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**INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS
FOR THE PERIOD ENDED MARCH 31, 2006**

(Santiago, Chile April 28, 2006) Inversiones Aguas Metropolitanas S.A. "the Company" or "IAM" announces its results for the period ended March 31, 2006. All figures are in constant Chilean Pesos and are reported according to Chilean Generally Accepted Accounting Principles (Chilean GAAP). March 2005 figures have been adjusted by the year-to-year CPI variation of 4.1%.

The consolidated financial statements of Inversiones Aguas Metropolitanas S.A. for such period include its subsidiary Aguas Andinas S.A. "Aguas Andinas".

HIGHLIGHTS

Net income of IAM as of March 31, 2006, amounted to Ch\$ 9,299 millions, an increase of 13.8% as compared to Ch\$ 8,173 million for the same period of 2005.

- Net Revenues amounted to Ch\$ 64,079 million, Ch\$ 1,919 million (3.1%) more than in the same period of 2005. This was mainly due to higher income from regulated services because of the combined effect of higher sales and the application of the new tariffs from March 1, 2005, and an increase in the volume of business of our non-regulated subsidiaries
- Operating Income of IAM for the first quarter of 2006 was Ch\$37,542 million, Ch\$2,058 million (5.8%) higher than in the same period of 2005. As a percentage of sales, the margin increased from 57.1% in the first quarter of 2005 to 58.6% in 2006.
- Non-operating Income of IAM was Ch\$(7,826) million, an improvement of Ch\$ 674 million with respect to the result of the previous year. The principal variations are explained by lower financial expenses of Ch\$457 million, a better result from price-level restatements of Ch\$167 million and greater other non-operating income (net) of Ch\$178 million.
- Due to the factors set forth above, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the first quarter of 2006 increased 13.8% to Ch\$9,299 million from Ch\$8,173 million the same period of 2005.

Principal Consolidated Figures

(millions of Ch\$ as of March 31, 2006)

	mar-06	mar-05	% Var
Net Revenues	64,079	62,160	3.1%
Operating Income	37,542	35,484	5.8%
EBITDA	52,145	50,128	4.0%
EBITDA Margin	81.4%	80.6%	0.9%
NET Income	9,299	8,173	13.8%

PRINCIPALS EVENTS OF THE PERIOD

Annual and Extraordinary Shareholders' Meeting held on April 27, 2006

The following resolutions were approved at the annual and extraordinary shareholders' meeting held on April 27, 2006:

- a) The payment of a final dividend of Ch\$ 5.9744 per share (equivalent to Ch\$ 119.48 per ADS), charged against net income for the year 2005. This dividend, in addition to the interim dividends paid in 2005, total 100% of 2005 net income. This dividend will be payable from May 29, 2006.
- b) The payment of a capital reduction of Ch\$ 33.6099 per share (equivalent to Ch\$ 672.2 per ADS).
- c) The appointment of a new board of directors. The following Board members were elected at the meeting:

Director

Ángel Simón Grimaldos
Alfredo Noman Serrano
Alain Chaigneau
Joaquín Villarino Herrera
Herman Chadwick Piñera
Mario Marcel Cullel
Jaime Ravinet de la Fuente

Alternate Director

Josep Bagué Prats
Fernando Rayón Martín
Iván Yarur Sairafi
Albert Martínez Lacambra
Ignacio Guerrero Gutierrez
Juan Toro Rivera
Rodrigo Castro Fernández

Sale of 67,308,616 Aguas Andinas' shares

On April 5, 2006 IAM sold 67,308,616 series A shares of Aguas Andinas S.A., at an average price per share of Ch\$182. Due to this transaction, the shareholding of Inversiones Aguas Metropolitanas S.A. in Aguas Andinas S.A. decreased by 1.1 %, maintaining control of that company with a holding of 50.102%.

Debt Refinancing

Aguas Andinas

- On January 3, 2006, the series D bonds were exchanged for new series F bonds. These new bonds total UF 5,000,000, and have a term of 20 years with 2 year's grace and an annual interest rate of 4.15%.

Aguas Cordillera

- On January 1, 2006, the series B and E bonds were prepaid at a value equivalent to the amount of principal outstanding plus interest accrued to the date of prepayment.

INCOME STATEMENT ANALYSIS

Income Statement (In million of Chilean Pesos)	March 2006 MMCh\$	March 2005 MMCh\$	% Var March 2006 March 2005
Net Revenues	64,079	62,160	3.1%
Operating Costs	(20,197)	(19,699)	2.5%
Selling & Administrative Expenses	(6,340)	(6,978)	(9.1%)
Operating Income	37,542	35,483	5.8%
Non-Operating Income	(7,826)	(8,500)	(7.9%)
Financial Expenses	(3,758)	(4,214)	(10.8%)
Net Income	9,299	8,173	13.8%

Net Revenues

Net revenue for the first quarter of 2006 reached Ch\$64,079 million, a 3.1% increased from Ch\$62.160 million for the same period of 2005. The following table sets forth, for the periods indicated, the principal components of our net revenue:

	March 2006		March 2005	
	Million of Ch\$	%	Million of Ch\$	%
Water	32,606	50.9%	33,878	54.5%
Sewage	26,846	41.9%	23,504	37.8%
Other regulated business	824	1.3%	1,245	2.0%
Non regulated business	3,803	5.9%	3,542	5.7%
Total	64,079	100.0%	62,169	100.0%

The increase in net revenue for the first quarter of 2006 of Ch\$1,919 million resulted from the following factors:

- Water: Water revenue decreased Ch\$ 1,272 million as a result of an increased sales volume of 1.0 million m3 and a lower average tariff applied. The higher water sales volume is explained by a combination of a 2.4% growth in number of customers and a fall in individual consumption; while the lower average tariff is explained by the accumulated effect of indexation and the tariff increases approved by the SISS in the five-year review that became effective March 1, 2005 for Aguas Andinas, May 19, 2005 for Aguas Manquehue and June 30, 2005 for Aguas Cordillera and Aguas Los Dominicos
- Sewage: Sewage revenue increased Ch\$3,343 million (14.2%) as a result of (i) higher tariff applied and (ii) a greater sales volume of 0.4 million m3 (0.3%). The changes in the average tariffs are explained by tariff increases approved by SISS in the five-year review and the accumulated effect of indexation.
- Other Regulated Services: Other regulated services revenues decreased Ch\$ 421 million, mainly explained by a reduced revenue from the fixed charges as a result of the new tariff decree.

- d) Non-regulated businesses: Non-regulated business revenue increased Ch\$269 million or 7,6%, for the first quarter of 2006, due principally to a Ch\$138 million increase in services to private companies related to environmental analysis and liquid residue or spillage clean-up; and Ch\$197 million increase in revenue derived from sales of pipes and other materials and services related to public works projects..

Cost of Sales

The consolidated cost of sales of IAM for the first quarter of 2006 was Ch\$ 26,537 million, lower by Ch\$ 139 million ((-0.5%) compared to the same period of 2005. This is explained as follows:

- The Operating cost increased by Ch\$ 499 million (2.5%) to Ch\$ 20,197 million, compared to Ch\$19,699 million the year before. This increase is mainly explained by the following factors:
 - a) Ch\$233 million of the increase was due to an increase in energy costs principally attributable to increases in the tariff rate of electricity;
 - b) Ch\$200 millions of the increase was due to an increase in cost of services related to the start-up of sewage treatment plants (Talagante and Curacavi).
- Selling & administrative expenses decreased 9.1% to Ch\$ 6,340 million, compared to Ch\$ 6,978 million for the previous year. This decrease of Ch \$638 million is principally explained by lower expenses incurred in tariff studies in connection with the tariff setting process.

Operating Income

Due to the factors set forth above, the consolidated operating income of Inversiones Aguas Metropolitanas for the first quarter of 2006 amounted to Ch\$ 37,542 million, an increase of Ch\$ 2,058 million over the result for the same period of 2005. As a percentage of net revenue, our operating income increased from 57.1% in the first quarter of 2005 to 58.6% in 2006.

Non-Operating Income

The consolidated non-operating result of Inversiones Aguas Metropolitanas reached Ch\$ (7,826) million, an improvement of Ch\$ 674 million over the result for the first quarter of 2005.

The principal variations are explained by lower financial expenses of Ch\$457 million, a better result from price-level restatements of Ch\$167 million and greater other non-operating income (net) of Ch\$178 million.

Income Tax

Our income taxes for the first quarter of 2006 increased 5.7% to Ch\$6,476 million from Ch\$6,129 million for 2005, principally due to higher pre-tax income.

Net Income

- Due to the factors set forth above, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the first quarter of 2006 increased 13.8% to Ch\$9,299 million from Ch\$8,173 million the same period of 2005.

BALANCE SHEET ANALYSIS

(In million of Chilean Pesos)	March 2006 MMCh\$	March 2005 MMCh\$	% Var March 2006 March 2005
Assets			
Current Assets	75,726	135,873	(44.3%)
Property, Plant and Equipment	587,094	591,110	(0.7%)
Other Assets	404,297	428,299	(5.6%)
Total Assets	1,067,117	1,155,283	(7.6%)
Liabilities and Shareholders Equity			
Current Liabilities	65,504	90,662	(27.7%)
Long-Term Liabilities	301,846	313,721	(3.8%)
Minority Interest	199,812	203,779	(2.0%)
Shareholders' Equity	499,955	547,121	(8.6%)
Total Liabilities and Equity	1,067,117	1,155,283	(7.6%)

Assets

Current assets decreased Ch\$ 60,159 million compared to the previous period due principally to the reduction in financial investments of Ch\$41,051 million, recoverable taxes of Ch\$ 2.324 million, note and accounts receivable from related companies of Ch\$ 21,655 million due to the collection of loans, offset by an increase in trade accounts receivable of Ch\$ 3,536 million and marketable securities of Ch\$ 2,461 million. The change in financial investments is explained by the use of funds to pay interim dividends and debt of the subsidiaries Aguas Andinas S.A. and Aguas Cordillera S.A.

The Company's fixed assets increased by 1.4% (Ch\$ 15,245 million) in gross terms compared to the previous year, from Ch\$ 1,118,600 million to Ch\$ 1,133,846 million. The most important increase is in buildings and infrastructure of Ch\$9,448 million, machinery and equipment of Ch\$ 4,555 million and other fixed assets of Ch\$ 1,037 million, due to the investments being made in sanitation and support infrastructure.

The charge for depreciation as of March 2006 reached Ch\$ 8,254 million, 0.5% less than that in the same period of 2005 (Ch\$ 8,296 million). This is mainly due to the termination of the useful lives of operating assets during the period. Due to the works that have come into operation in the last year and in previous years, accumulated depreciation increased by Ch\$ 19,270 million, 3.7% more than the year before.

As a result of the above, net fixed assets declined by Ch\$ 4,025 million compared to March 2005.

Other assets decreased by Ch\$ 24,002 million, the principal changes being the reduction in goodwill of Ch\$ 25,315 million and in long-term debtors of Ch\$ 2,314 million.

Liabilities and Shareholders' Equity

The change in the short and long-term composition of total liabilities is mainly explained by the subsidiary Aguas Andinas S.A., following the application of a Company refinancing plan in 2005 and early 2006 which included the following transactions: in Aguas Andinas S.A., the Series A bonds were prepaid in September 2005, the Series E bonds for U.F. 1,650,000 were issued in December 2005, and the Series D bonds were exchanged for Series F bonds, maturing in 2012, in January 2006; and in Aguas Cordillera S.A., all of its bonds were redeemed.

Current liabilities fell by Ch\$ 25,565 millions, principally the reduction in bonds payable of Ch\$21,339 millions, as the Aguas Andinas Series D bonds were shown in this category in 2005 and then were exchanged in 2006 for Series F bonds. There was also a reduction in notes and accounts payable to related companies of Ch\$ 6,545 millions, offset by an increase in borrowings from banks following the reclassification of debt maturing within one year and transferred from long-term liabilities of Ch\$ 6,365 millions and income tax of Ch\$1,867 millions.

Long-term liabilities declined by Ch\$ 11,765 millions compared to March 2005. The principal changes are in bonds payable of Ch\$5,593 millions and bank borrowings which reduced by Ch\$ 8,932 millions following the transfer to short term of current maturities, partly offset by increases in notes payable of Ch\$1,865 millions and accrual of M\$1,083 millions.

Shareholders' equity declined by Ch\$ 47,166 millions compared to March 2005 due to the net effect between negative changes in capital Ch\$ 7,727 millions and retained earnings Ch\$ 23,578 millions, offset by a 13.8% (Ch\$ 1,126 millions) increase in the net income for the period.

The table below sets forth the maturity of our consolidated long-term debt, as of March 31, 2006 (figures in million of Ch\$):

	Currency	Total	March 2006 - March 2007	March 2007 - March 2008	March 2008 - March 2009	After March 2009
Bonds	Indexed Ch\$	213,726	14,563	12,013	17,005	170,144
Bank Debt	Indexed Ch\$	210	210	-	-	-
Bank Debt	Non-indexed Ch\$	69,675	7,508	14,047	14,047	34,073
RFC (1)	Indexed Ch\$	27,237	357	392	256	26,232
Total (2)		310,848	22,639	26,452	31,308	230,450

1. *Reimbursable financial contributions*
2. *The figures consider the accrued financial expenses as of March 31, 2006*

CASH FLOW ANALYSIS

Consolidated Cash Flow (In million of Chilean Pesos)	March 2006 MM\$	March 2005 MM\$	% Var March 2006 March 2005
Operating	38,606	35,712	8.1%
Financing	(19,608)	535	(3,765.1%)
Investment	(10,850)	(5,822)	86.4%
Net cash flow of the period	8,149	30,425	(73.2%)

The operating cash flow increase Ch\$2,894 million in the first quarter of 2006, mainly due to the increase in collection of trade accounts receivable of Ch\$ 2,300 million, reflecting the higher sales and the decrease in payments to suppliers and personnel.

The financing cash flow decreased by Ch\$ 20,142 million compared to the previous year. Bank loans of Ch\$ 20,135 million were repaid in 2006.

The investment flow decreased by Ch\$ 5,027 million compared to 2005, mainly due to higher payments to contractors for the incorporation of assets during 2006, partly offset by lower other investment disbursements.

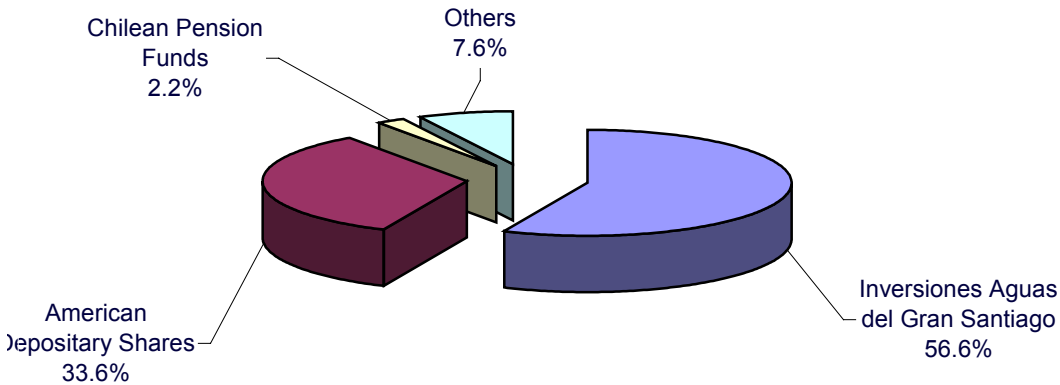
MAIN OPERATING FIGURES

Sales volume	mar-06	mar-05	Var (%)
Water	138,581	137,541	0.8%
Sewage collection	135,049	134,496	0.4%
Sewage treatment and disposal	115,560	115,472	0.1%
Sewage interconnection service	32,809	32,481	1.0%

Customers	mar-06	mar-05	Var (%)
Water	1,512,168	1,477,147	2.4%
Sewage	1,484,074	1,447,936	2.5%

INVERSIONES AGUAS METROPOLITANAS S.A.
Shareholder Composition as of March 31, 2006

Total subscribed and paid shares: 1,000,000,000
Number of shareholders: 62



CONSOLIDATED BALANCE SHEETS
(Chilean GAAP, In thousands of Ch\$ as of March 31, 2006)

Assets	mar-06	mar-05
TOTAL CURRENT ASSETS	75,725,657	135,873,397
Cash & bank	359,273	424,031
Time deposits	28,551,625	68,913,852
Marketable securities	3,260,068	799,466
Trade accounts receivable (net)	37,116,417	33,580,682
Notes receivable (net)	1,920,700	1,041,748
Sundry debtors (net)	514,091	1,183,996
Notes & accounts receivables from related companies	23,601	21,678,568
Inventories (net)	909,824	1,339,044
Taxes recoverable	501,976	2,814,649
Prepaid expenses	357,935	463,917
Deferred taxes	909,596	336,395
Other current assets	1,300,551	3,297,049
TOTAL FIXED ASSETS	587,094,108	591,110,426
Land	33,280,320	33,031,004
Building & infrastructure	962,573,244	953,125,092
Machinery & equipment	113,198,154	108,634,667
Other fixed assets	19,999,443	18,962,440
Revaluation of fixed assets	4,807,057	4,850,975
Accumulated depreciation	(546,764,110)	(527,493,752)
TOTAL OTHER ASSETS	404,297,235	428,299,014
Goodwill	346,274,120	371,589,119
Negative goodwill	(1,059)	(1,126)
Long-term debtors	8,340,495	10,654,482
Intangible assets	42,438,282	41,413,083
Accumulated amortization	(6,676,375)	(5,612,327)
Other	13,921,772	10,255,783
TOTAL ASSETS	1,067,117,000	1,155,282,837

CONSOLIDATED BALANCE SHEETS
(Chilean GAAP, In thousands of Ch\$ as of March 31, 2006)

Liabilities & Shareholders' Equity	mar-06	mar-05
CURRENT LIABILITIES	65,504,147	90,662,452
Short-term portion of borrowings from banks & financial institution at long term	7,718,685	1,353,478
Bonds payable - short-term portion	14,563,257	35,902,222
Accounts payable	13,514,591	14,724,705
Notes payable	659,784	5,059,676
Sundry creditors	1,332,315	1,366,826
Notes & accounts payable to related companies	3,153,566	9,698,095
Accruals	12,783,591	12,241,229
Withholdings	7,330,314	7,600,593
Income taxes	3,166,425	1,299,325
Unearned income	1,276,954	1,400,648
Other current liabilities	4,665	15,655
LONG TERM LIABILITIES	301,846,006	313,720,653
Borrowing from bank & financial institutions	62,166,667	71,098,667
Bonds payable	199,162,414	204,755,370
Notes payable	26,577,134	24,711,970
Sundry creditors	1,588,087	2,110,911
Accruals	7,869,199	6,786,281
Deferred taxes	3,815,235	3,182,980
Other long-term liabilities	667,270	1,074,474
Minority interest	199,811,574	203,778,989
SHAREHOLDRES' EQUITY	499,955,273	547,120,743
Paid-in capital	485,871,812	493,598,461
Price level restatement	(1,457,615)	15,828,525
Reserve for future dividends	6,241,608	29,520,349
Net income for the year	9,299,468	8,173,408
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,067,117,000	1,155,282,837

CONSOLIDATED STATEMENTS OF INCOME
(Chilean GAAP, In thousands of Ch\$ as of March 31, 2006)

CONSOLIDATED STATEMENTS OF INCOME	mar-06	mar-05
OPERATING INCOME	37,542,176	35,483,917
OPERATING MARGIN	43,882,173	42,461,577
Revenues from operations	64,079,458	62,160,354
Cost of operations	(20,197,285)	(19,698,777)
Administrative & selling expenses	(6,339,997)	(6,977,660)
NON-OPERATING EXPENSES (INCOME)	(7,825,612)	(8,500,109)
Financial income	1,414,743	1,490,821
Other non-operating income	1,052,673	874,411
Amortización of Googwill	(6,348,840)	(6,347,473)
Financial expenses	(3,757,518)	(4,214,140)
Other non-operating expenses	(121,680)	(68,717)
Price-level restatement	(64,410)	(231,862)
Foreign exchange differences	(580)	(3,149)
INCOME BEFORE INCOME TAXES, MINIRITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL	29,716,564	26,983,808
INCOME TAXES	(6,476,056)	(6,128,817)
RESULT BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL	23,240,508	20,854,991
MINORITY INTEREST	(13,941,057)	(12,681,600)
NET INCOME BEFORE AMORTIZATION OF GOODWILL	9,299,451	8,173,391
AMORTIZATION OF NEGATIVE GOODWILL	17	17
NET INCOME FOR THE YEAR	9,299,468	8,173,408

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Chilean GAAP, In thousands of Ch\$ as of March 31, 2006)

CONSOLIDATED STATEMENTS OF CASH FLOWS	mar-06	mar-05
NET CASH FLOW FROM OPERATING ACTIVITIES	38,606,100	35,712,307
Collection of trade account receivables	75,734,372	73,434,615
Financial income received	310,346	466,768
Other income received	471,755	580,300
Payment to suppliers and personnel	(23,925,560)	(24,335,347)
Interest paid	(1,154,736)	(1,727,708)
Income tax paid	(4,427,011)	(4,979,405)
Other expenses paid	(195,989)	(124,898)
V.A.T & similar payments	(8,207,077)	(7,602,018)
NET CASH FLOW FROM FINANCING ACTIVITIES:	(19,607,576)	534,971
Bonds issued	4,343,323	-
Other financing	4,320,543	4,343,915
Payment of loans	(20,135,123)	-
Bond payment	(4,653,392)	(1,220,645)
Payment of bond issuance & placement costs	(343,711)	-
Other financing disbursements	(3,139,216)	(2,588,299)
NET CASH FLOW FROM INVESTING ACTIVITIES:	(10,849,883)	(5,822,407)
Proceeds from sales of fixed assets	13,675	12,039
Addition of fixed assets	(10,839,686)	(5,345,045)
Proceeds from sales of permanent investments	(3,640)	-
Other investment disbursements	(20,232)	(489,401)
TOTAL NET CASH FLOW FOR THE YEAR	8,148,641	30,424,871
EFFECT OF INFLATION ON CASH & CASH EQUIVALENT	80,063	379,719
NET CHANGE IN CASH & CASH EQUIVALENT	8,228,704	30,804,590
OPENING BALANCE OF CASH & CASH EQUIVALENT	23,942,262	40,929,617
CLOSING BALANCE OF CASH & CASH EQUIVALENT	32,170,966	71,734,207

CONSOLIDATED CASH FLOW
(Chilean GAAP, In thousands of Ch\$ as of March 31, 2006)

RECONCILIATION OF CASH FLOW	mar-06	mar-05
Net income for the year	9,299,468	8,173,408
Gain on sale of fixed assets	4,922	(7,379)
Charges (credits) to income not representing cash flows:	14,835,048	15,543,024
Depreciation for the year	8,254,103	8,296,500
Amortization of intangible assets	265,308	261,392
Write-offs & provisions	654,647	686,886
Amortization - goodwill	6,348,840	6,347,473
Amortization - negative goodwill	(17)	(17)
Net price-level restatement	64,410	231,862
Net foreign exchange differences	580	3,149
Other credits to income statement not representing cash flow	(1,215,416)	(685,892)
Other charges to income statement not representing cash flow	462,593	401,671
Changes in assets affecting operating cash flow (increase) decrease	(4,094,714)	(2,188,463)
Trade account receivable	(3,829,115)	(2,259,622)
Inventories	298,800	162,060
Other assets	(564,399)	(90,901)
Change in liabilities affecting operating cash flow increase (decrease)	4,620,319	1,510,117
Account payable related to operating income (expense)	(414,637)	(3,947,908)
Interest payable	2,668,033	2,058,328
Income tax payable	1,939,629	971,692
Other account payable related to the non-operating income (expense)	58,640	(39,314)
VAT & similar payables (net)	368,654	2,467,319
Minority interest	13,941,057	12,681,600
NET CASH FLOW FROM OPERATING ACTIVITIES	38,606,100	35,712,307