

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated financial statements

As of and for the three-month periods ended  
March 31, 2001 and 2002

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Interim consolidated balance sheets  
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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934

For the period ended as of March 31, 2002

ANDINA BOTTLING COMPANY  
(Translation of registrant's name into English)

Avenida Andrés Bello 2687, Piso 20, Santiago, Chile  
(Address of principal executive offices)

THIS REPORT IS COMPOSED OF AN ENGLISH TRANSLATION OF A FIRST QUARTER REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE.

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THE FINANCIAL STATEMENTS SUBMITTED IN THIS DOCUMENT WERE PREPARED PURSUANT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN CHILE, AND UNLESS OTHERWISE INDICATED, AMOUNTS ARE IN CH\$ AS OF MARCH 31, 2002. THE OBSERVED RATE OF EXCHANGE ON SUCH DATE WAS US\$ 1 = CH\$ 655.90

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**INTERIM CONSOLIDATED BALANCE SHEET**

(Restated for general price-level changes and expressed in  
thousands of constant Chilean pesos of March 31, 2002 and  
thousands of U.S. dollars)

<b><u>ASSETS</u></b>	<b><u>At March 31,</u></b>		
	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2002</u></b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThUS\$</b>
<b>CURRENT ASSETS:</b>			
Cash	27,301,163	7,975,881	12,160
Time deposits	123,796,513	14,389,964	21,939
Marketable securities	17,197,132	25,162,018	38,363
Accounts receivable (net)	44,644,419	48,285,788	73,618
Amounts due from related companies	187,938	2,850,534	4,346
Inventories	23,917,611	15,324,373	23,364
Recoverable taxes	7,927,814	2,819,426	4,299
Other current assets	<u>11,116,865</u>	<u>10,349,315</u>	<u>15,779</u>
Total current assets	<u>256,089,455</u>	<u>127,157,299</u>	<u>193,868</u>
 <b>PROPERTY, PLANT AND EQUIPMENT</b>			
Land	14,987,245	15,487,846	23,613
Buildings and construction	93,265,954	98,015,001	149,436
Machinery and equipment	258,839,603	233,017,976	355,264
Other property, plant and equipment	158,340,618	172,276,591	262,657
Technical reappraisal of property, plant and equipment	1,814,342	1,815,863	2,769
Less: Accumulated depreciation	<u>(281,641,174)</u>	<u>(309,123,897)</u>	<u>(471,297)</u>
Total property, plant and equipment	<u>245,606,588</u>	<u>211,489,380</u>	<u>322,442</u>
 <b>OTHER ASSETS:</b>			
Investments in related companies	6,974,564	31,984,466	48,764
Goodwill (net)	110,221,736	109,611,992	167,117
Investments in other companies	320,250	673,041	1,026
Accounts due from related companies	138,403	131,364	200
Long-term receivables	796,915	150,215	229
Intangible assets (net)	1,122,924	783,969	1,195
Other	<u>72,237,901</u>	<u>189,308,293</u>	<u>288,624</u>
Total other assets	<u>191,812,693</u>	<u>332,643,340</u>	<u>507,155</u>
Total assets	<u>693,508,736</u>	<u>671,290,019</u>	<u>1,023,465</u>

The accompanying Notes 1 to 17 are an integral part of these consolidated financial statements.

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**INTERIM CONSOLIDATED BALANCE SHEET**

(Restated for general price-level changes and expressed in  
thousands of constant Chilean pesos of March 31, 2002 and  
thousands of U.S. dollars)

<b><u>LIABILITIES</u></b>	<b>At March 31,</b>		
	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2002</u></b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThUS\$</b>
<b>CURRENT LIABILITIES:</b>			
Short-term bank liabilities	25,963,184	1,066	2
Current portion of long-term bank liabilities	2,986,947	10,477,997	15,975
Current portion of bonds payable	5,768,403	3,460,778	5,276
Dividends payable	69,329	80,805	123
Trade accounts payable and notes payable	27,496,998	24,507,765	37,365
Other accrued liabilities and provisions	12,602,965	10,818,958	16,495
Amounts payable to related companies	11,628,940	7,263,140	11,074
Income taxes payable	3,836,110	2,647,370	4,036
Other taxes payables	<u>8,423,913</u>	<u>7,624,066</u>	<u>11,624</u>
Total current liabilities	<u>98,776,789</u>	<u>66,881,945</u>	<u>101,970</u>
 <b>LONG-TERM LIABILITIES:</b>			
Long-term bank liabilities	2,890,965	55,087,139	83,987
Bonds payable	158,010,644	143,604,868	218,943
Notes payable	51,172	-	-
Various creditors	435,175	92,919	142
Amounts payable to related companies	194,949	-	-
Other accrued liabilities and provisions	5,456,162	9,498,042	14,481
Deferred tax	-	1,417,807	2,162
Other long-term liabilities	<u>14,444,788</u>	<u>7,588,251</u>	<u>11,569</u>
Total long-term liabilities	<u>181,483,855</u>	<u>217,289,026</u>	<u>331,284</u>
Minority interest	<u>44,096</u>	<u>46,420</u>	<u>68</u>
 <b>SHAREHOLDERS' EQUITY:</b>			
Paid-in capital	178,284,592	178,432,464	272,042
Other reserves	47,967,933	46,895,570	71,498
Retained earnings	171,627,430	145,948,781	222,517
Net income for the period	<u>15,324,041</u>	<u>15,795,813</u>	<u>24,083</u>
Total shareholders' equity	<u>413,203,996</u>	<u>387,072,628</u>	<u>590,140</u>
Total liabilities and shareholders' equity	<u>693,508,736</u>	<u>671,290,019</u>	<u>1,023,462</u>

The accompanying Notes 1 to 17 are an integral part of these consolidated financial statements.

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENT OF INCOME**

(Restated for general price-level changes and expressed in  
thousands of constant Chilean pesos at March 31, 2002 and  
thousands of U.S. dollars)

	<b><u>Three months ended March 31,</u></b>		
	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2002</u></b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThUS\$</b>
<b>OPERATING INCOME:</b>			
Net sales	134,128,326	106,670,583	162,632
Cost of sales	<u>(82,041,169)</u>	<u>(70,088,388)</u>	<u>(106,858)</u>
Gross profit	52,087,157	36,582,195	55,774
Administrative and selling expenses	<u>(32,295,860)</u>	<u>(25,937,091)</u>	<u>(39,544)</u>
Operating income	<u>19,791,297</u>	<u>10,645,104</u>	<u>16,230</u>
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<b>OTHER INCOME AND EXPENSES:</b>			
Financial income	5,412,980	8,433,235	12,858
Other non-operating income	758,305	282,941	431
Financial expenses	(5,054,994)	(8,613,652)	(13,133)
Other non-operating expenses	(2,369,456)	(4,988,248)	(7,605)
Share of income (loss) from affiliate companies	(29,085)	12,184,141	18,576
Amortization of goodwill	(1,751,013)	(1,825,924)	(2,784)
Price-level restatement	<u>1,409,940</u>	<u>1,011,570</u>	<u>1,542</u>
Non-operating income	<u>(1,623,323)</u>	<u>6,484,063</u>	<u>9,885</u>
	-----	-----	-----
Income before income taxes and minority interest	18,167,974	17,129,167	26,115
Income taxes	<u>(2,824,068)</u>	<u>(1,332,287)</u>	<u>(2,031)</u>
Income before minority interest	15,343,906	15,796,880	24,084
Income (loss) attributable to minority interest	<u>(19,865)</u>	<u>(1,067)</u>	<u>(2)</u>
Net income	<u>15,324,041</u>	<u>15,795,813</u>	<u>24,082</u>
	=====	=====	=====

The accompanying Notes 1 to 17 are an integral part of these consolidated financial statements.

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

(Restated for general price-level changes and expressed in  
thousands of constant Chilean pesos at March 31, 2002 and  
thousands of U.S. dollars)

	<u>Three months ended March 31,</u>		
	<u>2001</u>	<u>2002</u>	<u>2002</u>
	ThCh\$	ThCh\$	ThUS\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Collection of accounts receivable	197,297,475	154,416,949	235,428
Financial income received	4,165,032	1,889,100	2,880
Other income received	6,078,513	3,844,398	5,861
Payments to suppliers and personnel	(144,105,288)	(118,331,420)	(180,411)
Interest paid	(892,660)	(1,323,335)	(2,018)
Income tax payments	(1,572,175)	(1,425,296)	(2,173)
Other expenses	(670,611)	(511,373)	(780)
VAT and other similar items paid	<u>(26,154,975)</u>	<u>(20,010,403)</u>	<u>(30,508)</u>
Net cash provided by operating activities	<u>34,145,311</u>	<u>18,548,620</u>	<u>28,279</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of shares in subsidiary	5,574	-	-
Borrowings from banks and others	20,739,599	21,075,109	32,132
Dividends paid	(3,949,950)	(3,826,729)	(5,834)
Payment of loans	<u>(9,014,417)</u>	<u>(36,321,212)</u>	<u>(55,376)</u>
Net cash provided by (used in) financing activities	<u>7,780,806</u>	<u>(19,072,832)</u>	<u>(29,078)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sales of property, plant and equipment	1,455,547	1,310,779	1,998
Proceeds from sales of other investments	167,775,337	11,925,299	18,182
Other income	620,784	958,798	1,462
Additions to property, plant and equipment	(7,353,311)	(5,721,497)	(8,723)
Investments in financial instruments	(149,277,379)	(5,031,416)	(7,671)
Others loans to related companies	(203,892)	-	-
Other investing activities	<u>(453,597)</u>	<u>(6,862,012)</u>	<u>(10,462)</u>
Net cash flow provided by (used in) investing activities	<u>12,563,489</u>	<u>(3,420,049)</u>	<u>(5,214)</u>
Net (decrease) increase in cash and cash equivalents	54,489,606	(3,944,261)	(6,013)
Effect of inflation on cash and cash equivalents	<u>1,525,005</u>	<u>(1,497,690)</u>	<u>(2,283)</u>
Net (decrease) increase in cash and cash equivalents	56,014,611	(5,441,951)	(8,296)
Cash and cash equivalents at beginning of period	<u>98,396,331</u>	<u>40,504,959</u>	<u>61,755</u>
Cash and cash equivalents at end of period	<u>154,410,942</u>	<u>35,063,008</u>	<u>53,459</u>

The accompanying Notes 1 to 17 are an integral part of these consolidated financial statements.

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

(Restated for general price-level changes and expressed in  
thousands of constant Chilean pesos at March 31, 2002 and  
thousands of U.S. dollars)

	<u>Three months ended March 31,</u>		
	<u>2001</u>	<u>2002</u>	<u>2002</u>
	ThCh\$	ThCh\$	ThUS\$
<b>RECONCILIATION BETWEEN NET INCOME FOR THE PERIOD AND NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>			
Net income	15,324,041	15,795,813	24,083
<b>Income on sale of assets:</b>			
Loss (gain) on sale of property, plant and equipment	(105,373)	(186,431)	(284)
Gain on sale of investment	(1,165)	-	-
Gain on sale of other assets	(29,390)	-	-
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Depreciation	10,418,230	9,679,589	14,758
Amortization of intangibles	417,457	74,836	114
Write-offs and provisions	701,273	2,734,014	4,168
Participation in (earnings) losses of investments under equity method	29,085	(12,184,141)	(18,576)
Amortization of goodwill	1,751,013	1,825,924	2,784
Price-level restatement	(1,409,940)	(1,011,567)	(1,542)
Other credits to income that do not represent cash flows	(2,833,825)	(9,303,121)	(14,184)
Other debits to income that do not represent cash flows	2,395,926	10,393,861	15,847
Income attributable to minority interest	19,865	1,067	2
<b>CHANGE IN OPERATING ASSETS / LIABILITIES:</b>			
Decrease in accounts receivable	15,556,733	14,908,660	22,730
Decrease (increase) in inventories	2,630,200	(364,507)	(556)
Decrease (increase) in other current assets	2,322,617	(2,027,115)	(3,091)
Decrease in trade accounts payable and notes payable relating to operating activities	(17,702,320)	(17,318,048)	(26,403)
Increase in interest payable	5,441,405	3,904,849	5,953
Increase in income taxes payable	427,032	167,120	255
Increase in accounts payable relating to non-operating income	899,247	2,335,468	3,561
Decrease in VAT and other similar taxes	<u>(2,106,800)</u>	<u>(877,651)</u>	<u>(1,338)</u>
Net cash provided by operating activities	34,145,311	18,548,620	28,281
	=====	=====	=====

The accompanying Notes 1 to 17 are an integral part of these consolidated financial statements.

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - BASIS OF PRESENTATION

In the opinion of the Company's management, the accompanying interim consolidated financial statements of the Company include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of results for such interim periods.

The interim results for the three months ended March 31, 2002, are not necessarily indicative of the results for the full calendar year. These financial statements should be read in conjunction with the Company's audited financial statements and the related notes for the fiscal year ended December 31, 2001. All significant accounting policies followed in the preparation of these interim financial statements are described in Note 1 to the Company's audited consolidated financial statements referred to above, with the exception of the following:

The net adjustment of non-monetary assets, liabilities and equity accounts was made on the basis of a variation of (0.4)% in the Consumer Price Index ("CPI") applicable for the three-month period ended February 28, 2002 (0.1% in 2001) and was included in the price-level restatement account in the statements of income.

Values for the UF are as follows (historical Chilean pesos per UF):

<u>Year</u>	<u>At March 31,</u> Ch\$
2001	15,813.07
2002	16,197.66

For comparative purposes, the March 31, 2001 interim financial statements and the amounts disclosed in the related notes have been restated in terms of Chilean pesos of March 31, 2002 purchasing power.

The Company maintains its accounting records and prepares its financial statements in Chilean pesos. The U.S. dollar amounts disclosed in the accompanying March 31, 2002 interim financial statements are presented solely for the convenience of the foreign reader at the closing exchange rate of Ch\$ 655.90 per US \$ 1.00 quoted by the Central Bank of Chile for March 31, 2002. No representation is made that the Chilean peso amounts could have been, or could be, converted into U.S. dollars at that rate or any other rate.

## NOTE 2 - MONETARY CORRECTION

The detail of the composition of monetary correction is as follows:

Monetary correction	Variation in UF, IVP or other index		Variation in foreign currency		Variation in CPI		Accumulated total	
	2002	2001	2002	2001	2002	2001	2002	2001
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Assets								
Current	-	-	199,320	6,544,613	28,844	77,505	228,164	6,622,118
Fixed assets	-	-	-	-	(302,540)	91,723	(302,540)	91,723
Other	(111,358)	19,968	234,609	45,738	(1,698,067)	138,887	(1,574,816)	204,593
Liabilities								
Current	592,544	(5,568)	812,484	(2,841,218)	(40,206)	(63,197)	1,364,822	(2,909,983)
Long-term	1,230	-	(1,274,768)	(2,186,832)	918,260	(34,756)	(355,278)	(2,221,588)
Equity	-	-	-	-	1,643,640	(388,646)	1,643,640	(388,646)
Income and expense accounts	-	-	-	-	7,579	11,723	7,579	11,723
Total	482,416	14,400	(28,355)	1,562,301	557,510	(166,761)	1,011,571	1,409,940

## NOTE 3 - TIME DEPOSITS

Time deposits at each period-end are as follows:

	At March 31,	
	2001	2002
	ThCh\$	ThCh\$
Local currency deposits	-	-
Foreign currency deposits	123,796,513	14,389,964
Total	123,796,513	14,389,964

## NOTE 4 - MARKETABLE SECURITIES

Marketable securities at each period-end are as follows:

	At March 31,	
	2001	2002
	ThCh\$	ThCh\$
Mutual Funds	12,485,652	25,162,018
Investment Funds	4,711,480	-
Total	17,197,132	25,162,018

#### NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable (net) at each period-end consist of the following:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Trade accounts receivable (net)	26,303,777	21,013,597
Notes receivable (net)	10,219,381	9,064,678
Miscellaneous accounts receivable (net)	<u>8,121,261</u>	<u>18,207,513</u>
Accounts receivable (net)	44,644,419	48,285,788
	=====	=====

Accounts receivable are shown net of a provision for doubtful debts of ThCh\$ 2,404,742 at March 31, 2002.

Notes receivable consist primarily of post-dated checks. Miscellaneous accounts receivable consist primarily of advance payments made to suppliers and amounts due from employees.

#### NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

a) Property, plant and equipment at each period-end are as follows:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Land	14,987,245	15,487,846
Buildings and improvements	93,265,954	98,015,001
Machinery and equipment	<u>258,839,603</u>	<u>233,017,976</u>
Total	367,092,802	346,520,823
	=====	=====

b) Other property, plant and equipment at each period-end are as follows:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Containers	86,471,124	93,415,946
Furniture and fixtures	21,874,780	23,619,558
Marketing and displays	37,236,300	41,384,624
Other	<u>12,758,414</u>	<u>13,856,463</u>
Total other property, plant and equipment	158,340,618	172,276,591
	=====	=====

c) Technical reappraisal of property, plant and equipment:

This item represents the increase in value of property, plant and equipment resulting from a technical reappraisal made by the Company in 1979 under SVS regulations.

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Land	1,212,674	1,213,692
Buildings and construction	168,145	168,287
Machinery and equipment	<u>433,523</u>	<u>433,884</u>
Total	1,814,342	1,815,863
	=====	=====
Accumulated depreciation	502,130	511,612
	=====	=====

NOTE 7 - INVENTORIES

Inventories are composed as follows:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Finished Products	12,412,240	7,191,045
Products in process	1,176,114	67,530
Raw Materials	10,572,991	8,224,958
Raw Materials in transit	43,258	48,470
Provision for obsolescence	<u>(286,992)</u>	<u>(207,630)</u>
Total	23,917,611	15,324,373
	=====	=====

NOTE 8 - INVESTMENTS IN RELATED COMPANIES, GOODWILL AND INVESTMENTS IN OTHER COMPANIES

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Investments in equity of related companies	6,974,564	31,984,466
Goodwill (net)	<u>110,221,736</u>	<u>109,611,992</u>
Total	<u>117,196,300</u>	<u>141,596,458</u>
Investments in other companies	<u>320,250</u>	<u>673,041</u>

a) Investments in equity of related companies:

The detail is as follows:

	Ownership percentage at March 31, 2002	Investment value at March 31,		Participation in net income	
		<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>
		%	ThCh\$	ThCh\$	ThCh\$
Envases CMF (Crowpla Reicolite)	50.00	-	13,067,843	-	138,985
Envases Central S.A.	48.00	1,584,087	1,178,188	(32,229)	(49,836)
Agromax S.A.	48.62	515,450	-	-	-
KAIK Participacoes S/C Ltda.	11.31	1,992,559	14,966,791	(1,760)	12,075,424
Centralli Refrigerante S.A.	25.00	41,695	-	(13,939)	-
Cican S.A.	15.20	<u>2,840,773</u>	<u>2,771,644</u>	<u>21,004</u>	<u>38,078</u>
Total		<u>6,974,564</u>	<u>31,984,466</u>	<u>(26,924)</u>	<u>12,202,651</u>

On June 29, 2001, Embotelladora Andina S.A. (“Andina”) and Cristalerías de Chile S.A. (“Cristalerías”) entered into a series of contracts in order to establish an association or joint venture to conduct the PET plastic container businesses previously operated by their respective subsidiaries, Envases Multipack S.A. (“Multipack”) and Crowpla Reicolite S.A. (“Crowpla”).

This joint venture was formed by the issue of shares in Crowpla Reicolite S.A. to the subsidiary Andina Inversiones Societarias S.A., resulting in that company owning 50% of the shares in Crowpla. Cristalerías retained ownership of the remaining 50%. At the same time, Crowpla purchased from Multipack the assets necessary to operate the joint venture.

On October 16, 2001 the Extraordinary General Meeting of Partners of Crowpla agreed to change the name of the society for “ENVASES CMF S.A.”. An unrealized profit of ThCh\$1,323,540 arose as a result of the sale of assets previously referred to; this profit will be recognized in results over the remaining useful life of the assets sold to Envases CMF S.A.

b) Transactions with related companies:

<u>Company</u>	<u>Relation</u>	<u>Type of transaction</u>	Amount of transactions for the three months ended March 31,	
			<u>2001</u>	<u>2002</u>
			ThCh\$	ThCh\$
Envases Central S.A.	Investee	<u>Sales</u>		
		Raw materials	272,004	522,460
		<u>Purchases</u>		
		Finished products	1,927,082	3,470,498
		<u>Commercial accounts</u>		
		Loan given	512,500	-
Envases Italprint S.A.	Shareholder in common	<u>Purchases</u>		
		Raw materials	204,361	169,459
Coca-Cola de Chile S.A.	Related company through shareholders	<u>Sales</u>		
		Advertising	786,257	495,840
		<u>Purchases</u>		
		Concentrate	9,155,945	9,208,051
		Advertising	2,474,902	205,963
Coca-Coca de Argentina S.A.	Related company through shareholders	<u>Purchases</u>		
		Concentrate	3,010,331	3,652,277
		Advertising	720,330	29,785
Cican S.A. (Argentina)	Equity investee	<u>Purchases</u>		
		Finished products	2,046,008	853,940
Cervejarias Kaiser S.A. (Brazil)	Equity investee	<u>Purchases</u>		
		Finished products	1,124,184	1,473,341
Envases del Pacífico Ltda.	Director in common	<u>Purchases</u>		
		Labels	155,571	67,679
Envases CMF (Crowpla Reicolite)	Indirect Subsidiary	<u>Purchases</u>		
		Raw materials	-	1,410,363
Recofarma Industrias	Equity investee	<u>Purchases</u>		
		Concentrate	6,860,725	7,153,347

c) Amounts receivable and amounts payable with related companies:

<u>Company</u>	<u>Amounts receivable</u> <u>at March 31,</u>		<u>Amounts payable</u> <u>at March 31,</u>	
	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Inversiones Freire Ltda.	25,660	-	-	-
Envases Central S.A.	-	-	4,288	647,300
Coca-Cola de Chile S.A.	-	-	4,763,664	1,210,126
Recofarma Industrias Do Amazonas Ltda.	-	-	2,804,646	1,401,574
Crowpla Reicolite S.A.	-	-	-	1,694,867
ECPG Net Inc (USA)	-	10,886	-	-
Envases Italprint S.A.	-	-	200,630	165,174
Envases del Pacífico S.A	-	-	114,398	50,154
Kaiser S.A.	162,278	-	-	186,799
Centralli Refrigerante S.A.	-	-	98,628	102,225
Coca-Cola (Argentina)	-	1,401,574	2,002,777	1,605,536
Coca-Cola Industrial	-	1,438,074	210,986	-
Cican S.A. (Argentina)	<u>-</u>	<u>-</u>	<u>1,428,923</u>	<u>199,385</u>
Total short term	<u>187,938</u>	<u>2,850,534</u>	<u>11,628,940</u>	<u>7,263,140</u>
	=====	=====	=====	=====
Centralli Refrigerante S.A.	112,850	75,650	-	-
Coca-Cola Industrial	-	-	194,949	-
Coca-Cola de Chile S.A.	<u>25,553</u>	<u>55,714</u>	<u>-</u>	<u>-</u>
Total long term	<u>138,403</u>	<u>131,364</u>	<u>194,949</u>	<u>-</u>
	=====	=====	=====	=====

NOTE 9 - OTHER ASSETS

Other assets at each period-end are as follows:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Bonds	54,377,683	123,558,134
Prepaid expenses	3,201,135	2,298,732
Time deposits	-	54,838,468
Recoverable taxes	1,193,113	504,397
Long term deferred taxes	1,677,649	-
Deferred bond issuance costs	3,447,986	4,252,741
Fixed assets not used in operations	2,480,439	1,003,219
Other (1)	<u>5,859,896</u>	<u>2,852,602</u>
Total	<u>72,237,901</u>	<u>189,308,293</u>

- (1) Includes ThCh\$ 836,273 (ThCh\$ 3,086,955 in 2000) relating to amounts to be received from the former stockholders of the subsidiary Rio de Janeiro Refrescos Ltda. who agreed to compensate the Company for the cost of any liabilities relating to transactions prior to the purchase of the subsidiary. These guarantees cover not only the existing contingent liabilities but also any future contingency that could arise in Rio de Janeiro Refrescos Ltda. from operations prior to the purchase of that subsidiary. The balance in Other assets is equal to the amount of the related liability to third parties included under Other long-term liabilities.

NOTE 10 - BANK LIABILITIES

- a) Short-term bank liabilities:

The weighted average interest rate on short-term borrowings, denominated in US\$ and outstanding at March 31, 2001 was 7.83%.

- b) Long-term bank liabilities consist of loans in Brazilian Reales and U.S. dollars, the terms of which are as follows:

	<u>Terms</u>
Lenders	Various banks
Payments of interest	Semiannually in arrears 6.83% per annum

The Long-term bank liabilities outstanding at each period-end, are as follows:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Long-term bank loans in U.S. dollars	-	54,634,490
Long-term bank loans in Brazilian reales	<u>5,877,912</u>	<u>10,930,646</u>
Total bank loans	5,877,912	65,565,136
Less: current portion	<u>(2,986,947)</u>	<u>(10,477,997)</u>
Total long-term portion	<u>2,890,965</u>	<u>55,087,139</u>

Scheduled maturities of the long-term portion of bank liabilities at March 31, 2002 are as follows:

Maturing during the period ending March 31,

	ThCh\$
2003	-
2004	262,065
2005 and beyond	<u>54,825,074</u>
Total	<u>55,087,139</u>

NOTE 11 - BONDS PAYABLE

a) At March 31, 2002, the balance of bonds payable, amounting to ThCh\$ 147,065,646 (ThCh\$ 163,779,047 in 2001), is recorded at par value and is classified as follows:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Current portion of bonds payable:		
Bonds payable in UF	-	2,366,140
Bonds payable in foreign currency (US\$)	<u>5,768,403</u>	<u>1,094,638</u>
Total current portion of bonds payable	<u>5,768,403</u>	<u>3,460,778</u>
	=====	=====
Long-term bonds payable:		
Bonds payable in UF	-	113,383,620
Bonds payable in foreign currency (US\$)	<u>158,010,644</u>	<u>30,221,248</u>
Total long-term bonds payable	<u>158,010,644</u>	<u>143,604,868</u>
	=====	=====

b) The terms and conditions of the bonds issued in US dollars outstanding at March 31, 2002 are as follows:

	<u>Series A</u>	<u>Series B</u>	<u>Series C</u>
Issue date	October 3, 1997	October 3, 1997	October 3, 1997
Amount of issuance	US\$ 32,076,000	US\$ 4,000,000	US\$ 100,000,000
Basis of readjustment	US\$ exchange rate	US\$ exchange rate	US\$ exchange rate
Amortization term	10 years	30 years	100 years
Principal payments	Due October 1, 2007	Due October 1, 2027	Due October 1, 2097
Annual interest rate	7.0%	7.625%	7.875%
Interest payments	Semiannually	Semiannually	Semiannually

During the period, the subsidiary The Sterling Pacific Corp. repurchased bonds in the international markets amounting to US\$ 4.55 million (US\$ 10.4 million in 2001). The total of repurchased bonds to date is US\$ 303.4 million.

c) The terms and conditions of bonds issued in U.F. in the local market outstanding at March 31, 2002 are as follows:

	<u>Series A</u>	<u>Series B</u>
Issue date	July 2001	July 2001
Amount of issuance	UF 3,300,000	UF 3,700,000
Basis of readjustment	UF exchange rate	UF exchange rate
Amortization term	5 years	17 years
Principal payments	Due June 1, 2008	Due June 1, 2026
Annual interest rate	6.2%	6.5%
Interest payments	Semiannually	Semiannually

## NOTE 12 - OTHER ACCRUED LIABILITIES AND PROVISIONS

Other accrued liabilities and provisions at each period-end are as follows:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Other accrued liabilities:		
Accrued obligations at period-end	9,025,651	8,653,274
Provision for employee vacations	2,006,657	1,682,672
Employee severance indemnities	488,403	357,157
Unearned revenue	<u>1,082,254</u>	<u>125,855</u>
Total	<u>12,602,965</u>	<u>10,818,958</u>
	=====	=====
Long-term provisions:		
Accrued obligations at period-end	3,389,275	7,220,616
Employee severance indemnities	<u>2,066,887</u>	<u>2,277,426</u>
Total	<u>5,456,162</u>	<u>9,498,042</u>
	=====	=====

## NOTE 13 - INCOME TAXES

### a) Taxes

The parent company and its subsidiaries have set up a provision to cover income taxes based on existing laws. The effect on income is as follows:

	<u>At March 31,</u>	
	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Current year income tax charge	(2,912,377)	(1,436,948)
Deferred tax movement	245,459	194,400
Amortization of deferred tax complementary accounts	(113,501)	(85,186)
Other	<u>(43,649)</u>	<u>(4,553)</u>
Total	<u>(2,824,068)</u>	<u>(1,332,287)</u>
	=====	=====

### b) Taxable retained earnings

The Taxable Profits Fund totaled ThCh\$ 36,185,040 as of March 31, 2002 and will result in a 15% credit in the event of distribution to shareholders.

c) Deferred taxes

Beginning January 1, 2000, the Company began recognizing in net income on a prospective basis the effect of deferred taxes in accordance with Technical Bulletin No. 60 of the Chilean Institute of Accountants.

The accumulative balance of these deferred taxes are shown below:

2001

Temporary difference (Deferred taxes)	Deferred asset		Deferred liability	
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Short-Term</u>	<u>Long-Term</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Allowance for doubtful accounts	968,547	-	-	-
Unearned revenue	83,228	-	-	-
Accrued vacation expenses	132,772	-	-	-
Accumulated depreciation	-	1,726,480	120,984	8,103,530
Staff severance indemnities	-	4,717	13,183	528,391
Fabrication expenses	113,343	-	170,665	742,119
Provision for fixed assets held for sale	-	875,229	-	-
Judicial deposits	-	525,948	-	-
Tax loss carryforwards	-	5,417,776	-	-
Fixed asset obsolescence	160,585	1,952,917	-	-
Deposits in guarantee	-	-	-	1,281,775
Provision for lawsuits	-	333,765	-	-
Other	<u>191,311</u>	<u>602,121</u>	<u>17,952</u>	<u>52,862</u>
Total	1,649,786	11,438,953	322,784	10,708,677
Amortization of off-balance accounts	<u>(251,937)</u>	<u>(5,310,804)</u>	<u>(7,038)</u>	<u>(6,258,177)</u>
Total	<u>1,397,849</u>	<u>6,128,149</u>	<u>315,746</u>	<u>4,450,500</u>

2002

Temporary difference (Deferred taxes)	Deferred asset		Deferred liability	
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Short-Term</u>	<u>Long-Term</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Allowance for doubtful accounts	317,694	857,887	-	-
Unearned revenue	-	101,709	-	-
Accrued vacation expenses	115,699	-	-	-
Accumulated depreciation	-	859,957	-	7,116,552
Staff severance indemnities	-	3,801	4,781	514,399
Fabrication expenses	-	46,716	339,754	303,776
Provision for fixed assets held for sale	-	1,005,157	-	-
Judicial deposits	-	530,172	-	-
Tax loss carryforwards	-	10,315,954	-	-
Fixed asset obsolescence	-	1,074,850	-	-
Deposits in guarantee	-	-	-	1,692,294
Provision for lawsuits	-	666,574	-	-
Other	<u>521,512</u>	<u>167,526</u>	<u>111,428</u>	<u>602,636</u>
Total	954,905	15,630,303	455,963	10,229,657
Amortization of off-balance accounts	(112,448)	(5,108,209)	-	(5,674,128)
Valuation allowance	<u>-</u>	<u>(7,384,372)</u>	<u>-</u>	<u>-</u>
Total	<u>842,457</u>	<u>3,137,722</u>	<u>455,963</u>	<u>4,555,529</u>

## NOTE 14 - CONTINGENCIES AND COMMITMENTS

### a) Guarantees:

#### Embotelladora Andina S.A.

The Company is in litigation for tax related matters for a total amount of ThCh\$ 57,905 plus interest and monetary correction. The court ruled partially against the Company and awarded the plaintiff ThCh\$23,609 plus interest and monetary correction. The Company has appealed the ruling and the result is pending.

#### Complejo Industrial Pet S.A.

The Company faces litigation related to labor laws and other civil actions with a maximum possible liability of ThUS\$ 249.

#### Embotelladora del Atlántico S.A.

The Company faces litigation related to labor laws and other civil actions with a maximum possible liability of ThUS\$ 1,713.

#### Rio de Janeiro Refrescos Ltda. (RJR)

The Company faces litigation related to labor laws, federal taxes and other civil actions related to contingencies of the prior owners of RJR for a total estimated amount of ThUS\$1,521.

At March 31, 2002, a provision was established for the possible losses that could arise from the litigation described above.

### b) Contingencies:

#### Argentina Economic Situation

At March 31, 2002 the assets in Argentina represents the 21.22% of the consolidated assets (27.34% at March 31, 2001). Likewise the investments held in Argentina represents the 18.90% of the shareholder's equity at March 31, 2002.

As is widely known, it is difficult to forecast the future developments of the Argentine economy and its consequences on the economic and financial position of Embotelladora Andina's subsidiaries in this country. Therefore, the present financial statements do not include all the adjustments that could result from such adverse conditions, consequently they must be read considering these circumstances.

From the point of view of the Company's management, the consequences of these uncertainties would not have a significant effect on the financial position of the Company.

c) Covenants

The bond issue and placement in the US market for US\$ 350 million does not impose administrative restrictions, covenants or financial ratios.

The bond issued and placement in Chile of UF 7,000,000 is subject to the following covenants:

- Leverage, defined as the Total Debt / Equity + Minority Interest, must not exceed to 1.2 times.
- Maintain consolidated assets free of mortgages or any kind of encumbrance for an amount at least equal to 1.3 times the consolidated current liabilities not guaranteed by the issuer.
- Maintain and by no means lose, sell or transfer to a third party the geographical zone called “Región Metropolitana”, the Company’s franchised territory of The Coca-Cola Company in Chile, and the license, the renewable by time to time, for the manufacture, production, sale and distribution of the products and trade marks.
- Never lose, sell or transfer to a third party any other territory of Argentina or Brazil that is franchised to Andina by The Coca Cola Company for the manufacture, production, sale and distribution of the products and trade marks conferred by the license if it represents more than 40% of the Company’s adjusted consolidated operational cash flow, as defined.

## NOTE 15 - SHAREHOLDERS' EQUITY

- a) The movements in the capital and reserves of the Company during the periods ended March 31, 2002 and 2001 were as follows:

	<u>Paid-in capital</u>	<u>Capital revaluation</u>	<u>Other reserves (1)</u>	<u>Retained earnings</u>	<u>Net income for the period</u>	<u>Interim dividends</u>	<u>Total</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
At January 1, 2001	173,762,425	-	38,132,910	147,414,347	31,500,734	(11,640,959)	379,169,457
Prior year income allocation	-	-	-	19,859,775	(31,500,734)	11,640,959	-
Price-level restatement of equity accounts	-	173,762	38,132	167,273	-	-	379,167
Accumulated translation adjustment of foreign investments	-	-	8,626,942	-	-	-	8,626,942
Net income for the period	-	-	-	-	14,950,285	-	14,950,285
At March 31, 2001	<u>173,762,425</u>	<u>173,762</u>	<u>46,797,984</u>	<u>167,441,395</u>	<u>14,950,285</u>	<u>-</u>	<u>403,125,851</u>
Balance at March 31, 2001 restated in constant Chilean pesos of March 31, 2002 (2.5%)	<u>178,106,486</u>	<u>178,106</u>	<u>47,967,933</u>	<u>171,627,430</u>	<u>15,324,041</u>	<u>-</u>	<u>413,203,996</u>
At January 1, 2002	179,149,060	-	46,252,421	125,211,171	33,066,958	(11,587,314)	372,092,296
Prior year income allocation	-	-	-	21,479,644	(33,066,958)	11,587,314	-
Price-level restatement of equity accounts	-	(716,596)	(185,010)	(742,034)	-	-	(1,643,640)
Accumulated translation adjustment of foreign investments (2)	-	-	828,159	-	-	-	828,159
Net income for the period	-	-	-	-	15,795,813	-	15,795,813
At March 31, 2002	<u>179,149,060</u>	<u>(716,596)</u>	<u>46,895,570</u>	<u>145,948,781</u>	<u>15,795,813</u>	<u>-</u>	<u>387,072,628</u>

(1) Other reserves includes the accumulated translation adjustment of ThCh\$ 46,004,515 (ThCh\$ 47,077,618 in 2001) and other reserves of ThCh\$ 891,055 (ThCh\$ 890,315 in 2001).

(2) Represents the accumulated exchange rate difference arising upon consolidation of the Company's investments in Argentina and Brazil in accordance with Technical Bulletin No. 64 of the Chilean Institute of Accountants and Official Circular No. 5294 of the SVS, as shown in the following detail:

<u>Company</u>	<u>Balance at January 1, 2002</u>	<u>Exchange rate difference during the year</u>		<u>Balance at March 31, 2002</u>
		<u>Investment</u>	<u>Liability</u>	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Rio de Janeiro Refrescos Ltda.	27,568,308	513,470	-	28,081,778
Embotelladora del Atlántico S.A.	12,035,409	207,397	-	12,242,806
Complejo Industrial Pet S.A.	<u>5,572,639</u>	<u>107,292</u>	<u>-</u>	<u>5,679,931</u>
Total	<u>45,176,356</u>	<u>828,159</u>	<u>-</u>	<u>46,004,515</u>

### b) Dividends paid

During the period January to March 2002, the Company distributed Interim Dividend No. 129 for Ch\$ 4.80 per Series A share and Ch\$ 5.28 per Series B share and Definitive Dividend No. 130 for Ch\$ 4.80 per Series A share and Ch\$ 5.28 per Series B share.

During the period January to March 2001, the Company distributed Interim Dividend No. 124 for Ch\$ 4.80 per Series A share and Ch\$ 5.28 per Series B share.

NOTE 16 - OTHER NON-OPERATING INCOME AND EXPENSES

Other non-operating income and expenses include the following items:

a) Other non-operating income:

	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Gain on sale of fixed assets	520,509	227,965
Other miscellaneous income	<u>237,796</u>	<u>54,976</u>
Total	<u>758,305</u>	<u>282,941</u>

b) Other non-operating expenses:

	<u>2001</u>	<u>2002</u>
	ThCh\$	ThCh\$
Loss on sale of fixed assets	(415,137)	(28,732)
Obsolescence and write-offs of fixed assets	-	(77,021)
Indemnities	(412,799)	(50,107)
Litigation	-	(1,836,331)
Currency exchange rate difference arising from translation of financial statements	(1,103,884)	(2,470,355)
Other miscellaneous expenses	<u>(437,636)</u>	<u>(525,702)</u>
Total	<u>(2,369,456)</u>	<u>(4,988,248)</u>

#### NOTE 17 - SUBSEQUENT EVENTS

- a) At the ordinary shareholders meeting held on April 16, 2002 the distribution of an Interim dividend No. 130 was approved for Ch\$ 4.80 per Series A share and Ch\$ 5.28 per Series B share. This dividend will be available to shareholders on October 30, 2002 and shareholders can register for the payment until October 24, 2002.
- b) There were no other significant events between March 31, 2002 and the issuing date of these financial statements that could have a material effect on the Company's consolidated financial statements.