

INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE PERIOD ENDED JUNE 30, 2011

(Santiago – Chile, August 29, 2011) 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 June 30, 2011 ⁽¹⁾.

HIGHLIGHTS

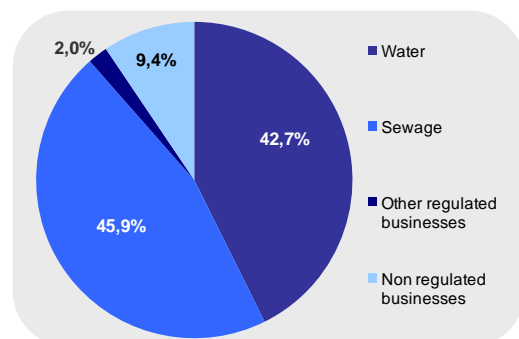
Net income of IAM as of June 30, 2011, amounted to Ch\$29,221 million as compared to Ch\$27,043 million for the second quarter of 2010.

- Operating revenues amounted to Ch\$185,016 million, Ch\$18,652 million (11.2%) more than in the previous period. This was mainly due to an increased coverage of sewage treatment for the entry of operations of Mapocho Urbano Limpio (MUL) project. The results of the second quarter 2011 incorporate the full operation of this service in contrast to the second quarter of 2010, incorporating it from April 1, 2010. The start of MUL operations meant an increase in the coverage of wastewater treatment from 76% to 86%. Additionally, variation in the average rate incorporates the effect of indexation that occurred during 2010, the enactment of the new rates since March 2010 and the indexing achieved during the year 2011 in February for Aguas Manquehue, in April for Aguas Andinas and Essal and in May for Aguas Cordillera.
- Consolidated EBITDA for the period amounted to Ch\$116,669 million, higher by Ch\$12,446 million (11.9%) as compared to the previous period. This variation was mainly explained by higher revenues, partly offset by higher operational costs.
- Financial result reached Ch\$(18,592) million, lower by Ch\$4,641 million as compared to the previous period. This was mainly explained due to higher interest, because of more bank loans and new bond issued in April 2011, and a greater appreciation of the debt due to the greater variation of the UF in 2011, compared to 2010.
- Due to the above-mentioned factors, the consolidated Net Income of Inversiones Aguas Metropolitanas S.A. for the period ended June 2011 reached Ch\$29,221 million, compared to Ch\$27,043 million for the second quarter of 2010.

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

	Jun. 11	Jun. 10	% Var
Operating Revenues	185.016	166.365	11,2%
EBITDA	116.669	104.223	11,9%
EBITDA Margin	63,1%	62,6%	
Operating Income	90.248	77.944	15,8%
Net Income	29.221	27.042	8,1%

Revenue Breakdown



Operating Data

Sales Volume (Thousand m ³) ⁽²⁾	Jun. 11	Jun. 10	% Var
Water	280.394	275.913	1,6%
Sewage Collection	270.530	266.722	1,4%
Sewage Treatment & Disposal	234.779	231.109	1,6%
Sewage Interconnection Service	62.991	58.731	7,3%
Customers ⁽²⁾	Jun. 11	Jun. 10	% Var
Water	1.924.899	1.886.894	2,0%
Sewage Collection	1.882.256	1.846.372	1,9%

PRINCIPAL EVENTS OF THE PERIOD

Aguas Andinas, IAM' subsidiary Announced the Prepayment of Series B Bonds

On August 1st, Aguas Andinas announced the prepayment of its series B bond. The prepayment will be held on September 1st, at nominal value plus accrued interests as of September 1st 2011.

New Board of Directors

After CORFO sold part of their stake, the company's Board of Directors unanimously agreed to convene an extraordinary shareholders meeting in order to renew it and to elect new officers. At this meeting, that took place on July 27th, shareholders agreed to proceed with the renovation of Directors, which was composed of the following members:

DIRECTORS:

Josep Bagué Prats
Xavier Amorós Corbella
Herman Chadwick Piñera
Juan Antonio Guijarro Ferrer
Ignacio Guerrero Gutiérrez
Pablo Pérez Cruz

ALTERNATE DIRECTORS:

Jorge Bande Bruck
Marcelo Tockman Ramos
Pedro Butazzoni Álvarez
Marta Colet Gonzalo
Rodrigo Castro Fernández
Edmundo Pérez Vergara

CORFO's Stake Sale

On June 15, 2011, the Development Corporation (CORFO) sold 1.834.539.519 shares, representing approximately 29.98% stake he held in Aguas Andinas. The auction price was \$ 250 pesos per share, the collection was for a total of \$ 984 million and demand was 1.91 times the offer.

Alto Maipo Hydroelectric Project

The Directory of the subsidiary Aguas Andinas approved the terms on which an agreement must be executed with AES Gener SA in relation to the hydroelectric project of the latter company, called Alto Maipo. This agreement must materialize in one or more contracts signed between Gener SA and a subsidiary of Aguas Andinas. In economic terms, the payments that the mentioned subsidiary would receive, once the project starts its operations, estimated at 2015 and 2016, would vary depending on the hydrology of the year and the price of electricity. It is expected that agreements will be formalized within the next six months.

Aguas Andinas' Bond Issuance

On April 13, 2011, the subsidiary Aguas Andinas successfully issued UF 2.75 million (US \$ 126 million) of series N and P bonds in the Chilean market. The Series N (UF 1.25 million) has a term of 5 years; the effective rate reached 3.18% corresponding to a spread of 68 bps; while the Series P (UF 1.5 million) has a term of 22.5 years, and the effective rate reached 4.08% corresponding to a spread of 65 bps. The funds raised by this operation will be used to finance investments from both the company and its subsidiaries, and refinancing of liabilities.

INCOME STATEMENT ANALYSIS

(In Million of Chilean Pesos)	Jun. 11 MM\$	Jun. 10 MM\$	% Var
Operating Revenues	185.016	166.365	11,2%
Operating Costs & Expenses	(59.131)	(57.509)	2,8%
Operating Income (EBIT)	90.248	77.944	15,8%
Financial Expenses	(12.654)	(10.249)	23,5%
Financial Result *	(18.593)	(13.951)	(33,3%)
Net Income	29.221	27.042	8,1%

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

Operating Revenues


Operating revenues as of June 2011 reached Ch\$185,016 million, Ch\$18,652 million more (11.2%) than on the second quarter of 2010. The following table sets forth, for the periods indicated, the principal components of our net revenues:

	Jun. 11		Jun. 10	
	Million Ch\$	%	Million Ch\$	%
Water	78.938	42,7%	74.781	44,9%
Sewage	84.848	45,9%	73.472	44,2%
Other regulated businesses	3.757	2,0%	2.304	1,4%
Non regulated businesses	17.473	9,4%	15.808	9,5%
Total	185.016	100,0%	166.365	100,0%

Figures include ESSAL.

The increase in net revenues as of June 2011 resulted mainly from the following factors:

- Water: Water revenues show an increase of Ch\$4,157 million, which is explained by a higher average tariff, due to indexations on June 2010, January 2011 and April 2011. Additionally, to a higher sales volume, which increased by 4.5 million m³, compared to 2010, explained by an increase in customers.
- Sewage: Sewage revenues show an increase of Ch\$11,376 million explained by: i) higher collection revenues of Ch\$3,953 million (Ch\$41,754 million in 2011 compared to Ch\$37,801 million the previous year), due to a higher average tariff and sales volume of 3,8 million m³; ii) higher treatment revenues of Ch\$5,385 million (Ch\$33,974 million in 2011 compared to Ch\$28,588 million the year before) due to a higher average tariff applied and a higher sales volume of 3,7 million m³; and iii) higher revenues from sewage inter-connections of Ch\$2,038 million (Ch\$9,120 million in 2011 compared to Ch\$7,082 million the previous year), due to a higher average tariff and a higher sales volume of 4,3 million m³. The change in the average tariff is explained on one hand by a higher average tariff for drinking water services because of an indexation on June 2010, and on the other hand by a higher average tariff for sewage services because of the indexation already commented, along with the increase recorded in April 2010 and derived from the operation of the sanitation collector Mapocho River. The investment amount on this project was USD\$115 million and allowed to increase the sewage treatment coverage from 76% up to 86%.
- 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\$1,453 million due mainly to a higher provision for unbilled consumption for Ch\$663 million.

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- d) Non-regulated businesses: Revenues from non-regulated businesses show an increase of Ch\$1,665 million, mainly due to a raise of Ch\$1,054 million because of higher revenues in Ecoriles (liquid waste treatment plant operation and treatment of excess organic load for industrial companies); in Gestión y Servicios of Ch\$248 (real-estate development agreements and engineering services, among others) and in a smaller extent of Ch\$106 million by ANAM (laboratory, sampling and analysis services).

Consumption of Raw Materials and Secondary Materials

These costs amounted to Ch\$13,029 million as of June 2011, an increase of Ch\$1,495 million over the second quarter of 2010, mainly explained by higher costs in chemical inputs and energy.

Personnel Expenses

These amounted to Ch\$18,961 million as of June 2011, Ch\$813 million more than in the second quarter of 2010, mainly explained by higher compensations, as well as payments for CPI adjustments.

Depreciation and Amortization

These amounted to Ch\$26,420 million as of June 2011, Ch\$141 million higher than in the second quarter of 2010, mainly explained by the new investments of the company.

Other Various Operating Expenses

This amounted to Ch\$35,638 million as of June 2011, Ch\$4,727 million more than in the second quarter of 2010, mainly explained by higher operational costs in sewage treatment plants of Ch\$ 2,748 and higher expenses of retirement and disposal of waste and sludge from treatment plants of Ch\$1,887 million. This increase is associated with an increased volume of water treated by the start of operations of Mapocho interceptor sewer.

Financial Income

This amounted to Ch\$4,161 million as of June 2011, Ch\$2,392 million more than in the second quarter of 2010, mainly explained by higher repurchase of repayable financial contributions, and major financial interests.

Financial Expenses

These amounted to Ch\$12,654 million as of June 2011, Ch\$2,405 million more than in the second quarter of 2010, mainly explained by higher interest expenses, higher bank loans and for the issuance of bonds held in April 2011.

Results of Indexation Adjustments

This charge amounted to Ch\$(10,090) million as of June 2011, Ch\$4,636 million more than in the second quarter of 2010, mainly explained by a higher revaluation of the debt due mainly to the higher positive variation in the value of the UF in the second quarter of 2011, which compared to the same period in 2010.

Other Non-Operating Income

Inversiones Aguas Metropolitanas S.A obtained a result of Ch\$227 million, Ch\$1,413 less than in the second quarter of 2010, explained by the return of insurance in the year 2010 product of Chaitén's sinister damage in Essal.

Charge (Recovery) for Income Taxes

The provision for income tax as of June 2011 was Ch\$2,713 million higher than in the second quarter of 2010, mainly related to higher pre-tax income, in addition to the effect of the temporary increase in tax rate.

Net Income (Loss)

For the reasons set out above, the net income of Inversiones Aguas Metropolitanas as of June 2011 amounted to Ch\$29,221 million; Ch\$2,178 million more than in the second quarter of 2010.

EBITDA

Consolidated EBITDA for the period amounted to Ch\$116,669 million, higher by Ch\$12,446 million (11.9%) as compared to the second quarter of 2010.

BALANCE SHEET ANALYSIS

(In Million of Chilean Pesos)	Jun. 11	Dec. 10	% Var
Assets			
Current Assets	116.023	77.309	50,1%
Long-Term Assets	1.639.307	1.602.083	2,3%
Total Assets	1.755.330	1.679.392	4,5%
Liabilities & Shareholders' Equity			
Current Liabilities	155.402	93.668	65,9%
Long-Term Liabilities	666.301	640.048	4,1%
Total Liabilities	821.703	733.716	12,0%
Minority Interest	362.604	369.216	(1,8%)
Shareholders' Equity	571.023	576.460	(0,9%)
Total Liabilities & Equity	1.755.330	1.679.392	4,5%

Assets

As of June 2011, current assets increased by Ch\$38,714 million over December 2010, mainly due to a rise in Cash and cash equivalents of Ch\$43,826 million, explained by a new bond issuance in April 2011, with a lower prepayment of debt and lower payments to providers of investment. This is partly offset by lower accounts receivable of Ch\$3,983 million; and lower income taxes for Ch\$1,436 million.

Long-term assets rose by Ch\$37,225 million compared to December 2010, mainly explained by the net increase in Property, plant and equipment of Ch\$30,894 million and other intangible assets, mainly software, of Ch\$3,386, due to the investments realized by the Group in the second quarter of the year.

The following are the main investments of the period.

Company	Project	Accumulated, Jun. 11 (ThCh\$)
Aguas Andinas	Gran Santiago's Third Sewage Treatment Plant	31.114
Aguas Andinas	Farfana - Trebal Sewage Interceptor	15.865
Aguas Andinas, Essal	Wastewater Networks	1.913
Aguas Andinas	Water starts and Meters	1.741

Liabilities and Shareholders' Equity

As of June 2011, current liabilities increased by Ch\$77,634 million over December 2010, mainly explained by an increase in short-term bond liabilities of Ch\$38,368 generated by reclassification E-series long-term to short-term, higher Accounts payable to related entities of Ch\$13,604 due to higher trade accounts payable of Ch \$ 10,347, explained by investments.

Long-term liabilities increased by Ch\$26,253 million compared to December 2010, mainly due to an increase in other long-term financial liabilities of Ch\$27,854 million explained by the new bond issuance in April 2011. This was partly offset by deferred taxes of Ch\$1,022 million.

The controller's portion of Shareholders' equity decreased Ch\$5,437 million and Net Shareholders' equity, including Minority Interest decreased by Ch\$12,049 million.

The table below sets forth the maturity of our consolidated long-term debt, as of June 30, 2011 (figures in millions of Ch\$):

	Currency	Total	Jul. 11 Jun. 12	Jul. 12 Jun. 13	Jul. 13 Jun. 14	After Jun. 14
Bonds	Indexed Ch\$	445.894	57.694	75.645	20.582	291.973
Bank Debt	Non-Indexed Ch\$	109.440	5.165	24.773	5.899	73.602
RFCs ⁽¹⁾	Indexed Ch\$	85.365	166	5.407	9.424	70.369
Total ⁽²⁾		640.700	63.025	105.825	35.904	435.945

⁽¹⁾ Reimbursable financial contributions.

⁽²⁾ The figures consider the accrued financial expenses as of June 30, 2011.

CASH FLOW ANALYSIS

Consolidated Cash Flow (In Million of Chilean Pesos)	Jun. 11	Jun. 10	% Var
Net Cash Flow from Operating Activities	96.362	90.607	6,4%
Net Cash Flow from Investment Activities	(38.975)	(34.350)	13,5%
Net Cash Flow from Financing Activities	(13.561)	(45.733)	(70,3%)
Net Cash Flow of the Period	43.826	10.524	316,4%
Closing Balance of Cash & Cash Equivalent	51.286	36.822	39,3%

The cash flow from operating activities showed a positive change of Ch\$5,755 million compared to the previous period, being the main changes the increase in the collection of trade account receivables of Ch\$16,980 million, due to higher revenues from the entry of MUL's project, positive indexations and the start of operations of a new sewage treatment plant of Ecoriles. This effect is partly offset by a higher payment to suppliers, because of the increased volume treated in the sewage treatment plants, higher inputs from the operation of new wastewater treatment plants, and an increase in purchases by renewal collectors' project for Ch\$5,770 million, a raise in other operating payments for Ch\$2,531 million, increased interest payments on bonds and higher interest rates in bank loans for Ch\$ 2,256 million.

Cash flow from investment activities increased by Ch\$4,624 million, mainly due to a decrease in Addition of property, plant and equipment of Ch\$5,696 million, explained by the construction of the wastewater treatment plant Mapocho and the collector Farfana - Trebal,

The cash flow from financing activities decreased by Ch\$32,171 million, the main changes being lower dividend payments for Ch\$19,868 million, derived from a lower income for the year 2010 compared with 2009, and by an increase in the amount of short-and long-term loans for Ch\$11,582 million (caused by the bond issuance (Series N and P) for an amount of Ch\$4,800 million and Reimbursable financial contributions for Ch\$2,200 million.

MAIN OPERATING FIGURES

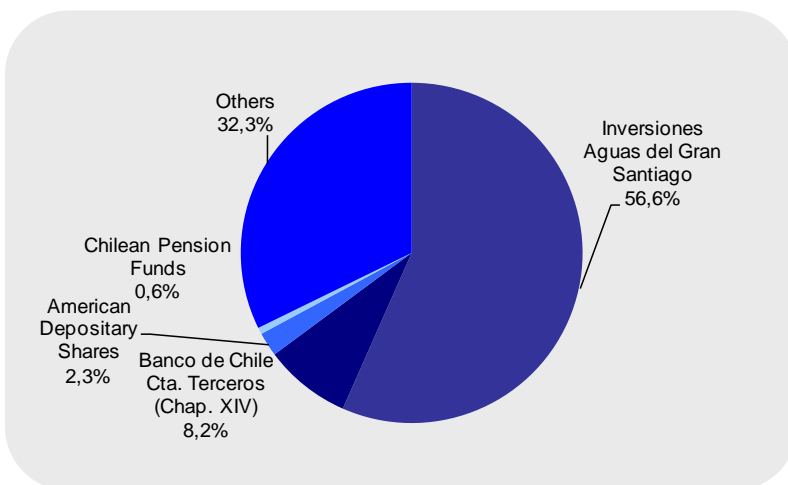
Sales Volume * (In thousand m ³)	Jun. 11	Jun. 10	% Var
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Sewage Treatment & Disposal	234.779	231.109	1,6%
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Sewage Collection	1.882.256	1.846.372	1,9%

* Figures include ESSAL.

INVERSIONES AGUAS METROPOLITANAS S.A. Shareholder Composition as of June 30, 2011



Total subscribed and paid shares: 1,000,000,000
Number of shareholders: 288

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CONSOLIDATED BALANCE SHEETS

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

ASSETS	Jun. 11	Dec. 10
Cash & cash equivalents	51.286.402	7.460.416
Other financial current assets	130.661	406.502
Other non-financial current assets	413.611	859.230
Trade accounts and other accounts receivable (net)	58.389.584	62.372.350
Accounts receivable from related companies	4.987	18.194
Inventories (net)	2.923.997	1.883.409
Income taxes	2.873.448	4.308.978
TOTAL CURRENT ASSETS	116.022.690	77.309.079
Other financial non-current assets	7.238.650	7.238.650
Other non-financial non-current assets	242.295	276.143
Trade accounts and other accounts receivable (net)	2.650.016	2.961.131
Other intangible assets	222.106.390	218.513.009
Goodwill	307.940.996	307.940.996
Property, plant & equipment (net)	1.062.769.075	1.031.875.035
Deferred income taxes	36.359.867	33.277.664
TOTAL LONG TERM ASSETS	1.639.307.289	1.602.082.628
TOTAL ASSETS	1.755.329.979	1.679.391.707

CONSOLIDATED BALANCE SHEETS

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

LIABILITIES & SHAREHOLDERS' EQUITY	Jun. 11	Dec. 10
Other current financial liabilities	61.931.644	22.293.049
Sundry creditors and other accounts payable	55.634.149	45.227.430
Accounts payable to related companies	33.622.675	20.018.775
Other accruals	1.318.874	991.798
Income taxes	92.151	8.315
Post-Employment Benefit Obligation	1.930.279	3.639.955
Other current non-financial liabilities	872.085	1.488.675
CURRENT LIABILITIES	155.401.857	93.667.997
Other long term financial liabilities	577.142.492	549.288.012
Long term liabilities	1.116.114	1.192.731
Other accruals	1.076.941	1.020.602
Deferred taxes	73.410.103	74.432.076
Post-Employment Benefit Obligation	6.284.628	6.805.124
Other long term non-financial liabilities	7.270.751	7.309.028
LONG TERM LIABILITIES	666.301.029	640.047.573
Paid-in capital	468.358.402	468.358.402
Retained earnings	139.932.786	145.370.242
Other reserves	(37.268.417)	(37.268.417)
Net shareholders' equity attributable to the parent company	571.022.771	576.460.227
Minority interest	362.604.322	369.215.910
SHAREHOLDERS' EQUITY	933.627.093	945.676.137
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.755.329.979	1.679.391.707

CONSOLIDATED STATEMENTS OF INCOME

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

CONSOLIDATED STATEMENTS OF INCOME	Jun. 11	Jun. 10
Operating revenues	185.016.496	166.364.820
Consumption of raw materials & secondary materials	(13.028.553)	(11.533.153)
Personnel expenses	(18.961.049)	(18.147.512)
Depreciation & amortization	(26.420.999)	(26.278.911)
Impairment loss	(720.000)	(1.549.896)
Other expenses	(35.637.475)	(30.911.170)
OPERATING INCOME (EBIT)	90.248.420	77.944.178
Financial income	4.161.105	1.769.108
Financial expenses	(12.654.431)	(10.249.271)
Exchange differences	(9.367)	(16.841)
Results of indexation units	(10.089.845)	(5.454.372)
FINANCIAL RESULT	(18.592.538)	(13.951.376)
Other income	226.931	1.638.809
NET INCOME (LOSS) BEFORE TAXES	71.882.813	65.631.611
Income taxes	(13.044.110)	(10.331.190)
POST-TAX NET INCOME (LOSS) FROM ONGOING ACTIVITIES	58.838.703	55.300.421
Minority interest	29.618.158	28.258.680
NET INCOME FOR THE PERIOD	29.220.545	27.041.741

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

CONSOLIDATED STATEMENTS OF CASH FLOWS	Jun. 11	Jun. 10
Collection of trade account receivables	222.320.126	205.340.293
Collection from insurance contracts	541.164	1.632.023
Other operating income	1.180.302	1.100.708
Payment to suppliers	(54.169.936)	(48.399.058)
Payment to personnel	(22.246.859)	(21.388.900)
Payment of insurance contracts	(211.519)	(1.282.315)
Other operating payments	(22.553.304)	(20.022.096)
Interest paid	(11.458.404)	(9.202.243)
Interest received	1.573.849	199.061
Income tax refund (paid)	(16.342.434)	(16.308.846)
Other income (payment)	(2.270.782)	(1.061.417)
NET CASH FLOW FROM OPERATING ACTIVITIES	96.362.203	90.607.210
Proceeds from sales of PP&E	105.451	19.235
Addition of PP&E	(38.996.893)	(33.300.720)
Addition of intangible assets	(83.277)	(385.922)
Other income (payment)	0	(682.825)
NET CASH FLOW FROM INVESTING ACTIVITIES	(38.974.719)	(34.350.232)
Long term loans (banks, bonds and other financing)	58.105.054	50.572.657
Short term loans (banks, bonds and other financing)	4.049.182	0
Cash flow from loans	62.154.236	50.572.657
Payment of loans and other financing disbursements	(5.252.182)	(5.464.333)
Dividend payment	(70.425.226)	(90.292.990)
Other income (payment)	(38.326)	(548.152)
NET CASH FLOW FROM FINANCING ACTIVITIES	(13.561.498)	(45.732.818)
TOTAL NET CASH FLOW FOR THE PERIOD	43.825.986	10.524.160
OPENING BALANCE OF CASH & CASH EQUIVALENT	7.460.416	26.297.436
CLOSING BALANCE OF CASH & CASH EQUIVALENT	51.286.402	36.821.596