229,231	230,860	(1,629)
CCS	CCTE	1,901,685.42	II-2016	Currency	C	Loan in Dollars	1,901,685.42	1,901,685.42	Swap	192,232	189,319	2,913
CCS	CCTE	1,518,988.07	IV-2015	Currency	C	Loan in Dollars	1,518,988.07	1,518,988.07	Swap	157,334	151,280	6,054
CCS	CCTE	1,344,635.22	III-2015	Currency	C	Loan in Dollars	1,344,635.22	1,344,635.22	Swap	139,963	139,649	314
CCS	CCTE	928,572.23	IV-2015	Currency	C	Loan in Dollars	928,572.23	928,572.23	Swap	98,873	93,815	5,058
CCS	CCTE	984,553.34	II-2016	Currency	C	Loan in Dollars	984,553.34	984,553.34	Swap	106,215	102,089	4,126
CCS	CCTE	23,212,682.54	IV-2017	Currency	C	Loan in Dollars	23,212,682.54	23,212,682.54	Swap	2,432,557	2,524,454	(91,897)
CCS	CCTE	22,041,382.15	IV-2017	Currency	C	Loan in Dollars	22,041,382.15	22,041,382.15	Swap	2,372,394	2,506,698	(134,304)
CCS	CCTE	25,351,218.70	III-2017	Currency	C	Loan in Dollars	25,351,218.70	25,351,218.70	Swap	2,810,019	3,065,068	(255,049)
CCS	CCTE	40,994,710.06	II-2016	Currency	C	Loan in Dollars	40,994,710.06	40,994,710.06	Swap	5,074,280	5,079,779	(5,499)
CCS	CCTE	44,200,000.00	III-2017	Currency	C	Loan in Dollars	44,200,000.00	44,200,000.00	Swap	3,206,897	5,516,937	(2,310,040)
<b>Total</b>		<b>250,505,395.22</b>					<b>250,505,395.22</b>	<b>250,505,395.22</b>		<b>27,453,634</b>	<b>29,700,591</b>	<b>(2,246,957)</b>

## 35 • Contingencies and restrictions:

### Direct guarantees:

Direct guarantees are in dollars (BNP Paribas) and UF, expressed in thousands of Pesos as of December 31, 2008.

Creditor of security	Debtor		Type of securities	Affected assets		Balances pending of payment at close of financial statements		Release of securities	
	Name	Relation		Type	Book Value	31/12/2008	31/12/2007	2009	Assets
BNP Paribas	Metro S.A.	Non related	Pledge	Trains	269,682,558	112,602,516	104,060,182	-	-
Soc. Concesionaria Intermodal La Cisterna S.A. (*)	Metro S.A.	Non related	Bank guarantee form	Cash	25,743	-	-	-	25,743

(\*) In Sociedad Concesionaria Intermodal La Cisterna S.A. there are no balances pending of payment as of 31st December 2008, for being a Contract Compliance Guarantee.

### Lawsuits and other legal actions involving the Company:

Name of the case	Court	Case N°	Claim	Proceeding stage	Amount claimed ThCh\$
Albistur Fernández	J.P.L.	6.032/05	Damages	In second instance previous study of the cause	200,000
Almuna Guzmán	21°	15.048/05	Damages	In second instance previous study of the cause	95,600
Araya Parra	1°	4.814/04	Damages	In second instance with unfavorable verdict	25,000
Benavente Bravo	4°	407/02	Recovery action	In Supreme Court with unfavorable verdict	128,222
Borges	J.P.L.	4.877/07	Damages	1st instance discussion and testing	6,912
Bustamante y otros	28°	2.356/04	Damages	In Supreme Court with favorable verdict	1,926,016
Cabezas	15°	20.768/07	Damages	1st instance for verdict	7,180
Castro	J.P.L.	1.815-08-JE	Accident	Incidental compliance	12,203
Castro Abarca	8°	13.225/05	Damages	1st instance with favorable verdict	150,000
Comercializadora	16°	14.135/07	Damages	1st instance discussion and testing	835,000
Const. y aplicaciones Contractual	4°	904/2006	Prejudicial measure preparatory process	1st instance discussion and testing	250,000
Corema	16°	5.288/99	Fine claim	In Supreme Court with unfavorable verdict	18,826
Curihual	13°	21.540/07	Damages	1st instance discussion and testing	2,160
De Ferrari	J.P.L.	7.907/5/08	Accident	1st instance discussion and testing	5,844
Dialmetal	1°	10.765/07	Collection in pesos	Incidental compliance	11,551
Echeverría	17°	20.579/07	Accident	1st instance discussion and testing	304,000
Fernández	J.P.L.	72.278/08	Accident	1st instance discussion and testing	30,500
Forbes Pacheco	23°	10.303/07	Damages	In second instance with unfavorable verdict	20,000
González Barrera y otros	18°	14.201/05	Damages	1st instance discussion and testing	7,300,000
Gutiérrez	5°	16.182/05	Damages	1st instance discussion and testing	976,384
Hernández	1°	23.510/07	Damages	1st instance discussion and testing	77,500
Higuera con G4S	8°	14.838/08	Damages	1st instance discussion and testing	60,000
Inversiones Davel Ltda.	8°	1.069/01	Damages	In Supreme Court with unfavorable verdict	604,602
Jones Parada	21°	1.789/03	Ruinous works	In Supreme Court with favorable verdict	5,000
Mailliard Nazir	2°	11.994/05	Damages	1st instance for verdict	60,000
Manríquez Galli	12°	3.356/05	Damages	In second instance previous study of the cause	106,879
Morales y otros	15°	13.591/08	Collection in pesos	1st instance discussion and testing	5,909
Navarro	J.P.L.	3.806/05	Damages	1st instance for verdict	480
Passalacqua	19°	11.304/08	Damages	1st instance discussion and testing	61,778
Rodríguez Moya	9°	1.661/07	Damages	1st instance discussion and testing	600,000
Romeo Santander	J.P.L.	6.335/07	Accident	Incidental compliance	50,038
Sepúlveda	7°	6.480/07	Damages	1st instance discussion and testing	31,500
Soc. Com. Atalaya	26°	1.368/05	Damages	In second instance previous study of the cause	188,000
Soto Valladares	6°	22.839/07	Damages	1st instance discussion and testing	21,160
Stand Off	18°	23.545/06	Damages	1st instance discussion and testing	300,000
Urzúa	23°	26.011/08	Damages	1st instance discussion and testing	31,881

On the other hand, Metro S.A., as of December 31, 2008 has received subsidiary demands in 50 lawsuits for a total amount of ThCh\$ 1,037,391 and as of December 31, 2007, received 38 lawsuits for a total amount of ThCh\$ 1,558,434. The effects of the actions are recorded in short-term liability provisions.

**Other contingencies:**

a) Bank loans with the French Treasury given by the Credit National (Natixis Banques), under protocols 1, 2, 3 and 4. Its use belongs to Metro S.A. as the executor of the project, on the basis of the Decrees which authorize such debt. As of December 31, 2008 and 2007, the amount of the contracted loan at US dollar equivalent value amounts to FF 468,000,000, of which US\$85,329,618.83 have been used as of 31st December 2008 and 2007. These amounts include capitalized taxes.

Also, under these protocols there is a use of US\$ 2,066,519.50 in 2008 and 2007 for the replacement of the Automated Piloting System in Line 2. These amounts include capitalized taxes.

The outstanding debt of protocols 1,2,3 and 4 amount to US\$ 75,815,652 as of 31st December 2008 and US\$ 79,488,554.61 as of 31st December 2007.

b) Loan agreement for financing the Metro New Lines Project, with a bank syndicate led by BNP Paribas, for US\$ 150,000,000, with State guarantee. As of December 31, 2008 it has been fully withdrawn and as of December 31, 2007, US\$ 100,000,000 had been drawn. It is worth mentioning that on 22nd November 2005, a capital contribution and US\$100,000,000 were prepaid.

c) Buyer credit agreement for Metro's New Lines Project with a syndicate of banks led by BNP Paribas, for US\$ 340,000,000 (not including eventual capitalizations and insurance premiums) that has the guarantee from the Republic of Chile. As of 31st December 2008, this credit has been fully drawn. As of 31st December 2007, US\$ 334,462,434.23 had been drawn.

d) Loan agreement for financing part of Line 4 Project and the extension of Line 2 north via Recoleta, with a bank syndicate led by BNP Paribas, for US\$ 200,000,000, which is secured by a pledge over NS 93 trains. As of December 31, 2008 and 2007 it has been fully withdrawn.

This agreement contains a covenant limiting the debt - equity ratio throughout the term of the loan. Particularly, in 2008, this limit is 2.00:1. As of December 31, 2008, this debt-equity ratio is 0.98:1.

e) Financial loan agreement for the expansion projects of Line 5 to Maipú and extension of Line 1 to Los Dominicos, with an international bank syndicate led by BNP Paribas, for US\$ 130,000,000. This financing has no explicit guarantees. This amount has not been used as of 31st December 2008 and 2007.

This agreement sets a maximum debt - equity ratio for 2008 of 1.9:1 a minimum equity of ThCh\$ 700 million and an EBITDA / Operating income margin over 32%. It must be pointed out that as of 31st December, 2008, this debt - equity ratio is 0.98:1, shareholders' equity is ThCh\$ 1,246 million and the EBITDA / operating income margin is 36.70%, calculated as stated in the agreement.

f) Buyer credit agreement for Line 5 Extension Project to Maipú and Line 1 to Los Dominicos with an international syndicate of banks led by BNP Paribas, for US\$ 260,000,000. As of 31st December 2008 US\$ 23,937,852.40 have been drawn. As of 31st December 2007, this amount had not been drawn.

g) Financial loan agreement for Line 5 Extension Projects to Maipú and Line 1 to Los Dominicos with a syndicate of banks led by Banco Santander Chile for UF 9,200,000. This financing is guaranteed by the State for an equivalent to US\$100,000,000. As of 31st December 2008, UF 1,500,000 have been used. As of 31st December 2007, the amount had not been drawn.

This agreement sets a maximum debt - equity ratio for 2008 of 1.9:1 a minimum equity of ThCh\$ 700 million and an EBITDA / Operating income margin over 32%. It must be pointed out that as of 31st December, 2008, this debt - equity ratio is 0.98:1, shareholders' equity is ThCh\$ 1,246 million and the EBITDA / operating income margin is 36.70%, calculated as stated in the agreement.

h) Loan agreement for debt restructuring with BNP Paribas for US\$90,000,000. This financing is guaranteed by the State for the equivalent to US\$60,000,000. As of 31st December 2008 it has been fully drawn. As of 31st December 2007 US\$27,700,000 had been drawn.

This agreement sets a maximum debt - equity ratio for 2008 of 1.9:1 a minimum equity of ThCh\$ 700 million and an EBITDA / Operating income margin over 32%. It must be pointed out that as of 31st December, 2008, this debt - equity ratio is 0.98:1, shareholders' equity is ThCh\$ 1,246 million and the EBITDA / operating income margin is 36.70%, calculated as stated in the agreement.

i) Ticket and non-contact card control - The control of AFT tickets and non-contact cards is made off the books in the Valued Species Unit of the Sales Channel Department. As of 31st December 2008, this unit held 15,031,513 tickets and 92,733 cards in stock.

j) Bonds issuance - The Company is not subject to any covenants with respect to its bond issues.

## 36 • Collateral received from third parties:

During 2008 and 2007 the Company received no guarantees from third parties. As of 31st December 2008, the Company holds performance bonds and guarantee policies for ThCh\$827,277,486 and ThCh\$323,761,080 as of 31st December 2007, received from contractors for works in progress and suppliers for the manufacture of rolling stock, etc.

### Documents in guarantee as of 31st December 2008

Grantor	Guarantee amount ThCh\$	Operation behind the guarantee	Relation
Adm. Financ. Transantiago S.A.	1,222,796	Service Contract	not related
Alstom Chile S.A.	1,823,588	Work Service Contract	not related
Consorcio Alstom (a)	254,457,507	Work contract	not related
Ascensores Otis Chile Ltda.	2,026,194	Work contract	not related
Balfour Beatty Chile S.A.	49,460,745	Work contract	not related
Balfour Beatty Rail AB	7,574,569	Work contract	not related
Besalco Constructora S.A.	5,636,419	Work contract	not related
Besalco Dragados S.A.	69,506,082	Work contract	not related
Cables de Energía y Telecomunicaciones S.A.	1,881,982	Service Contract	not related
Cade Idepe Ingeniería y Desarrollo Ltda.	409,423	Work contract	not related
Central de Restaurantes Aramark Ltda.	937,450	Work contract	not related
Consorcio Zañartu M&C	650,247	Work contract	not related
Const. y Auxiliar de Ferrocarriles	51,481,470	Service Contract	not related
Consorcio CON-PAX TECSA Ltda.	40,353,315	Work contract	not related
Constructora Internacional	61,414,579	Work contract	not related
CVC S.A.	516,110	Work contract	not related
Dragados S.A.	5,635,346	Work contract	not related
Empresa Constructora Desco Precon Salfa Ltda.	75,315,125	Service Contract	not related
Empresa de Montaje y Construcción Ltda.	771,966	Service Contract	not related
Equipo y Construcciones S.A.	8,253,459	Work contract	not related
Obrascon Huarte Lain S.A.	43,687,333	Work contract	not related
Polymont Chile S.A.	497,933	Work contract	not related
Prefabricados de Hormigón Grau S.A.	591,757	Work contract	not related
Schaffner S.A.	8,435,424	Service Contract	not related
Siemens S.A.	97,866,220	Work contract	not related
Siemens A.G.	814,953	Work contract	not related
Sociedad JCDecaux Chile S.A.	1,287,154	Service Contract	not related
Sociedad de Mantenc. e Instalac. Técnicas S.A.	2,789,141	Work contract	not related
Sometec S.A.	3,312,983	Service Contract	not related
Thales Transportation Systems S.A.	1,863,650	Work contract	not related
Thales Rail Signalling Solution	6,081,529	Work contract	not related
Thyssenkrupp Elevadores S.A.	10,720,942	Service Contract	not related
Others	10,000,095	Work service contract	not related
<b>Total</b>	<b>827,277,486</b>		

a) Alstom Consortium is constituted by Alstom Transport S.A., Alstom Brasil Ltda. y Alstom Chile S.A.. Their operation is regulated by contract VPA-161-01-02 and the derived additives for this contract.

## 37 • Local and foreign currencies:

The following provides a detail of local and foreign currencies as of December 31, expressed in ThCh\$:

### Assets

ITEM	Currency	Amount 2008	Amount 2007
<b>Current Assets</b>		<b>86,856,803</b>	<b>81,134,909</b>
Available	Dollars	22,277	24,182
	Euros	899	-
	Non-indexed Ch\$	1,582,294	2,603,714
Time Deposits	Dollars	9,392,691	29,411,446
	Non-indexed Ch\$	23,803,150	13,717,094
Trade accounts receivable	Indexed Ch\$	9,204,931	4,064,755
Notes receivable	Non-indexed Ch\$	1,384,163	984,436
	Indexed Ch\$	1,090	-
Sundry debtors	Non-indexed Ch\$	1,897,625	2,633,402
	Indexed Ch\$	1,613,296	410,740
	Dollars	7	848,444
Inventories	Indexed Ch\$	4,916	1,923
Recoverable taxes	Non-indexed Ch\$	274,868	303,484
Prepaid expenses	Indexed Ch\$	14,201	12,238
Other current assets	Non-indexed Ch\$	32,939,100	24,550,370
	Indexed Ch\$s	557,530	479,593
	Dollars	2,287,455	392,897
	Euros	1,876,310	696,191
<b>Fixed assets</b>		<b>2,271,307,470</b>	<b>2,138,006,670</b>
Fixed asset	Indexed Ch\$	2,271,307,470	2,138,006,670
<b>Other assets</b>		<b>112,311,766</b>	<b>46,836,012</b>
Long-term debtors	Non-indexed Ch\$	13,305,925	1,275,464
	Indexed Ch\$	38,622,306	35,908,082
	Dollars	14,180,222	250,933
Intangible assets	Indexed Ch\$	589,253	357,724
Others	Non-indexed Ch\$	-	637,599
	Dollars	36,140,202	-
	Indexed Ch\$	9,473,858	8,406,210
<b>Total Assets</b>		<b>2,470,476,039</b>	<b>2,265,977,591</b>
	Dollars	62,022,854	30,927,902
	Euros	1,877,209	696,191
	Indexed Ch\$	2,331,388,851	2,187,647,935
	Non-indexed Ch\$	75,187,125	46,705,563



## Current liabilities

ITEM	Currency	Up to 90 days				90 days to one year			
		2008		2007		2008		2007	
		Amount	Interest rate Annual average	Amount	Interest rate Annual average	Amount	Interest rate Annual average	Amount	Interest rate Annual average
Borrowings from banks and financial institutions	Dollars	11,176,545	3.84	32,973,394	5.53	40,225,202	3.84	12,985,278	5.53
	Euros	9,034	2.00	63,880	2.00	63,007	2.00	-	-
	Indexed Ch\$	164,328	3.83	4,889,887	4.41	400,305	3.83	-	-
Bonds payable	Indexed Ch\$	10,126,860	5.40	8,363,480	5.40	831,232	5.40	827,997	5.40
Accounts payable related companies	Non-indexed Ch\$	7,987,654		17,542,353		3,477,071		152,806	
	Dollars	-		-		238,442		465,336	
	Euros	-		-		587,534		300,564	
Provisions	Non-indexed Ch\$	3,674,131		287,593		34,332,279		28,155,893	
Other current liabilities	Indexed Ch\$	1,286,330		231,713		1,609,155		2,123,931	
	Non-indexed Ch\$	3,182,406		1,041,883		-		46,610	

Total Current Liabilities		37,607,288	65,394,183	81,764,227	45,058,415
Dollars		11,176,545	32,973,394	40,463,644	13,450,614
Non-indexed Ch\$		14,844,191	18,871,829	37,809,350	28,355,309
Indexed Ch\$		11,577,518	13,485,080	2,840,692	2,951,928
Euros		9,034	63,880	650,541	300,564

## Long-term liabilities 2008

ITEM	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Interest rate		Interest rate		Interest rate		Interest rate	
		Amount	Annual average	Amount	Annual average	Amount	Annual average	Amount	Annual average
Borrowings from banks and financial institutions	Dollars	92,887,017	3.58	93,281,276	3.58	231,128,517	3.58	25,260,824	3.58
	Euros	141,390	2.00	141,390	2.00	353,474	2.00	331,166	2.00
	Indexed Ch\$	2,145,257	6.22	8,581,028	6.22	21,452,570	6.22	-	-
Bonds payable	Indexed Ch\$	4,505,040	5.40	18,592,231	5.40	104,597,538	5.40	422,563,611	5.40
Accounts payable related companies	Indexed Ch\$	13,725,300		-		-		-	
Other long-term liabilities	Indexed Ch\$	11,140,063		19,322,738		4,652,359		30,286,195	

Total long-term liabilities		124,544,067	139,918,663	362,184,458	478,441,796
Dollars		92,887,017	93,281,276	231,128,517	25,260,824
Euros		141,390	141,390	353,474	331,166
Indexed Ch\$		31,515,660	46,495,997	130,702,467	452,849,806

### Long-term liabilities 2007

ITEM	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Interest rate		Interest rate		Interest rate		Interest rate	
		Amount	Annual average	Amount	Annual average	Amount	Annual average	Amount	Annual average
Borrowings from banks and financial institutions	Dollars	78,705,877	5.34	76,471,158	5.34	185,931,939	5.34	20,715,180	5.34
	Euros	125,215	2.00	125,216	2.00	313,040	2.00	355,892	2.00
	Indexed Ch\$	15,479,449	4.46	15,318,112	4.46	19,147,637	4.46	-	-
Bonds payable	Indexed Ch\$	-	-	11,824,225	5.40	73,545,252	5.40	380,476,396	5.40
Accounts payable foreign suppliers	Dollars	75,530	-	-	-	-	-	-	-
Accounts payable related companies	Indexed Ch\$	44,121,757	-	-	-	-	-	-	-
Other long-term liabilities	Indexed Ch\$	19,517,679	-	3,789,038	-	11,454,018	-	18,467,879	-
<b>Total Long-term liabilities</b>		<b>158,025,507</b>		<b>107,527,749</b>		<b>290,391,886</b>		<b>420,015,347</b>	
	Dollars	78,781,407		76,471,158		185,931,939		20,715,180	
	Euros	125,215		125,216		313,040		355,892	
	Indexed Ch\$	79,118,885		30,931,375		104,146,907		398,944,275	

### 38. Sanctions:

The Company has not received sanctions during 2008 and 2007 from the Chilean Superintendency of Securities and Insurance or any other administrative authority.

### 39. Subsequent events:

No subsequent events have taken place between January 1 and 27, 2009.

### 40. Companies subject to special regulations:

No note required.

### 41. The environment:

Due to the nature of the operations developed by the company, expenditures for environment protection amount as of December 31, 2008 to ThCh\$1,771,224, for noise mitigation, residues treatment and other measures. In addition, ThCh\$ 640,581 are committed to these same concepts for 2009. There is a sanction trial fine for UTM 500, followed by Corema to Talleres y Cocheras Puente Alto for noise emission at the Supreme Court with unfavorable verdict.

## 42 • Time deposits:

The detail of time deposits is as follows:

Institution	Currency	2008	2007
		ThCh\$	ThCh\$
Banco de Crédito e Inversiones	\$	10,003,994	238,667
Banco del Estado de Chile	\$	6,430,957	-
Banco Santander-Chile	\$	7,368,199	-
Banco del Desarrollo	\$	-	7,404,401
Corpbanca	\$	-	6,074,026
<b>Total</b>		<b>23,803,150</b>	<b>13,717,094</b>

Investment in Dollars			
		2008	2007
Banco de Crédito e Inversiones	US\$	-	8,010,211
Corpbanca	US\$	-	4,703,027
Banco del Estado de Chile	US\$	9,392,691	6,391,511
Banco Security	US\$	-	5,305,390
HSBC Bank (Chile)	US\$	-	5,001,307
Subtotals		9,392,691	29,411,446
<b>Total</b>		<b>33,195,841</b>	<b>43,128,540</b>

## 43 • Directors' remuneration:

As of December 2008 and 2007, Directors received the following remunerations:

	2008	2007
	ThCh\$	ThCh\$
Tickets, allowances and representation expenses	13,658	7,046
Fixed monthly remuneration	101,657	101,239
Fees	30,038	27,832
Other Directors' fees	22,839	21,591
<b>Total</b>	<b>168,192</b>	<b>157,708</b>

# INDEPENDENT AUDITORS' REPORT

To the Chairman of the Board, Directors and Shareholders  
of Empresa de Transporte de Pasajeros Metro S.A.

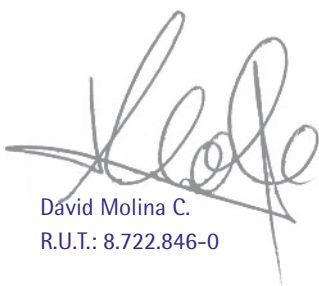
We have audited the consolidated general balances of Empresa de Transporte de Pasajeros Metro S.A. and subsidiary as of 31st December 2008 and 2007 and the corresponding consolidated income and cash flow statements for the years ending on those dates.

The preparation of such financial statements (which include its corresponding notes) is the responsibility of the administration of Empresa de Transporte de Pasajeros Metro S.A. Our responsibility consists on giving an opinion on these financial statements, based on the auditing carried out. Our audits were carried out according to the auditing regulations generally accepted in Chile.

Such regulations require us to plan and do our work in order to achieve a reasonable degree of security that the financial statements are free of significant errors. An audit comprises the examination, based of proof, evidence supporting the figures and the information revealed in the financial statements. An audit also includes an evaluation of the accounting principles used and the significant estimates made by the Company's administration, as well as an evaluation of the general presentation of the financial statements.

We consider that our audits constitute reasonable basis to support our opinion.

We believe that the mentioned consolidated financial statements reasonably present, in all its significant aspects, the financial situation of Empresa de Transporte de Pasajeros Metro S.A. and subsidiary as of 31st December 2008 and 2007 and its operations results and the cash flow for the years ended on these dates, according to the accounting principles generally accepted in Chile and the regulations of the Superintendency of Securities and Insurance.



David Molina C.  
R.U.T.: 8.722.846-0

 ERNST & YOUNG

Santiago, 27th January, 2009



#### coordination

- commercial management  
metro de santiago

#### design and production

- naranjo branddesign

#### photography

- main photography  
thomas wedderville

secondary photography  
braulio gampuy  
paula ubilla

#### printing

- ograma impresores

This financial statement has been printed in 100% recycled paper, substrate used throughout the whole FSC certification process. Its production was made with wind power, complying with the Green-e and Green Seal certifications. Metro de Santiago looks after natural resources and contributes to diminishing the planet's global warming.

