

INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE PERIOD ENDED MARCH 31, 2012

(Santiago – Chile, May 29, 2012) 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, 2012.

HIGHLIGHTS

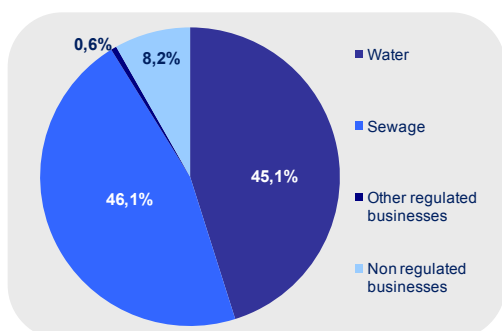
IAM's Net Income as of March 31, 2012, amounted to Ch\$20,741 million as compared to Ch\$18,545 million for first quarter 2011.

- Operating revenues amounted to Ch\$108,709 million, Ch\$10,477 million (10.7%) more than in the previous period, due to a larger volume of water sold, by the natural increase of our customers and increased consumption of these, plus an increase in the average tariffs associated to the accumulated positive indexing registered during 2011.
- Consolidated EBITDA for the period amounted to Ch\$73,296 million, higher by Ch\$6,308 million (9.4%) as compared to the previous period. This change is mainly explained by an increase in revenue, as commented above, partly offset by the rise in costs of raw materials, justified by mitigation of drought, and other overhead costs.
- Financial result reached Ch\$(9,695) million, higher by Ch\$2,072 million (27.2%) as compared to the previous period. This is the consequence of a rise in the Unidad de Fomento (UF) which led to a revaluation of debt issued in UF.
- Due to the above-mentioned factors, the consolidated Net Income of Inversiones Aguas Metropolitanas S.A. for the period ended March 2012 reached Ch\$20,741 million, compared to Ch\$18,545 million for the previous year.

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

	Mar. 12	Mar. 11	% Var
Operating Revenues	108.709	98.232	10,7%
EBITDA	73.296	66.988	9,4%
EBITDA Margin	67,4%	68,2%	
Operating Income	60.174	54.008	11,4%
Net Income	20.741	18.545	11,8%

Revenue by Business



Operating Figures

Sales Volume (Thousand m ³) ⁽¹⁾	Mar. 12	Mar. 11	% Var
Water	156.914	152.888	2,6%
Sewage Collection	150.863	146.101	3,3%
Sewage Treatment & Disposal	129.879	126.056	3,0%
Sewage Interconnection Service	35.781	34.167	4,7%
Customers	Mar. 12	Mar. 11	% Var
Water	1.975.032	1.916.754	3,0%
Sewage Collection	1.921.640	1.874.069	2,5%

⁽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”.



MAIN EVENTS OF THE PERIOD

- On January 12, 2012, the subsidiary Aguas Andinas issued UF 1.65 million in one series, Serie Q in the Chilean market. This series has a term of 20.5 years bullet, effective rate reached 3.92% corresponding to a spread of 115 bps. Funds raised by this operation will be used to finance investments from both the company and its subsidiaries.

Subsequent events

- On April 2012, Aguas Andinas was notified about final decision that gave Supreme Court to sentence the company, to pay compensation of Ch\$2 million to each of the 534 residents from Pudahuel, who sued the company for be affected by odors from La Farfana's Sewage Treatment Plant between 2003 and 2005. On April 26, this was recorded in the current account of the competent court the sum of Ch\$1.068 million.
- On April 18, 2012, the board of directors approved the distribution of Ch\$37,909,769,000 as a final dividend. The dividend was for Ch\$37.909 per share payable from May 25, 2012.
- On April 19, 2012, the subsidiary Aguas Andinas issued UF 3.3 million (US\$153 million) of series R and S bonds in the Chilean market. The Series R (UF 1 million) has a term of 7 years; effective rate reached 3.50% corresponding to a spread of 106 bps; while the Series S (UF 2.3 million) has a term of 23 years, and effective rate reached 3.89% corresponding to a spread of 110 bps.
- On May 4, 2012, the State Development Corporation (CORFO) sold 387,676,815 shares, representing an approximate 40.46% holding in Empresa de Servicios Sanitarios de Los Lagos (ESSAL). CORFO held 5% of the property. On June 20, ESSAL held an extraordinary shareholders meeting that will be renewed in the directory.

To the date of the issuance of the Consolidated Financial Statements, Inversiones Aguas Metropolitanas and subsidiaries don't have knowledge about other subsequent events.

ANALYSIS OF CONSOLIDATED RESULTS

(In Million of Chilean Pesos)	Mar. 12 MM\$	Mar. 11 MM\$	% Var
Operating Revenues	108.709	98.232	10,7%
Operating Costs & Expenses	(48.535)	(44.225)	9,7%
Operating Income (EBIT)	60.174	54.008	11,4%
EBITDA	73.296	66.988	9,4%
EBITDA Margin	67,4%	68,2%	
Financial Expenses	(5.539)	(6.173)	(10,3%)
Financial Result *	(9.695)	(7.623)	27,2%
Net Income	20.741	18.545	11,8%

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

Ordinary Revenues

Operating revenues as of March 2012 reached Ch\$108.709 million, Ch\$10.477 million (10.7%) more than in the previous year. The following table sets forth, for the periods indicated, the principal components of our net revenues:


	Mar. 12		Mar. 11	
	Million Ch\$	%	Million Ch\$	%
Water	49.060	45,1%	44.958	45,8%
Sewage	50.062	46,1%	45.051	45,9%
Other regulated businesses	664	0,6%	1.064	1,0%
Non regulated businesses ⁽¹⁾	8.923	8,2%	7.159	7,3%
Total	108.709	100,0%	98.232	100,0%

⁽¹⁾ Includes revenues from IAM.

The principal variations in the regulated services were as follows:

- a) Water: Water revenues show a raise of Ch\$4,102 million (9.1%) over the year before, explained by larger sales volume (4 million m³), due to an increase in customers and their consumption. Additionally, to a higher average tariff, due to indexations during 2011.
- b) Sewage: Sewage revenues show an increase of Ch\$5,011 (11.1%) million explained by:
 - i. Higher collection revenues of Ch\$1,937 million (8.7%) (Ch\$24,037 million in 2012 compared to Ch\$22,120 million the previous year), due to a higher average tariff and greater sales volume of 4.8 million m³,
 - ii. Higher revenues for treatment of Ch\$1,968 million (10.9%) (Ch\$19,962 million in 2012 compared to Ch\$17,994 million the year before), mainly due to higher average tariff, which is associated to indexations during 2011; and a larger sales volumen of 3.8 million m³.
 - iii. Greater revenues from sewage inter-connections of Ch\$1,106 million (22.4%) (Ch\$6,042 million in 2012 compared to Ch\$4,936 million the previous year), due to a Higher sales volume of 1.6 million m³ and higher average tariff applied,

The change in the average tariff is explained by positives indexations during 2011 (since February for Aguas Manquegue S.A., in April to Aguas Andinas and ESSAL, and May for Aguas Cordillera S.A.). From 1st of January 2012, new tariffs were adjusted downward, collecting the reduction of the tax rate which came into force on that date. This adjustment affected all tariff groups.

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- c) 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 decreased by Ch\$400 million, mainly due to a reduced revenue provision of Ch\$688, partly offset by higher fixed charges of Ch\$217.
 - d) Non-regulated businesses: Revenues from non-regulated businesses show an increase of Ch\$1,764, mainly explained in the following business:
 - i. Sanitation: An increase of Ch\$1,204 million due mainly to an increased revenues from agreements with developers and higher household water connections, reflecting the increased level of activity in the addition of new customers.
 - ii. Non-Sanitation: A rise of Ch\$560 due mainly to higher sales of materials in Gestión y Servicios S.A., followed by an increase business in EcoRiles S.A. (Operation of treatment plants and liquid waste treatment of organic load in excess of industry).

Consumption of Raw Materials and Secondary Materials

These costs amounted to Ch\$7,898 million, an increase of Ch\$1,689 million (27.2%) greater than the costs in 2011. This was mainly explained by higher costs because of the purchase of water, along with increased cost of electricity, both because of the water scarcity situation in the Metropolitan Region of Santiago during 2010. Additionally, higher costs in Gestión y Servicios associated to sale of materials.

Personnel Expenses

These expenses amounted to Ch\$9,175 million, Ch\$219 (2.4%) more than in 2011, principally due to higher personnel remunerations and benefits, both linked to CPI adjustments.

Depreciation and Amortization

These charges amounted to Ch\$13,122, Ch\$141 million (1.1%) than in 2011. This is explained by the new investments made by the company, including the implementation of the new business management system.

Other Expenses, by Nature

These expenses amounted to Ch\$18,340 million at the end of march 2012, Ch\$2,261(14.1%) more than recorded during the same period 2011, mainly as a result of higher general expenses Ch\$698, customer service Ch\$362, maintenance and repair network Ch\$335, and enclosures and equipments maintenance Ch\$433, which includes costs of repairing Archimedes Screw of Farfana Sewage Treatment Plant. The failure has created a situation of risk in the continuous operation of the plant, incidence is expected to be resolved in the coming months allowing that La Farfana would continue to his normal operating conditions.

Other Earnings (Losses)

Inversiones Aguas Metropolitanas S.A obtained a result of Ch\$305 million, which was Ch\$278 (1,004%) higher than in the same period in 2011. This difference is explained by higher income from asset sales and increased sales of water meters.



Financial Income

This amounted to Ch\$1,624 million at the end of march 2012, Ch\$406 million higher than that obtained during 2011, mainly explained by major financial interests, because of higher cash surpluses.

Financial Costs

These amounted to Ch\$5,539 million at the end of march 2012, Ch\$634 million (-10.3%) lower than the previous period, mainly explained by activation of interests, due to works of construction (mainly Mapocho sewage treatment plant), partially offset by higher interest expense due to higher debt level.

Indexation Adjustment Results

There were losses of Ch\$5,783 million in 2012, an increase of Ch\$3,115 million (116.7%) compared to 2011, as a result of a greater revaluation of debt in UF, due to the increase in the value of the Unidad de Fomento.

Income Tax Charge (Credit)

The provision for income tax at the end of march 2012 is lower by Ch\$467 million (-5.1%) than in 2011, mainly explained by the effect of a decrease in the corporate income tax rate (from 20.0% 2011 to 18.5% in 2012).

Earnings (Loss)

As a result of the factors indicated above, the consolidated earnings of Inversiones Aguas Metropolitana for the first quarter 2012 amounted to Ch\$42,130, an increase of Ch\$4.839 million (13.0%) more than in 2011.

EBITDA

Consolidated EBITDA for the period amounted to Ch\$73.296 million, higher by Ch\$6.308 million (9.4%) as compared to 2011.

ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In Million of Chilean Pesos)	Mar. 12	Dec. 11	Var.	% Var
Assets				
Current Assets	144.066	84.248	59.818	71,0%
Long-Term Assets	1.672.958	1.658.776	14.182	0,9%
Total Assets	1.817.024	1.743.024	74.000	4,2%
Liabilities & Shareholders' Equity				
Current Liabilities	190.273	198.707	-8.434	(4,2%)
Long-Term Liabilities	633.520	593.216	40.304	6,8%
Total Liabilities	823.793	791.923	31.870	4,0%
Minority Interest	392.778	371.389	21.389	5,8%
Shareholders' Equity	600.453	579.712	20.741	3,6%
Total Liabilities & Equity	1.817.024	1.743.024	74.000	4,2%

Assets

The total consolidated assets of Inversiones Aguas Metropolitanas as of march 31, 2012 increased by 4.2% over 2011, passing from Ch\$1,743,024 million to Ch\$1,817,024 million.

Current Assets increased by Ch\$59,818 million (71.0%) over 2011, passing from Ch\$84,248 million to Ch\$144.066 million, mainly due to an increased in Cash and Cash Equivalents Ch\$51,354 million and Commercial Receivables Ch\$8,589, explained by customers, consumption and new benefits. It should be noted that this increase in Cash and Cash Equivalents has been temporary, since in January 2012, with the issue of the Series Q bonds of UF1.65 million.

Long-term assets rose by Ch\$14,182 million (0.9%) compared to december 2011, mainly explained by the net increase in Property, plant and equipment of Ch\$13,641 million, due to the investments realized by the Group and Other Intangible assets of Ch\$544 million.

The following are the main investments of the period.

Project	Accumulated, Mar 12 (Millions Ch\$)
Mapocho's Sewage Treatment Plant	15.624
Farfana - Trebal Sewage Interceptor	2.683
Enabling probing Cerro Negro	1.289
La Farfana Sewage Treatment Plant	1.628

It is important to note, that investments performed and the implementation of these inversions over 2012, be will achieve a level of wastewater treatment by 100% in Region Metropolitana of Santiago.

Liabilities

Total liabilities at the end of march 2012 grew by 4.0%, or Ch\$31,870 million respect to December 2011.

Current liabilities decreased by Ch\$8,434 (-4.2%) over december 2011, mainly explained by lower banks loans Ch\$5,857, accounts payable Ch\$5,488 and provisions for employee benefits Ch\$2.996. This is partially offset by higher Accounts payable to related entities Ch\$4.589.

Long-term liabilities have an increased by Ch\$40,304 million (6.8%) compared to december 2011, mainly due for the issue of the Serie Q bond in January 2012.

Equity attributable to shareholders of the controller rose by Ch\$20,741 million (3.6%) while net equity rose by 42,130 million (4.4%), explained by the rise in earnings in the first quarter.

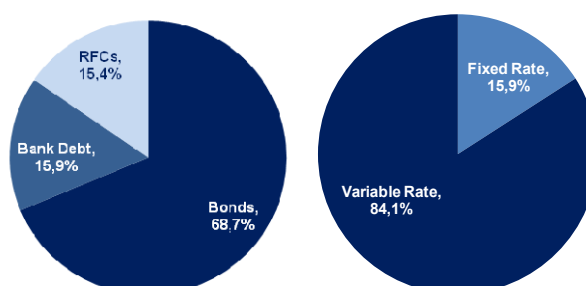
The table below sets forth the maturity of our consolidated long-term debt, as of March 31, 2011 (figures in millions of Ch\$, in nominal terms):

	Currency	Total	Jan. 12 Dec. 12	Jan. 13 Dec. 13	Jan. 14 Dec. 14	After Dec. 14
Bonds	Indexed Ch\$	453.919	63.437	19.355	75.689	295.438
Bank Debt	Non-Indexed Ch\$	105.360	14.960	16.797	7.956	65.647
RFCs ⁽¹⁾	Indexed Ch\$	101.885	1.431	13.351	2.756	84.347
Total ⁽²⁾		661.164	79.828	49.503	86.401	445.432

⁽¹⁾ Promissory Notes.

⁽²⁾ The figure considers the accrued financial expenses as of March 31, 2012.

Financial Liabilities Structure



ANALYSIS OF CONSOLIDATED CASH FLOW

Consolidated Cash Flow (In Million of Chilean Pesos)	Mar. 12	Mar. 11	% Var
Net Cash Flow from Operating Activities	59.246	45.469	30,3%
Net Cash Flow from Investment Activities	(32.504)	(21.792)	49,2%
Net Cash Flow from Financing Activities	24.612	(1.135)	-
Net Cash Flow of the Period	51.354	22.542	127,8%
Closing Balance of Cash & Cash Equivalent	6.553	7.460	(12,2%)

The net cash flow from operating activities increased by Ch\$13,777 million (30.3%) compared to the previous period, being the main changes the increase in receipts from customers of Ch\$14.354 million (12.9%), which is in turn explained by larger sales volume and positive indexation of tariffs. These effect was partially by higher payment to suppliers of Ch\$1,842.

Investment activities produced a rise in net cash flow of Ch\$10,712 million (49.2%), mainly associated with the increase in the incorporation of property, plant and equipment of Ch\$7,663 million (35.2%), the main investments being the Mapocho sewage treatment plant and the capitalization of interest.

The cash flow from financing activities had a variation of Ch\$25.748 million, mainly explained by higher long term loans for Ch\$38,657 million (caused by the bond issue Serie Q in UF 1.65 million), partially offset by repayment of loans of Ch\$11,522 million (180.9%).

FINANCIAL RATIOS

		Mar. 12	Dec. 11
DEBT			
Total Liabilities	Million Ch\$	823.793	791.923
Financial Liabilities	Million Ch\$	661.544	625.727
Total Liabilities / Shareholders Equity	times	0,83	0,83
Current Liabilities / Total Liabilities	times	0,23	0,25
Financial Liabilities / Shareholders Equity	times	0,67	0,66
Other Current Financial Liabilities / Shareholders Equity	times	0,08	0,09
Other Long Term Financial Liabilities / Shareholders Equity	times	0,59	0,57
Interest Coverage Ratio	times	13,23	10,85
LIQUIDITY			
Liquidity	times	0,76	0,42

Total Liabilities: Current Liabilities plus Long Term Liabilities.

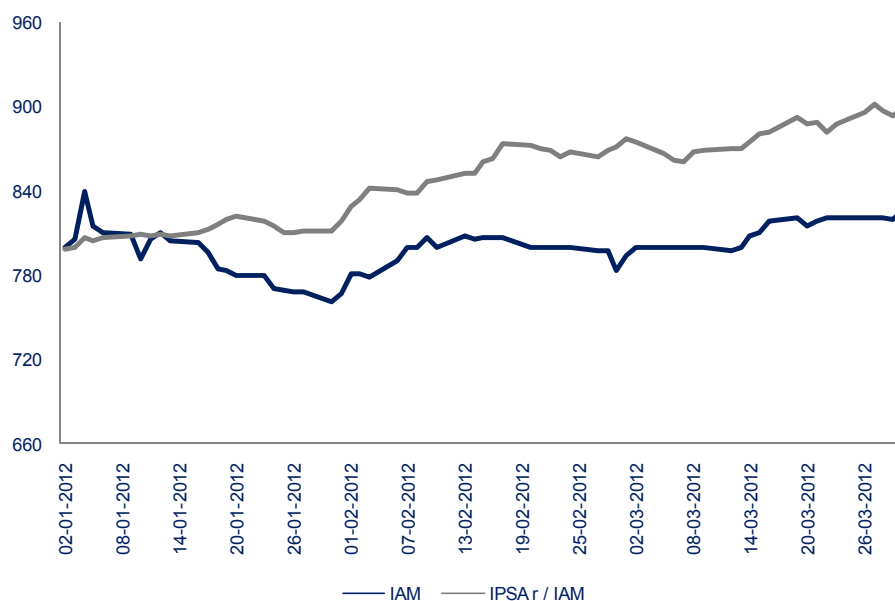
Financial Liabilities: Other current financial liabilities plus other long term financial liabilities

EBITDA: Earnings before interest, taxes, depreciation, and amortization

Interest Coverage Ratio: EBITDA / Financial Costs

Liquidity: Current Assets / Current Liabilities

SHARE PRICE EVOLUTION IAM – IPSA (Ch\$)



Source: Bloomberg

During the first quarter of 2012, the price of IAM showed a positive variation of 3.3%, while IPSA (relativized) rose by 12.3%.

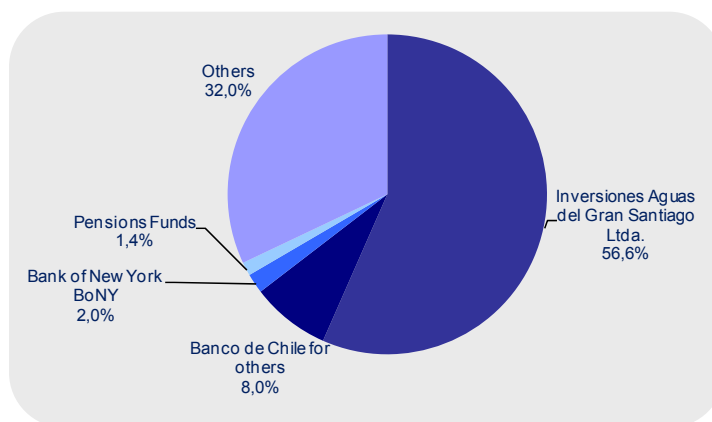
PRINCIPAL OPERATING FIGURES ⁽¹⁾

Sales Volume (In thousand m ³)	Mar. 12	Mar. 11	% Var
Water	156.914	152.888	2,6%
Sewage Collection	150.863	146.101	3,3%
Sewage Treatment & Disposal	129.879	126.056	3,0%
Sewage Interconnection Service	35.781	34.167	4,7%

Customers	Mar. 12	Mar. 11	% Var
Water	1.975.032	1.916.754	3,0%
Sewage Collection	1.921.640	1.874.069	2,5%

⁽¹⁾ Figures consider Aguas Andinas, Aguas Cordillera, Aguas Manquehue y ESSAL.

INVERSIONES AGUAS METROPOLITANAS S.A. Shareholder Group as of March 31, 2012



Total subscribed and paid shares: 1,000,000,000
Number of shareholders: 314

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

ASSETS	Mar. 12	Dec. 11
Cash & cash equivalents	57.907.222	6.553.176
Other financial current assets	176.771	0
Other non-financial current assets	866.060	1.389.612
Trade accounts and other accounts receivable (net)	78.796.375	70.207.638
Accounts receivable from related companies	5.416	8.997
Inventories (net)	3.122.253	3.005.481
Income taxes	3.191.780	3.082.596
TOTAL CURRENT ASSETS	144.065.877	84.247.500
Other financial non-current assets	7.238.651	7.238.651
Other non-financial non-current assets	460.384	460.475
Trade accounts and other accounts receivable (net)	2.032.409	2.018.870
Other intangible assets	223.650.660	223.106.257
Goodwill	307.940.996	307.940.996
Property, plant & equipment (net)	1.131.402.234	1.117.761.721
Deferred income taxes	232.940	249.422
TOTAL LONG TERM ASSETS	1.672.958.274	1.658.776.392
TOTAL ASSETS	1.817.024.151	1.743.023.892

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

LIABILITIES & SHAREHOLDERS' EQUITY	Mar. 12	Dec. 11
Other current financial liabilities	78.920.100	84.776.754
Sundry creditors and other accounts payable	59.606.375	65.093.945
Accounts payable to related companies	46.921.322	42.332.651
Other accruals	1.508.673	1.482.989
Income taxes	1.778.219	329.736
Post-Employment Benefit Obligation	657.740	3.653.745
Other current non-financial liabilities	880.447	1.036.883
CURRENT LIABILITIES	190.272.876	198.706.703
Other long term financial liabilities	582.623.921	540.949.948
Long term liabilities	1.568.634	1.570.602
Other accruals	1.078.716	1.066.784
Deferred taxes	32.514.928	34.354.152
Post-Employment Benefit Obligation	8.385.580	7.927.200
Other long term non-financial liabilities	7.348.585	7.347.230
LONG TERM LIABILITIES	633.520.364	593.215.916
Paid-in capital	468.358.402	468.358.402
Retained earnings	169.362.953	148.621.915
Other reserves	(37.268.417)	(37.268.417)
Net shareholders' equity attributable to the parent company	600.452.938	579.711.900
Minority interest	392.777.973	371.389.373
SHAREHOLDERS' EQUITY	993.230.911	951.101.273
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.817.024.151	1.743.023.892

CONSOLIDATED STATEMENTS OF RESULTS

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

CONSOLIDATED STATEMENTS OF INCOME	Mar. 12	Mar. 11
Operating revenues	108.709.045	98.232.088
Consumption of raw materials & secondary materials	(7.898.430)	(6.209.046)
Personnel expenses	(9.174.532)	(8.955.872)
Depreciation & amortization	(13.122.199)	(12.980.757)
Impairment loss	0	0
Other expenses	(18.339.818)	(16.078.907)
OPERATING INCOME (EBIT)	60.174.066	54.007.506
Financial income	1.623.721	1.217.285
Financial expenses	(5.539.379)	(6.172.898)
Exchange differences	3.792	668
Results of indexation units	(5.783.206)	(2.668.426)
FINANCIAL RESULT	(9.695.072)	(7.623.371)
Other income	305.493	27.663
NET INCOME (LOSS) BEFORE TAXES	50.784.487	46.411.798
Income taxes	(8.654.849)	(9.121.562)
POST-TAX NET INCOME (LOSS) FROM ONGOING ACTIVITIES	42.129.638	37.290.236
Minority interest	21.388.600	18.745.132
NET INCOME FOR THE PERIOD	20.741.038	18.545.104

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

CONSOLIDATED STATEMENTS OF CASH FLOWS	Mar. 12	Mar. 11
Collection of trade account receivables	125.393.190	111.038.765
Collection from insurance contracts	46.812	54.152
Other operating income	533.801	500.888
Payment to suppliers	(29.795.304)	(27.985.120)
Payment to personnel	(12.594.963)	(11.739.814)
Payment of insurance contracts	(40.357)	(4.396)
Other operating payments	(11.838.197)	(11.328.714)
Interest paid	(3.685.818)	(5.137.079)
Interest received	422.793	65.888
Income tax refund (paid)	(8.999.280)	(8.936.102)
Other income (payment)	(226.308)	(1.146.627)
NET CASH FLOW FROM OPERATING ACTIVITIES	59.245.922	45.468.893
Proceeds from sales of PP&E	195.217	29.828
Addition of PP&E	(29.446.100)	(21.783.531)
Addition of intangible assets	(5.000)	(38.297)
Other income (payment)	(3.248.230)	0
NET CASH FLOW FROM INVESTING ACTIVITIES	(32.504.113)	(21.792.000)
Long term loans (banks, bonds and other financing)	39.938.922	1.281.630
Short term loans (banks, bonds and other financing)	2.814.985	3.952.182
Cash flow form loans	42.753.907	5.233.812
Payment of loans and other financing disbursements	(17.891.681)	(6.369.264)
Dividend payment	0	0
Other income (payment)	(249.989)	0
NET CASH FLOW FROM FINANCING ACTIVITIES	(18.141.670)	(6.369.264)
TOTAL NET CASH FLOW FOR THE PERIOD	51.354.046	22.541.441
OPENING BALANCE OF CASH & CASH EQUIVALENT	6.553.176	7.460.416
CLOSING BALANCE OF CASH & CASH EQUIVALENT	57.907.222	30.001.857