

INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE PERIOD ENDED MARCH 31, 2010

(Santiago – Chile, May 27, 2010) Inversiones Aguas Metropolitanas S.A. “the Company” or “IAM”, controlling shareholder of Aguas Andinas S.A. –the largest water and sewage company in Chile–, announced its consolidated results for the period ended March 31, 2010 ⁽¹⁾.

HIGHLIGHTS

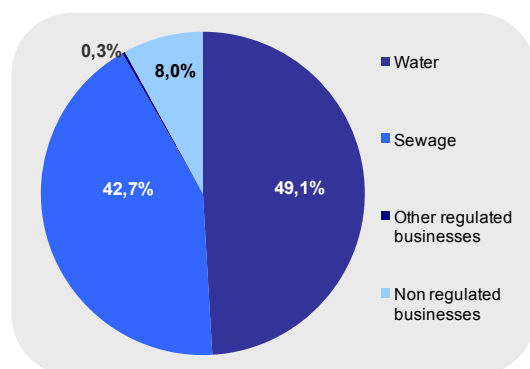
Net income of IAM as of March 31, 2010, amounted to Ch\$17,331 million as compared to Ch\$22,427 million for the first quarter of 2009.

- Operating revenues amounted to Ch\$88,822 million, Ch\$6,477 million (6.8%) less than in the previous period. This was mainly due to a lower average tariff for the regulated businesses, which is explained by the accumulated effect of tariff indexation adjustments during the year 2009 and January 2010.
- Consolidated EBITDA for the period amounted to Ch\$59,065 million, lower by Ch\$4,112 million (6.5%) as compared to the previous period. This variation was mainly explained by lower revenues, partly offset by operational efficiencies.
- Financial result reached Ch\$(4,974) million, lower by Ch\$8,439 million as compared to the previous period. This was mainly explained due to the positive variation in the value of the UF in the first quarter of 2010, which compares with a negative change in the value of the UF in the 2009 period.
- Due to the above-mentioned factors, the consolidated Net Income of Inversiones Aguas Metropolitanas S.A. for the period ended March 2010 reached Ch\$17,331 million, compared to Ch\$22,427 million for first quarter of 2009.

Principal Consolidated Figures (Million of Ch\$ as of each period)

	Mar. 10	Mar. 09	% Var
Operating Revenues	88,822	95,300	(6.8%)
EBITDA	59,065	63,177	(6.5%)
EBITDA Margin	66.5%	66.3%	
Operating Income	46,205	51,254	(9.9%)
Net Income	17,331	22,427	(22.7%)

Revenue Breakdown



Operating Data

Sales Volume (Thousand m ³) ⁽²⁾	Mar. 10	Mar. 09	% Var
Water	150,971	148,997	1.3%
Sew age Collection	144,550	142,318	1.6%
Sew age Treatment & Disposal	124,379	122,460	1.6%
Sew age Interconnection Service	34,125	33,984	0.4%
Customers ⁽²⁾	Mar. 10	Mar. 09	% Var
Water	1,877,452	1,839,374	2.1%
Sew age Collection	1,835,925	1,796,101	2.2%

⁽¹⁾ All figures are in Chilean Pesos as of each period and are reported according to International Financial Reporting Standards (IFRS). The consolidated financial statements of Inversiones Aguas Metropolitanas S.A. include its subsidiary Aguas Andinas S.A. “Aguas Andinas”.

⁽²⁾ Figures include ESSAL.

PRINCIPALS EVENTS OF THE PERIOD

Supreme Court dictates definitive judgment in requirement of the National Economic Attorney's Office (FNE) in opposition to the sanitary companies Aguas Andinas, ESSAL, ESSBIO and Aguas Nuevo Sur Maule (ANSM).

The judgment, of May 18, 2010, confirms the absolution of Aguas Andinas and ESSAL, reduces the fines applied originally to ESSBIO and ANSM; and rejects the change in the law suggested by the Court of Defense of the Free Competition.

Final Dividend Payment

At the Annual Ordinary Shareholders' Meeting of the Company held on April 21, 2010, the payment of a final dividend of Ch\$44.679 per share (equivalent to Ch\$893.58 per ADS), totaling ThCh\$44,679,900, charged against the net income for the year 2009, was approved. The dividend was paid on May 19, 2010.

Appointment of a new Board of Directors

At the annual Ordinary Shareholders' Meeting of the Company held on April 21, 2010, the following Board members were elected:

Director	Alternate Director
Ángel Simón Grimaldos	Pedro Buttazoni Álvarez
Joaquín Villarino Herrera	Marcelo Tokman Ramos
Josep Bagué Prats	Jorge Bande Bruck
Juan Antonio Guijarro	Anthony Harding
Alberto Muchnick Mlynarz	Paola Cúneo Queirolo
Ignacio Guerrero Gutiérrez	Rodrigo Castro Fernández
Pablo Pérez Cruz	Edmundo Pérez Vergara

Aguas Andinas' Bond Issuance

On April 14, 2010 the subsidiary Aguas Andinas issued UF2.75 million (US\$111 million) of Series K and M bonds in the Chilean market. The Series K (UF1.0 million) have a term of 6.5 years, with 1.5 years of grace and maturity the year 2016; the effective rate reached 2.90%, corresponding to a spread of 68 bps; the Series M (UF1.75 million) have a term of 21 years (bullet); the effective rate reached 4.08%, corresponding to a spread of 43 bps, the lowest spread for a private unguaranteed bond issuance in the history of Chile.

Consequences of the earthquake of February 27, 2010 in Chile

According to the requested by the Superintendency of Securities and Insurance (SVS), on March 3, 2010, the company and its subsidiaries informed the damages produced by the earthquake of February 27, 2010 in Chile. Inversiones Aguas Metropolitanas S.A. suffered no damage whatsoever, however, its subsidiary Aguas Andinas informed that its infrastructure was not significantly affected; hence the company kept almost normal operations, with water service coverage of nearly 100%, the only problems being shortages to electricity supply problems. The Company has insurance covering physical damage. Later, on May 25, 2010, Aguas Manquehue, subsidiary of Aguas Andinas, informed the SVS that after evaluating the damages, diverse breakdowns were identified in the north sewage collector, estimated in Ch\$2.224 million, informing likewise that has insurances to protect its infrastructure of eventual damages.



Aguas Andinas' tariff setting process agreement

The subsidiary Aguas Andinas and the Superintendency of Sanitation Services (the sector's regulator), reached an agreement concerning the tariff setting process for the period 2010-2015. The accomplished agreement involves, in relation with the in force services, a Net Long-Term Total Cost as of October 31, 2009 of Ch\$229,494,000,000; which represents a variation, in currency of December, 2008, of -1.3%. The same agreement contemplated stipulation of tariffs for the concepts of Mapocho Urban Cleaning project, necessary works to reach 100% of sewage treatment and safety works for the production of drinkable water in the Santiago. The tariffs were set by means of decree No. 60 of the Ministry of Economy, dated February 2, 2010; and are in force since March, 2010.

INCOME STATEMENT ANALYSIS

(In Million of Chilean Pesos)	Mar. 10 MM\$	Mar. 09 MM\$	% Var
Operating Revenues	88,822	95,300	(6.8%)
Operating Costs & Expenses	(27,785)	(28,511)	(2.5%)
Operating Income (EBIT)	46,205	51,254	(9.9%)
Financial Expenses	(4,708)	(6,542)	(28.0%)
Financial Result *	(4,947)	3,492	241.7%
Net Income	17,331	22,427	(22.7%)

* Includes financial income, financial expenses, exchange differences and results of indexation units.

Operating Revenues


Operating revenues as of March 2010 reached Ch\$88,822 million, Ch\$6,478 million less (-6.8%) than on the first quarter of 2009. The following table sets forth, for the periods indicated, the principal components of our net revenues:

	Mar. 10		Mar. 09	
	Million Ch\$	%	Million Ch\$	%
Water	43,580	49.1%	47,721	50.1%
Sewage	37,894	42.7%	41,384	43.4%
Other regulated businesses	234	0.3%	(1,087)	(1.1%)
Non regulated businesses	7,114	8.0%	7,281	7.6%
Total	88,822	100.0%	95,300	100.0%

Figures include ESSAL.

The decrease in net revenues as of March 2010 resulted mainly from the following factors:

- Water: Water revenues show a decrease of Ch\$4,141 million, which is explained by a lower average tariff, offset by larger sales volume of 2.0 million m³. The change in the average tariff is due to the accumulated effect of indexation adjustments during 2009 and January 2010.
- Sewage: Sewage revenues show a decrease of Ch\$3,490 million explained by: i) lower collection revenues of Ch\$1,678 million (Ch\$19,540 million in 2010 compared to Ch\$21,218 million the previous year), due to a lower average tariff, offset by increased sales volumes of 2.2 million m³; ii) lower treatment revenues of Ch\$1,357 million (Ch\$14,533 million in 2010 compared to Ch\$15,890 million the year before) due to a lower average tariff applied, offset by increased sales volumes of 1.9 million m³; and iii) lower revenues from sewage inter-connections of Ch\$455 million (Ch\$3,821 million in 2010 compared to Ch\$4,276 million the previous year), due to a lower average tariff, offset by increased sales volumes of 0.1 million m³. The change in the average tariff is due to the accumulated effect of indexation adjustments during 2009 and January 2010.
- Other regulated businesses: includes fixed charges, revenues relating to disconnection and reconnection charges, fees relating to monitoring activities of liquid industrial waste discharge and accruals for non-billed consumption and discounts granted on payment agreements. These revenues increased by Ch\$1,321 million due mainly to higher income accruals of Ch\$1,507 million, partly offset by lower revenues relating to disconnection and reconnection of Ch\$126 million, and lower fixed charges of Ch\$55 million.
- Non-regulated businesses: Revenues from non-regulated businesses show a reduction of Ch\$167 million, mainly due to reduced revenues from Gestión & Servicios of Ch\$601 million; and lower revenues in ANAM of Ch\$134 million (laboratory, sampling and analysis services).



This was partly compensated by an increase of Ch\$465 million relating to higher revenues in non-regulated water businesses (real-estate development agreements and engineering services, among others); and larger revenues in Ecoriles of Ch\$103 million (liquid waste treatment plant operation and treatment of excess organic load for industrial companies).

Consumption of Raw Materials and Secondary Materials

These costs amounted to Ch\$6,177 million as of March 2010, a decrease of Ch\$1,415 million over the first quarter of 2009, mainly explained by lower energy costs of Ch\$990 million.

Personnel Expenses

These amounted to Ch\$8,318 million as of March 2010, Ch\$678 million less than in the first quarter of 2009, mainly explained by lower holiday provision.

Depreciation and Amortization

These amounted to Ch\$12,860 million as of March 2010, Ch\$937 million higher than in the first quarter of 2009, mainly explained by the new investments of the company.

Other Various Operating Expenses

This amounted to Ch\$14,833 million as of March 2010, Ch\$701 million less than in the first quarter of 2009, mainly explained by lower costs of services of Ch\$728 million, lower uncollectable debts of Ch\$270 million; partly offset by higher expenses of retirement and disposal of waste and sludge from treatment plants of Ch\$171 million.

Financial Income

This amounted to Ch\$883 million as of March 2010, Ch\$647 million less than in the first quarter of 2009, mainly explained by reduced income from treasury activities.

Financial Expenses

These amounted to Ch\$4,708 million as of March 2010, Ch\$1,834 million less than in the first quarter of 2009, mainly explained by lower interest expenses in bank debts.

Results of Indexation Adjustments

This charge amounted to Ch\$(1,103) million as of March 2010, Ch\$9,572 million less than in the first quarter of 2009, mainly explained by a higher revaluation of the debt due mainly to the positive variation in the value of the UF in the first quarter of 2010, which compares with a negative change in the value of the UF in the 2009 period.

Other Non-Operating Income

Inversiones Aguas Metropolitanas S.A obtained a result of Ch\$1,614 million, Ch\$399 less than in the first quarter of 2009, explained by lower sales of property, plant and equipment.

Charge (Recovery) for Income Taxes

The provision for income tax as of March 2010 was Ch\$3,053 million lower than in the first quarter of 2009, mainly related to lower pre-tax income.

Net Income (Loss)

For the reasons set out above, the net income of Inversiones Aguas Metropolitanas as of March 2010 amounted to Ch\$17,331 million; Ch\$5,097 million less than in the first quarter of 2009.

EBITDA

Consolidated EBITDA for the period amounted to Ch\$59,065 million, lower by Ch\$4,112 million (6.5%) as compared to the first quarter of 2009.

BALANCE SHEET ANALYSIS

(In Million of Chilean Pesos)	Mar. 10	Dec. 09	% Var
Assets			
Current Assets	113,683	92,908	22.4%
Long-Term Assets	1,582,790	1,579,434	0.2%
Total Assets	1,696,473	1,672,342	1.4%
Liabilities & Shareholders' Equity			
Current Liabilities	117,139	116,267	0.7%
Long-Term Liabilities	598,758	600,356	(0.3%)
Total Liabilities	715,897	716,623	(0.1%)
Minority Interest	387,357	374,631	3.4%
Shareholders' Equity	593,219	581,088	2.1%
Total Liabilities & Equity	1,696,473	1,672,342	1.4%

Assets

As of March 2010, current assets increased by Ch\$20,776 million over December 2009, mainly due to a rise in Cash and cash equivalents of Ch\$24,766 million; due to an interim increase in time deposits related to an increase in accounts collected in the month of highest water consumption; partly offset by a fall in trade accounts receivable of Ch\$3,526 million.

Long-term assets rose by Ch\$3,355 million compared to December 2009, mainly explained by the net increase in Property, plant and equipment of Ch\$3,757 million.

The following are the main investments of the period.

Company	Project	Accumulated, Mar. 10 (ThCh\$)
Aguas Andinas	Gran Santiago's Third Sew age Treatment Plant	3,476
Aguas Andinas	Mapocho Sew age Interceptor	2,255
Aguas Andinas	Farfana - Trebal Sew age Interceptor	661
Aguas Cordillera	Meters	170
Aguas Manquehue	North Zone Sew age Collector	22
Aguas Manquehue	North Zone - Water	21

Liabilities and Shareholders' Equity

As of March 2010, current liabilities increased by Ch\$872 million over December 2009, mainly explained by an increase in accounts payable to related companies of Ch\$3,489, partly offset by lower sundry creditors and other accounts payable of Ch\$2,299 million.

Long-term liabilities decreased by Ch\$1,598 million compared to December 2009, due to a decrease in other current financial liabilities of Ch\$3,107 million (lower short term loans), lower deferred taxes of Ch\$890 million and lower other long-term liabilities of Ch\$513 million. This was partly offset by an increase in other long term non-financial liabilities Ch\$3,314 million.

The controller's portion of Shareholders' equity increased Ch\$12,131 million and Net Shareholders' equity, including Minority Interest increased by Ch\$24,857 million.

As of March 2010, the accrue for minimum dividend reached Ch\$23,403 million; and net income for the period of Ch\$17,331 million.

The table below sets forth the maturity of our consolidated long-term debt, as of March 31, 2010 (figures in million of Ch\$):

	Currency	Total	Apr. 10 Mar. 11	Apr. 11 Mar. 12	Apr. 12 Mar. 13	After Mar. 13
Bonds	Indexed Ch\$	344,224	27,030	15,896	50,869	250,429
Bank Debt	Non-Indexed Ch\$	131,926	5,812	10,929	25,595	89,590
RFCs ⁽¹⁾	Indexed Ch\$	70,700	101	204	19	70,376
Total ⁽²⁾		546,851	32,944	27,029	76,483	410,395

⁽¹⁾ Reimbursable financial contributions.

⁽²⁾ The figures consider the accrued financial expenses as of March 31, 2010.

CASH FLOW ANALYSIS

Consolidated Cash Flow (In M Million of Chilean Pesos)	Mar. 10	Mar. 09	% Var
Net Cash Flow from Operating Activities	53,475	57,788	(7.5%)
Net Cash Flow from Investment Activities	(23,957)	(16,876)	42.0%
Net Cash Flow from Financing Activities	(4,751)	(10,213)	(53.5%)
Net Cash Flow of the Period	24,766	30,700	(19.3%)
Closing Balance of Cash & Cash Equivalent	51,064	32,463	57.3%

The cash flow from operating activities showed a negative change of Ch\$4,313 million compared to the previous period, mainly explained by a decrease in collection of trade account receivables of Ch\$10,011 million and higher payment to suppliers and personnel. This was partly compensated by lower payment of interests of Ch\$4,938 million.

Cash flow from investment activities increased by Ch\$7,081 million, mainly due to a decrease in proceeds from sales of PP&E of Ch\$4,359 million; partly offset by larger addition of property, plant and equipment of Ch\$2,501 million.

The cash flow from financing activities decreased by Ch\$5,461 million, the main changes being lower payment of loans and other financing disbursements of Ch\$5,624 million.

MAIN OPERATING FIGURES

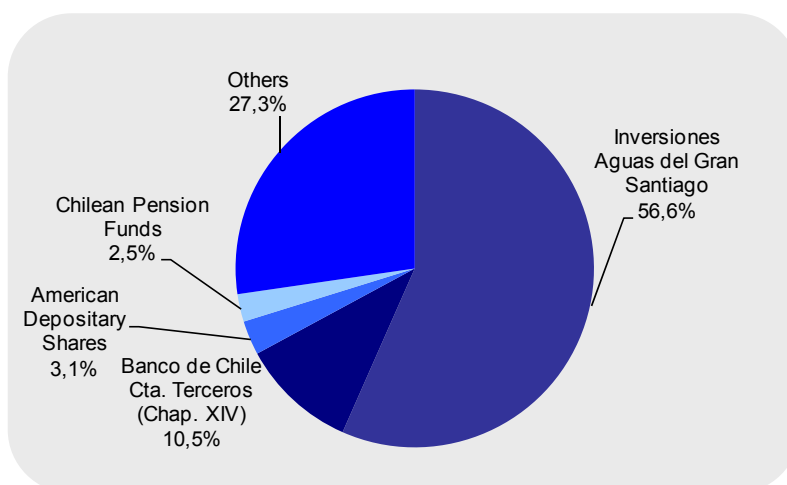
Sales Volume * (In thousand m ³)	Mar. 10	Mar. 09	% Var
Water	150,971	148,997	1.3%
Sew age Collection	144,550	142,318	1.6%
Sew age Treatment & Disposal	124,379	122,460	1.6%
Sew age Interconnection Service	34,125	33,984	0.4%

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Water	1,877,452	1,839,374	2.1%
Sew age Collection	1,835,925	1,796,101	2.2%

* Figures include ESSAL.

INVERSIONES AGUAS METROPOLITANAS S.A. Shareholder Composition as of March 31, 2010



Total subscribed and paid shares: 1,000,000,000
Number of shareholders: 234

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CONSOLIDATED BALANCE SHEETS

(IFRS, in thousands of Ch\$ as of each period)

ASSETS	Mar. 10	Dec. 09
Cash & cash equivalents	51,063,909	26,297,436
Other financial current assets	945,917	900,059
Other non-financial current assets	1,203,212	494,595
Trade accounts and other accounts receivable (net)	58,391,758	61,917,676
Accounts receivable from related companies	51,585	14,786
Inventories (net)	1,793,074	1,694,961
Income taxes	233,990	1,588,000
TOTAL CURRENT ASSETS	113,683,445	92,907,513
Other non-financial non-current assets	480,466	480,229
Trade accounts and other accounts receivable (net)	2,960,555	3,265,194
Other intangible assets	218,009,442	217,801,365
Goodwill	307,940,996	307,940,996
Property, plant & equipment (net)	1,026,334,243	1,022,577,703
Deferred income taxes	27,064,101	27,368,845
TOTAL LONG TERM ASSETS	1,582,789,803	1,579,434,332
TOTAL ASSETS	1,696,473,247	1,672,341,845

CONSOLIDATED BALANCE SHEETS

(IFRS, in thousands of Ch\$ as of each period)

LIABILITIES & SHAREHOLDERS' EQUITY	Mar. 10	Dec. 09
Other current financial liabilities	38,735,923	36,560,941
Sundry creditors and other accounts payable	61,725,219	64,024,147
Accounts payable to related companies	7,435,188	3,945,716
Other accruals	1,125,533	957,415
Income taxes	5,551,910	4,248,753
Post-Employment Benefit Obligation	612,854	3,898,576
Other current non-financial liabilities	1,952,560	2,631,830
CURRENT LIABILITIES	117,139,187	116,267,377
Other long term financial liabilities	505,298,541	508,405,440
Long term liabilities	1,044,085	1,557,754
Other accruals	1,028,140	1,029,507
Deferred taxes	78,064,927	78,955,362
Post-Employment Benefit Obligation	5,348,330	5,747,456
Other long term non-financial liabilities	7,973,944	4,660,169
LONG TERM LIABILITIES	598,757,968	600,355,688
Paid-in capital	468,358,402	468,358,402
Retained earnings	162,129,432	149,998,037
Other reserves	(37,268,417)	(37,268,417)
Net shareholders' equity attributable to the parent company	593,219,417	581,088,022
Minority interest	387,356,676	374,630,758
SHAREHOLDERS' EQUITY	980,576,093	955,718,779
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,696,473,247	1,672,341,845

CONSOLIDATED STATEMENTS OF INCOME

(IFRS, in thousands of Ch\$ as of each period)

CONSOLIDATED STATEMENTS OF INCOME	Mar. 10	Mar. 09
Operating revenues	88,822,474	95,299,746
Consumption of raw materials & secondary materials	(6,176,745)	(7,592,061)
Personnel expenses	(8,318,271)	(8,996,410)
Depreciation & amortization	(12,860,390)	(11,922,851)
Impairment loss	(429,320)	-
Other expenses	(14,832,809)	(15,534,275)
OPERATING INCOME (EBIT)	46,204,940	51,254,149
Financial income	883,137	1,530,583
Financial expenses	(4,708,155)	(6,542,133)
Exchange differences	(18,964)	34,955
Results of indexation units	(1,103,052)	8,468,618
FINANCIAL RESULT	(4,947,035)	3,492,022
Other income	1,614,255	2,012,985
NET INCOME (LOSS) BEFORE TAXES	42,872,161	56,759,156
Income taxes	(7,144,140)	(10,197,000)
POST-TAX NET INCOME (LOSS) FROM ONGOING ACTIVITIES	35,728,021	46,562,156
Minority interest	18,397,457	24,134,900
NET INCOME FOR THE PERIOD	17,330,563	22,427,257

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IFRS, in thousands of Ch\$ as of each period)

CONSOLIDATED STATEMENTS OF CASH FLOWS	Mar. 10	Mar. 09
Collection of trade account receivables	107,492,550	117,503,937
Collection from insurance contracts	2,077,699	101,889
Other operating income	315,481	893,289
Payment to suppliers	(24,043,210)	(23,915,462)
Payment to personnel	(12,550,993)	(11,585,910)
Payment of insurance contracts	(1,047,427)	(44,858)
Other operating payments	(9,526,235)	(10,481,805)
Interest paid	(3,035,648)	(7,973,405)
Interest received	42,950	111,632
Income tax refund (paid)	(6,623,270)	(6,749,389)
Other income (payment)	372,677	(71,807)
NET CASH FLOW FROM OPERATING ACTIVITIES	53,474,575	57,788,110
Proceeds from sales of PP&E	5,000	4,364,292
Addition of PP&E	(23,741,488)	(21,240,105)
Addition of intangible assets	(220,534)	(51)
NET CASH FLOW FROM INVESTING ACTIVITIES	(23,957,022)	(16,875,863)
Long term loans (banks, bonds and other financing)	1,297,147	869,007
Short term loans (banks, bonds and other financing)	-	597,144
Cash flow form loans	1,297,147	1,466,151
Payment of loans and other financing disbursements	(6,048,226)	(11,672,531)
Dividend payment	-	(6,186)
NET CASH FLOW FROM FINANCING ACTIVITIES	(4,751,079)	(10,212,567)
TOTAL NET CASH FLOW FOR THE PERIOD	24,766,473	30,699,680
OPENING BALANCE OF CASH & CASH EQUIVALENT	26,297,436	1,763,617
CLOSING BALANCE OF CASH & CASH EQUIVALENT	51,063,909	32,463,298