COLBUN S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Colbún S.A. and Subsidiaries

Consolidated statements of financial position as of March 31, 2011, December 31, 2010
(In thousands of US dollars - ThUS$)

	Notes	As of March 31, 2011	As of December 31, 2010
	N°	ThUS$	ThUS$
ASSETS			
Current assets:			
Cash and cash equivalents	7	441,232	554,522
Other current financial assets	8	23,639	15,778
Other non-financial assets, current	20	5,205	13,223
Trade and other receivables, current	9	327,176	308,385
Accounts receivable from related companies, current	11	4,798	4,885
Inventories	12	19,527	13,661
Tax assets, Current,	19	184,919	178,395
Total current assets		1,006,496	1,088,849
Non-current assets:			
Other financial assets, non-current	8	23,080	33,833
Other non-financial assets, non-current	20	28,864	20,924
Rights receivable, non-current	15	1,282	2,814
Accounts receivable from related companies, non-current	11	9,048	3,809
Investment in associates accounted under equity method	16	125,179	130,489
Intangible assets other than goodwill	17	41,450	39,618
Property, plant and equipment, net	18	4,505,013	4,431,568
Deferred taxes	21	24,730	11,978
Total non-current assets		4,758,646	4,675,033
TOTAL ASSETS		5,765,142	5,763,882

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	As of March 31, 2011	As of December 31, 2010
	N°	ThUS$	ThUS$
LIABILITIES AND NET EQUITY			
Current liabilities:			
Other financial liabilities, current	22	87,750	96,306
Trade and other payables	23	234,100	158,372
Accounts payable to related companies	11	216	18,991
Other short-term provisions	24	2,210	4,606
Tax liabilities, current	-	48,591	24,653
Current provisions for employee benefits	24	4,975	8,164
Other non-financial liabilities, current	25	8,522	22,930
Total current liabilities		386,364	334,022
Non-current liabilities:			
Other financial liabilities, non-current	22	1,432,375	1,472,556
Non-current liabilities	26	3,000	3,000
Deferred taxes	21	419,704	428,685
Non-current provisions for employee benefits	24	13,688	14,128
Other non-financial liabilities, non-current	25	9,231	8,575
Total non-current liabilities		1,877,998	1,926,944
Net equity:			
Share issued capital	27	1,282,793	1,282,793
Retained earning (accumulated losses)	27	1,415,755	1,425,564
Share premiums	27	52,595	52,595
Other reserves	27	749,583	741,906
Equity attributable to shareholders of the parent company		3,500,726	3,502,858
Minority interests		54	58
Total net equity		3,500,780	3,502,916
TOTAL LIABILITIES AND NET EQUITY		5,765,142	5,763,882

The accompanying notes are an integral part of these consolidated financial statements.

Colbún S.A. and Subsidiaries

Consolidated statements of integral income by nature
As of March 31, 2011 and 2010
(In thousands of US dollars - ThUS$)

	Notes	Accumulated 01.01.2011 31.03.2011	01.01.2010 31.03.2010
		ThUS$	ThUS$
Statement of Income			
Ordinary income	28	315,238	217,560
Raw materials and consumables used	29	(282,791)	(112,092)
Personnel expenses	30	(10,876)	(7,912)
Depreciation and amortization expenses	31	(31,209)	(30,858)
Other expenses, by nature	-	(4,715)	(5,783)
Other income (losses)	34	(323)	(20,623)
Financial income	32	4,789	3,411
Financial cost	32	(8,307)	(19,391)
Share of profit (loss) from equity-accounted associates	33	50	(31)
Exchange rate differences	32	(8,951)	(11,012)
Income from adjustment units	32	600	1,630
Profit before tax		**(26,495)**	**14,899**
Income tax expense	21	(2,435)	10,537
Profit after tax from continuing operations		**(28,930)**	**25,436**
Profit attributable to equity holders of parent and minority interest			
Profit attributable to equity holders of parent		(28,926)	22,828
Profit attributable to minority interest		(4)	2,608
Profit		**(28,930)**	**25,436**
Earnings per Share			
Earnings per common share			
Earnings (losses) per common share in continued operations	27	(0.00165)	0.00130
Basic earnings per share		**(0.00165)**	**0.00130**
Statement of comprehensive income			
Earning (losses)		**(28,930)**	**25,436**
Components of other integral income before taxes			
Earnings (losses) for translation differences before taxes		(5,423)	(1,788)
Earnings (losses) for cash flow hedges before taxes		13,100	12,097
Other components from other integral income before taxes		**7,677**	**10,309**
Total integral income		**(21,253)**	**35,745**
Integral income attributable to			
Integral income attributable to holders of parent		(21,249)	33,137
Integral income attributable to interest of non-parents		(4)	2,608
Total integral income		**(21,253)**	**35,745**

The accompanying notes are an integral part of these consolidated financial statements.

Colbún S.A. and Subsidiaries

Consolidated statements of changes in net equity
For the period ended as of March 31, 2011 and December 31, 2010
(In thousands of US dollars - ThUS$)

	Note N°	Shared issued capital	Share premiums	Other reserves: Reserves for exchange differences	Other reserves: Reserves for cash flow hedges	Other reserves: Other sundry reserves	Other reserves: Total other reserves	Retained earnings (accumulated losses)	Equity attributable to shareholders of the parent company	Minority interests	Total equity
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Beginning balance as of January 1, 2011		1,282,793	52,595	(230,797)	(17,530)	990,233	741,906	1,425,564	3,502,858	58	3,502,916
Changes:											
Integral income											
Profit		-	-	-	-	-	-	(28,926)	(28,926)	(4)	(28,930)
Other integral income		-	-	(5,423)	13,100	-	7,677	-	7,677	-	7,677
Dividends		-	-	-	-	-	-	19,117	19,117	-	19,117
Increase (decrease) for transfers and other changes		-	-	-	-	-	-	-	-	-	-
Ending balance as of March 31, 2011	27	1,282,793	52,595	(236,220)	(4,430)	990,233	749,583	1,415,755	3,500,726	54	3,500,780
Beginning balance as of January 1, 2010		1,282,793	52,595	(238,404)	(24,183)	1,003,037	740,450	1,350,368	3,426,206	18,643	3,444,849
Increase (decrease) for correction of errors (1)		-		-	-		-	-	-	-	-
Restated beginning balance		1,282,793	52,595	(238,404)	(24,183)	1,003,037	740,450	1,350,368	3,426,206	18,643	3,444,849
Changes:											
Integral income											
Earnings (losses)		-	-	-	-	-	-	22,828	22,828	2,608	25,436
Other integral income		-	-	(1,788)	12,097	-	10,309	-	10,309	-	10,309
Dividends		-	-	-	-	-	-	(10,674)	(10,674)	-	(10,674)
Ending balance as of March 31, 2010	27	1,282,793	52,595	(240,192)	(12,086)	1,003,037	750,759	1,362,522	3,448,669	21,251	3,469,920

(1) Corresponds to the reclassification of share premium (ThUS$52,595) and negative goodwill of the shareholders' equity at fair value of Hidroelectrcia Cenelca S.A. (ThUS$ 345,805)

Colbún S.A. and Subsidiaries

Consolidated statements of direct cash flows
For the period ended as of March 31, 2011 and 2010
(In thousands of US dollars - ThUS$)

	Note N°	March 31, 2011 ThUS$	March 31, 2010 ThUS$
Cash flows from (used in) operating activities			
Types of collections from operating activities			
Collections from sales of goods and rendering of services		358,255	287,492
Types of payments			
Payments to suppliers from supply of goods and services		(266,803)	(153,265)
Payments to and on account of employees		(15,703)	(11,655)
Other payments for operating activities		(6,053)	(10,711)
Interest paid		(20,649)	(18,045)
Interest received		4,764	1,084
Income taxes refunded (paid)		(6,397)	(769)
Other cash flows		(7,662)	(455)
Net cash flows from (used in) operating activities		39,752	93,676
Cash flows from (used in) investing activities			
Payments to related companies		(5,099)	(11,205)
Purchases of property, plant and equipment		(124,300)	(123,602)
Other payments to acquire participations in joint ventures		14,930	6,705
Net cash flows from (used in) investing activities		(114,469)	(128,102)
Cash flows from (used in) financing activities			
Payments of loans		(11,947)	(274,735)
Payments of dividends		(18,656)	(25,433)
Other cash flows - (Outputs) in cash	22.b	-	493,365
Net cash flows from (used in) financing activities		(30,603)	193,197
Net increase (decrease) in cash and cash equivalents, before the effect of changes in the exchange rate		(105,320)	158,771
Effects of changes in foreign exchange rates on cash and cash equivalents			
Effects of changes in foreign exchange rates on cash and cash equivalents		(7,970)	2,310
Net increase (decrease) in cash and cash equivalents		(113,290)	161,081
Cash and cash equivalents at beginning of year		554,522	484,748
Cash and cash equivalents, ending balance	7	441,232	645,829

The accompanying notes are an integral part of these consolidated financial statements.

1. General information

Colbún S.A. (hereinafter referred to as “the Company” or “Colbún”) was formed by public deed dated on April 30, 1986, and registered with the Commerce Register of Real Estate Property of Talca, on May 30, 1986. The taxpayer number of the Company is 96.505.760-9.

The Company was registered as a publicly traded company in the Securities Register under number 0295, as of September 1, 1986. As such, the Company is subject to the regulations of the Superintendence of Securities and Insurance.

Colbún is a power generating company which as of March 31, 2011 has a group (hereinafter, the company of Colbún), composed of ten companies: Colbún S.A. parent and nine subsidiaries and four affiliated companies.

The commercial address of Colbún is Avenida Apoquindo 4775, 11th floor, district of Las Condes.

The corporate purpose of Colbún is the generation, transport and distribution of electric energy, as described in detail in Note 2.

The Company is controlled directly by Minera Valparaíso S.A., and indirectly through its subsidiary Forestal Cominco S.A..

2. Description of the business

Purpose of the Company

The corporate purpose of the Company is to generate, transmit, distribute and supply energy and electric power, and for such purposes it is allowed to obtain, acquire and exploit concessions. Likewise, it is entitled to transport, distribute, supply and trade natural gas for its sale to large industrial or electricity generating processes. In addition, it can also provide consulting services in the industry of engineering, both in the country and abroad.

Main assets

The generation facilities are composed of hydraulic power plants (reservoir and passage) and by thermal power plants (combined and open cycles), which in total contribute a maximum power of 2,620 MW to the Central Interconnected System (CIS).

The hydroelectric plants contribute in total with a capacity of 1,273 MW and are distributed in 15 plants: Colbún, Machicura, San Ignacio, Chiburgo and San Clemente, located in the Maule Region; Rucúe and Quilleco, in the Bío Bío Region; Carena, in the Metropolitan Region; Los Quilos, Blanco, Juncal, Juncalito, Chacabuquito and Hornitos, in the Valparaíso Region; and Canutillar, in the Los Lagos Region. The centrals Colbún, Machicura and Canutillar have their own reservoirs, while the other hydraulic facilities correspond to run of the river centrals.

The thermal plants add in total a capacity of 1,347 MW and are distributed in the Nehuenco site, located in the Valparaiso Region; the Candelaria central, in the O'Higgins Region; the Antilhue central, in the Los Ríos Region; and central Los Pinos, located in the Bío Bío Region.

Commercial policy

The commercial policy attempts to achieve an adequate balance between the commitment level of electricity sale and the generation capacity, in order to increase and stabilize revenues, with an acceptable risk level in case of droughts. Therefore, it is necessary to maintain an adequate mix of thermal and hydraulic generation.

Consequently, the Company does not attempts to sell or purchase significant volumes in the spot market, as their prices suffer large variations, according to the hydrological conditions.

Main clients

The clients' portfolio is composed of publicly traded clients, as well as closely held corporations:

- The long-term publicly traded clients tendered at Node Price are Chilectra S.A., CGE Distribución S.A. for the Metropolitan Region, CGE Distribución S.A. for O'Higgins, Maule, Bío Bío and La Araucanía Regions, Saesa S.A., Frontel S.A., Compañía Distribuidora de Energía Eléctrica Codiner Ltda., Cooperativa Eléctrica Los Ángeles Ltda., Cooperativa Regional Eléctrica Llanquihue Ltda., Cooperativa Eléctrica Paillaco Ltda., Cooperativa Eléctrica Charrúa Ltda., Energía del Limarí S.A. and Cooperativa Rural Eléctrica Río Bueno Ltda.

- Conafe S.A., which corresponds to a regulated customer with contract with Short Term Node Price.

- The closely held corporations are Codelco for its Divisions Andina and El Teniente; Cartulinas CMPC S.A. for its Maule Plant, CMPC Celulosa S.A., Papeles Cordillera S.A. and CMPC Tissue S.A. for the factory in Puente Alto; Anglo American Sur S.A. (former Compañía Minera Disputada de Las Condes Ltda.) for its worksites of Los Bronces/Las Tórtolas and El Soldado (this last contract expired on March 31, 2011); Chilectra S.A.'s free customers, Metro S.A. y Planta La Farfana de Aguas Andinas S.A., located in the Metropolitan Region.

The electricity market

The Chilean electricity market has a regulatory framework with an age of almost 3 decades. This has allowed the development of a very dynamic industry with a high participation of private capital. The industry has been able to satisfy the growing energy demand, which has grown 5% on average over the past 10 years in circumstances that GDP grew 3% over the same period.

The tariff system of the industry is based on a marginal cost schedule, which includes in turn the safety and efficiency criteria in the assignment of resources. The marginal costs of the energy result from the actual operation of the electricity system according to the economic programming performed by the CDEC (Centro de Despacho Económico de Carga, or "Center for Economic Dispatch of Charge"), and correspond to the variable production costs of the most expensive unit that is currently in operation. The remunerations of the power is calculated based on the final power of the centrals, this is, the level of the power that the central contributes to the system in the peak hours, considering a dry hydrological scenario and the probable unavailability of the generation units. In the Central Interconnected System (CIS), the final power of the generators is monitored during the May-September period each year and is determined based on the maximum demand of the system during peak hours as established in the procedure of the regulating entity. The price for the power is determined as an economic signal, representative of the investment in those units that are more efficient in absorbing the power demand, in the peak hours of supply of the system.

Chile has 4 interconnected systems and Colbún operates in the largest one, the Central Interconnected System (CIS), which covers the area from Taltal in the North to the Great Island of Chiloe in the South. The consumption of this area represents 75% of the total electricity demand in Chile. Colbún is the second largest electricity generator of the CIS, with a market participation of a 22%.

The generators can have 3 kinds of customers: regulated, unregulated and spot market among generators.

- Introduced with the enactment of Law No. 20,018 (Short Law II) effective January 1, 2010, in the regulated customers' market, composed of distribution companies, the generators sell energy at a price resulting from public and competitive bidding, called Long Term Node Price. It must be mentioned that there still are a number of contracts at a regulated price, called short-term Node Price or tendered price. The Node Price is calculated on a half-year basis by the National Energy Commission (NEC) through a methodology that calculates the average of the marginal costs or spot prices expected for the following 48 months, based on assumptions of new capacity, growth of demand, costs of fuels, among others.

- The unregulated customers are those that have a connected power over 2,000 KW, and who negotiate their prices freely with their suppliers.

- Finally, the spot market is where the generators trade between each other at marginal cost the surplus or deficit of energy and power (at an hour level). Surplus and deficit are generated between the production and the consumption of their customers, as the dispatch orders are exogenous to each generator.

Note that changes in regulations will allow the users with connected power between 500 KW and 2,000 KW to choose from an unregulated or regulated price system, with a period of staying at least four years in each regime.

In order to place its electricity into the system and supply energy and electrical power to its customers, Colbún uses its own transmission facilities and those of third parties, in conformity with the rights granted in the electricity regulations.

In this aspect the legislation establishes, the concepts of Trunk Transmission System, Subtransmission System and Additional Transmission System were incorporated, and it established a transparent and participative methodology in the determination of the tariffs for the use of the Trunk and Subtransmission Systems.

3. Summary of significant accounting policies

3.1 Accounting principles

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter, "IASB").

The consolidated financial statements of the Company relate to the period ended March 31, 2011 and were prepared according to the IFRS issued by the IASB. These financial statements were approved by the Board of Directors in a meeting held on May 05, 2011.

The consolidated statements of financial position as of March 31, 2011 and the statements of comprehensive income, changes in net equity and of cash flows as of March 31, 2010, included for comparative purposes, have been prepared in conformity with IFRS, on a basis consistent with the policies used by the Company as of March 31, 2011.

The company complies with all applicable legal conditions; it presents normal operating conditions in each area in which it develops its activities; its projections show a profitable operation and it has the ability to access the financial markets in order to finance its operations, which according to management determines its capacity to continue as a going concern, as established in the accounting standards under which these financial statements are issued.

The following is a description of the principal accounting policies used in the preparation of these consolidated financial statements. As required by IFRS 1, these policies have been set out in accordance with the IFRS effective as of March 31, 2011, and they have been consistently applied to all periods presented.

a. Basis of preparation and period - These interim consolidated financial statements include the statements of financial position as of March 31, 2011 and December 31, 2010, the Statements of Income by Nature, Changes in Equity and Cash Flows as of March 31, 2011 and 2010.

These interim consolidated financial statements have been prepared on the historical cost basis.

The information included in these financial statements is the responsibility of Colbun’s Management.

Preparation of these interim consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported of assets, liabilities, income and expenses during the covered periods. These estimates are based on management’s best knowledge of the amounts reported, events or actions.

b. Basis of consolidation - The interim consolidated financial statements incorporate the financial statements of the Company and companies controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits of its activities. The detail of the subsidiaries is set forth in the table below:

Taxpayer Number	Consolidated Company	Country	Functional Currency	Ownership percentage at March 31, 2011 Direct	Indirect	Total	12.31.2010 Total
96854000-9	Empresa Eléctrica Industrial S.A.	Chile	US dollar	99.9999	-	99.9999	99.9999
0-E	Colbun International Limited	Cayman Islands	US dollar	99.9999	-	99.9999	99.9999
86856100-9	Sociedad Hidroeléctrica Melocotón Ltda.	Chile	US dollar	99.9000	0.1000	100.0000	100.0000
76293900-2	Río Tranquilo S.A.	Chile	US dollar	-	100.0000	100.0000	100.0000
86912000-6	Hidroeléctrica Guardia Vieja S.A.	Chile	US dollar	99.9999	-	99.9999	99.9999
96590600-2	Hidroeléctrica Aconcagua S.A.	Chile	US dollar	99.9999	0.0001	99.9999	99.9999
96784960-K	Obras y Desarrollo S.A.	Chile	US dollar	-	99.9000	99.9000	99.9000
76528870-3	Termoeléctrica Nehuenco S.A.	Chile	US dollar	99.9999	0.0001	100.0000	100.0000
96009904-K	Termoeléctrica Antilhue S.A.	Chile	US dollar	99.9999	0.0001	100.0000	100.0000

All intercompany balances and significant transactions have been eliminated on consolidation, and recognition of the non-controlling share, which relates to third parties' percentage ownership in the subsidiaries, which has been incorporated separately in the consolidated equity of Colbún.

The subsidiary Hidroeléctrica Guardia Vieja S.A. is the parent of the following subsidiaries: Hidroeléctrica Aconcagua S.A., Obras y Desarrollo S.A. and Río Tranquilo S.A., holding a 85%, 99.9%, and 99.9% of interest ownership, respectively.

b.1 Special Purpose Entities

On May 17, 2010 the Ministry of Justice grants legal existence and approves the statutes of the Colbún Foundation, among the central purposes of the foundation are:

To promote and support all kinds of works and activities aimed at upgrading and improving the living conditions of the most in need groups of the population.

Research, development and dissemination of culture and art. The Foundation may participate in the formation, organization, administration and support of all those entities, institutions, associations, groups and organizations, whether public or private entities, that have the same purpose.

The Foundation will support all entities that have as their purpose the dissemination, research, promotion and development of culture and the arts.

The Foundation may finance the acquisition of property, equipment, furniture, laboratories, classrooms, museums and libraries, finance retrofitting of infrastructure to support academic development, finance research, develop and implement training programs, give training to develop and finance the publication and distribution of books, pamphlets and any publication.

As of March 31, 2011Colbún S.A. gave ThUS$165 on account of initial contribution and donations to the Foundation to fulfill its goals, amount that has been included in the consolidated financial statements of the Company.

c. Equity method accounted investments - Companies in which Colbún exercises joint control with another company or in which it has significant influence are recorded using the equity method of accounting. It is presumed to have significant influence where the Company has a 20 per cent or more of the voting power of the investee.

The equity method of accounting consists of initially recognizing the investment at cost and adjusted thereafter for post-acquisition changes in Colbún's share of the net assets of the investments.

If the resulting amount is negative is left at zero unless their commitment by the Company to replace the assets of the society, in which case it records the corresponding provision for contingencies.

Dividends received from these investments are recorded as a reduction of the carrying amount of the investments. Colbun's share of profit or loss of the investees is recorded, net of any taxes, in the Statement of Comprehensive Income under the line item "Share of Profit (Loss) from Equity-Accounted Associates and joint ventures that are accounted for using the equity method".

d. Effects of the variations in the foreign currency exchange rates - The interim consolidated financial statements have been prepared in US dollars, which is the functional and presentation currency of the Company.

Transactions in currencies, other than the entity's functional currency (foreign currencies), are translated to the functional currency using the exchange rates prevailing at the date of the transactions.

Exchange differences resulting from the settlement of these transactions and from the translation of monetary assets and liabilities in currencies other than the functional currency are recognized in profit or loss, except for certain items recorded in net equity as, for example, the cash flow hedges and the net investment hedges. Likewise, the conversion of accounts payable and receivable at the closing of each fiscal year is performed with the closing exchange rates during consolidation. The observed valuation differences are recognized in the Statement of Comprehensive Income in the line item "Exchange Differences".

e. Foreign currency conversion and indexation - Assets and liabilities denominated in Chilean pesos, Euros and in Unidades de Fomento are translated into US dollars at the closing exchange rates, as per the following detail:

	31.03.2011	**31.12.2010**
	Ch$	Ch$
Chilean peso per US Dollar	479.46	468.01
Euros per US Dollar	0.7046	0.7530
Unidades de fomento per US Dollar	0.0222	0.0218

f. Property, plants and equipment - Property, plants and equipment used in the generation of the electricity services or for administrative purposes, is stated at cost less depreciation and impairment losses. This cost value determined as such, includes the following concepts, as allowed under IFRS:

- The financial cost due to financed works in progress is capitalized during the construction period.
- The personnel expenses directly related with the works under execution.
- The works in progress are transferred to property, plant and equipment once the testing period has been completed, of which depreciation will commence.
- The costs related to extension, modernization or improvement representing an increase in the productivity, capacity or efficiency or an increase of the useful life of the assets are capitalized as part of the corresponding assets.
- The substitutions or renewals of elements that increase the useful life of the asset or their economic capacity are recorded as property, plant and equipment, with the subsequent accounting withdrawal of the substituted or renewed elements.
- The periodic expenses related to maintenance, preservation and repair are recognized in profit or loss as incurred.

Company management, based on the result of the impairment test explained in Note 5 b), believes that the accounting value of the assets does not exceed their recoverable value.

Property, plants and equipment , net of residual value, are depreciated in conformity with the straight line method, considering the cost of the different elements that compose such fixed assets, utilizing the years of their estimated technical useful lives (Note 5 a (i)).

The residual value and the useful life of assets are reviewed and adjusted, if necessary, every year-end Statement of Financial Position.

g. Intangibles - Easements and water rights acquired for the construction of power stations are stated in conformity with the criterion of historical cost.

The criteria for the recognition and recovery of impairment losses of these assets are explained in Note 5 b.

h. Financial instruments

h.1. Financial assets - The financial assets are classified into the following categories:

a) Financial assets at fair value through profit and loss
b) Held to maturity
c) Available for sale
d) Loans and receivables

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

h.1.1 Effective interest rate method - The effective interest method is a method for calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset. All bank and financial obligations of the Company are stated under this method.

Income is recognized on an effective interest basis for financial of the Company assets other than those financial assets classified as at fair value through profit and loss.

h.1.2 Loans and account receivables – Are recognized at their amortized cost which basically correspond to the amount paid less principal payments made plus accrued and uncharged interests in the case of loans, and the present value of the consideration paid in the case of accounts receivables. These are included within accounts receivables, except for those with maturities over 12 months from the date of the Statement of Financial Position which are classified as non-current assets. Loans and account receivables are presented within trade and other receivables in the Statement of Financial Position.

h.1.3 Held-to-maturity investments – Are those investments that the Company has the intention and ability to hold to maturity, and that are also accounted for at their amortized cost. In general, investments in short-term instruments such as Time Deposits are recognized in this category.

h.1.4 Financial assets at fair value through profit and loss ('FVTPL') - Assets at fair value through profit and loss include financial assets either held for trading or that have been designated upon initial recognition as at fair value through profit and loss. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. Short-term investments in mutual funds have been classified in this category.

h.1.5 Available for sale financial assets - Available for sale financial assets are non-derivative financial assets designated as available for sale or not classified in any of the other financial assets categories. These investments are measured at fair value when it is possible to determine a reliable basis.

h.1.6 Impairment of financial assets - Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Colbún commercial counterparts are first class companies in terms of creditworthiness, and distribution companies who, due to their regulations and/or historical behavior, do not have impairment indicators or significant delays in the payment periods, therefore no impairment indicators are observed.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Considering that as of March 31, 2011, the total financial investments of the Company are with institutions with the highest possible creditworthiness and because they mature in the short term (less than 120 days), the impairment tests performed indicate no existing observable impairment.

h.2 Financial liabilities

h.2.1 Classification as debt or equity - Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

h.2.2 Equity instruments - An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Colbún are recognized as the proceeds received, net of direct issue costs. The Company currently has only issued single series shares.

h.2.3 Financial liabilities - Financial liabilities are classified as either financial liabilities at fair value through profit and loss (FVTPL) or 'other financial liabilities'.

h.2.4 Financial liabilities at FVTPL - Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

h.2.5 Other financial liabilities - Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method for calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, when appropriate, a shorter period.

Bonds payable debt stated at their net value, i.e. lowering them to the bonds' par value after subtracting the discounts and expenses associated to their placement.

h.2.6 Unsuscribement of financial liabilities - The Company unsubscribes financial liabilities only when the Company's obligations are annulled, cancelled or they expire.

i. Derivative financial instruments

The derivatives acquired by the Company correspond basically to hedging instruments. The effects that may arise from changes in the fair value of this type of instruments are recorded, depending on their value, in hedging assets or liabilities, as long as the hedge of this item has been declared highly effective according to its purpose. The corresponding unrealized gain or loss is recognized in the income for the period in which the contracts are liquidated or no longer meet the characteristics for them to be hedges.

Colbún maintains a variety of derivative financial instruments to manage its exposure to interest rate and commodities like oil.

Derivatives are initially recognized at fair value at the date a derivative contract is signed and are subsequently revalued to their fair value at the end of each period. The resulting gain or loss is recognized according to the effectiveness of the derivative instrument and its hedge nature. A hedging instrument is considered highly effective when changes in the reasonable value or in the cash flow attributed to the undercover risk are compensated with changes in the hedges' reasonable value or cash flow, and this effectiveness lies between an 80%-125%. The Company designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations. As to the date, a high number of the derivatives contracted by the Company have a cash flow hedge treatment for interest rate derivatives that were without hedged item when prepaying a syndicated credit in February 2010 and whose position has been open and its effect as a result of the mark-to-market valuation recognized as profit or loss within the Statements of Income. (See i.4).

A derivative is presented as a non-current asset ("hedging assets") or a non-current liability ("hedging liabilities") if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months.

Other derivatives are presented as current assets or current liabilities.

i.1 Embedded derivatives

The Company evaluates whether there are embedded derivatives in contracts of financial instruments to determine if their characteristics and risks are tightly linked to the main contract, as long as the set of financial instruments is not recorded at fair value. If they are tightly linked, they are recorded separately including the changes in the value in the consolidated income statement amount.

To date Colbún has considered that there are no embedded derivatives in its contracts.

i.2 Hedge accounting

The Company designates certain hedging instruments, which may include derivatives or embedded derivatives, as fair value hedges, cash flow hedges or net investment in foreign operations hedges.

At the inception of the hedge relationship, Colbún documents the relationship between the hedge instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item. Note 13.1 sets out details of the fair values of the derivatives instruments used for hedging purposes.

i.3 Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. As of the date of these interim consolidated financial statements, the Company has no hedging relationships designated as fair value hedges.

i.4 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity, in a Net Equity reserve called "Cash Flow Hedges". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the non-operating income (expense) line of the consolidated statement of comprehensive income. Amounts deferred in equity are recognized in profit or loss in the same period that the hedged item is recognized in profit or loss, and in the same line of the consolidated statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognized immediately in profit or loss.

j. Inventories - Inventories correspond to: gas and oil stock, which are valued at the weighted average cost; and warehouse supplies, which are valued at their cost. These values do not surpass the net value of realization.

k. Cash flows statement - For the purpose of preparing the cash flow statements, the Company and subsidiaries have defined the following considerations:

Cash and cash equivalents include cash on hand and in banks, time deposits and other highly liquid short-term investments with a maturity of three months or less from the date of acquisition. Bank overdrafts are classified as external resources in the current liabilities section.

Operating activities: they are the principal revenue-producing activities of the Company and include other activities that are not investing or financing activities.

Investment activities: they are the acquisition or disposal of long-term assets and other investments not included in cash equivalents.

Financing activities: they are activities that produce changes in the size and composition of the net equity and in the financial liabilities.

l. Income taxes - The Company and its subsidiaries calculate their payable income taxes based on taxable profit for the period determined in accordance with the Income Tax Law regulations.

Differed taxes originated by temporal differences and other events that create differences between the accountable and taxable booking of assets and liabilities, are registered according the rules established in the IAS 12 "Profit tax".

The tax imposed over companies is registered or in the consolidated results account, or in the net equity account of the consolidated situation balance, according to where the profit or loss that generated it, was registered. Differences between the book value and the tax value of the assets and liabilities generate the asset or liability differed tax residues, and they are calculated using the fiscal rates which are expected to be in rule when the assets and liabilities are carried out.

Variations produced in the period of deferred taxes of both assets and liabilities are either registered in the result account of the consolidated Comprehensive Income Statement, or directly in the equity account of the Financial Statement, whichever is applicable.

Deferred tax assets are solely recognized when it is expected to have enough future tax utilities to recover deductions because of temporal differences.

Taxable (non monetary) assets and liabilities are determined in Chilean pesos are converted to the company's functional currency, at the corresponding exchange rate at each period closing. Variations in the exchange rate lead to temporal differences.

m. Severance payments - The obligations recognized as severance payments arise from the collective effort agreements between the Company and its workers. The Company recognizes the personnel's benefit cost according to an acting calculation, as required by IAS 19, "Personnel benefits". This includes variables such as life expectancy, salary increase, etc. and uses an annual discount rate of 5.5%.

The net actuarial liability amounts at the end of the period are presented in the item non-current liabilities provision, of the consolidated Financial Situation Balance.

n. Provisions - The existing obligations up to the balance date that arise from past events that could have equity losses for the Company, whose amounts and maturity rates are undetermined, are stated as provision at current value that most probably could be estimated to be paid for the Company to cancel the obligation.

Provisions are revised periodically and are quantified considering the best available information on the date of each period closing.

o. Revenue recognition - Revenue from the sale of electric energy is valued at the fair value of the amount received or receivable, and represents the amount for the rendered services during the normal course of business, reduced for any discount or related tax.

The following is a description of the Company's major revenue recognition policies, for each type of customer:

- Regulated customers - distribution companies: revenue from the sale of electric energy is recorded based on the physical delivery of energy and capacity, in accordance to long-term contracts at a regulated price stipulated by the National Energy Commission (NEC) or at a tendered price under Law No. 20,018 of 2005, as appropriate.

- Non-regulated customers - connected capacity of more than 2,000 KW: revenue from the sale of electric energy for these customers is recorded based on the physical delivery of energy and power, capacity at the rates specified in the respective contracts.

- Spot market customers - other generation companies: revenue from the sale of electric energy and power is recorded based on the physical delivery of energy and capacity, an other generating companies, at its marginal cost of energy and power. The spot market is legally organized through the Center for Economic Load Dispatch (CDEC) to which generators belong as coordinated together with the transmission distribution companies and large free customers and it is where the generators trade the surplus or deficit of energy and power capacity. Surplus of energy and capacity are recorded as revenues and deficits are recorded as expenses within the statement of income.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

The Company records the net consideration of the purchase or sales contracts of non-financial elements that are liquidated for the net consideration in cash, or in another financial instrument. The contracts that have been established or maintained in order to receive or deliver such non-financial elements are recorded according to the contract terms of the purchase, sale or usage requirements expected by the entity. The revenues for interest are recorded according to the reference period of the pending capital and consider the actual applicable interest rate.

Additionally any taxes collected from customers and remitted to governmental authorities (i.e. VAT, sales taxes) are accounted for on a net basis and therefore are excluded from revenues in the consolidated statements of income.

o.1 Dividend and interest revenue

Dividend revenue from investments is recognized when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

p. Dividends - The Ordinary Meeting of Shareholders agreed that the dividend policy will be the distribution of 30% of net income for the year.

The Company establishes a dividend provision of 30% of net income liquid at each period -end.

q. Environment - The Company, in its condition as a supplier of electric energy, adheres to the principles of Sustainable Development, which combines the economic development while safekeeping the environment and the health and safety of its collaborators.

The Company recognizes that these principles are key factors for the wellbeing of its collaborators, the care of its environment and to succeed in its operations.

Through pro-active management Colbún will:

- Integrate the environmental variable into Company management, in order to prevent, mitigate or offset adverse environmental impacts of new projects or modifications to existing ones.

- Comply with the requirements of laws applicable to the activities and commitments to third parties.

- Use renewable natural resources in a way that they do not lose their capacity for self purification or regeneration, or if applicable, their potential for reuse or recycling, through the application of appropriate and affordable technologies.

- Use fossil fuels, taking care to maximize energy efficiency and minimize environmental impact through appropriate cost-effective technologies.

- Prevent pollution and negative environmental impacts, making facilities and activities integrate in harmony with the environment to maximize positive impacts.

- Promote environmental awareness among our employees, customers, contractors, suppliers and the community near the facilities.

- Establish goals, environmental aims and management programs that enable continuous improvement of facility activities, according to the concept of Sustainable Development. Colbún management carries out periodic evaluations to ensure compliance with these programs.

Meeting these commitments is the responsibility of each member of the Company. The implementation of this policy will show Colbún's permanent concern for environmental quality and safety and health of people.

r. Vacations - Vacation expense is recorded in the period when such right is accrued, in conformity with IAS No. 19.

s. Classification of current and non-current balances - In the accompanying consolidated statement of financial position, assets and liabilities maturing within 12 months are classified as current items and those maturing within more than 12 months as non-current items.

3.2 New accounting pronouncements

a) The following Standards and Interpretations have been adopted in these financial statements, to the extent they have been applicable.

Their adoption has had no significant impact on the amounts reported in these financial statements; however, they could affect the accounting for future transactions or agreements.

IFRS Amendments	**Obligatory application date**
IAS 24, *Related Party Disclosures*	Annual periods started on or after January 1, 2011
IAS 32 – *Classification of Rights Issues*	Annual periods started on or after January 1, 2010
Improvements to IFRS May 2010 – *collection of amendments to seven International Financial Reporting Standards*	Annual periods started on or after January 1, 2011

New Interpretations	**Obligatory application date**
IFRC 19 - *Extinguishing Financial Liabilities with Equity Instruments*	Annual periods started on or after July 1, 2010

Amendments to Interpretations	**Obligatory application date**
IFRS 14 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	Annual periods started on or after January 1, 2011

b) The following new Standards and Interpretations have been issued, but their application date is not effective yet:

New IFRS	**Obligatory application date**
IFRS 9 - *Financial Instruments*	Annual periods started on or after January 1, 2013

IFRS Amendments	**Obligatory application date**
IFRS 1 (Revised) - *First Time Adoption of International Financial Reporting Standards – (i) Eliminating Scheduled Dates for First-time Adopters - (ii) Severe Hyperinflation*	Annual periods beginning on or after July 1, 2011.
IAS 12, Deferred Taxes – Underlying Asset Recovery	Annual periods beginning on or after January 1, 2012.
IFRS 7, Financial Instruments: Disclosures - Transfer of financial assets.	Annual periods beginning on or after July 1, 2011

The Companys' and its subsidiaries' Management believes that the adoption of the amended Standards and interpretations described above, will not have a significant impact on the interim consolidated financial statements of the Group in the period of its initial application.

4. Administration of financial risk

4.1 Risk administration Policy

The Risk Administrations' strategy is intended to safeguard the Companys' stability and sustainability principles, eliminating or mitigating the uncertain variables that affect or could affect it.

Administrating the risks implies the identification, measurement, analysis, mitigate and control of the different risks incurred in by the different managements of the Company, as well as estimating the impact to its consolidated results and continued impact over time. This process involves both the Senior Management of Colbún as well as the risk policy areas.

The limits of bearable risks, the metrics for the risk measurement and the frequency of the risk analysis are policies standardized by the Board of the Company.

The risk management function is performed by an Risk Committee with the support of the Risk Management and Control Management (belonging to Energy Business and Management Division) and together with the rest of the Company's areas.

4.2 Risk factors

The Companys' activities are exposed to several risks that have been classified as Risks of the Electricity Business and Financial Risks.

4.2.1 Risks of the Electricity Business:

These represent the risks of a strategic nature due to the external and internal factors of the Company, such as the economic cycle, hydrology, competence level, demand patterns, industry structure, changes in the regulation and fuels price levels. Also within this category are the risks of project administration and failures to equipment and maintenance.

Regarding the risks of the Electricity Business, for 2011 the main risks are associated with Hydrology and the fuel prices, which are outlined as follows:

a. Hydrological risk

Approximately 50% of the installed capacity of Colbún corresponds to hydraulic centrals which allow meeting the Companys' commitments at low operating costs. However, in case of dry hydrological conditions, Colbún has to operate its combined cycle or open cycle thermal plants mainly with diesel fuel or purchase energy in the spot market in order to comply with its commitments with direct clients.

This situation increases the Colbuns's operating costs, and increases the variability of its results according to the hydrological conditions.

The Company's exposure to the hydrological risk with 95% reliability is reasonably mitigated through some sales agreements that are indexed at spot price. However, in the event of extreme hydrological conditions the variability in results could increase. This situation is under permanent supervision in order to take the required mitigation actions on a timely basis.

In this regard, given the hydrologic conditions that were observed for 2011, in August 2010 an agreement was subscribed to supply natural gas (from GNL) with Enap Refinerias S.A. to operate a combined cycle unit of the Nehuenco complex at full capacity for the first months of the year 2011. This agreement includes the possibility of extending the supply of natural gas until December 31, 2011.

b. Risk of fuel prices

As mentioned in the hydrological risk description, in case of low currents to the hydraulic plants, Colbún uses its thermal plants or purchases energy in the spot market at marginal cost. In these scenarios the production cost of Colbún or its marginal costs are directly affected by the fuel prices.

Hedges as well as, in general, required derivative instruments acquired at several financial institutions to mitigate these kinds of risks, are reviewed periodically in order to mitigate the risks encountered by the Company, or which the Company could encounter. It must be noted that some of this risk has been mitigated by the existence of new sales contracts whose prices are also indexed by variations in fuel prices.

For the year 2010, considering the lower risks seen with respect to this item, Colbún has not contracted hedging instruments.

However, towards the middle of the year 2010, seeing the need to operate with our thermal plants in 2011, hedging instruments were contracted to reduce the lost increments of the Company due to increments in international oil prices.

4.2.2 Financial Risks:

These relate to those risks linked to the inability to perform transactions or to the non-compliance of obligations due to the lack of funds, and also due to variations in the interest rates, exchange rates, bankruptcy of the counterparty or other financial market variables that could affect the equity of Colbún.

a. Exchange Rate Risk

The risk of exchange rate is mainly due to the payments in currencies other than the US dollar for the energy generation process, for the investments in already existing energy generation plants or new plants under construction, and due to the debt acquired in a currency other than the functional currency of the Company. The instruments used to control the exchange rate risk correspond to currency swaps and forwards.

In terms of currencies, the current balance sheet of the Company presents an excess of assets over liabilities in Chilean pesos. This “long” position in Chilean pesos creates an exchange rate difference of approximately US$2.8 million for each $10 variation in the parity of Chilean peso to US dollar.

b. Interest Rate Risk

It relates to variation of interest rates that affect the value of future flows stated at a variable exchange rate, and to the variations in the fair value of assets and liabilities stated at a fixed interest rate that are recorded at fair value.

The purpose of risk administration is to achieve a balance in the debt structure, decrease the impacts in cost due to fluctuations in the interest rate and therefore reduce the volatility in the profit or loss of the Company.

In order to mitigate these risks, hedge derivatives are acquired. The instruments utilized are fixed interest rate swaps and collars.

The Company’s financial debt, incorporating the effect of the acquired interest rate derivatives, is as follows:

Interest rate	31.03.2011	31.12.2010
Fixed	100%	100%
Variable	0%	0%
Total	100%	100%

Also, Colbún has a remaining position of derivatives that covered the interest rate risk of the credit that was partially prepaid last February. These instruments for a notional amount of US$250 million result in an active exposure to Libor rate. This position will be managed in accordance with the Company’s policies in order to minimize the financial impact of undoing these positions.

c. Credit Risk

The Company could be exposed to credit risk due to the possibility that a counterparty could fail to comply with its contractual obligations, creating an economic or financial loss. Historically, all counterparties with whom Colbún has signed agreements regarding the delivery of energy have adequately responded to their payment obligations. In addition, most of the collections performed by Colbún are from members of the Chilean Central Interconnected System, which are entities with a high solvency.

Regarding the treasury and derivative placements, Colbún performs these transactions with entities with a high credit rating, recognized both nationally and internationally, in order to reduce the Companys' credit risk. Furthermore, the Company has established participation limits of the counterparty, which are approved by the Board of the Company and are reviewed periodically.

As of March 31, 2011the total investments of cash surplus are invested in local banks, with a credit classification equal or higher than AA-. Regarding the existing derivatives, all of the Companys' international counterparties have a risk equivalent to investment level and 80% of these have an international risk rating of A+ or higher.

d. Liquidity risk

This risk is generated by the different funding requirements to comply with investment commitments and business expenses, debt maturities, etc.

The necessary funds to comply with these cash flows disbursements are obtained from resources generated in the ordinary operations of the Company, and by credit lines that ensure sufficient funds to meet the needs expected for a certain period.

As of March 31, 2011, Colbún had a cash surplus of US$441 million invested in Mutual Funds with daily liquidity and time deposits with an average length of less than 120 days. The Company has as additional liquidity source available today: (i) a credit line with local entities in the amount of UF 5 million, (ii) two bonds lines in the local market in the amount of UF 7 million, (iii) a line of commercial bills in the local market in the amount of UF 2.5 million and (iv) two non committed bank lines in the amount of approximately US$150 million.

4.3 Risk Measurement

The Company performs regular analysis and measurements of its exposure to the different risk variables, as stated in the previous paragraphs.

In order to measure its exposure, Colbún uses methodologies widely used in the market to perform sensibility analysis over each risk variable, so that the management can mitigate the exposure to the Company according to the different variables and their economic impact.

5. Critical Accounting policy

The Company makes estimates and judgments that have significant effects on the figures presented in the financial statements. Changes in assumptions and estimates could have a significant impact on the financial statements. The following are the estimates and critical judgments used by Management when preparing these financial statements:

a. Calculation of depreciation and amortization, and estimate of related useful lives:

Both the property, plants and equipment also intangible assets other than capital gain with a defined lifetime are depreciated and amortized using the straight-line method over their estimated lifetime. Lifetimes have been estimated and determined, considering technical aspects, nature of the asset and conditions of the products. The lifetimes estimated as of March 31, 2011, December 31, 2010, are as follows:

(i) Useful lives of property, plant and equipment:

The detail of the useful lives of the significant property, plant and equipment are as follows:

	Estimated useful lives	
Useful lives	**30.03.2011**	**31.12.2010**
Construction and infrastructure work	30 - 50	30 - 50
Machinery and equipment	20 - 40	20 - 40
Other assets	10- 20	10- 20

(ii) Useful lives of intangible assets other than capital gain (with defined lifetimes):

The useful lives of the Company's intangible assets correspond to software and other similar items, which are amortized according to the length of each contract.

(iii) Useful lives of intangible assets other than capital gain (with undefined lifetimes):

The Company performed an analysis of the water rights' useful lives and rights of ways, concluding that there is no foreseeable limit to the period of time in which such assets other than capital gain will generate net revenues from net cash flows. For such intangible assets it has been determined that their useful lives are indefinite.

b. Impairment of tangible and intangible assets, excluding goodwill

At each period closing, or on such date on which it is considered necessary, the assets' value is analyzed to determine whether there exists any sign that such asset has suffered deterioration. In cases where there are any signs of deterioration, an estimation of the recoverable amount of such asset will be performed to determine, in each case, the amount of the necessary deterioration. In the case of identifiable assets that do not generate independent cash flows, the recovery of the Cash Generating Unit to which the asset belongs is estimated.

In the case of the Cash Generating Units to which tangible or intangible assets have been assigned indefinite useful lives, the recovery analysis is performed automatically by the system at year-end or under circumstances considered necessary to perform such analysis.

The recoverable amount of an asset is the higher of its fair value minus the necessary cost for its sale and its value in use, and the actual value of the estimated future cash flows. For the calculation of the recovery value of property plant and equipment, the value in use is utilized by the Company.

To estimate the value in use, the Company prepares the future cash flows before taxes utilizing the most recent budgets approved by Company Management. These budgets incorporate the best available estimations of income and expenses of the Cash Generating Units using the best estimates, the prior year experiences and the future expectations.

These cash flows are discounted at a certain rate to calculate the current value, before taxes, considered as the cost of business capital in which the Company operates. For this calculation, the current cost of money and risk premiums generally used by the business are considered.

In the cases where the recoverable amount is lower than the net carrying amount of the assets, an impairment loss is recorded for the difference, which is included in Profit or Loss.

The impairment losses recognized in prior years are reversed when a change occurs in the estimates of the recoverable amount, increasing the value of the assets with an offset to Profit or Loss up to the extent of the original value of the asset before impairment.

Company management, based on the result of the impairment test, considers that there are no impairment indicators for tangible and intangible assets, as these values do not exceed their own recoverable value.

c. Financial assets held to maturity

The Directors have reviewed the Company's financial assets held up until maturity considering the liquidity requirements and capital maintenance and have confirmed the positive intention and the capacity of the Company to hold such assets up until maturity.

d. Fair value of derivatives and other financial instruments

As described in Note 4, Management utilizes various criteria to choose an adequate valuation technique for financial instruments that are not publicly traded. The Company applies the valuation techniques commonly used by other industry professionals. For derivative financial instruments, the assumptions are based on the quoted market rates, adjusted in conformity with the specific features of the instruments. Other financial instruments are valued using an updated analysis of the cash flows based on the supported assumptions, when possible, for the observable market prices or rates.

6. Operating segments

Colbúns’ principal business is the generation and sale of electric energy. For such purposes, the Company use assets that produce such energy and sells the energy to several customers via supply contracts and to others without contracts in conformity with the established by law.

The administration control system of Colbún analyzes the business from the hydraulic/thermal assets point of view, by their producing electric energy to meet customers’ portfolio. Consequently, the assignment of resources and the performance measures are analyzed in aggregated terms.

Regardless of the above, internal management considers classification criteria for the assets and for the customers for descriptive purposes and not for business segment classification.

Some of the classification criteria are, for example, the production technology: Hydro-electrical plants (which can be run of the river centrals or reservoir) and thermal plants (which can be used as combined cycle, open cycle, etc.) The customers, in turn, are classified following concepts contained in the regulation for non-regulated clients, regulated clients and spot market (see Note 2).

There are no direct relationships between each of the generating plants and the supply contracts; these are established according to Colbúns’ total capacity, and they can be supplied with the generation of any of the plants or with energy purchases from other generating plants.

Colbún is part of the CDEC-CIS dispatch system, and therefore the generation of each of these plants is defined by this dispatch system, according to the definition of economic optimum for the total CIS.

As Colbún operates only in the CIS, no geographic segmentation is applicable.

The electrical regulation in Chile contemplates a conceptual separation between energy and power, not because they are two different physical elements but for purposes of an efficient economic tariff system. Therefore, there is a difference between energy whose tariff is established in monetary units per energy unit (KWh, MWh, etc.) and power whose tariff is established in monetary units per power unit - time unit (KW - month).

Consequently, for the purposes of the application of IFRS 8, there is only one operating segment for Colbún, relating to the aforementioned business.

Information regarding products and services

	Accumulated 31.03.2011	Accumulated 31.03.2010
	ThUS$	ThUS$
Sale of energy	232,088	163,535
Sale of power	36,223	34,606
Other income	46,927	19,419
Total sales	315,238	217,560

Information on major customers

	Accumulated 31.03.2011		Accumulated 31.03.2010	
	ThUS$	%	ThUS$	%
CGE	76,832	24%	60,096	28%
Chilectra	50,464	16%	11,246	5%
Angloamerican	46,420	15%	37,590	17%
Codelco	39,032	12%	10,513	5%
Saesa	21,230	7%	23,097	11%
Otros	81,261	26%	75,018	34%
Total Sales	315,238	100%	217,560	100%

7. Cash and cash equivalents

a. The composition of cash and cash equivalents as of March 31 2011 and December 31, 2010, is as follows:

	31.03.2011	31.12.2010
	ThUS$	ThUS$
Cash in banks	51	43
Bank balances	537	332
Short-term deposits	325,193	437,003
Mutual Funds	115,451	117,144
Cash and cash equivalents	441,232	554,522

The short-term deposits mature in a period less than three months from its original investment date and accrue the market interest for short - term investments.

The Mutual Funds correspond to fixed income funds in Chilean pesos, Euros and US dollars, which are registered to the value of the respective shares to the closing date of the consolidated financial statements.

The cash and cash equivalents have no use restrictions.

The Company has not performed any investment or financing transactions that do not require the use of cash or cash equivalents.

b. The details of cash and cash equivalents, per type of currency, considering the effect of derivatives, are as follows:

	31.03.2011		31.12.2010	
Currency	**currency Original**	**Currency derivatives (1)**	**currency Original**	**Currency derivatives (1)**
	ThUS$	ThUS$	ThUS$	ThUS$
EUR	14,852	36,247	6,040	38,274
CLP (1)	407,829	133,818	539,768	144,063
USD	18,551	270,658	8,714	360,237
Total	441,232	440,723	554,522	542,574

(1) Considers the effect of exchange rate forwards signed to dollarize short - time deposits.

8. Other Current Financial Assets

	Total current		Total non-current	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	ThUS$	ThUS$	ThUS$	ThUS$
TGN Trust (1)	374	374	-	-
Hedge derivative instruments (2)	23,265	14,895	22,767	33,466
Investment derivatives	-	509	-	-
Investment in CDEC	-	-	313	367
Total	23,639	15,778	23,080	33,833

(1) These correspond to debt instruments issued by Financial Trust Transportadora de Gas del Norte Series 2.

(2) These correspond to current and non current positive mark-to-market value of hedge derivatives in effect at each period (See Note 13.1).

9. Trade and other receivables, current

	Total current	
	31.03.2011	31.12.2010
	ThUS$	ThUS$
Trade debtors with contract	184,647	132,585
Unbilled non-contracted trade debtors	63,802	104,001
Sundry debtors (1)	78,727	71,799
Total long-term debtors	327,176	308,385

(1) Principally corresponds to supplier advances and Insurance Claims accounts receivable.

The average collection period is 30 days, excluding the debt with customers without contract (RM88), amount that is charged in accordance with the provisions of Exempt Resolution No. 933 of the Chilean National Energy Commission and indicated in Law Nr. 20.018 (Short Law II).

Considering the solvency of the debtors, current regulations and invoice collection time, the Company believes that it does not require an uncollectible provision at the closure of each period.

The fair values of trade debtors and other receivables correspond to the same commercial values.

10. Financial instruments

a. Financial instruments per category

The accounting policies related to the financial instruments have been applied to the following categories:

	Held to maturity	Loans and accounts receivable	Trading	Hedge derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
March 31, 2011					
Derivative financial instruments	-	-	-	46,032	46,032
Trade debtors and accounts receivable	-	328,458	-	-	328,458
Financial assets - Trading	-	-	115,451	-	115,451
Other financial assets	687	-	-	-	687
Total	687	328,458	115,451	46,032	490,628

	Held to maturity	Loans and accounts receivable	Trading	Hedge derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
December 31, 2010					
Derivative financial instruments	-	-	-	48,361	48,361
Trade debtors and accounts receivable	-	311,199	-	-	311,199
Financial assets - Trading	-	-	117,144	-	117,144
Other financial assets	741	-	509	-	1,250
Total	741	311,199	117,653	48,361	477,954

b. Credit rating of the financial assets

The credit rating of financial assets that have not yet reached maturity and have not incurred a impairment loss can be assessed according to the credit rating granted to the counterparties of the Company by credit rating agencies with national and international prestige.

	31.03.2011	31.12.2010
	ThUS$	ThUS$
Customers with local risk rating		
AAA	13,744	9,574
AA	36,901	32,713
A	140	395
AA-	53,792	46,115
A+	6	562
A-	47	48
Total	104,630	89,407
Customers without local risk rating	80,017	45,992
Distributors without energy sales contract	63,802	104,001
Cash in banks and short-term bank deposits		
AAA	202,172	248,058
AA+	35,946	121,877
AA	145	137
AA-	87,396	67,306
AA-	122	-
Total	325,781	437,378
Derivative financial assets local market		
AAA	23,617	26,637
AA+	436	-
AA-	8,098	13,365
Total	32,151	40,002
Derivative financial assets- International Market		
AA-	5,047	4,362
A+ or lower	10,179	4,506
Total	15,226	8,868

None of financial assets with pending maturities were renegotiated during the period.

11. Related party information

The operations between the Company and its dependent subsidiaries, which are related parties, are part of the habitual transaction of the Company in relation to its purpose and conditions, and have been eliminated in consolidation. The relationship between the controller and subsidiary and associates has been detailed in Note 3.1, letter b.

a. Majority shareholders

The detail of the shareholders of the Company as of March 31, 2011, is as follows:

Shareholders	Ownership %
Minera Valparaíso S.A.	37.17
Forestal Cominco S.A.	14.00
Antarchile S.A.	9.58
AFP Provida S.A.	4.36
AFP Habitat S.A.	3.44
AFP Capital S.A.	2.65
AFP Cuprum S.A.	2.55
Larrain Vial S.A. Corredora de Bolsa	2.32
Banchile Corredores de Bolsa	1.61
Banco Chile por cuenta de tercersos	1.64
Other shareholders	22.82
Total	100.00

b. Balances and transactions with related companies:

b.1. Due from related companies

Taxpayer Number	Company	Country of origin	Relationship	Type of currency	Total current 31.03.2011 ThUS$	Total current 31.12.2010 ThUS$	Total non-current 31.03.2011 ThUS$	Total non-current 31.12.2010 ThUS$
96.529.310-8	CMPC Tissue S.A.	Chile	Member of controlling group	CLP	405	415	-	-
96.731.890-6	Cartulinas CMPC S.A.	Chile	Member of controlling group	CLP	1,666	1,629	-	-
96.853.150-6	Papeles Cordillera S.A.	Chile	Member of controlling group	CLP	1,102	1,186	410	332
76.652.400-1	Hidroeléctrica Aysén S.A.	Chile	Affiliate	CLP	-	-	8,638	3,477
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Affiliate	CLP	1,625	1,655	-	-
	Total				4,798	4,885	9,048	3,809

b.2. Due to related companies

Taxpayer Number	Company	Country of origin	Relationship	Type of currency	Total current 31.03.2011 ThUS$	Total current 31.12.2010 ThUS$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Affiliate	US$	216	374
90.412.000-6	Minera Valaparaíso S.A. (1)	Chile	Shareholder	CLP	-	13,425
79.621.850-9	Forestal Cominco S.A. (1)	Chile	Shareholder	CLP	-	5,192
	Total				216	18,991

b.3. Significant transactions and their impact on profit or loss

Taxpayer number	Company	Country of origin	Relationship	Type of currency	Description of the transaction	Accumulated 31.03.2011 Amount ThUS$	Accumulated 31.03.2011 (Charge) credit or profit or loss ThUS$	Accumulated 31.03.2010 Amount ThUS$	Accumulated 31.03.2010 (Charge) credit or profit or loss ThUS$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Affiliate	CLP	Toll for use of facilities	3,067	2,577	386	384
				UF	Interest on loan	56	56	22	(22)
76.652.400-1	Centrales Hidroeléctricas Aysén	Chile	Affiliate	UF	Loans granted	5,110	-	11,325	11,325
				UF	Interest on loan	91	91	(359)	(359)
				UF	Capitalization of debt (see Note 16)	-	-	-	-
96.731.890-6	Cartulinas CMPC S.A.	Chile	Member of controlling group	CLP	Sale of energy and power	5,529	4,646	5,994	5,037
96.529.310-8	CMPC Tissue S.A.	Chile	Member of controlling group	CLP	Sale of energy and power and transportation of energy	1,410	1,185	1,589	1,335
96.806.130-5	Electrogas S.A.	Chile	Affiliate	CLP	Gas transportation service	2,535	2,130	2,041	1,715
				CLP	Diesel transportation service	264	222	239	201
96.853.150-6	Papeles Cordillera S.A.	Chile	Member of controlling group	CLP	Sale of energy and power and transportation of energy	3,876	3,257	3,996	3,358

There is no guarantee, granted or received for the transactions with related parties.

There are no doubtful accounts with pending balances that require an allowance or need to be written off to profit or loss.

All transactions with related parties were performed in conformity with market terms and conditions.

c. Administration and Senior Management

The members of the senior management and other persons assuming the administration of Colbún, as well as its shareholders or natural or legal persons which they represent, have not participated as of March 31, 2011and December 31, 2010, in unusual and/or relevant transactions with the Company.

The Company is administered by a board of 9 directors' members, which remain for a period of three years with the possibility of reelection.

d. Directors' Committee

In conformity with Article 50 of law No. 18.046 on Publicly Traded Companies, Colbún and subsidiaries have a directors' committee composed of three members, who have the responsibilities outlined in such article.

e. Compensation and other service renderings

In conformity with Article 33 of Law No. 18.046 on Publicly Traded Companies, the remuneration of the Board of Directors is determined at the Ordinary General shareholders Meeting.

The detail of the amount paid during the period of March 31, 2011 and 2010 including for the members of the directors' committee and the directors of the subsidiaries, are as follows:

e.1 Directors' compensation:

		Accumulated					
		31.03.2011			31.03.2010		
Name	Position	Board of Colbún	Board of subsidiaries	Directors Committee	Board of Colbún	Board of subsidiaries	Directors Committee
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Bernardo Matte Larraín	Chairman	26	-	-	36	-	-
Emilio Pellegrini Ripamonti	Vice Chairman	20	-	4	30	-	4
Demetrio Zañartu Bacarreza	Director	13	-	-	9	-	-
Luis Felipe Gazitúa Achondo	Director	13	-	-	9	-	-
Fernando Franke García	Director	13	-	4	9	-	4
Juan Hurtado Vicuña	Director	13	-	-	8	-	-
Eduardo Navarro Beltran	Director	13	-	-	9	-	-
Arturo Mackenna Iñiguez	Director	13	-	-	9	-	-
Sergio Undurraga Saavedra	Director	13	-	4	9	-	2
Carlos Campino Guzmán	Director	-	-	-	-	1	-
Total		137	-	12	128	1	10

e.2 Advisory expenses of the Board of Directors

During the fiscal period March 31, 2011 and 2010, the board of directors did not have any advisory expenses.

e.3 Compensation of the members of the senior management, who are not directors.

Members of Senior Management	
Name	**Position**
Bernardo Larraín Matte	General Manager
Juan Eduardo Vásquez Moya	Manager of Business Division and Energy Administration
Enrique Donoso Moscoso	Manager Generation Division
Cristián Morales Jaureguiberry	Manager of Finance and Administration Division
Carlos Abogabir Ovalle	Manager of Corporate Issues
Rodrigo Pérez Stiepovic	Manager of Legal Affairs
Eduardo Morel Montes	Technology Advisor

The accrued compensation for members of senior management adds to ThUS$998, for the fiscal period on March 31, 2011, and ThUS$938 for the period ended on March 31, 2010. This compensation includes the regular monthly salary and an estimate of short-term (annual bonus) and long-term benefits (mainly provision for severance payments).

e.4 Receivable and payable accounts and other transactions

There are no accounts receivable and payable between the Company and its directors and officers.

e.5 Other transactions

There are no other transactions between the Company and its directors and officers.

e.6 Guarantees constituted by the Company in favor of the directors

During the periods ended on March 31, 2011 y 2010, the Company has not performed such operations.

e.7 Incentive plans for the main executives and managers

The Company has established annual bonuses for its management group in relation to the evaluation of their individual performance, and their goal compliance at a company level, as well as regarding the group and individual performance of each executive.

e.8 Indemnities paid to other main executives and officers

During the periods ended on March 31, 2011and December 31, 2009, there were no payments related to this item.

e.9 Guarantee clauses: board of directors and Company management

The Company has no guarantee clauses with its directors or officers.

e.10 Stock plans linked to quoted share price

The Company does not have these types of plans.

12. Inventory

Inventory measurement policy

Inventory represents the stock of gas and oil, which are measured at their average weighted costs and inventory at warehouse stock that will be used during the period, in the maintenance of property plant and equipment Company, which are valued at cost, amounts that shall not exceed their realizable net value.

The detail of inventory is as follows:

	31.03.2011	**31.12.2010**
	ThUS$	ThUS$
Inventory at warehouse	10,269	9,689
Gas Line Pack	273	273
Oil	8,985	3,699
Total	19,527	13,661

Cost of inventories recognized as expenses during the period:

The consumption recognized as expenses during the periods ended on March 31, 2011 and 2010, respectively, are as follows:

	Accumulated 31.03.2011	**Accumulated 31.03.2010**
	ThUS$	ThUS$
Inventory at warehouse	891	730
Gas Line Pack	120,946	32,642
Oil	73,190	36,651
Total	195,027	70,023

13. Derivative instruments

The Company, in compliance with their financial risk management policy described in Note 4, acquires financial derivatives to hedge its exposure to interest rate variations, currency (foreign currency exchange rate) and fuel prices.

The interest rate derivatives are used to establish or limit the variable interest rate of the financial obligations and correspond to interest rate swaps and zero-cost collars.

The foreign currency derivatives are used to hedge the exchange rate of the US dollar in comparison to the Chilean peso (CLP), Unidad de Fomento (UF) and Euros (EUR), among others, due to investments or existing obligations in currencies other than the US dollar. These instruments correspond mainly to Forwards and Cross Currency Swaps.

The derivatives to hedge fuel prices are used to mitigate the risk of variation in the energy production costs of the Company, due to a change in fuel prices and in supplies used in construction projects of electricity generating companies. The instruments utilized correspond mainly to options and forwards.

As of March 31, 2011, the Company classified all its hedges as "cash flow hedges", except for US$250 million (nominal value) of interest rate derivatives that were without hedged item when prepaying a syndicated credit in February 2010 and whose position has been open and the mark-to-market valuation of these derivatives is recorded as profit or loss in the Statements of Integral Income.

13.1 Hedge Instruments

The detail of hedge instruments as of March 31, 2011and December 31, 2010, which includes the valuation of financial instruments as of such dates, is as follows:

Hedge assets	**Current**		**Non-current**	
	31.03.2011	**31.12.2010**	**31.03.2011**	**31.12.2010**
	ThUS$	ThUS$	ThUS$	ThUS$
Exchange rate hedge				
Cash flow hedge	11,285	8,169	22,767	33,466
Fuel price hedge				
Cash flow hedge	11,980	6,726	-	-
Total	23,265	14,895	22,767	33,466

Hedge liabilities	**Current**		**Non-current**	
	31.03.2011	**31.12.2010**	**31.03.2011**	**31.12.2010**
	ThUS$	ThUS$	ThUS$	ThUS$
Exchange rate hedge				
Cash flow hedge	2,812	14,710	-	-
Interest rate hedge				
Cash flow hedge	2,066	2,077	13,707	16,845
Total	4,878	16,787	13,707	16,845

The detail of Colbún hedge portfolio is as follows:

Hedge instrument	**Fair Value of Hedge Instrument**		**Hedged item**	**Covered risk**	**Hedge type**
	31.03.2011	**31.12.2010**			
	ThUS$	ThUS$			
Forwards	5,724	2,630	Disbursement future projects	Exchange rate	Cash flow
Forwards	(2,812)	(14,710)	Financial investments	Exchange rate	Cash flow
Swaps	(4,911)	(7,177)	Bank loans	Exchange rate	Cash flow
Swaps	(10,862)	(11,325)	Bonds payable	Exchange rate	Cash flow
Cross Currency Swaps	20,230	25,310	Bonds payable	Exchange rate	Cash flow
Cross Currency Swaps	8,098	13,275	Bank loans	Exchange rate	Cash flow
Oil calls	11,980	6,726	Purchases of Oil	Purchases of oil	Cash flow
Total	27,447	14,729			

In relation to the cash flow hedges recorded as of March 31, 2011, the Company has not recognized income or losses due to hedge ineffectiveness.

13.2 Hierarchy of Fair Value

The fair value of the financial instruments recognized in the Statement of Financial Position has been determined utilizing the following hierarchy according to the input data utilized during the valuation.

Level 1: Prices quoted in active markets for identical instruments.

Level 2: Prices quoted in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: Valuation techniques for which all relevant inputs are not based on observable market data.

As of March 31, 2011, the fair value calculation of all financial instruments subject to valuation has been determined based on Level 2 of the previously presented hierarchy.

14. Investments in subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and the companies under its control (see Note 3b). The following table includes detailed information of the Subsidiaries as of March 31, 2011 and December 31, 2010.

	31.03.2011					
Company	**Current Assets**	**Non-current Assets**	**Current Liabilities**	**Non-current Liabilities**	**Ordinary Income**	**Net amount of Income (Loss)**
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Empresa Eléctrica Industrial S.A	3,194	11,174	8,215	(631)	-	755
Colbún International Limited	536	-	5	-	-	(5)
Sociedad Hidroel. Melocotón Ltda	1	943	413	-	-	-
Río Tranquilo S.A.	11,598	77,938	20,941	4,821	5,403	4,022
Hidroeléctrica Guardia Vieja S.A.	105,389	293,519	34,790	9,457	19,509	3,717
Hidroeléctrica Aconcagua S.A.	47,106	109,676	(10,890)	18,425	18,032	12,201
Obras y Desarrollo S.A.	37,459	39,463	11,608	11,888	9,285	(4,165)
Termoeléctrica Nehuenco S.A.	333	2,649	12,287	1,099	-	(1,177)
Termoeléctrica Antilhue S.A.	133	56,774	30,018	4,966	-	(438)

	31.12.2010					
Company	**Current Assets**	**Non-current Assets**	**Current Liabilities**	**Non-current Liabilities**	**Ordinary Income**	**Net amount of Income (Loss)**
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Empresa Eléctrica Industrial S.A	2,741	10,986	7,229	470	1,681	(870)
Colbún International Limited	542	-	5	-	-	(16)
Sociedad Hidroel. Melocotón Ltda	-	681	151	-	-	(3)
Río Tranquilo S.A.	5,347	79,810	19,936	5,469	15,078	7,545
Hidroeléctrica Guardia Vieja S.A.	103,061	284,786	26,561	10,342	55,829	29,457
Hidroeléctrica Aconcagua S.A.	26,402	110,572	18,552	18,479	61,673	37,894
Obras y Desarrollo S.A.	31,252	38,672	1,104	11,229	41,238	4,413
Termoeléctrica Nehuenco S.A.	255	2,372	10,766	1,088	1,450	(2,870)
Termoeléctrica Antilhue S.A.	136	57,224	30,010	4,988	-	(1,465)

15. Non-current rights receivable

The detail of this item as of March 31, 2011 and December 31, 2010, is as follows:

Item	Total non-current 31.03.2011	31.12.2010
	ThUS$	ThUS$
Trade receivables with agreement	1,282	2,814
Total rights receivable	1,282	2,814

16. Investments in associates accounted under equity method

a. Equity Method:

The following table is a detail of the significant companies in which Colbún has a percentage ownership, recorded according to the equity method of accounting as of March 31, 2011 and December 31, 2010:

	Number of shares	Ownership percentage 31.03.2011	Balance as of 01.01.2011	Additions	Low	Profit (loss) for the year	Dividends	Equity reserve	Subtotal 31.03.2011	Unrealized income 31.03.2011	Total 31.03.2011
		%	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Centrales Hidroeléctricas Aysén S.A. (1)	3,237,675	49%	104,004	-	-	(2,326)	-	(2,921)	98,757	-	98,757
Transmisora Eléctrica de Quillota Ltda.	-	50%	10,662	-	-	186	-	(176)	10,672	-	10,672
Electrogas S.A.	85	0.022%	9	-	-	1	-	(2)	8	-	8
Inversiones Electrogas S.A.	425	42.5%	15,814	-	-	2,187	-	(2,324)	15,677	65	15,742
Total			130,489	-	-	48	-	(5,423)	125,114	65	125,179

	Number of shares	Ownership percentage 31.12.2010	Balance as of 01.01.2010	Additions	Low	Profit (loss) for the year	Dividends	Equity reserve	Subtotal 31.12.2010	Unrealized income	Total 31.12.2010
		%	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Centrales Hidroeléctricas Aysén S.A. (1)	3,237,675	49%	56,220	48,663	-	(6,943)	-	6,064	104,004	-	104,004
Transmisora Eléctrica de Quillota Ltda.	-	50%	8,952	-	-	908	-	802	10,662	-	10,662
Electrogas S.A.	85	0.022%	8	-	-	4	(3)	-	9	-	9
Inversiones Electrogas S.A.	425	42.5%	15,570	-	-	6,540	(6,190)	741	16,661	(847)	15,814
Total			80,750	48,663	-	509	(6,193)	7,607	131,336	(847)	130,489

The Company applies the equity method of accounting for Electrogas S.A. as it has significant influence from having two members on its Board, and also because Colbún owns 42.5% of Inversiones Electrogas S.A., its Parent Company.

(1) See explicative note 11.b.3

b. Financial information of companies under joint control

The financial statement as of March 31, 2011 and December 31, 2010 for companies in which the Company has joint control is as follows:

31.03.2011 Company	Current assets ThUS$	Non-current assets ThUS$	Current Liabilities ThUS$	Non-current liabilities ThUS$	Ordinary income ThUS$	Ordinary expenses ThUS$
Centrales Hidroeléctricas Aysén S.A.	27,833	206,387	28,569	1,340	-	(2,471)
Transmisora Eléctrica de Quillota Ltda.	4,265	22,686	3,665	1,941	1,163	(595)
Total	32,098	229,073	32,234	3,281	1,163	(3,066)

31.12.2010 Company	Current assets ThUS$	Non-current assets ThUS$	Current Liabilities ThUS$	Non-current liabilities ThUS$	Ordinary income ThUS$	Ordinary expenses ThUS$
Centrales Hidroeléctricas Aysén S.A.	22,651	206,146	16,358	1,373	-	(10,109)
Transmisora Eléctrica de Quillota Ltda.	6,894	20,303	3,754	1,959	4,534	(1,718)
Total	29,545	226,449	20,112	3,332	4,534	(11,827)

17. Intangible assets other than goodwill

Following is the breakdown as of March 31, 2011 and December 31, 2010:

Intangible Assets, Net	31.03.2011 ThUS$	31.12.2010 ThUS$
Water rights	16,030	15,709
Rights-of-ways	18,987	17,322
Software	6,433	6,587
Intangible Assets, Net	41,450	39,618

Intangible Assets, Gross	31.03.2011 ThUS$	31.12.2010 ThUS$
Water rights	16,030	15,709
Rights-of-ways	19,005	17,338
Software	7,522	7,084
Intangible Assets, Gross	42,557	40,131

Accumulated amortization	31.03.2011 ThUS$	31.12.2010 ThUS$
Rights-of-ways	(18)	(16)
Software	(1,089)	(497)
Total Accumulated amortization	(1,107)	(513)

The composition and movement of intangible assets during the periods ended on March 31, 2011 and December 31, 2010 is as follows:

Movements in 2011	**Water rights**	**Rights-of-ways**	**Software**	**Intangibles, Net**
	MUS$	MUS$	MUS$	MUS$
Beginning balance as of January 1, 2011	15,709	17,322	6,587	39,618
Additions	321	1,668	149	2,138
Transfers	-	(3)	96	93
Amortization	-	-	(399)	(399)
Total March 31, 2011	16,030	18,987	6,433	41,450

Movements in 2010	**Water rights**	**Rights-of-ways**	**Software**	**Intangibles, Net**
	MUS$	MUS$	MUS$	MUS$
Beginning balance as of January 1, 2010	13,864	13,467	6,097	33,428
Additions	1,845	3,789	510	6,144
Transfers	-	74	399	473
Amortization	-	(8)	(419)	(427)
Total December 31, 2010	15,709	17,322	6,587	39,618

As explained in note 5b), the Company’s management considers that there are no indications of impairment of the book value of intangible assets.

The Company does not have intangible assets that are considered as guarantees for the compliance with obligations.

18. Property, plant and equipment, net

The detail of the Property, plant and equipment as of March 31, 2011 and December 31, 2010, as well as the activity in each period is as follows:

Class Property, plant and equipment, net	31.03.2011 ThUS$	31.12.2010 ThUS$
Land	264,650	259,421
Construction and infraestructure	1,846,814	1,776,966
Machinery and equipment	1,129,597	1,238,241
Other fixed assets	51,193	49,647
Works in progress	1,212,759	1,107,293
Property, plant and equipment, net	4,505,013	4,431,568

Class Property, plant and equipment, gross	31.03.2011 ThUS$	31.12.2010 ThUS$
Land	264,650	259,421
Construction and infraestructure	2,058,855	1,965,729
Machinery and equipment	1,300,782	1,402,693
Other fixed assets	58,578	56,999
Works in progress	1,212,759	1,107,293
Property, plant and equipment, Gross	4,895,624	4,792,135

Depreciation Accumulated and Impairment Property, Plant and Equipment	31.03.2011 ThUS$	31.12.2010 ThUS$
Construction and infraestructure	(212,041)	(188,763)
Machinery and equipment	(171,185)	(164,452)
Other fixed assets	(7,385)	(7,352)
Total Depreciation Accumulated and Impairment Property, Plant and Equipment	(390,611)	(360,567)

The composition and movement of property, plant and equipment during the period ended on March 31, 2011 and December 31, 2010 is as follows:

Movements in 2011	**Land**	**Construction and infrastructure**	**Machinery and equipment**	**Other fixed assets**	**Works in progress**	**Total**
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Beginning balance as of January 1, 2011	259,421	1,776,963	1,238,242	49,646	1,107,296	4,431,568
Additions	-	35	115	2,203	110,742	113,095
Divestitures	-	(4)	(2,384)	(1,080)	(5,279)	(8,747)
Transfers	5,229	86,379	(92,571)	870	-	(93)
Depreciation	-	(16,558)	(13,805)	(447)	-	(30,810)
Subtotal	5,229	69,852	(108,645)	1,546	105,463	73,445
Total 31.03.2011	264,650	1,846,815	1,129,597	51,192	1,212,759	4,505,013

Movements in 2010	**Land**	**Construction and infrastructure**	**Machinery and equipment**	**Other fixed assets**	**Works in progress**	**Total**
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Beginning balance as of January 1, 2010	259,049	1,815,775	1,285,070	48,415	776,441	4,184,750
Beginning balance	228	12,538	6,873	3,774	382,627	406,040
Divestitures	-	(2,288)	(1,031)	(28)	(31,790)	(35,137)
Transfers	144	14,208	5,157	-	(19,982)	(473)
Depreciation	-	(63,270)	(57,827)	(2,515)	-	(123,612)
Subtotal	372	(38,812)	(46,828)	1,231	330,855	246,818
Total 31.12.2010	259,421	1,776,963	1,238,242	49,646	1,107,296	4,431,568

The recognizing policy for costs related to dismantling, removing and restoring of property, plant and equipment is based on the contractual obligation for each project. As such, the Company has not recorded a related provision as it does not have a legal or contractual obligation in this regard.

The Company does not own property, plant and equipment that are guarantees for the compliance of obligations.

Works in progress include: the project Central Térmica de Carbón Santa María, with a MW 342 capacity; the Central Hidráulica San Clemente, with a MW 5.4 capacity; and the construction of the Transmission Line Santa María - Charrúa with a 900 MVA capacity, Central Hidráulica San Pedro with a MW 150 capacity and the Central Hidráulica Angostura with a MW 316 capacity.

In regards to Santa María Project, the Company estimates the power plant will start operating in the second six-month period of 2011, due to the delays of the contractor in charge of the construction and the impacts of the earthquake. Colbún S.A. has a valid insurance policy with an "All Risk Coverage for Construction and Assembling", which includes a special coverage for damage due to stoppage ("ALOP" advanced loss of profit). As for physical damage, to March 2011 have been recorded in the accounting US$35.5 million. As an asset write-off, equivalent to states of payments for repairs paid to the contractor and other expenses incurred by Colbún. 10% of this amount corresponding to the deductible of the all-risk insurance of construction and assembling has been recognized as loss in the statement of income. Colbún S.A. together with the contractor, its advisors and the insurance liquidator, continue in the process of final determination of the total costs associated with the earthquake, including both the repair costs as well as the loss of benefits expected due to the delay of the starting up of activities. As part of this process, a payment of US$9 million was received from the insurance company during 2010.

As of March 31, 2011 and December 31, 2010, the Company has acquisition commitments of assets of immobilized material derived from construction contracts under the property, plant and equipment method for ThUS$354,149 and ThUS$72,856, respectively. The companies with whom these operations are performed are: Andritz Chile Ltda., Constructora CVV Conpax limitada, Alstom Chile S.A., Alstom Hydro España S.L., Andritz Hydro S.R.L., Alstom Hydro France S.A., Emp. Constructora Angostura Ltda., Ingenería and Construcción Tecnimont, Slovenke Energeticke Strojarne a.s. and Tecnimont S.P.A..

Colbún and its subsidiaries have insurance policies to cover any potential risks to which several elements of its property, plant and equipment are subject to, as well as any potential claims that could be filed in connection with their use. The Company considers that these policies are enough to cover any potential risks.

In addition, through the insurance taken by the Company, the loss of benefits which could occur as a consequence of a stoppage is covered.

The following is a detail of the capitalized interests included within property, plant and equipment.

	31.03.2011	31.12.2010
	ThUS$	ThUS$
Interest expense capitalized within Property, Plant and Equipment		
Interest and exchange difference	7,900	83,266
Total	7,900	83,266

The effective average interest rate of the debt of the Company is 6.13% and 6.99% as of March 31, 2011 and December 31, 2010, respectively.

19. Current tax assets

The income tax receivable as of March 31, 2011 and December 31, 2010 are as follows:

	31.03.2011	31.12.2010
	ThUS$	ThUS$
Monthly provision payments	20,063	12,430
VAT Fiscal credits	144,021	154,073
Specific diesel tax	13,626	3,534
PPUA for withheld revenues	7,041	8,191
SENCE credits	168	167
Total	184,919	178,395

20. Other non - financial assets current

Other current assets as of March 31, 2011 and December 31, 2010 are as follows:

	Current		Non-current	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	ThUS$	ThUS$	ThUS$	ThUS$
Insurance in facilities and public liability	4,546	7,661	-	-
Advance payments	-	4,887	17,557	12,870
Patent water rights	-	-	8,283	6,216
Other sundry assets	659	675	3,024	1,838
Total	5,205	13,223	28,864	20,924

21. Income taxes

a. Tax expense (income) results

	Accumulated	
	01.01.2011 31.03.2011	01.01.2010 31.03.2010
	ThUS$	ThUS$
Current income tax expense		
Current income tax expense	(4,477)	(4,495)
Prior period adjustment	(19,691)	-
Current tax expense, net, total	(24,168)	(4,495)
Deferred income tax expense		
Deferred expense (income) for taxes related to the generation and reversal of temporary differences	24,076	10,832
Other deferred tax expenses (income) (1)	(2,343)	4,200
Deferred tax expense (income), net, total	21,733	15,032
Income tax expense (income)	(2,435)	10,537

	Accumulated	
Income tax expense (income) by foreign and local parties (presentation) **Current income tax expense by foreign and local parties, net**	01.01.2011 31.03.2011	01.01.2010 31.03.2010
	ThUS$	ThUS$
Current tax expense, net, national	(24,168)	(4,495)
Current tax expense, net, total	(24,168)	(4,495)
Deferred tax expense by foreign and local parties, net		
Deferred tax expense (income), net, national	21,733	15,032
Deferred tax expense (income), net, total	21,733	15,032
Income tax expense (income)	(2,435)	10,537

(1) Deferred income (tax) expense for the temporary difference created when comparing tax basis of property, plant and equipment in Chilean pesos translated into US dollars at closing exchange rate and the accounting basis of property, plant and equipment stated in accordance with functional currency US dollar.

The total income tax expense for period could be reconciled to financial net income, as follows:

	Accumulated	
	01.01.2011 31.03.2011	01.01.2010 31.03.2010
	ThUS$	ThUS$
Profit before tax	(26,495)	14,899
Tax expense using statutory rate (20%)	5,299	(2,533)
Expense (income)as a result of the 2011 and 2012 tax rate change	(1,204)	-
Other increase (decrease) in charge for statutory taxes	1,801	-
Adjustments to expanses for taxes using the statutory rate, total	597	-
Tax expense using the effective rate	5,896	(2,533)
Deferred tax expense (income) due to the permanent differences-exchange rates differe	(8,331)	13,070
Income tax expense	(2,435)	10,537

	31.03.2011	31.03.2010
	ThUS$	ThUS$
Statutory tax rate	0.20	0.17
Other increase (decrease) in statutory tax rate	0.05	-
Adjustments to the statutory tax rate, total	(0.07)	-
Effective tax rate	0.18	0.17

The tax rate used for the 2011 and 2010 reconciliations to the 20% and 17% corporate tax rate that entities must pay on their taxable income under current tax legislation.

b. Deferred taxes

The deferred tax assets and liabilities for each period are as follows:

Deferred tax assets	31.03.2011	31.12.2010
	ThUS$	ThUS$
Deferred tax assets related to provisions	870	1,529
Deferred tax assets related to tax losses	22,047	8,717
Deferred tax assets related to other	1,813	1,732
Deferred tax assets	24,730	11,978

Deferred tax liabilities	31.03.2011	31.12.2010
	ThUS$	ThUS$
Deferred tax liabilities related to depreciation	408,360	414,074
Deferred tax liabilities related to obligations for retirement benefits	1,112	3,694
Deferred tax liabilities related to other	10,232	10,917
Deferred tax liabilities	419,704	428,685

The assets and liabilities for deferred taxes can only be offset if the right to offset assets and liabilities for deferred taxes have been legally recognized and if these do not differ from the same fiscal authority.

As of March 31, 2011, the Company together with its subsidiaries Sociedad Hidroeléctrica Melocotón Ltda., Termoeléctrica Antilhue S.A., Empresa Eléctrica Industrial S.A., Termoeléctrica Nehuenco S.A. and Obras y Desarrollo S.A., determined a tax loss of ThUS$127,379.

According to IAS 12, deferred tax assets are recognized as tax losses, Management has determined that the existence of future taxable income is probable, over which these losses will be utilized.

Also, the Company Hidroeléctrica Aconcagua S.A. and Hidroeléctrica Guardia Vieja S.A. recorded an income tax provision of ThUS$4,477.

22. Other financial liabilities

For the periods ending on March 31, 2011 and December 31, 2010, the detail of interest bearing loans is as follows:

a. Liabilities with financial institutions

	Current		Non-Current	
	31.11.2011	**31.12.2010**	**31.03.2011**	**31.12.2010**
	ThUS$	ThUS$	ThUS$	ThUS$
Loans with financial entities	24,737	17,490	200,872	226,039
Bonds payable (bonds, shares) (1)	56,990	57,666	1,210,216	1,219,858
Hedge Derivatives (2)	4,878	16,787	13,707	16,845
Investment derivatives	1,145	4,363	7,480	9,814
Total	87,750	96,306	1,432,275	1,472,556

(1) Obligations to the public have been determined at effective rate by deducting the costs of issuance of debt securities.

(2) See details in Note 13.1

b. Maturity and currency of the obligations with financial entities:

The details of bank loans, which are at face value, are as follows:

As of March 31, 2011:

Loans with Financial Entities										31-03-2011					Maturity		
RUT	Debtor Company	Country	Creditor	RUT	Country	Currency	Exchange Rate type	Base	Nominal Rate	Effective Tax Rate	Type of Amortization	Up to 3 months ThUS$	3 to 12 months ThUS$	1 to 3 years ThUS$	3 to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
96,505,760-9	Colbún S.A.	Chile	BBVA Bancomer	0-E	México	US$	Variable	Libor 6M	2.14%	2.93%	Bullet	-	409	-	146,117	-	146,526
96,505,760-9	Colbún S.A.	Chile	Corpbanca	97.023.000-9	Chile	CLP	Variable	TAB 6M	4.23%	4.83%	Anual	-	24,328	54,855	-	-	79,183
												-	**24,737**	**54,855**	**146,117**	**-**	**225,709**

Bonds payables (Bonos Share)										31-03-2011					Maturity		
RUT	Debtor Company	Country	Creditor	RUT	Country	Currency	Exchange Rate type	Base	Nominal Rate	Effective Tax Rate	Type of Amortization	Up to 3 months ThUS$	3 to 12 months ThUS$	1 to 3 years ThUS$	3 to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
96,505,760-9	Colbún S.A.	Chile	Bono Serie C 234		Chile	UF	Fixed	Fixed	7.00%	7.95%	Semestral	5,494	2,948	12,106	13,363	49,004	82,916
96,505,760-9	Colbún S.A.	Chile	Bono Serie E 500		Chile	UF	Fixed	Fixed	3.20%	4.09%	Semestral	1,774	33,753	97,702	-	-	133,229
96,505,760-9	Colbún S.A.	Chile	Bono Serie F 499		Chile	UF	Fixed	Fixed	3.40%	4.46%	Semestral	3,768	-	8,685	34,738	217,114	264,305
96,505,760-9	Colbún S.A.	Chile	Bono Serie G 537		Chile	UF	Fixed	Fixed	3.80%	4.17%	Bullet	1,035	-	86,846	-	-	87,881
96,505,760-9	Colbún S.A.	Chile	Bono Serie H 537		Chile	US$	Variable	Libor +2.10%	2.85%	3.34%	Bullet	632	-	-	-	77,960	78,592
96,505,760-9	Colbún S.A.	Chile	Bono Serie I 538		Chile	UF	Fixed	Fixed	4.50%	5.02%	Semestral	1,836	-	-	-	130,269	132,105
96,505,760-9	Colbún S.A.	Chile	Bono 144/RegS		EE.UU.	US$	Fixed	Fixed	6.00%	6.26%	Bullet	5,750	-	-	-	482,428	488,178
												20,289	**36,701**	**205,339**	**48,101**	**956,776**	**1,267,206**

As of December 31, 2010:

Loans with Financial Entities										31-12-2010					Maturity		
RUT	Debtor Company	Country	Creditor	RUT	Country	Currency	Exchange Rate type	Base	Nominal Rate	Effective Tax Rate	Type of Amortization	Up to 3 months ThUS$	3 to 12 months ThUS$	1 to 3 years ThUS$	3 to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
96,505,760-9	Colbún S.A.	Chile	BBVA Bancomer	0-E	México	US$	Variable	Libor 6M	2.14%	2.93%	Bullet	-	1,283	-	145,278	-	146,561
96,505,760-9	Colbún S.A.	Chile	Corpbanca	97,023,000-9	Chile	CLP	Variable	TAB 6M	4.23%	4.83%	Anual	16,207	-	80,761	-	-	96,968
												16,207	**1,283**	**80,761**	**145,278**	**-**	**243,529**

Bonds payables (Bonos Share)										31-12-2010					Maturity		
RUT	Debtor Company	Country	Creditor	RUT	Country	Currency	Exchange Rate type	Base	Nominal Rate	Effective Tax Rate	Type of Amortization	Up to 3 months ThUS$	3 to 12 months ThUS$	1 to 3 years ThUS$	3 to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
96,505,760-9	Colbún S.A.	Chile	Bono serie C 234		Chile	UF	Fixed	Fixed	7.00%	7.95%	Semiannual	-	7,146	19,080	22,127	35,094	83,447
96,505,760-9	Colbún S.A.	Chile	Bono serie E 500		Chile	UF	Fixed	Fixed	3.20%	4.09%	Semiannual	-	35,104	97,699	-	-	132,803
96,505,760-9	Colbún S.A.	Chile	Bono serie F 499		Chile	UF	Fixed	Fixed	3.40%	4.46%	Semiannual	-	1,520	26,053	52,106	182,372	262,051
96,505,760-9	Colbún S.A.	Chile	Bono serie G 537		Chile	UF	Fixed	Fixed	3.80%	4.17%	Bullet	-	192	86,848	-	-	87,040
96,505,760-9	Colbún S.A.	Chile	Bono serie H 537		Chile	US$	Variable	Libor + 2.10%	2.56%	3.34%	Bullet	-	114	-	-	76,524	76,638
96,505,760-9	Colbún S.A.	Chile	Bono serie I 538		Chile	UF	Fixed	Fixed	4.50%	5.02%	Semiannual	-	340	-	-	130,272	130,612
96,505,760-9	Colbún S.A.	Chile	Bono 144/RegS		EE.UU.	US$	Fixed	Fixed	6.00%	6.26%	Bullet	13,250	-	-	-	491,683	504,933
												13,250	**44,416**	**229,680**	**74,233**	**915,945**	**1,277,524**

b.1 Projected interest by currency of liabilities to financial institutions:

		Interests Rate 31.03.2011				Maturity						
Liabilities	Currency	Accured	To be accured	Profit	Maturity Date	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total interest	Total
						ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Crédito BBVA Bancomer [(1)]	US$	408,594	13,017,797	150,000,000	10-08-2015	0	2,982,734	5,981,813	4,461,844	0	13,426,391	163,426,391
Crédito Corpbanca [(1)]	CLP	414,438,750	4,308,759,375	38,250,000,000	24-01-2014	0	2,291,971,875	2,431,226,250	0	0	4,723,198,125	42,973,198,125
Bono Serie C	UFR	58,176	734,438	1,844,478	15-04-2021	63,465	61,266	221,956	182,121	263,807	792,614	2,637,092
Bono Serie E	UFR	39,420	127,257	3,000,000	01-05-2013	47,622	47,622	71,434	0	0	166,678	3,166,678
Bono Serie F	UFR	83,728	1,989,806	6,000,000	01-05-2028	101,148	101,148	404,592	370,876	1,095,770	2,073,534	8,073,534
Bono Serie G	UFR	23,006	202,870	2,000,000	10-12-2013	37,646	37,646	150,584	0	0	225,876	2,225,876
Bono Serie H [(1)]	US$	631,650	14,864,982	80,800,000	10-06-2018	1,033,109	1,033,109	4,132,435	4,132,435	5,165,544	15,496,632	96,296,632
Bono Serie I	UFR	40,795	1,728,239	3,000,000	10-06-2029	66,756	66,756	267,024	267,024	1,101,475	1,769,035	4,769,035
Bono 144A/RegS	US$	5,750,000	264,250,000	500,000,000	21-01-2020	0	30,000,000	60,000,000	60,000,000	120,000,000	270,000,000	770,000,000

(1) Variable-rate liabilities consider current setting as of 03.31.2011 for the calculation of projected interest.

		Interests Rate 31.03.2011				Maturity						
Liabilities	Currency	Accured	To be accured	Profit	Maturity Date	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total interest	Total
						ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Crédito BBVA Bancomer (1)	US$	1,283,364	14,999,317	150,000,000	10-08-2015	1,639,854	1,613,117	6,514,855	6,514,855	0	16,282,681	166,282,681
Crédito Corpbanca (1)	CLP	835,425,000	3,507,463,125	45,000,000,000	24-01-2014	962,325,000	817,976,250	2,270,716,875	291,870,000	0	4,342,888,125	49,342,888,125
Bono Serie C	UFR	26,444	766,170	1,844,478	15-04-2021	0	124,731	221,956	182,121	263,807	792,614	2,637,092
Bono Serie E	UFR	15,609	151,068	3,000,000	01-05-2013	0	95,244	71,434	0	0	166,678	3,166,678
Bono Serie F	UFR	33,154	2,040,380	6,000,000	01-05-2028	0	202,296	404,592	370,876	1,095,770	2,073,534	8,073,534
Bono Serie G	UFR	4,183	221,693	2,000,000	10-12-2013	0	75,292	150,584	0	0	225,876	2,225,876
Bono Serie H (1)	US$	114,846	15,381,786	80,800,000	10-06-2018	0	2,066,218	4,132,435	4,132,435	5,165,544	15,496,632	96,296,632
Bono Serie I	UFR	7,417	1,761,617	3,000,000	10-06-2029	0	133,512	267,024	267,024	1,101,475	1,769,035	4,769,035
Bono 144A/RegS	US$	13,250,000	271,750,000	500,000,000	21-01-2020	15,000,000	15,000,000	60,000,000	60,000,000	135,000,000	285,000,000	785,000,000

(1) Variable-rate liabilities consider current setting as of 03.31.2010 for the calculation of projected interest.

c. Financial debt by currency

The value of Colbúns' financial debt (bank liabilities and bonds or their face value) considering the effect of derivatives instruments, is as follows:

Financial debt per currency	**31.03.2011**	**31.12.2010**
	ThUS$	ThUS$
US dollar	1,062,824	1,091,490
Unidades de Fomento	457,300	477,372
CLP	-	-
Total	1,520,124	1,568,862

d. Committed and uncommitted credit lines are as follows:

The Company has a committed credit line with local financial entities for UF 5 millions, which can be used until 2013, with subsequent maturity in 2016.

In addition, Colbún has uncommitted credit lines for approximately US$150 millions.

Other lines:

The Company has a credit line of UF 2.5 million for the issuance of securities, recorded with the Superintendence of Securities and Insurances during July 2008, with an expiration date of 10 years.

Furthermore, the Company register with the Superintendence of Securities and Insurances, two lines of bonds for a total of up to UF 7 million, effective for ten and thirty years, respectively, for which no placements have been performed up to date.

23. Trade payables and other accounts payable

The payable trades and other payable accounts as of March 31, 2011 and December 31, 2010, respectively, are as follows:

The average time period for the payment to suppliers is 30 days in 2011 and therefore the fair value of accounts payable is not significantly different from its accounting value.

	Current	
	31.03.2011	**31.12.2010**
	ThUS$	ThUS$
Trade creditors	233,280	156,639
Other accounts payable	820	1,733
Total	234,100	158,372

24. Provisions

a. Classes of Provisions

The breakdown of provisions as of March 31, 2011 and December 31, 2010, is as follows:

Provisions	Current		Non-Current	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	ThUS$	ThUS$	ThUS$	ThUS$
Other provisions				
Provisions for price differences	2,000	2,000	-	-
Other provisions, current	210	2,606	-	-
Total	2,210	4,606	-	-
Provisions for employee benefits				
Provision for legal holidays and vacation bonus (Note 24.f	4,975	8,164	-	-
Provision for IPAS reserve (Note 24.g)	-	-	13,688	14,128
Total	4,975	8,164	13,688	14,128
Total provisions	7,185	12,770	13,688	14,128

b. The movement of provisions as of March 31, 2011 and December 31, 2010 is as follows:

Fluctuation in provisions as of 31.03.2011	Legal holidays and vacation bonus ThUS$	Gas provisions ThUS$	Trial SEC provisions ThUS$	Other provisions ThUS$	Total ThUS$
Total provision, beginning balance as of 01.01.2011	8,164	2,000	-	2,606	12,770
Increase (decrease) in existing provisions	2,787	-	-	-	2,787
Use of provision	(5,976)	-	-	(2,396)	(8,372)
Total provision, final balance	4,975	2,000	-	210	7,185

Fluctuation in provisions as of 31.12.2010	Legal holidays and vacation bonus ThUS$	Gas provisions ThUS$	Trial SEC provisions ThUS$	Other provisions ThUS$	Total ThUS$
Total provision, beginning balance as of 01.01.2010	8,066	2,360	1,308	336	12,070
Increase (decrease) in existing provisions	5,975	(360)	-	2,270	7,885
Use of provision	(5,877)	-	(1,308)	-	(7,185)
Total provision, final balance	8,164	2,000	-	2,606	12,770

c. Environmental restoring

The Company has not established provisions for this concept.

d. Restructuring

The Company has not established provisions for this concept.

e. Litigation

As of March 31, 2011 and December 31, 2011, the Company has no provision for the concept of trials in which it is involved.

f. Employees bonuses

The Company recognizes benefits and bond provisions for its employees, such as vacation provision and production incentives.

	31.03.2011	31.12.2010
	ThUS$	ThUS$
Employees bonuses		
Performance incentive, current	3,195	4,738
Vacation provision, current	1,780	3,426
Total	4,975	8,164

g. Long - term provisions and other liabilities

The Company and some subsidiaries have an allowance for severance payments that will be paid to its personnel, in conformity with the collective agreements signed with employees. This allowance represents the total of the accrued provisions (see Note 3.1.m).

The main concepts included in the benefits provision of personnel as of March 31, 2011 and December 31, 2010 is as follows:

	31.03.2011	31.12.2010
	ThUS$	ThUS$
Provision for personnel benefits		
Severance payments	13,688	14,128
Total long-term liability	13,688	14,128

	31.03.2011	31.12.2010
	ThUS$	ThUS$
Present value of obligations of defined benefit plan	14,128	11,558
Cost of service current obligation of defined benefits	389	2,432
Foreign currency translation difference	(325)	1,059
Payments	(504)	(921)
Present value of obligations of defined benefit plan	13,688	14,128

The provision for personnel benefits is determined according to an actuarial calculation with a discount rate of 5.5%.

The principal assumptions used for the actuarial calculation are the following:

	31.03.2011	31.12.2010
Actuarial bases		
Discount rate	5.50%	5.50%
Expected rate of salary increases	2.00%	2.00%
Turnover rate	0.50%	0.50%
Turnover rate - termination due to Company needs	1.50%	1.50%
Retirement age:		
Male	65	65
Female	60	60
Mortality chart	RV-2004	RV-2004

25. Other non - financial liabilities

Other liabilities as of March 31, 2011 and December 31, 2010 are as follows:

	Current		Non-Current	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	ThUS$	ThUS$	ThUS$	ThUS$
Withholdings	6,605	3,187	-	-
Minimum legal dividend	428	18,825	-	-
Unearned income (1)	1,381	862	9,231	8,575
Other liabilities	108	56	-	-
Total	8,522	22,930	9,231	8,575

(1) Corresponds to advances received related to operating and maintenance services. Revenue is recognized when services are performed.

26. Other accounts payable

The detail as of March 31, 2011 and December 31, 2010, is as follows:

	Non-Current	
	31.03.2011	31.12.2010
	ThUS$	ThUS$
Other accounts payable	3,000	3,000
Total	3,000	3,000

27. Equity

a. Subscribed and paid-in capital and number of shares - At the general shareholders' meeting of Colbún, held on April 29, 2009, the change of currency in which paid-in capital is stated as of December 31, 2008 was agreed upon. The United States dollar will be utilized and divided in the same number of shares, using the closing exchange rate of December 31, 2008.

As of March 31, 2011, subscribed and paid in capital is ThUS$1,282,793 and is represented by 17,536,167,720 registered non-par value shares, all of them subscribed and paid for.

b. Paid-in capital - Paid-in capital corresponds to the paid-in capital discussed in section a).

c. Share premium - As of March 31, 2011, the item share premiums amounts to ThUS$52,595 and it was originated for an amount ThUS$30,700, related to the share premium obtained during the subscription period of the share issuance approved at the extraordinary shareholders' meeting held on March 14, 2008, plus the share premium of ThUS$21,895 resulting from capital increases prior to 2008.

d. Final dividend - The Ordinary Shareholders Meeting held on 23 April 2010 agreed to distribute a minimum required final dividend, with charge to profit for the year ended December 31, 2009, payable in cash for a total of ThUS$ 45,970 , which corresponds to US$ 0.00262147 per share. The dividend was paid as of May 05, 2010.

The Ordinary Shareholders Meeting held on 26 April 2011 agreed to distribute a minimum required final dividend, with charge to profit for the year ended December 31, 2010, payable in cash for a total of ThUS$ 19,117 , which corresponds to US$ 0.00109 per share.

d. Provisory dividend - According to the general dividend distribution policy and procedure agreed by the Shareholder Meeting of April 23, 2010 that approved the distribution of a minimum dividend of 30% of liquid net income. In accordance with IFRS stipulations, there is a real and assumed obligation that requires recording a liability at the end of each closing period. As of March 31, 2011, the Company did not record a provision because it presented a financial loss. As of December 31, 2010, the Company accrued the established minimum dividend, for ThUS$37,088, which is presented reducing Retained earnings.

In the meeting held on 30 November 2010, the Colbún S.A. Board of Directors agreed to distribute an interim dividend, with charge to profit for the year ended December 31, 2010, payable in cash for a total of ThUS$ 17, 972, which corresponds to US$0.00102 (Ch$0,5) per share. The dividend was paid on January 05, 2011.

Number of shares

Series	Number of subscribed shares	Number of paid shares	Number of voting shares
Single	17,536,167,720	17,536,167,720	17,536,167,720

Capital (Amount - US$)

Series	Subscribed capital ThUS$	Paid-in capital ThUS$
Single	1,282,793	1,282,793

f. Composition of Other reserves - The following is the detail of the other reserves in each period:

	31.03.2011 ThUS$	31.12.2010 ThUS$
First adoption IFRS adjustments:		
Paid-in capital deflation effect, SVS Circular No. 456	517,617	517,617
IAS21 conversion effect	(230,797)	(230,797)
Conversion effect associates	(20,764)	(15,341)
Hedging reserves	(4,430)	(17,530)
Subtotal	261,626	253,949
Hidroélectrica Cenelca S.A. merger reserve	500,761	500,761
Acquisition of 15% of Hidroélectrica Aconcagua S.A. reserve	(12,804)	(12,804)
Subtotal	487,957	487,957
Total	749,583	741,906

g Gains (losses) accumulated

The movement of the reserve Retained Earnings (accumulated losses) has been the following

	31.03.2011	31.12.2010
	ThUS$	ThUS$
Distributable retained earnings:		
Opening balance	994,952	920,971
Profit for the year	(28,926)	112,284
Effect of IFRS first application adjustments	8,940	(1,215)
Interim dividends	19,117	(37,088)
Total distributable retained earnings	994,083	994,952
non-distributable IFRS first application adjustments:		
Revaluation of property, plant and equipment	513,197	524,355
Deferred tax at historical cost	(87,244)	(89,141)
Intangible amortization adjustment	-	-
Revaluation deferred tax	-	-
Personnel compensation actuarial value	(5,157)	(5,544)
Personnel compensation deferred tax	876	942
Adjustment for derivatives at fair value	-	-
Total non-distributable retained earnings	421,672	430,612
Total retained earnings	1,415,755	1,425,564

The following table shows the details of the adjustments to IFRS first adoption as required by Circular No. 1,945 of the Superintendeny of Securities and Insurance (Superintendencia de Valores y Seguros) of Chile, to present the first application adjustments to IFRS recorded with a credit to retained earnings and its related realizations for the period 2011.

The quantification of the amounts incurred and the amounts pending of being incurred at the March 31, 2010 and December 31, 2010.

		2010		2011	
	First time adoption IFRS adjustments at 01.01.2008	**Amount un profit (loss) in the year**	**Remaining balance**	**Amount un profit (loss) in the year**	**Remaining balance**
Concepts	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Property, plant and equipment revaluation	535,466	(11,111)	524,355	(11,158)	513,197
Deferred Tax Historical cost	(91,030)	1,889	(89,141)	1,897	(87,244)
Adjustments amortization of intangibles othe	(13,010)	13,010	-	-	-
Deferred tax on adjustments amostization of intangibles other than goodwill	2,212	(2,212)	-	-	-
Employee benefits actuarial valuation	(5,931)	387	(5,544)	387	(5,157)
Deferred tax on employee benefits actuarial	1,008	(66)	942	(66)	876
Fair value of derivatives	682	(682)	-	-	-
Total	429,397	1,215	430,612	(8,940)	421,672

h. Capital administration

Colbún administrates its capital in order to assure the access to financial markets in a competitive way, to count sufficient resources, to achieve its objectives in the medium and long term, to maintain a solid financial position and to optimize the return of the shareholders of the Company.

i. Restrictions to the availability of funds of the subsidiaries

There are no restrictions on the availability of funds of Colbún subsidiaries.

j. Earnings per share

Earnings per share were obtained by dividing net income for the year attributed to the shareholders of the controlling company by the weighted average of ordinary shares in circulation during the periods.

	31.03.2011 ThUS$	**31.12.2010** ThUS$
Gain (Loss) Attributable to holders of equity instruments of share in Equity of the Parent.	(28,926)	112,284
Results Available to Common Shareholders, Basic	(28,926)	112,284
Weighted Average Shares Outstanding, Basic	17,536,167,720	17,536,167,720
Earnings (Losses) Basic per Share	(0.0016495)	0.0064030

The Company has no potential diluted ordinary shares in circulation during these periods.

k. Distributable net income

Under the provisions of Circular No. 1945 of September 29, 2009, Colbún S. A. agreed to establish as general policy that the distributable net income to be considered for the calculation of the Mandatory Minimum and Additional Dividend is determined based on actual incurring, purging it of those relevant variations of the fair value of assets and liabilities that are not incurred, which must be re-introduced to the calculation of net income for the year in which such changes are made.

Accordingly, the additions and deductions to be made to the distributable net income for changes in fair value of assets or liabilities that are not incurred and which have been recognized in the "gain (loss) attributable to equity holders of equity interest of the controller and minority interest" in year 2010 are the possible effects caused by changes in the fair value of derivative instruments that the Company holds at at the end of each period, net of related income tax.

As mentioned in letter e., as of March 31, 2011, the Company does not present Net Distributable Profits because it has a financial loss.

Calculation of distributable net income	31.03.2011 ThUS$	31.12.2010 ThUS$
Net income	(28,926)	112,284
Effect of unrealized derivative instrument, net of tax	(5,042)	11,345
Distributable net income	Not applicable	123,629

28. Ordinary income

The ordinary income as of March 31, 2011 and 2010, respectively is as follows:

	Accumulated 01.01.2011 31.03.2011 ThUS$	Accumulated 01.01.2010 31.03.2010 ThUS$
Sales distribution customers	132,152	102,976
Sales industrial customers	127,419	84,171
Sales non contracted customers	-	644
Sales to other generators	8,740	10,349
Tolls	27,630	19,313
Other sales ordinary	19,297	107
Total	315,238	217,560

29. Consumption of raw material and consumables used

The consumption of raw material and secondary material as of March 31, 2011 and 2010, respectively, is as follows:

	Accumulated 01.01.2011 31.03.2011 ThUS$	Accumulated 01.01.2010 31.03.2010 ThUS$
Tolls	(20,288)	(18,078)
Purchase of energy and power	(50,512)	(7,187)
Gas consumption	(120,946)	(32,642)
Diesel consumption	(73,190)	(36,651)
Third party works and supplies	(17,855)	(17,534)
Total	(282,791)	(112,092)

30. Employee expenses

The personnel expenses as of March 31, 2011 and 2010, respectively, are presented as follows (see Note 3.1.m. and 3.1.r.)

	Accumulated 01.01.2011 31.03.2011	Accumulated 01.01.2010 31.03.2010
	ThUS$	ThUS$
Wages and salaries	(8,182)	(6,198)
Short-term benefits to employees	(939)	(756)
Severance payments	(700)	(139)
Other personnel expenses	(1,055)	(819)
Total	(10,876)	(7,912)

31. Depreciation and amortization

The depreciation and amortization as of March 31, 2011 and 2010, respectively is as follows:

	Accumulated 01.01.2011 31.03.2011	Accumulated 01.01.2010 31.03.2010
	ThUS$	ThUS$
Depreciation	(30,810)	(30,773)
Amortization of intangibles	(399)	(85)
Total	(31,209)	(30,858)

32. Financial income/(loss)

The financial result as of March 31, 2011 and 2010, respectively, is as follows:

Financial income

	Accumulated 01.01.2011 31.03.2011 ThUS$	Accumulated 01.01.2010 31.03.2010 ThUS$
Income from investments		
Income from cash and cash equivalents	4,789	3,411
Total financial income	4,789	3,411
Financial expenses		
Expense for bank loans	(1,760)	(3,140)
Expense for bonuses	(15,077)	(13,026)
Expense/income due to valuation of financial derivatives, net	(2,351)	(3,868)
Expenses from financial provisions	(3,367)	(9,323)
Expense from other (bank expenses)	(15)	(13)
Capitalized financial expenses	14,263	9,979
Total financial expense	(8,307)	(19,391)
Income for adjustment units	600	1,630
Foreign currency exchange rate difference	(8,951)	(11,012)
Total financial income	(11,869)	(25,362)

33. Income (loss) for investment accounted for under the equity method of accounting

The income as of March 31, 2011 and 2010, respectively is as follows:

	Accumulated 01.01.2011 31.03.2011 ThUS$	Accumulated 01.01.2010 31.03.2010 ThUS$
Participation in revenues from affiliated companies (see note 16)	50	(31)
Total	50	(31)

34. Other income/(losses) - net

The other net income/ (losses) as of March 31, 2011 and 2010, respectively is as follows:

	Accumulated 01.01.2011 31.03.2011 ThUS$	Accumulated 01.01.2010 31.03.2010 ThUS$
Other non-operating income		
Forward contracts results	285	61
Other income	414	-
Total Other income	699	61
Other non-operating expenses		
Loss from derivative contracts	(142)	(15,670)
Legal fees	(298)	(3,077)
Bajas bienes propiedades, plantas y equipos	(582)	-
Other expense	-	(1,937)
Total Other expenses	(1,022)	(20,684)
Total other earnings (losses)	(323)	(20,623)

35. Guarantees with third parties, contingent assets and liabilities

Direct guarantees

Creditor of the guarantee	Debtor		Committed assets			Pending balances at 31.03.2011		Redemption of guarantees		
	Name	Relationship	Guarantee	Currency	Book value ThUS$	Currency	2011	2012	2013	2099
Chilectra S.A.	Colbun S.A.Matriz	Creditor	Performance bond	UF	4,316	MUSD	9	-	-	9
Dirección de Vialidad VII Región	Colbun S.A.Matriz	Creditor	Performance bond	CLP	1,500,000	MUSD	3,219.00	-	3,129	-
Endesa S.A.	Colbun S.A.Matriz	Creditor	Performance bond	UF	2,158	MUSD	4.50	-	-	5
MOP	Colbun S.A.Matriz	Creditor	Performance bond	UF	7,022,597	MUSD	14,644.50	-	-	-
MOP Dirección General de Aguas	Colbun S.A.Matriz	Creditor	Performance bond	UF	4,130,165	MUSD	8,614.20	8,614	14,647	-
Transelec S.A.	Colbun S.A.Matriz	Creditor	Performance bond	UF	4,291	MUSD	9.00	-	-	9

Guarantees from third parties as of March 31, 2011.

Current guarantees in Chilean pesos

Deposited by	Relationship	Total
		ThUS$
Empresa Constructora Agua Santa S.A.	Supplier	1,301
Universidad de Concepcion	Supplier	109
Centro de Ecologia Aplicada Ltda.	Supplier	66
Sociedad Anclajes Chile Ltda.	Supplier	45
Servicios y Proyectos Ambientales	Supplier	34
Asesorias Enrgeticas Conelse Ltda.	Supplier	28
Glg Construcciones Ltda.	Supplier	21
Flesan S.A.	Supplier	20
Constructora y Movimiento de Tierra Ñuble S.A.	Supplier	19
Arcadis Chile S.A.	Supplier	19
Sociedad Transredes Ltda.	Supplier	17
Esco Ingenieria y Servicios Ltda.	Supplier	15
Soc.Forestal y Ambiental Aliwen Ltda.	Supplier	14
Aga S.A.	Supplier	12
Ingeniera y Construccion Tecnimont Chile y Cia. Ltda.	Supplier	11
Constructora Valdes Tala y Cia. Ltda.	Supplier	9
Golder Associates S.A.	Supplier	8
Sociedad Constructora Andes Ltda.	Supplier	6
Poch Ambiental S.A.	Supplier	5
Ellman Sueiro y Asociados S.A.	Supplier	4
Imelsa S.A.	Supplier	4
Asesorias y Servicios en Tecnología	Supplier	4
Soc. de SS Forestales, Ingenieria, Consultoria	Supplier	3
Areva TyD Chile S.A.	Supplier	2
Empresa de Montajes Industriales Salfa S.A.	Supplier	2
Ivan Pavez	Supplier	2
Soc. de Servicios Ingeocorp Limitada	Supplier	2
Inst. Menchaca Amadori	Supplier	2
Puente Alto Ingenieria y Servicios Ltda.	Supplier	2
Técnica Nacional de Servicos Ingenieria	Supplier	2
Enter Computacion Ltda.	Supplier	1
Total		**1,789**

Guarantees in Euros

Deposited by	Relationship	Total ThUS$
Alstom Hydro France S.A.	Supplier	32,076
Andritz Hydro Gmbh-Andritz Chile Ltda.	Supplier	3,892
Areva T &D Sas	Supplier	315
Siemens S.A.	Supplier	279
Andritz Hydro S.R.L. Unipersonale	Supplier	249
Evonik Energy Services Gnbh	Supplier	213
S.T.E. Energy S.P.A.	Supplier	92
ABB S.A.	Supplier	87
Clyde Bergeman GMBH	Supplier	48
Areva TyD Chile S.A.	Supplier	27
Alfa Laval S.A.	Supplier	15
Gallmax S.A.	Supplier	9
Egic Sas	Supplier	6
Trench France SAS	Supplier	6
Areva T Y D Sas	Supplier	4
Total		37,318

Guarantees in Unidades de Fomento

Deposited by	Relationship	Total ThUS$
Empresa Constructora Angostura Ltda.	Supplier	28,504
Impregilo S.P.A.	Supplier	18,527
Empresa Constructora Fe Grande S.A.	Supplier	9,976
Alstom Chile S.A.	Supplier	8,153
Alstom Hydro France S.A.	Supplier	8,149
Besalco Dragados S.A.	Supplier	6,326
Dragados S.A. Agencia en Chile	Supplier	5,607
Empresa de Montajes Industriales Salfa S.A.	Supplier	5,473
Constructora Cvv Conpax Ltda.	Supplier	5,400
Andritz Hydro Gmbh-Andritz Chile Ltda.	Supplier	3,382
Construcciones y Montajes Com S.A.	Supplier	1,138
B. Bosch S.A.	Supplier	1,031
Areva Tyd Chile S.A.	Supplier	291
R & Q Ingenieria S.A.	Supplier	262
Empresa de Ingenieria Ingendesa S.A.	Supplier	261
Ingenieria y construcción Valdivia Ltda.	Supplier	181
Besalco Construcciones S.A.	Supplier	180
Dragados S.A. Agencia en Chile	Supplier	166
Demotron S.A.	Supplier	123
Serv. De Ases. Alscom Ltda.	Supplier	85
Gestión de infraestructura S.A.	Supplier	83
Sondajes Geotéctnicos Geosonda Ltda.	Supplier	80
Constructora del Valle Ltda.	Supplier	79
Daniel Valenzuela Ingen	Supplier	67
Cmf Sondajes Ltda.	Supplier	52
Gallmax S.A.	Supplier	49
Oma Topografia y Construcciones Ltda.	Supplier	46
Edic Ingenieros S.A.	Supplier	28
Estudio y Consultoria Focus Ltda.	Supplier	27
Daniel Ponce Pino	Supplier	26
Pares y Vlenzuela Ingenieros Asociados Ltda	Supplier	25
Knight Piesold Sa.A.	Supplier	24
GHD S.A.	Supplier	21
Imelsa S.A.	Supplier	19
Aseos Industriales De Talca Ltda.	Supplier	19
Poch Ambiental S.A.	Supplier	19
Jaime Fuentes y Cía Ltda.	Supplier	18
Constructora Izquierdo Ltda.	Supplier	17
Muñoz y henriquez Ltda.	Supplier	16
Cooperativa Electrica Los Angeles Ltda.	Supplier	13
Rhona S.A.	Supplier	11
Servicios y Proyectos Ambientales	Supplier	11
Golder Associates S.A.	Supplier	7
José Castro Rodríguez	Supplier	5
Ing. De Sistemas Piping y líneas ltda.	Supplier	5
Rodriguez Veloz Jaime Alejandro	Supplier	5
Electricidad Asin Ltda.	Supplier	4
Bimar Aseo Industrial Ltda.	Supplier	4
Conyser Limitada	Supplier	3
Alto Verde Paisajismo S.A.	Supplier	2
Soc. Constructora Crovetto Gómez ltda.	Supplier	2
Total		104,002

Guarantees in Dollars

Deposited by	Relationship	Total ThUS$
Tecnimont S.P.A.	Supplier	71,549
Slovenske Energeticke Strojarne A.S.	Supplier	27,785
Posco Engineering And Construction Co.	Supplier	10,000
Ingeniera y Construccion Tecnimont Chile y Cia. Ltda.	Supplier	9,875
Alstom Hydro France S.A.	Supplier	4,407
Andritz Hydro Gmbh-Andritz Chile Ltda.	Supplier	2,350
Alstom Hydro España S.A.	Supplier	2,270
Alstom Hydro España S.L.	Supplier	2,270
Industrias Metalurgicas Pescarmona S.A.I.C. Y F.	Supplier	2,250
Kirloskar Brothers Ltd.	Supplier	825
Glencore International AG	Supplier	595
B. Bosch S.A.	Supplier	320
Empresa de Montajes Industriales Salfa S.A.	Supplier	304
Siemens Ltda.	Supplier	113
Tecnimont Do Brasil Construcoao e Administracao de Projectos	Supplier	105
Invensys Systems Chile Ltda.	Supplier	81
Areva TyD Chile S.A.	Supplier	65
Dollinger Corporation	Supplier	55
Coasin Chile S.A.	Supplier	30
Nicolaides S.A.	Supplier	19
Trench Ltd.	Supplier	3
Bvqi Chile S.A.	Supplier	3
alstom Grid Chile S.A.	Supplier	3
Siemens S.A.	Supplier	1
	Supplier	
Total		135,278

Detail of litigation and others

a. Public law annulment filed by Maderas Condor S.A. against the Dirección General de Aguas ("Water General Board") and Sociedad Hidroeléctrica Melocotón Limitada.

   On December 31, 2008, Maderas Cóndor S.A. filed a lawsuit for public law annulment with the Ninth Civil Court of Santiago against the Dirección General de Aguas and Sociedad Hidroeléctrica Melocotón Limitada, a subsidiary of Colbún S.A., in order to declare public law annulment for Resolution DGA N0112, of 2006, which granted water use rights to Sociedad Hidroeléctrica Melocotón Limitada in the Bío Bío River and for Resolution DGA N0 475, of 2006, which rectified the above.

   The petition is based, in general terms, on the fact that at the date the water use rights were requested (1980), the requirements established in the Código de Aguas (the "Water Code") were not complied with.

As of March 31, 2011 the evidence period concluded and the case is up for sentencing.

b. Fine of 1,120 UTA by the SEC

Under exempt resolution 1,111, dated on July 4, 2005, the SEC fined Colbún S.A. an amount of 1,120 UTA as part of an investigation into the causes of the operational failure that occurred in the Central Interconnected System "Sistema Interconectado Central" on November 7, 2003.

On November 23, 2008 an appeal was filed at the Court of Appeals of Santiago against the SEC resolution that rejected the appeal filed at the SEC.

As of March 31, 2011up to date the claim has not been processed by the Court of Appeals of Santiago.

c. Indemnity payment claim by Huertos Familiares S.A.

Related to the lawsuit filed against Colbún S.A. by Huertos Familiares S.A. in 1999 in the First Instance Court of Colina, claiming for the indemnification amount paid for the "Polpaico - Maitenes" electric energy transmission line crossing its property, the first instance sentence ruled made Colbún S.A. pay several concepts as indemnification, which in aggregate amounts up to ThCh$572,897, plus interest and legal expense amounting up to ThCh$156,496. Such amounts were timely deposited by Colbún S.A. in the checking account of the court.

Both parties appealed the first instance sentence, which are currently pending resolution by the Santiago Court of Appeals.

As of March 31, 2011the issuance of the appellate decision by the Court of Appeals of Santiago is pending.

d. Accident at thermoelectrical plant of combined cycle Nehuenco I

On December 29, 2007, the 368 MW Nehuenco I combined cycle thermoelectric energy plant, owned by Colbún, suffered a fire inside the main turbine building due to a diesel fuel leak in the unit's fuel system. The power station was disconnected from the Central Interconnected System and the fire was extinguished using its own firefighting equipment provided for this kind of emergency. The power station has been repaired and was available for operation for the CDEC-SIC on August 30, 2008.

At the date of the accident, the Company had an "All Risk" insurance policy, which includes coverage of fire, machinery breakdowns and losses from business interruptions. The corresponding liquidation procedure with the insurance companies, Chilena Consolidada Seguros Generales S.A., Penta Security Seguros Generales S.A. and Mapfre Seguros Generales as co-insurers, has concluded.

The final liquidation report, subsequently appealed for by the parties, was published on May 5, 2009, establishing a net loss for Material Damage of US$14.5 million deductible and for Losses from Business Interruption a loss of US$76.2 million, discounting the deductible of the first 30 days. This report acknowledges that the parties differ regarding the limit of the applicable indemnity regarding the Losses from Business Interruption, matter on which the Liquidator did not establish a sentence as he claimed this topic was out of his expertise. In the opinion of Colbún, the policy contemplates a single indemnity level of US$250 million per event and combined with Physical Damage and Losses from Business Interruption.

Colbún S.A. had received the payment of the amount of US$33.7 million, corresponding to the amounts which are not in dispute included in the mentioned final liquidation. Regardless of the above, as differences exist between Colbún and its insurers, the parties are using arbitration as established in the policy, and Colbún has presented a claim for compliance of insurance contract and damage indemnity in the total amount of US$101.5 million plus damages and interests. The insurers have filed the answer to the lawsuit, against which Colbún filed a retort. On the other hand, the insurers have filed the statutory duplicate; therefore, the discussion period has ended and then the period of evidence will start.

The evidence was submitted on June 30, 2010. Both parties filed appeals for reconsideration of that resolution. The reconsiderations were solved on July 14 and the period of evidence started on July 20. This period takes 40 working days in accordance with the arbitrage conditions.

As of March 31, 2011 further evidence is still pending.

36. Commitments

Commitments with financial entities and others

The credit contracts signed by Colbún S.A. with financial entities and the contracts of bond issuance and shares, make the Company subject to several additional obligations in addition to the payment obligations, including different financial indicators during the validity of such contracts, which are typical for this financing.

The Company has to report quarterly on the compliance with such obligations. As of March 31, 2011 the Company is in compliance with all financial indicators established in such contracts.

37. Events after the Balance Sheet date.

In the period between the end of the reporting period and the presentation of the financial statements to the Superintendency of Securities and Insurance accrued the following subsequent events have occurred:

At the Board Meeting held on March 29, 2011, the Director and Vice President of Colbún S.A., Mr. Emilio Pellegrini Ripamonti, resigned as director of the company.

At the Colbún S.A. General Shareholders Meeting, held on Tuesday, April 26, 2011, among others, the following resolutions were agreed:

a) The Company's Board of Directors was renewed, electing Mr. Bernardo Matte Larraín, Eliodoro Matte Larrain, Jorge Gabriel Larrain Bunster, Luis Felipe Gazitúa Achondo, Arturo Mackenna Iniguez, Juan José Hurtado Vicuña, Eduardo Navarro Beltran, Fernando Garcia and Franke Undurraga Sergio Saavedra.

(b) It agreed to distribute a minimum final dividend, with charge to profit for the year ended December 31, 2010, of US$ 19,116,189.34, equivalent to US$ 0.00109 per share, as the required minimum dividend to be paid as of May 05, 2011.

In meeting held on May 05, 2011 the Company's Board of Directors approved the quarterly financial statements at March 31, 2011, prepared in accordance to IFRS.

38. Environment

The group of companies in which disbursements have been made associated with the environment are the following: Colbún S.A., Río Tranquilo S.A., H. Guardia Vieja S.A., H. Aconcagua S.A., Obras y Desarrollo S.A. and Termoeléctrica Antilhue S.A.

The disbursements associated to environment made by the Company are the following:

	Accumulate	
	01.01.2011 31.03.2011	**01.01.2010 31.03.2010**
	ThUS$	ThUS$
Concept		
Monitoring quality of air and meteorology	338	65
Environmental Impact Studies and other	72	28
Environmental Follow - up	68	136
Environmental Administration System	39	9
Total	517	238

The disbursements made for environment are mainly associated to facilities; therefore these will be recorded according to their useful lives, except the Environmental Impact Study which corresponds to environmental permits,that these are prior to the construction stage.

The followings indicated, are the main projects in progress and a brief description:

Termoeléctrica Santa Maria de Coronel: A coal-fueled thermo-electrical power station, it will feature a modern system for control and dejection of sulphur dioxide and particle-like material. It is located in the district of Coronel, in Chile's Bío Bío Region.

Ash Handling System of Termoelétrica Santa María: final disposal site of ash generated by the Santa Maria de Coronel plant, which is located approximately 12 kilometers away, in the municipality of Coronel, Bíobío Region.

Hidroeléctrica San Pedro: A dam-type hydroelectric power station, it is located in the Los Ríos Region and regulates minimally the river stream, maintaining intact the hydrological conditions of the river downstream of the power station.

Angostura Hydroelectric plant: Hydroelectric dam plant, projected downstream from the confluence of the Bíobío and Huequecura rivers in the Bíobío region.

39. Effect of variations in the exchange rates of the foreign currency

Assets	Foreign currency	Type of currency	31.12.2010 ThUS$	31.12.2009 ThUS$
Total current assets				
Cash and cash equivalents	Chilean Pesos	US Dollar	336,684	539,768
Cash and cash equivalents	EURO	US Dollar	14,860	6,040
Other non-financial assets, current	Chilean Pesos	US Dollar	67	4,948
Trade receivables and other receivables, current	Chilean Pesos	US Dollar	301,078	288,590
Due from related companies, current	Chilean Pesos	US Dollar	4,779	4,868
Inventories	Chilean Pesos	US Dollar	19,527	13,661
Current tax assets	Chilean Pesos	US Dollar	184,919	178,395
Total current assets			861,914	1,036,270
Non-current assets				
Other financial assets, non-current	Chilean Pesos	US Dollar	314	365
Other non-financial assets, non-current	Chilean Pesos	US Dollar	11,107	8,054
Due from related companies, non-current	UF	US Dollar	8,638	3,477
Investments accounted for under equity method of accou	Chilean Pesos	US Dollar	125,171	130,481
Total non-current assets			145,230	142,377
Total assets			1,007,144	1,178,647

Liabilities	Foreign currency	Type of currency	31.03.2011 ThUS$	31.12.2010 ThUS$
Total current liabilities				
Other current financial liabilities	Chilean Pesos	US Dollar	40,535	16,207
Other current financial liabilities	UF	US Dollar	94,910	44,301
Trade payables and other payables	Chilean Pesos	US Dollar	231,570	160,692
Due to related companies, current	Chilean Pesos	US Dollar	216	373
Other short-term provisions	Chilean Pesos	US Dollar	2,210	12,942
Current tax liabilities	Chilean Pesos	US Dollar	28,902	19,745
Current provisions for employee benefits	Chilean Pesos	US Dollar	4,975	8,164
Other non-financial liabilities, current	Chilean Pesos	US Dollar	8,094	4,107
Total current liabilities			411,412	266,531
Non-current liabilities				
Other non-current financial liabilities	Chilean Pesos	US Dollar	135,616	80,761
Other non-current financial liabilities	UF	US Dollar	1,301,479	651,651
Non-current provisions for employee benefits	Chilean Pesos	US Dollar	13,688	14,128
Other non-current non-financial liabilities	Chilean Pesos	US Dollar	9,231	8,575
Total non-current liabilities			1,460,014	755,115
Total liabilities			1,871,426	1,021,646

Non-current non-financial liabilities

March 31, 2011	Foreign Currency	Functional Currency	Up to 91 days ThUS$	From 91 days to 1 year ThUS$	From 1 year to 3 years ThUS$	More than 3 years up to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
Other non-current financial liabilities	Chilean Pesos	US Dollar	-	24,328	54,856	-	-	79,184
Other non-current financial liabilities	UF	US Dollar	13,908	36,701	205,339	48,101	396,387	700,437
Total			13,908	61,029	260,195	48,101	396,387	779,620

December 31, 2010	Foreign Currency	Functional Currency	Up to 91 days ThUS$	From 91 days to 1 year ThUS$	From 1 year to 3 years ThUS$	More than 3 years up to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
Other non-current financial liabilities	UF	US Dollar	16,207	-	80,761	-	-	96,968
Other non-current financial liabilities	UF	US Dollar	-	44,301	229,680	74,233	347,738	695,952
Total			16,207	44,301	310,441	74,233	347,738	792,920

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