

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES  
Consolidated financial statements  
December 31, 2005

(Translation of original in Spanish)

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Ch\$	-	Chilean pesos
ThCh\$	-	Thousands of Chilean pesos
US\$	-	United States dollars
ThUS\$	-	Thousands of United States dollars
R\$	-	Brazilian Reals
ThR\$	-	Thousands of Brazilian Reals
A\$	-	Argentine pesos
ThA\$	-	Thousands of Argentine pesos
UF	-	Unidades de Fomento (Chilean government inflation-indexed monetary units)

## REPORT OF INDEPENDENT AUDITORS

(Translation of original in Spanish)

Santiago, January 25, 2006

To the Shareholders and Directors  
Embotelladora Andina S.A.

- 1 We have audited the accompanying consolidated balance sheets of Embotelladora Andina S.A. and its subsidiaries (the "Company") at December 31, 2005 and 2004, and the related consolidated statements of income and of cash flows for the years then ended. These financial statements (including the corresponding notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Analysis of Results and relevant facts attached are not part of these financial statements, and therefore this report is not related to them.
- 2 We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
- 3 In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Embotelladora Andina S.A. and its subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Chile.

Eduardo Vergara D.  
Id N°: 6.810.153-0

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	For the years ended December 31,	
	2005	2004
	ThCh\$	ThCh\$
<b>TOTAL CURRENT ASSETS</b>	<b>162,015,514</b>	<b>137,085,610</b>
Cash	14,412,531	14,324,761
Time deposits	25,700,571	7,833,816
Marketable securities (net)	14,003,282	16,660,657
Trade accounts receivable (net)	34,207,081	32,341,391
Notes receivable (net)	11,142,844	10,361,590
Other receivables (net)	19,777,487	16,860,558
Notes and accounts receivable from related companies	5,587,160	85,029
Inventories (net)	17,425,364	21,463,406
Recoverable Taxes	9,780,175	5,773,594
Prepaid expenses	1,607,654	1,960,736
Deferred Income Taxes	0	0
Other current assets	8,371,365	9,420,072
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>139,306,057</b>	<b>159,157,273</b>
Land	12,687,024	14,791,171
Buildings & improvements	79,542,528	94,749,077
Machinery and equipment	204,303,414	213,495,853
Other property, plant & equipment	196,549,926	199,205,825
Technical reappraisal of property, plant & equipment	2,014,038	2,014,038
Depreciation	(355,790,873)	(365,098,691)
<b>TOTAL OTHER ASSETS</b>	<b>224,728,026</b>	<b>304,358,641</b>
Investments in related companies	21,386,070	20,733,308
Investments in other companies	54,570	56,202
Goodwill	71,393,139	86,832,454
Negative Goodwill	0	0
Long-term receivables	110,473	48,638
Long-term notes and accounts receivable from related companies	22,492	34,863
Long-term Deferred Income Taxes	676,498	0
Intangibles	409,059	460,913
Amortization	(233,209)	(238,274)
Others	130,908,934	196,430,537
<b>TOTAL ASSETS</b>	<b>526,049,597</b>	<b>600,601,524</b>

The accompanying Notes 1 to 41 are an integral part of these consolidated financial statements.

	For the years ended December 31,	
	2005	2004
	ThCh\$	ThCh\$
<b>TOTAL CURRENT LIABILITIES</b>	<b>124,761,977</b>	<b>110,226,023</b>
Short-term bank liabilities	27,935,329	19,089,670
Current portion of long-term bank liabilities	484,101	1,990,097
Current portion of bonds payable	13,684,254	13,760,409
Dividends payable	3,978,869	4,600,639
Accounts payable	37,876,730	35,152,154
Notes payable	0	5,180
Other creditors	2,825,697	3,011,134
Notes and accounts payable to related companies	8,330,817	10,370,232
Provisions	631,543	330,627
Withholdings	16,345,028	14,118,908
Income taxes payable	8,691,404	5,094,059
Unearned income	249,206	0
Deferred income taxes	711,623	140,643
Other current liabilities	3,017,376	2,562,271
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>131,733,500</b>	<b>189,002,571</b>
Long-term bank liabilities	454,501	47,183,445
Bonds payable	101,802,194	115,827,434
Other creditors	146,581	170,455
Provisions	21,115,867	17,559,882
Deferred Income Taxes	0	393,113
Other long-term liabilities	8,214,357	7,868,242
<b>MINORITY INTEREST</b>	<b>1,117,529</b>	<b>53,749</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>268,436,591</b>	<b>301,319,181</b>
Paid-in capital	197,904,994	197,904,994
Other reserves	(201,145)	15,098,813
Retained earnings	70,732,742	88,315,374
Accumulated earnings	26,334,355	58,711,421
Net income for the period	56,039,346	41,604,440
Interim dividends	(11,640,959)	(12,000,487)
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>526,049,597</b>	<b>600,601,524</b>

The accompanying Notes 1 to 41 are an integral part of these consolidated financial statements.

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

	For the years ended December 31,	
	2005	2004
	ThCh\$	ThCh\$
<b>OPERATING INCOME</b>	<b>77,908,047</b>	<b>65,149,957</b>
Gross Margin	191,076,894	165,865,562
Net Sales	478,471,736	428,649,371
Cost of sales	(287,394,842)	(262,783,809)
Administrative and selling expenses	(113,168,847)	(100,715,605)
<b>NON OPERATING INCOME AND EXPENSE</b>	<b>(13,331,828)</b>	<b>(19,455,929)</b>
Financial Income	28,522,013	24,156,197
Equity in earnings of equity investments	1,136,341	1,023,865
Other non-operating income	7,312,986	847,771
Equity in losses of equity investments	(366,805)	0
Amortization of goodwill	(6,228,916)	(7,186,162)
Financial Expenses	(21,112,171)	(19,829,540)
Other non-operating expenses	(7,738,132)	(6,394,577)
Price level restatement	(570,051)	948,173
Foreign exchange gains	(14,287,093)	(13,021,656)
Income before income taxes and extraordinary items	64,576,219	45,694,028
Income tax expense	(8,549,042)	(4,086,815)
Income before minority interest	56,027,177	41,607,213
Minority interest	12,169	(2,773)
<b>NET INCOME</b>	<b>56,039,346</b>	<b>41,604,440</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>56,039,346</b>	<b>41,604,440</b>

The accompanying Notes 1 to 41 are an integral part of these consolidated financial statements.

	For the years ended December 31,	
	2005	2004
	ThCh\$	ThCh\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>96,823,237</b>	<b>72,819,083</b>
Collection of trade receivables	677,672,086	581,976,500
Financial income received	21,228,508	10,506,732
Dividend & other distributions received	1,402,429	3,562,217
Other income received	24,757	25,135
Payments to suppliers and personnel	(497,206,835)	(427,883,620)
Interest paid	(20,010,363)	(17,663,990)
Income taxes paid	(4,984,176)	(4,385,628)
Other expenses paid	0	(20,145)
VAT and other tax payments	(81,303,169)	(73,298,118)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(114,121,718)</b>	<b>(45,375,673)</b>
Borrowings	54,681,343	62,253,664
Other sources of financing	0	8,507
Dividend distribution	(72,551,644)	(47,403,265)
Loan payments	(84,572,010)	(48,567,022)
Bond payments	(11,679,407)	(11,667,557)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>10,907,864</b>	<b>(38,944,990)</b>
Proceeds from sales of property, plant and equipment	3,390,445	886,586
Proceeds from sales of other investments	60,198,268	23,243,235
Additions to property, plant & equipment	(27,395,137)	(26,149,665)
Permanent investments	(319,501)	(9,084,491)
Investments in financial instruments	(24,966,211)	(27,840,655)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,390,617)	(11,501,580)
PRICE LEVEL RESTATEMENT OF CASH AND CASH EQUIVALENTS	(576,499)	(3,964,578)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,967,116)	(15,466,158)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,116,023	43,582,181
<b>CASH AND CASH EQUIVALENTS AT YEAR END</b>	<b>21,148,907</b>	<b>28,116,023</b>

The accompanying Notes 1 to 41 are an integral part of these consolidated financial statements.

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

RECONCILIATION BETWEEN NET INCOME AND NET CASH FLOWS  
PROVIDED BY OPERATING ACTIVITIES

	For the years ended December 31,	
	2005	2004
	ThCh\$	ThCh\$
<b>NET INCOME</b>	<b>56,039,346</b>	<b>41,604,440</b>
<b>Income on sale of assets:</b>	<b>(4,141,697)</b>	<b>286,067</b>
Gain on sale of property, plant and equipment	(249,185)	291,511
Gain on sale of investments	(3,890,351)	0
Gain on sale of other assets	(2,161)	(5,444)
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>48,398,493</b>	<b>55,668,866</b>
Depreciation	29,037,017	32,581,390
Amortization of intangibles	324,396	275,711
Write-offs and provisions	1,629,259	5,031,834
Equity in earnings of equity investments	(1,136,341)	(1,023,865)
Equity in losses of equity investments	366,805	0
Amortization of goodwill	6,228,916	7,186,162
Price-level restatement	570,051	(948,173)
Exchange losses, net	14,287,093	13,021,656
Other credits to income that do not represent cash flows	(2,908,703)	(455,849)
<b>CHANGES IN OPERATING ASSETS</b>	<b>(28,566,576)</b>	<b>(24,602,264)</b>
(Increase) decrease in trade accounts receivable	(2,427,314)	(3,234,204)
(Increase) decrease in inventories	2,420,870	(2,186,232)
(Increase) decrease in other assets	(28,560,132)	(19,181,828)
<b>CHANGES IN OPERATING LIABILITIES</b>	<b>25,105,840</b>	<b>(140,799)</b>
Increase (decrease) in accounts payable related to operating income	(5,698,674)	(7,119,751)
Increase (decrease) in interest payable	12,690,895	7,507,714
Increase (decrease) in income taxes payable	5,645,867	740,066
Increase (decrease) in other accounts payable related to non-operating income	5,397,433	3,186,888
Increase (decrease) in VAT and other similar items	7,070,319	(4,455,716)
Income attributable to Minority interest	(12,169)	2,773
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>96,823,237</b>	<b>72,819,083</b>

The accompanying Notes 1 to 41 are an integral part of these consolidated financial statements.

## NOTE 1 - INCORPORATION IN THE SECURITIES REGISTER

Embotelladora Andina S.A. was incorporated in the Securities Register under No. 00124 and, in conformity with Law 18,046, is subject to the supervision of the Chilean Superintendency of Securities and Insurance Companies (the "SVS").

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

### a) Accounting period

The consolidated financial statements cover the period January 1 to December 31, 2005 and are compared to the same period in 2004.

### b) Basis of preparation

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles issued by the Chilean Institute of Accountants, as well as rules and regulations of the SVS. In the event of discrepancy, the SVS regulations will prevail.

### c) Basis of presentation

For comparison purposes, the figures in the prior-year financial statements have been restated by 3.6% according to CPI and minor reclassifications have been made.

### d) Basis of consolidation

The accompanying financial statements include assets, liabilities, income and cash flows of the Parent Company and its subsidiaries. The equity and income accounts of the Parent Company and its subsidiaries have been combined, eliminating investments and current accounts between consolidated companies, transactions between them and the unrealized income from intercompany transactions.

In addition, for proper presentation of consolidated net income, the participation in income by minority shareholders is shown in the consolidated statements of income under Minority interest.

### Holding percentages

The subsidiaries included in the consolidated financial statements and Andina's direct and indirect holding percentages are as follows:

Company Name	Ownership Interest			December 31, 2004 Total
	December 31, 2005 Direct	December 31, 2005 Indirect	December 31, 2005 Total	
ABISA CORP S.A.	0.00	99.99	99.99	99.99
ANDINA BOTTLING INVESTMENTS S.A.	99.90	0.09	99.99	99.99
ANDINA INVERSIONES SOCIETARIAS S.A.	99.99	0.00	99.99	99.90
ANDINA BOTTLING INVESTMENTS DOS S.A.	99.90	0.09	99.99	99.99
EMBOTELLADORA DEL ATLANTICO S.A.	0.00	99.99	99.99	99.99
ENVASES MULTIPACK S.A.	5.00	94.99	99.99	99.99
RIO DE JANEIRO REFRESCOS LTDA.	0.00	99.99	99.99	99.99
SERVICIOS MULTIVENDING LTDA.	99.90	0.09	99.99	99.99
TRANSPORTE ANDINA REFRESCOS LTDA.	99.90	0.09	99.99	99.99
VITAL S.A.	0.00	99.99	99.99	99.99
RJR INVESTMENTS CORP S.A.	0.00	99.99	99.99	99.99
VITAL AGUAS S.A.	56.50	0.00	56.50	0.00

### e) Price-level restatement

The financial statements have been restated to reflect the effect of price-level changes on the purchasing power of the Chilean peso during the respective periods. Restatements have been determined on the basis of the percentage variation of the official Chilean Consumer Price Index, "CPI", issued by the Chilean National Institute of Statistics, which amounted to 3.6% for the period December 1, 2004 to November 30, 2005 (2.5% for the same period of the previous year).

f) Currency translation

Balances in foreign currency are considered as non-monetary items and are translated at the exchange rate prevailing at year-end. UF denominated balances have been restated according to CPI changes or the agreed rate.

Assets and liabilities in foreign currency and Unidades de Fomento have been translated into local currency at the following year-end exchange rates:

		<u>2005</u>	<u>2004</u>
		Ch\$	Ch\$
Unidades de Fomento	(UF)	17,974.81	17,317.05
United States dollars	(US\$)	512.5	557.4
Argentine pesos	(A\$)	169.03	187.11
Brazilian Real	(R\$)	222.37	209.99
Euro		606.08	760.13

g) Marketable securities

Marketable securities include investments in mutual funds and investment fund shares, valued at the redemption value for each year end.

Investments in bonds with a pre-established value are valued at the adjusted cost, plus accrued interest.

h) Inventories

The cost of raw materials includes all disbursements made in the acquisition process and deemed necessary for them to be readily available at the Company's or its subsidiaries' warehouse. The costs of finished products include all manufacturing costs. Raw materials and finished products are valued at the average weighted cost.

Provisions are made for obsolescence on the basis of turnover of raw materials and finished products.

The stated values of inventories do not exceed their estimated net realizable value.

i) Allowance for doubtful accounts

The allowance for doubtful accounts consists of a general provision determined on the basis of the aging of debts and on a case-by-case analysis where collection is doubtful. In the opinion of the Company's management, the allowances are reasonable and the net balances are recoverable.

j) Property, plant and equipment

Property, plant and equipment are carried at restated cost plus price-level restatements. Technical reappraisal of property, plant and equipment, authorized by the SVS on December 31, 1979, is shown at restated value under the heading "Technical reappraisal of property, plant and equipment".

Fixed assets to be disposed of for sale are valued at the lower of the net realizable value and book value. Unrealized losses are reflected in the consolidated statement of income under Other non-operating expenses.

k) Depreciation

Depreciation of property, plant and equipment is determined by the straight-line method based on the estimated useful lives of the revalued assets.

l) Containers

Inventories of containers, bottles and plastic containers at plants, warehouses, and with third parties are stated at cost plus price-level restatements and are included in Other property, plant and equipment. Broken or damaged containers at plants and warehouses are expensed in each accounting period.

m) Investments in related companies

Investments in shares or rights in companies in which the Company has a significant holding in the investee are accounted for using the equity method. The Company's proportionate share of net income and losses of related companies is recognized in the consolidated statements of income, after eliminating any unrealized profits or losses from transactions between related companies.

Investments in foreign companies are valued in conformity with Technical Bulletin No. 64 issued by the Chilean Institute of Accountants. The United States ("US") dollar is the currency used to control investments and to translate financial statements of foreign companies. Assets and liabilities from these investments are translated into Chilean pesos at year end exchange rate, except that non-monetary assets and liabilities and shareholders' equity are first expressed at their equivalent value in historical US dollars. Income and expense items are first translated into US dollars at the average exchange rate during the month.

n) Intangibles

Intangibles include franchise rights and licenses that are amortized over the terms of the contracts, not in excess of 20 years.

o) Goodwill

Goodwill represents the difference between purchase cost of the shares acquired and the proportional equity value of investment on the purchase date. These differences are amortized based on the expected period of return of the investment, estimated at 20 years.

p) Bonds payable

Bonds payable includes the placement of Yankee Bonds on the US markets and placement of bonds in UF in Chile, which are carried at the issue rate. The difference in valuation as compared to the effective placement rate is recorded as a deferred asset. This asset is amortized using the straight-line method over the term of the respective obligations.

q) Income taxes and deferred income taxes

The companies have recognized its current tax obligations in conformity with current legislation. The effects of deferred income taxes arising from temporary differences between the basis of assets and liabilities for tax and financial statement purposes are recorded on the basis of the enacted tax rate that will be in effect at the estimated date of reversal, in conformity with Technical Bulletin No. 60 issued by the Chilean Institute of Accountants. The effects of deferred income taxes existing at the time of the enforcement of the aforesaid Bulletin, i.e. January 1, 2000, and not previously recognized, are recorded as gain or loss according to their estimated reversal period.

r) Staff severance indemnities

The Company has recorded a liability for long-term service indemnities in accordance with the collective agreements entered into with its employees. The provision is stated at present value of the projected cost of the benefit, which is discounted at a 7% annual rate and a capitalization period using the staff's expected length of service to their retirement date.

s) Deposits for containers

Corresponds to the liabilities constituted by cash guarantees received from clients for lending bottles to them. The amount of such inventory is determined annually through an annual inventory of containers in the possession of clients. This inventory is valued at the average weighted value of the guarantee for the last seven years, for each type of container, and the effect is recorded in the operating income of the Company for those container guarantees established through January 31, 2001. These guarantees are not adjustable and they do not have an expiration date; therefore, the liability valuation was calculated for the seven aforesaid years.

For those loans for placement subsequent to January 31, 2001, an expiration date of five years as from the invoice date was established. In the event the client has not returned all or a portion of the containers and/or cases, the Company may, without delay, enforce the guarantee, in whole or in part, in cash and record that effect in operating income of the Company.

This liability is presented in Other long-term liabilities, considering that the number of new containers in circulation in the market during the year is historically greater than the number of containers returned by clients during the same period.

t) Revenue recognition

Given the nature of its operations, the Company records revenue based on the physical delivery of finished products to its clients, based on the realization principle and in accordance with Technical Bulletin No. 70 issued by the Chilean Institute of Accountants.

u) Derivative contracts

Derivative contracts include forward and swap currency contracts used to cover the risk of exposure to exchange rate differences as follows:

These hedge instruments are recorded at their market values for existing items. Unrealized losses are recognized as a charge to income and gains are deferred and included in Other liabilities (current or long-term), depending on whether the difference is a loss or gain.

Hedge contracts for forecasted transactions are recorded at market value and their changes in value are accounted for as unrealized gains or losses. Upon contract expiration, the deferred gains and losses are recorded in income.

v) Computer software

Software currently in use corresponds to computer packages purchased from third parties, and programs developed internally. Software purchased from third parties is capitalized and amortized over a maximum period of four years. Disbursements incurred for internally developed programs are expensed.

w) Research and development costs

Costs incurred by the Company in research and development are immaterial given the nature of the business and the strong support from The Coca-Cola Company to its bottlers.

x) Consolidated statement of cash flows

For purposes of preparation of the statement of cash flow, the Company has considered cash equivalent to be investments in fixed-income mutual funds and time deposits maturing within 90 days, repurchase agreements maturing within 90 days.

Cash flows from operating activities include all business-related cash flows as well as interest paid, financial income and, in general, all cash flows not defined as from financial or investment activities. The operating concept used for this statement is broader than that in the statement of income.

NOTE 3 - ACCOUNTING CHANGES

There are no changes in the application of generally accepted accounting principles in Chile in relation to the previous year that could significantly affect the comparability of these financial statements.

NOTE 4 - MARKETABLE SECURITIES

The composition of the balance at December 31, 2005, was as follows:

	Accounting value for the period ended December 31,	
	2005	2004
	ThCh\$	ThCh\$
Bonds	11,725,444	10,703,212
Investment funds	2,277,838	5,957,445
<b>Total Marketable Securities</b>	<b>14,003,282</b>	<b>16,660,657</b>

Fixed Income	Date		Par Value	Accounting value		Market Value
	Purchase	Maturity		Amount	Rate	
				ThCh\$		ThCh\$
BONO TELEFONOS DE MEXICO S.A.	Dec 10, 2001	Jan 26, 2006	2,565,151	2,565,151	8.250%	2,658,060
CLN ENERSIS	Nov 12, 2003	Nov 12, 2006	9,160,293	9,160,293	5.70%	9,251,896

#### Investment Funds

Balance as of  
December 31, 2005  
ThCh\$

Citi Institutional Liquid Reserves Limited	2,277,838
<b>Total</b>	<b>2,277,838</b>

#### NOTE 5 - SHORT-AND LONG-TERM RECEIVABLES

95.72% of the portfolio of receivables corresponds to the soft drink business and 4.28% to the container business. The receivables had a turnover equivalent to 10.93 times (10.09 times in 2004).

The balance of the Other Creditors account corresponds to prepayments made to our sugar suppliers in Chile.

	Current							Long Term	
	Up to 90 days		More than 90 days up to 1 year		Subtotal	Total Current (net)		Dec 31, 2005	Dec 31, 2004
	Dec 31, 2005	Dec 31, 2004	Dec 31, 2005	Dec 31, 2004	Dec 31, 2005	Dec 31, 2005	Dec 31, 2004		
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade receivables	34,347,030	30,239,238	1,256,338	2,102,153	35,603,368	34,207,081	32,341,391	0	0
Allowance for doubtful accounts	0	0	0	0	1,396,287	0	0	0	0
Notes receivable	11,280,311	8,870,039	251,680	1,491,551	11,531,991	11,142,844	10,361,590	0	0
Allowance for doubtful accounts	0	0	0	0	389,147			0	0
Other receivables	19,677,470	16,298,551	175,967	562,007	19,853,437	19,777,487	16,860,558	110,473	48,638
Allowance for doubtful accounts	0	0	0	0	75,950	0	0	0	0
<b>Total long term receivables</b>								<b>110,473</b>	<b>48,638</b>

NOTE 6 - BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Accounts payable and receivable with related companies correspond mainly to product purchases and sales made at market conditions. These balances are due within approximately 45 days.

Accounts receivable from Embonor S.A. and Embotelladora Coca-Cola Polar S.A. correspond to sale price of Vital Aguas S.A. shares according to the operation described under Note 14 hereto.

a) Notes and accounts receivable

Company	Short Term		Long Term	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
EMBONOR S.A.	3,039,414	0	0	0
EMBOTELLADORA COCA-COLA POLAR S.A.	1,964,473	0	0	0
COCA COLA DE CHILE S.A.	559,825	0	22,492	34,863
CENTRALI REFRIGERANTE S.A.	23,448	85,029	0	0
<b>TOTAL</b>	<b>5,587,160</b>	<b>85,029</b>	<b>22,492</b>	<b>34,863</b>

b) Notes and accounts payable

Company	Short Term		Long Term	
	Dec 31, 2005	Dec 31, 2004	Dec 31, 2005	Dec 31, 2004
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
ENVASES CMF S.A.	3,834,888	4,159,172	0	0
RECOFARMA INDUSTRIAS DO AMAZONAS LTDA.	2,422,475	3,739,389	0	0
SPBR S.R.L.	895,299	0	0	0
ENVASES CENTRAL S.A.	843,981	1,102,213	0	0
ENVASES DEL PACÍFICO S.A.	289,970	233,562	0	0
CICAN S.A.	44,204	0	0	0
COCA-COLA DE CHILE S.A.	0	582,513	0	0
COCA-COLA DE ARGENTINA S.A.	0	553,383	0	0
<b>TOTAL</b>	<b>8,330,817</b>	<b>10,370,232</b>	<b>0</b>	<b>0</b>

Transactions with related companies were as follows:

Company	Relation	Transaction	Dec. 31, 2005		Dec. 31, 2004	
			Effect on Income		Effect on Income	
			Amount	((charge)/credit)	Amount	((charge)/credit)
ENVASES CENTRAL S.A.	Equity investee	Sales of raw materials and supplies	1,002,743		722,331	29,035
-	-	Finished product purchases	13,791,158		12,997,297	
COCA-COLA DE CHILE S.A.	Shareholder Related	Concentrate purchases	40,837,885		38,072,035	
-	-	Payment of advertising participation	2,846,149	( 2,846,149)	1,783,636	( 1,783,636)
-	-	Water source rental	1,505,662	( 1,505,662)	1,415,233	( 1,415,233)
-	-	Sales of advertisement	3,190,898		2,412,111	
SERVICIOS Y PRODUCTOS PARA BEBIDAS REFRESCANTES	Shareholder Related	Concentrate purchases	20,094,330		17,560,546	
ENVASES DEL PACIFICO S.A.	Director in common	Concentrate purchases	780,356		875,698	
RECOFARMA INDUSTRIAS DO AMAZONAS LTDA.	Shareholder Related	Concentrate purchases	29,537,358		26,541,703	
-	-	Incentive over investment in property, plant and equipment	426,210		275,557	
-	-	Advertising Participation	3,128,398	( 3,128,398)	3,796,172	( 3,485,372)
ENVASES CMF S.A.	Equity investee	Purchase of Containers	15,903,837		13,897,947	
-	-	Sales of raw materials			51,654	
-	-	Services Rendered			130,390	
EMBONOR S.A.	Shareholder Related	Sale of Shares	3,039,414	2,363,613		
EMBOTELLADORA COCA-COLA POLAR S.A.	Shareholder Related	Sale of Shares	1,964,473	1,526,738		
INMOBILIARIA Y CONSTRUCTORA EL GOLF S.A.	Shareholder in Common	Real Estate Purchase	16,106		1,811,106	
INVERSIONES CABURGA S.A.	Shareholder	Real Estate Sale	1,023,777			
IANSAGRO S.A.	Director in common	Sugar Purchase	12,181,560		10,432,092	

NOTE 7 - INVENTORIES

Inventories at each year end consisted of the following:

	December 31, 2005			December 31, 2004		
	Gross	Obsolescence	Net	Gross	Obsolescence	Net
	<u>value</u>	<u>provision</u>	<u>Value</u>	<u>value</u>	<u>provision</u>	<u>Value</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Finished products	8,268,640	( 54,725)	8,213,915	7,524,649	( 51,694)	7,472,955
Raw Materials	8,262,378	( 95,890)	8,166,488	12,178,562	( 179,125)	11,999,437
Raw Materials in Transit	905,856	0	905,856	1,914,107	0	1,914,107
Products in process	139,105	0	139,105	76,907	0	76,907
<b>Total</b>	<b>17,575,979</b>	<b>( 150,615)</b>	<b>17,425,364</b>	<b>21,694,225</b>	<b>( 230,819)</b>	<b>21,463,406</b>

**NOTE 8 - INCOME TAXES AND DEFERRED INCOME TAXES**

- a) At year end 2005 and 2004, the Company does not present taxable profits funds or non-taxable profits.  
(Short-term and long-term assets and liabilities must be netted out to conform the general balance sheet on deferred taxes).
- b) Deferred income taxes at each year-end were as follows:

	December 31, 2005				December 31, 2004			
	Assets		Liabilities		Assets		Liabilities	
	Short Term ThCh\$	Long Term ThCh\$	Short Term ThCh\$	Long Term ThCh\$	Short Term ThCh\$	Long Term ThCh\$	Short Term ThCh\$	Long Term ThCh\$
<b>Temporary Differences</b>								
Allowance for doubtful accounts	235,152	93,456	0	0	0	0	0	0
Vacation provision	156,036	0	0	0	123,377	0	0	0
Production expenses	5,496	0	0	0	0	0	0	0
Depreciation of property, plant & equipment	0	0	120,438	4,121,979	0	0	126,440	5,082,176
Severance indemnities	39,552	0	38,426	265,873	0	0	5,397	580,917
Other events	896,563	759,442	0	82,990	0	0	0	0
Provision for asset write off	0	828,958	0	0	166,631	1,030,617	0	0
Provision for labor & commercial lawsuits	0	4,209,886	0	0	0	3,455,073	0	0
Tax loss carry-forwards	987,782	8,850,783	0	0	393,556	14,526,290	0	0
Guarantee deposit	0	0	0	2,618,328	0	0	0	2,753,820
Others	0	959,356	0	0	831,659	2,597,267	0	260,602
Local bond issue expenses	0	0	0	207,378	0	0	0	206,143
Contingency allowance	0	1,716,221	0	0	0	1,576,542	0	0
Social contributions	355,601	2,123,386	0	0	141,681	2,646,227	0	0
Property, plant & equipment valuation	0	0	0	0	447,052	116,192	0	0
Accrued interests abroad	0	0	3,363,023	0	0	0	2,112,762	0
Obsolescence of inventories	134,082	0	0	0	0	0	0	0
<b>Others</b>								
Complementary accounts, net of amortization	0	3,914,861	0	3,093,270	0	3,889,811	0	3,748,210
Valuation allowance	0	10,746,851	0	0	0	17,316,062	0	0
<b>Total</b>	<b>2,810,264</b>	<b>4,879,776</b>	<b>3,521,887</b>	<b>4,203,278</b>	<b>2,103,956</b>	<b>4,742,335</b>	<b>2,244,599</b>	<b>5,135,448</b>

c) Income tax expense for each year was as follows:

Item	December 31, 2005	December 31, 2004
	ThCh\$	ThCh\$
Current tax expense (tax allowance)	( 8,960,706)	( 4,082,771)
Tax expense adjustment (previous period)	( 156,763)	562,404
Deferred income tax expense/effect over assets or liabilities	( 2,955,521)	( 1,398,271)
Amortization of deferred income tax asset and liability complementary accounts	( 940,921)	( 997,810)
Deferred income tax expense/effect over assets or liabilities due to changes in the valuation allowance	4,621,111	2,072,188
Other charges or credits	( 156,242)	( 242,555)
<b>Total</b>	<b>( 8,549,042)</b>	<b>( 4,086,815)</b>

NOTE 9 - SHORT AND LONG-TERM LEASING AGREEMENTS AND LEASING ASSETS

Not applicable.

NOTE 10 - OTHER CURRENT ASSETS

In accordance with Circular 1501, no information was reported since this balance represents less than 10% of Current assets.

NOTE 11 - REPURCHASE / RESALE AGREEMENTS

The Company had no repurchase/resale agreements.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted principally of land, buildings, improvements and machinery. Machinery and equipment included production lines and supporting equipment; sugar processing and liquefaction equipment; transportation machinery; and computer equipment. The Company has purchased insurance to cover its fixed assets and inventories. These assets are distributed as follows:

Chile : Santiago, Renca, Rancagua, San Antonio and Rengo

Argentina: Buenos Aires, Mendoza, Cordoba, and Rosario

Brazil : Rio de Janeiro, Niteroi, Campos, Cabo Frío, Nova Iguazú, Espirito Santo and Vitoria.

a) Principal components of property, plant and equipment at each year end are as follows:

	Balances at December 31, 2005			Balances at December 31, 2004		
	Assets	Accumulated Depreciation	Net property, plant & equipment	Assets	Accumulated Depreciation	Net property, plant & equipment
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	12,687,024	0	12,687,024	14,791,171	0	14,791,171
Buildings and improvements	79,542,528	( 31,459,675)	48,082,853	94,749,077	( 35,248,640)	59,500,437
Machinery and equipment	204,303,414	( 156,447,928)	47,855,486	213,495,853	( 169,349,661)	44,146,192
Other property, plant and equipment	196,549,926	( 167,277,950)	29,271,976	199,205,825	( 159,905,126)	39,300,699
Technical reappraisal of property, plant & equipment	2,014,038	( 605,320)	1,408,718	2,014,038	( 595,264)	1,418,774
<b>Total</b>	<b>495,096,930</b>	<b>( 355,790,873)</b>	<b>139,306,057</b>	<b>524,255,964</b>	<b>( 365,098,691)</b>	<b>159,157,273</b>

b) Other property, plant and equipment at each year end were as follows:

	Balances at December 31,	
	<u>2005</u>	<u>2004</u>
	ThCh\$	ThCh\$
Containers	109,020,038	109,680,495
Refrigerating equipment, promotional items and other minor assets	54,015,575	56,006,300
Furniture and tools	3,938,744	4,460,639
Others	29,575,569	29,058,391
<b>Total other property, plant and equipment</b>	<b>196,549,926</b>	<b>199,205,825</b>

c) Gain on Technical reappraisal of property, plant and equipment at each year end was as follows:

	Balances at December 31, 2005			Balances at December 31, 2004		
	Assets	Accumulated Depreciation	Net property, plant & equipment	Assets	Accumulated Depreciation	Net property, plant & equipment
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	1,344,922	0	1,344,922	1,346,144	0	1,346,144
Buildings and improvements	188,348	( 127,185)	61,163	186,651	( 122,796)	63,855
Machinery and equipment	480,768	( 478,135)	2,633	481,243	( 472,468)	8,775
<b>Total</b>	<b>2,014,038</b>	<b>( 605,320)</b>	<b>1,408,718</b>	<b>2,014,038</b>	<b>( 595,264)</b>	<b>1,418,774</b>

d) Depreciation for the period

Depreciation for the period amounted to ThCh\$29,037,017 and ThCh\$22,879,079 are included, under Operating Costs and ThCh\$6,157,938 under Sales and Administrative Expenses in the Income Statement.

#### NOTE 13 - SALES TRANSACTIONS UNDER LEASEBACK AGREEMENTS

The Company had no agreements of this type.

#### NOTE 14 - INVESTMENT IN RELATED COMPANIES

Investment in related companies and the corresponding direct shareholding in equity, as well as the recognition of unrealized income at year end of the respective years, are shown in the table attached.

The main changes occurred in the reported periods are described below:

Centralli Refrigerantes S.A. records a negative equity, which has been provisioned accordingly.

The investments in Kaik Participacoes Ltda. (Brazil) and in Cican S.A. (Argentina), where Embotelladora Andina S.A. holds an indirect ownership of 11.32% and 15.2% respectively, have been valued according to the equity method, because we have presence in both companies through a Director, who participates in the procedures for setting policies, operating and financial decisions in accordance with the ownership structure of both companies, which are exclusively owned by Coca-Cola bottlers in Brazil and Argentina, respectively.

The investment in Envases Central S.A. is presented with a 48% reduction (the percentage share on the date of transaction) of the earnings generated during the sale to Envases Central during December 1996 for property located in Renca, because this transaction represents unrealized income for Embotelladora Andina S.A. The amount of the reduction is reflected in the following chart. This transaction will be realized once the property is transferred to a third party different from the group.

At the Extraordinary Shareholders' Meeting of the closed stock corporation, Envases Central S.A. which took place on March 30, 2004, it was agreed to increase the company's capital to ThCh\$4,606,133 (historical Chilean pesos), through an issue of 1,743,555 shares, with no nominal value and of the same previously existing series. Embotelladora Andina S.A. subscribed and paid 929,838 shares for a total contribution of ThCh\$879,945 (historical Chilean pesos), holding an ownership interest of 49.91%.

The investment in Envases CMF S.A. is presented with a 50% reduction of the earnings generated during the sale of machinery and equipment of our subsidiary Envases Multipack S.A. which took place in June, 2001, and will be recorded under Results during the remaining useful life period of the goods sold to Envases CMF S.A. The realized amount is ThCh\$71,261 for this period.

On December 22, 2005 the production and packaging business of waters, juices and non-carbonated beverages licensed by The Coca-Cola Company ("TCCC") in Chile was restructured. Vital Aguas S.A. is created with the purpose of developing the de process, production and packaging business of Vital de Chanqueahue Mineral Water and other water and products according to the terms of the contracts and authorizations agreed upon by Vital Aguas S.A. and TCCC. Consequently, Vital S.A. will focus on juices and non-carbonated beverages.

Accordingly, Embotelladora Andina S.A., Embonor S.A. and Embotelladora Coca-Cola Polar S.A. have taken an interest of 56.5%, 26.4% and 17.1%, respectively, in Vital Aguas S.A., which will conduct the business of the processing, production and bottling of the *Vital de Chanqueahue* Mineral Water and other water and products, according to the terms of the contracts and authorizations agreed upon by Vital Aguas S.A. and TCCC.

The equity interests of Embonor and Polar in Vital Aguas S.A. were acquired by purchase from Embotelladora Andina S.A. and its subsidiary, Andina Inversiones Societarias S.A., at the prices equivalent to 169,306 Unidades de Fomento and 109,428 Unidades de Fomento, respectively, generating earnings of ThCh\$3,890,351 (215,919 Unidades de Fomento), and is presented under Other Non-Operating Income.

Unrealized income corresponds to transactions between subsidiaries and/or the parent company that have been deducted or added to the category of the originating asset with the following effect on income of the subsidiaries:

		2005	2004
		ThCh\$	ThCh\$
Envases CMF S.A.	Purchase of containers	(1,172,465)	(893,951)
Envases Central S.A.	Purchase of finished products	(15,391)	(17,001)

No liabilities have been designated as hedging instruments for investments abroad.

Income likely to be remitted by subsidiaries abroad amounts to US\$186.3 million.

Investments in related companies and the related direct participation in equity and unrealized results at each year end were as follows.

Company	Country	Functional Currency	Number of Shares	Ownership Interest		Equity of companies		Income (loss) for the period		Accrued income		Partic in net income (loss)		Unrealized income (loss)		Book value of investment	
				Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
				%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
ENVASES CMF S.A.	CHILE	CH\$	28,000	50.0000	50.0000	36,322,425	35,927,535	2,890,890	2,241,707	272,980	226,903	18,161,213	17,963,768	1,104,547	1,175,808	17,056,666	16,787,960
ENVASES CENTRAL S.A.	CHILE	CH\$	1,499,398	49.9100	49.9100	4,395,782	5,099,878	-704,096	207,538	-366,805	84,251	2,193,935	2,469,140	220,369	220,369	1,973,566	2,248,771
KAIK PARTIPACOES	BRAZIL	US\$	16,098,919	11.3197	11.3197	11,497,850	8,269,870	4,275,246	5,190,644	483,945	587,566	1,301,522	936,124	0	0	1,301,522	936,124
CICAN S.A.	ARGENTINA	US\$	3,040	15.2000	15.2000	6,936,290	5,002,978	2,496,160	823,321	379,416	125,145	1,054,316	760,453	0	0	1,054,316	760,453
CENTRALLI REFRIGERANTES	BRAZIL	US\$	3,005	0.0000	25.0000	0	0	0	0	0	0	0	0	0	0	0	0
												22,710,986	22,129,485	1,324,916	1,396,177	21,386,070	20,733,308

NOTE 15 - INVESTMENTS IN OTHER COMPANIES

In accordance with Circular 1501, no information was reported since this balance represents less than 10% of Other assets.

NOTE 16 – GOODWILL AND NEGATIVE GOODWILL

Goodwill at each year end and the amortization during each year were as follows:

Company	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
	Amortization during the period	Goodwill balance	Amortization during the period	Goodwill balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
RIO DE JANEIRO REFRESCOS LTDA.	3,414,723	43,183,996	3,569,011	51,974,728
EMBOTELLADORA DEL ATLANTICO S.A.	2,685,025	27,563,299	3,025,388	34,082,714
VITAL S. A.	129,168	645,844	516,675	775,012
ENVASES CENTRAL S. A.	0	0	75,088	0
<b>TOTAL</b>	<b>6,228,916</b>	<b>71,393,139</b>	<b>7,186,162</b>	<b>86,832,454</b>

NOTA 17 - INTANGIBLES

In accordance with Circular 1501, no information was reported since the balance represents less than 10% of Other assets.

## NOTE 18 - OTHER LONG TERM ASSETS

Other long term assets at each year end were as follows:

	<u>2005</u>	<u>2004</u>
	ThCh\$	ThCh\$
Bonds:		
Celulosa Arauco S.A.	11.667.149	13.128.102
Enap S.A.	9.168.967	10.447.993
Endesa S.A.	7.806.071	8.858.910
Chile Soberano	7.374.607	8.341.357
Petróleos Mexicanos S.A.	7.281.238	13.480.595
Compañía Manufacturera de Papeles y Cartones S.A.	7.085.623	5.090.039
Teléfonos de México S.A.	6.852.357	8.450.532
Codelco S.A.	5.265.521	5.972.364
México Soberano	4.794.416	11.254.319
Banco Scotiabank Sud Americano	4.305.747	2.940.937
Federal Home Loan Bank (FHLB)	2.569.144	0
Brasil Telecom S.A.	2.097.851	0
Raytheon Company	2.085.723	0
International Paper Company	2.050.000	0
Altria Group	1.185.225	0
Alcoa Inc.	1.047.797	0
Banco Santander Santiago S.A.	0	8.143.208
Time Deposit Deutsche Bank AG.	0	47.574.012
CLN Enersis Euros	Deutsche Bank AG.	0
	0	11.902.195
CLN Endesa	Deutsche Bank AG.	5.125.000
	1.660.500	1.870.991
CLN GMAC	Deutsche Bank AG.	1.537.500
	1.537.500	1.732.399
CLN Ford	Deutsche Bank AG.	27.315.999
	27.315.999	18.580.627
Cross Currency Swap	4.150.826	3.796.170
Judicial Deposits (Brazil)	3.276.948	3.639.114
Issuance Expense Bond Placement	44.212	50.703
Recoverable taxes	1.697.462	1.620.514
Prepaid expenses	910.783	947.556
Non operating assets	2.552.268	2.649.553
Others		
<b>Total</b>	<b>130.908.934</b>	<b>196.430.537</b>

NOTE 19 - SHORT-TERM BANK LIABILITIES

Short- term bank liabilities were as follows:

	US Dollars		Other foreign currencies		Non-indexed Ch\$		TOTAL	
	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
DEXIA BANK BELGIUM	21,011,358	0	0	0	0	0	21,011,358	0
BANCO RIO	0	0	2,751,805	0	0	0	2,751,805	0
BANCO BBVA FRANCES	0	0	1,834,122	0	0	0	1,834,122	0
BANCO CHILE	0	0	0	0	1,426,355	12,310,682	1,426,355	12,310,682
BANCO HSBC ROBERTS	0	0	911,689	0	0	0	911,689	0
BANCO ESTADO	0	0	0	0	0	6,643,772	0	6,643,772
BANKBOSTON	0	0	0	135,160	0	0	0	135,160
BANCO ITAU	0	0	0	56	0	0	0	56
Others	0	0	0	0	0	0	0	0
<b>Total</b>	<b>21,011,358</b>	<b>0</b>	<b>5,497,616</b>	<b>135,216</b>	<b>1,426,355</b>	<b>18,954,454</b>	<b>27,935,329</b>	<b>19,089,670</b>
<b>Principal Due</b>	<b>20,500,000</b>	<b>0</b>	<b>5,070,910</b>	<b>135,216</b>	<b>0</b>	<b>18,917,360</b>	<b>25,570,910</b>	<b>19,052,576</b>

	US Dollars		Other foreign currencies		Non-indexed Ch\$		TOTAL	
	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>
Average annual interest rate	6.51%		8.92%			3.3%		
Foreign currency liabilities (%)	94.8900							
Local currency liabilities (%)	5.1100							

Long term bank liabilities current portion:

Bank or Financial Institution	US Dollars		Other foreign currencies		TOTAL	
	<u>December 31, 2005</u>	<u>December 31, 2004</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
BANCO BOSTON	0	0	160,682	168,078	160,682	168,078
BANCO BRADESCO	0	0	0	0	0	0
BANCO ITAU	0	0	0	359,944	0	359,944
BANCO SANTANDER	0	0	323,419	309,717	323,419	309,717
DEXIA BANK BELGIUM	0	1,152,358	0	0	0	1,152,358
<b>Total</b>	<b>0</b>	<b>1,152,358</b>	<b>484,101</b>	<b>837,739</b>	<b>484,101</b>	<b>1,990,097</b>
<b>Principal Due</b>	<b>0</b>	<b>46,197,312</b>	<b>478,275</b>	<b>741,063</b>	<b>478,275</b>	<b>46,938,375</b>
Annual average interest rate		6.51%	13.26%	13.52%		
Foreign currency liabilities (%)	100,00					
Local currency liabilities (%)	0,00					

## NOTE 20 - OTHER CURRENT LIABILITIES

In accordance with Circular 1501, no information was reported since this balance represents less than 10% of current liabilities.

## NOTE 21 - LONG-TERM BANK LIABILITIES

Long - term bank liabilities were as follows:

Bank or Financial Institution	Currency	<u>Years to Maturity</u>		Average annual interest rate	Total long term at December 31, 2004
		More than 1 up to 2	Total long term at December 31, 2005		
		ThCh\$	ThCh\$		ThCh\$
BANCO ITAU	Other currency	0	0		14,935
BANCO BOSTON	Other currency	13,112	13,112	13.68%	167,596
BANCO SANTANDER	Other currency	441,389	441,389	13.27%	803,602
DEXIA BANK BELGIUM	US\$	0	0		46,197,312
<b>TOTAL</b>		<b>454,501</b>	<b>454,501</b>		<b>47,183,445</b>
Foreign currency liabilities (%)	100.00				

## NOTE 22 - LONG-AND SHORT-TERM BONDS PAYABLE (PROMISSORY NOTES AND BONDS)

Risk classification of current bonds is as follows:

### BONDS ISSUED IN THE US MARKET

A- : Rating according to Fitch Ratings Ltda.  
BBB+ : Rating according to Standard & Poor's

### BONDS ISSUED IN THE LOCAL MARKET

AA : Rating according to Fitch Ratings Ltda.  
AA : Rating according to Feller & Rate Ltda.

Bond repurchases.

During 2000, 2001 and 2002, Embotelladora Andina S.A. repurchased bonds issued in the U.S. market through its subsidiary, Abisa Corp S.A. for a total amount of US\$314 million of the US\$350 million, which are presented deducting the long term liability from the bonds payable account.

Bonds issued by the subsidiary Rio de Janeiro Refrescos Ltda. (RJR).

The subsidiary RJR has liabilities corresponding to an issuance of bonds for US\$75 million maturing in December 2007 and semiannual interest payments. At the closing of 2005 and 2004, all such bonds are wholly-owned by the subsidiary Abisa Corp. Consequently, the effects of such transactions have been eliminated from these consolidated financial statements, both in the balance sheet and in the consolidated statement of income.

Details of bonds payable are as follows:

	Series	Nominal Value	Currency	Interest rate	Maturity date	Term		Par Value		Placement in Chile or abroad
						Interest paid	Amortization period	Dec 31, 2005	Dec 31, 2004	
Current portion of long term bonds										
YANKEE BONDS INTERESTS	A	32,076,000	US\$	7%	October 1, 2007	HALF YEARLY	OCT.2007	287,682	324,149	FOREIGN
YANKEE BONDS INTERESTS	B	4,000,000	US\$	7.625%	October 1, 2027	HALF YEARLY	OCT.2027	39,078	44,032	FOREIGN
REGISTRO 254 SVS June 13, 2001 CAPITAL AND INTERESTS	A	1,650,000	UF	6.200%	June 1, 2008	HALF YEARLY	JUN.2008	13,002,920	13,038,331	CHILE
REGISTRO 254 SVS June 13, 2001 CAPITAL AND INTERESTS	B	3,700,000	UF	6.500%	June 1, 2026	HALF YEARLY	JUN.2026	354,574	353,897	CHILE
<b>Total</b>								<b>13,684,254</b>	<b>13,760,409</b>	
Long term bonds										
BONOS YANKEE BONDS	A	32,076,000	US\$	7%	October 1, 2007	HALF YEARLY	OCT.2007	16,438,950	18,522,812	FOREIGN
BONOS YANKEE BONDS	B	4,000,000	US\$	7.625%	October 1, 2027	HALF YEARLY	OCT.2027	2,050,000	2,309,866	FOREIGN
REGISTROS 254 SVS June 13, 2001	A	1,650,000	UF	6.200%	June 1, 2008	HALF YEARLY	JUN.2008	16,806,447	28,615,040	CHILE
REGISTROS 254 SVS June 13, 2001	B	3,700,000	UF	6.500%	June 1, 2026	HALF YEARLY	JUN.2026	66,506,797	66,379,716	CHILE
<b>Total</b>								<b>101,802,194</b>	<b>115,827,434</b>	

### NOTE 23 - PROVISIONS AND WRITE-OFFS

Provisions at each year end were as follows:

Provisions	Short Term		Long Term	
	2005 ThCh\$	2004 ThCh\$	2005 ThCh\$	2004 ThCh\$
Staff severance indemnities	557,061	187,893	4,912,572	2,627,145
Contingencies	74,347	79,652	8,218,899	7,835,125
Taxation on banking transactions & social contribution(Brazil)	0	0	7,984,396	5,836,432
Other Provisions	135	63,082	0	1,261,180
<b>TOTAL</b>	<b>631,543</b>	<b>330,627</b>	<b>21,115,867</b>	<b>17,559,882</b>

Write-offs for the period amounted to ThCh\$825,652.

### NOTE 24 - STAFF SEVERANCE INDEMNITIES

Movements in the provision for staff severance indemnities were as follows:

	2005 ThCh\$	2004 ThCh\$
Beginning balance	2,717,423	2,561,084
Provision for the period	2,988,269	491,204
Payments	(236,059)	(237,250)
Ending balance	<b>5,469,633</b>	<b>2,815,038</b>

### NOTE 25 - OTHER LONG-TERM LIABILITIES

In accordance with Circular 1501, no information was reported since this balance represents less than 10% of Long-term liabilities.

### NOTE 26 - MINORITY INTEREST

	2005 ThCh\$	2004 ThCh\$
<b>LIABILITIES</b>		
Vital Aguas S. A.	1,099,917	0
Embotelladora del Atlántico S. A.	17,555	0
Andina Inversiones Societarias S.A.	57	53,749
	<b>1,117,529</b>	<b>53,749</b>
<b>INCOME STATEMENT</b>		
Vital Aguas S. A.	13,629	0
Embotelladora del Atlántico S. A.	(1,458)	0
Andina Inversiones Societarias S.A.	(2)	(2,773)
	<b>12,169</b>	<b>(2,773)</b>

NOTE 27 - CHANGES IN SHAREHOLDERS' EQUITY

Movements in shareholders' equity were as follows:

	December 31, 2005					December 31, 2004				
	Paid in Capital	Other Reserves	Accumulated Income	Interim Dividends	Net Income	Paid in Capital	Other Reserves	Accumulated Income	Interim Dividends	Net Income
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance	191.027.986	14.574.144	56.671.256	-11.583.482	40.158.726	186.368.767	25.478.595	86.808.880	-11.476.192	15.754.549
Distribution of prior-year income	0	0	28.575.244	11.583.482	-40.158.726	0	0	4.278.357	11.476.192	-15.754.549
Final dividend prior-year income	0	0	-3.831.785	0	0	0	0	-3.831.784	0	0
Translation adjustment reserve	0	-15.299.958	0	0	0	0	-11.541.416	0	0	0
Extraordinary dividend against accumulated income	0	0	-55.880.179	0	0	0	0	-31.931.532	0	0
Capital revalued	6.877.008	524.669	799.819	-145.608	0	4.659.219	636.965	1.347.335	-88.131	0
Income for the period	0	0	0	0	56.039.346	0	0	0	0	40.158.726
Interim dividends	0	0	0	-11.495.351	0	0	0	0	-11.495.351	0
<b>Ending balance</b>	<b>197.904.994</b>	<b>-201.145</b>	<b>26.334.355</b>	<b>-11.640.959</b>	<b>56.039.346</b>	<b>191.027.986</b>	<b>14.574.144</b>	<b>56.671.256</b>	<b>-11.583.482</b>	<b>40.158.726</b>
Price level restated balances						<b>197.904.994</b>	<b>15.098.813</b>	<b>58.711.421</b>	<b>-12.000.487</b>	<b>41.604.440</b>

b) Number of shares:

Series	Subscribed Shares	Paid in shares	Number of shares with voting rights
A	380,137,271	380,137,271	380,137,271
B	380,137,271	380,137,271	380,137,271

c) Capital:

Series	Subscribed Capital ThCh\$	Paid in Capital ThCh\$
A	98,952,497	98,952,497
B	98,952,497	98,952,497

d) Other reserves:

Other reserves at each year end were as follows:

	2005 ThCh\$	2004 ThCh\$
Reserve for cumulative translation adjustments(1)	(1,189,427)	14,110,531
Reserve for technical reappraisal of property, plant and equipment	166,491	166,491
Other reserves	821,791	821,791
Total	(201,145)	15,098,813

(1)The Reserve for cumulative translation adjustments was established in accordance with Technical Bulletin No. 64 issued by the Chilean Institute of Accountants and regulations specified under Circular letter No. 5,294 from the SVS.

The activity in the Reserve for cumulative translation adjustments was as follows:

Subsidiary	Balance	Foreign exchange gains generated during the period	Balance
	January 1, 2005 ThCh\$	Investment ThCh\$	December 31, 2005 ThCh\$
Rio de Janeiro Refrescos Ltda.	7,975,590	(10,205,741)	(2,230,151)
Embotelladora del Atlántico S. A.	6,134,941	(5,094,217)	1,040,724
Total	14,110,531	(15,299,958)	(1,189,427)

NOTE 28 - OTHER NON-OPERATING INCOME AND EXPENSES

	<u>2005</u>	<u>2004</u>
	ThCh\$	ThCh\$
<b>Other non-operating income during the period was as follows:</b>		
Gain on sale of Vital Aguas S.A. shares	3,890,351	0
Gain on sale of plant, property and equipment	267,834	0
Office Lease	0	29,115
Other income	246,098	362,807
<b>Sub-total</b>	<b>4,404,283</b>	<b>391,922</b>
Translation of Financial Statements (1)	2,908,703	455,849
<b>Total</b>	<b>7,312,986</b>	<b>847,771</b>
<b>Other non-operating expenses during the period was as follows:</b>		
Staff severance indemnities	(2,404,004)	(2,384)
PIS Cofins	(2,280,217)	0
Obsolescence and write-offs of property, plant and equipment	(1,113,431)	(128,137)
Provision for labor and commercial lawsuits	(544,448)	(1,716,919)
Lawsuit fees	(502,906)	0
Provision loss of investment in Centralli	(60,817)	(82,053)
Loss on sale of property, plant and equipment	0	(291,510)
Provision property plant and equipment Itaoca	0	(2,995,708)
Provision loss of investment in Transora	0	(635,240)
Others	(832,309)	(542,626)
<b>Sub-total</b>	<b>(7,738,132)</b>	<b>(6,394,577)</b>
Translation of financial statements(1)	0	0
<b>Total</b>	<b>(7,738,132)</b>	<b>(6,394,577)</b>

(1) This refers to the effects of the translation of the financial statements corresponding to investment in foreign companies (translation of local currency to US dollars), in accordance with Technical Bulletin N°64 issued by the Chilean Institute of Accountants, presented as Other Non-Operating Income and Expenses.

NOTE 29 - PRICE-LEVEL RESTATEMENT

Price-level restatement for each year end was as follows:

		December 31, 2005 ThCh\$	December 31, 2004 ThCh\$
<u>Assets - (charges)/credits</u>	<u>Index</u>		
Inventories	CPI	308,716	(185,070)
Property, plant and equipment	CPI	2,698,524	2,021,047
Investments in related companies	CPI	5,368,618	3,935,171
Cash, Time Deposits, Marketable Securities	CPI	38,685	36,714
Trade Accounts Receivable, Notes Receivable, Other Receivables	UF	918	1,072
Trade Accounts Receivable, Notes Receivable, Other Receivables	CPI	2,064	0
Accounts Receivable related Companies short term	UF	0	2,811
Accounts Receivable related Companies short term	CPI	1,422,067	859,597
Recoverable taxes	CPI	108,676	995
Other current assets	UF	153,351	67,386
Other current assets	CPI	520,721	866,240
Other long term assets	CPI	4,349,047	4,367,376
Costs and Expenses accounts	CPI	5,161,567	3,175,556
Goodwill	CPI	(17,955)	0
<b>Total (charges)/credits</b>		<b>20,114,999</b>	<b>15,148,895</b>
-----			
<u>Liabilities - (charges)/credits</u>			
Shareholders' equity	CPI	(8,055,888)	(6,791,383)
Short and long term bank liabilities	CPI	(867,771)	(386,400)
Short and long term bonds payable	UF	(3,448,063)	(2,613,592)
Short and long term bonds payable	CPI	(758,589)	(580,008)
Accounts Payable related Companies short term	UF	(78,713)	0
Other current liabilities	UF	(328,605)	(69,614)
Other current liabilities	CPI	(114,842)	(35,491)
Other long term liabilities	CPI	(258,312)	(51,578)
Income accounts	CPI	(6,774,267)	(3,672,656)
<b>Total (charges) credits</b>		<b>(20,685,050)</b>	<b>(14,200,722)</b>
<b>Price-level restatement (loss ) gain</b>		<b>(570,051)</b>	<b>948,173</b>

### NOTE 30 - FOREIGN EXCHANGE GAINS/LOSSES

	Currency	December 31, 2005 ThCh\$	December 31, 2004 ThCh\$
<b><u>Assets - (charges)/credits</u></b>			
Cash	US\$	( 185,297)	6,956
Time deposits	US\$	( 1,676)	0
Marketable securities	US\$	( 3,144,282)	( 2,035,361)
Other receivables	US\$	( 3,801)	( 32,953)
Short term notes and accounts receivable related companies	US\$	( 5,205,730)	( 1,092,834)
Inventories	US\$	( 20,126)	33,210
Other current assets	US\$	267,521	462,708
Property, plant & equipment	US\$	3,509	397
Other assets	US\$	( 12,630,660)	( 13,734,343)
Expense account exchange difference	US\$	( 214,747)	0
<b>Total (charges) credits</b>		<b>( 21,135,289)</b>	<b>( 16,392,220)</b>
<b><u>Liabilities - (Charges) / credits</u></b>			
Short term liabilities banks and financial institutions	US\$	4,258,529	1,850,517
Bonds payable	US\$	260,419	230,680
Accounts payable	US\$	65,810	12,934
Provisions	US\$	48,246	44,797
Other current liabilities	US\$	( 351,638)	( 683,632)
Bonds payable-long term	US\$	2,343,727	1,915,268
Income account exchange difference	US\$	223,103	0
<b>Total (charges) credits</b>		<b>6,848,196</b>	<b>3,370,564</b>
<b>Foreign exchange gain (loss), net</b>		<b>( 14,287,093)</b>	<b>( 13,021,656)</b>

### NOTE 31 - EXTRAORDINARY ITEMS

There were no extraordinary items in 2005 and 2004.

### NOTE 32 - SHARE AND DEBT SECURITY ISSUE AND PLACEMENT EXPENSES

Bond issue and placement expenses are presented in Other current assets and Other long-term assets and are amortized on a straight-line basis over the term of the debt issued. Amortization is presented as financial expenses.

Bonds issued in the US market:

Debt issue costs and discount have all been amortized, as a result of the repurchase of Bonds reported in note 22.

Bonds issued in the local market:

Debt issue costs and discounts amounted to ThCh\$1,219,871. Disbursements for risk rating reports, legal and financial advisory services, printing and placement fees are included as Debt issue costs.

Amortization for the period 2005 amounted to ThCh\$167,218 (ThCh\$167,218 in 2004).

NOTE 33 - CONSOLIDATED STATEMENT OF CASH FLOWS

For the projection of future cash flows, there are no transactions and events to consider which have not been revealed in these financial statements and accompanying notes.

Below is an itemization of the movement of assets and liabilities not affecting the cash flow in the period, but compromising future cash flows.

Cash Flow Statement

	<u>2005</u>	<u>Maturity Date</u>	<u>2004</u>	<u>Maturity Date</u>
	ThCh\$		ThCh\$	
<u>Expenses</u>				
Dividend payments	( 3.831.784)	01-26-2006	( 3.969.728)	01-27-2005
Additions to property, plant and equipment	( 2.438.678)	02-15-2006	( 2.495.699)	02-15-2005
Additions to property, plant and equipment	( 488.268)	01-30-2006	( 269.006)	01-31-2005
Additions to property, plant and equipment	( 50.647)	03-31-2006	( 19.401)	02-28-2005
Additions to property, plant and equipment			( 70.664)	05-20-2005
Additions to property, plant and equipment			( 167.152)	11-25-2005
<b>Total expenses</b>	<b>( 6.809.377)</b>		<b>( 6.991.650)</b>	
<u>Income</u>				
Sale of property, plant and equipment	65.910	02-15-2006	43.406	02-15-2005
<b>Total Income</b>	<b>65.910</b>		<b>43.406</b>	
<b>Total Net</b>	<b>( 6.743.467)</b>		<b>( 6.948.244)</b>	

NOTE 34 - DERIVATIVE CONTRACTS

Derivative contracts at December 31, 2005 were as follows:

Derivative	Contract	Value	Maturity Period	Hedged item or transaction Concept	Position Purchase	Hedged Item Value	Assets/liabilities		Effect on income			
		ThCh\$					Amount	Item	Amount	Realized	Unrealized	
		ThCh\$		Specific Item	/sale	ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$	
SWAP	CCPE	2.654.697	I QUARTER 2006	US\$ Exchange Rate	S	3.609.383	2.565.151	Other current and long term assets	1.218.665	374.162	3.785	
SWAP	CCPE	2.619.843	I QUARTER 2007	US\$ Exchange Rate	S	3.718.120	2.645.278	Other current and long term assets	1.210.849	369.503	144.316	
SWAP	CCPE	2.629.274	III QUARTER 2007	US\$ Exchange Rate	S	2.747.765	2.610.970	Other current and long term assets	1.214.602	370.780	55.006	
SWAP	CCPE	38.462.057	IV QUARTER 2007	US\$ Exchange Rate	S	47.599.704	38.437.500	Other current and long term assets	9.868.071	5.138.394	1.249.962	
SWAP	CCPE	7.850.476	I QUARTER 2008	US\$ Exchange Rate	S	10.456.161	7.797.786	Other current and long term assets	3.620.434	1.107.040	341.413	
SWAP	CCPE	7.807.510	II QUARTER 2008	US\$ Exchange Rate	S	11.100.360	8.145.570	Other current and long term assets	3.597.802	1.100.979	961.350	
SWAP	CCPE	12.815.823	III QUARTER 2008	US\$ Exchange Rate	S	16.620.691	12.680.996	Other current and long term assets	5.790.650	1.803.484	894.039	
SWAP	CCPE	5.277.469	I QUARTER 2013	US\$ Exchange Rate	S	7.260.554	5.290.567	Other current and long term assets	2.422.356	744.121	631.018	
FR	CCTE	8.871.939	I QUARTER 2006	US\$ Exchange Rate	P	Suppliers foreign exchange	8.660.225	0	Other Current assets and liabilities	197.390	0	(197.390)
FR	CCTE	1.575.869	I QUARTER 2006	US\$ Exchange Rate	S	Suppliers foreign exchange	1.537.700	0	Other Current assets and liabilities	35.462	0	35.462
FR	CCTE	8.615.815	II QUARTER 2006	US\$ Exchange Rate	P	Suppliers foreign exchange	8.395.263	0	Other Current assets and liabilities	190.275	0	(190.275)
FR	CCTE	1.217.784	II QUARTER 2006	US\$ Exchange Rate	S	Suppliers foreign exchange	1.186.006	0	Other Current assets and liabilities	27.353	0	27.353
FR	CCTE	6.066.846	III QUARTER 2006	US\$ Exchange Rate	P	Suppliers foreign exchange	5.888.625	0	Other Current assets and liabilities	138.450	0	(138.450)
FR	CCTE	1.259.113	III QUARTER 2006	US\$ Exchange Rate	S	Suppliers foreign exchange	1.221.946	0	Other Current assets and liabilities	28.982	0	28.982
FR	CCTE	10.679.646	IV QUARTER 2006	US\$ Exchange Rate	P	Suppliers foreign exchange	10.520.088	0	Other Current assets and liabilities	82.939	0	(82.939)
FR	CCTE	1.637.708	IV QUARTER 2006	US\$ Exchange Rate	S	Suppliers foreign exchange	1.612.147	0	Other Current assets and liabilities	13.538	0	13.538

## NOTE 35 - CONTINGENCIES AND RESTRICTIONS

### a. Litigation and other legal actions:

Andina and its subsidiaries are not involved or likely to be involved in any material judicial or out-of-court litigation that could result in gains or losses. Current lawsuits are described below.

- 1) The Chilean Internal Revenue Service has commenced a penal lawsuit against our subsidiary Vital S.A. and against those ultimately responsible for the application of tax losses. At the same time, a lawsuit has been filed for the recovery of income tax and the application of accumulated losses. The company's legal advisors believe there is a remote or slight likelihood of a negative outcome in both procedures.
- 2) Embotelladora del Atlántico S.A. faces labor and other lawsuits. Accounting provisions to back any probable loss contingency stemming from these lawsuits, amounts to ThCh\$1,752,274 (ThCh\$1,906,300 in 2004). In accordance with its legal counsel's opinion, the Company deems improbable that unstipulated contingencies may affect the results or equity of the Company.
- 3) Rio de Janeiro Refrescos Ltda. faces labor, tax and other lawsuits. Accounting provisions to back any probable loss contingency arising from these lawsuits, amounts to ThCh\$6,614,257 (ThCh\$5,928,827 in 2004). In accordance with its legal counsel's opinion, the Company deems improbable that unstipulated contingencies may affect the results or equity of the Company.
- 4) Embotelladora Andina S.A. faces, labor, tax, commercial and other lawsuits. Accounting provisions to back any probable loss contingency stemming from these lawsuits, amounts to ThCh\$74,314 /ThCh\$79,652 in 2004). In accordance with its legal counsel's opinion, the Company deems improbable that contingencies without provisions may affect the results or equity of the Company.

### b. Restrictions

The bond issue and placement on the US market for US\$ 350 million is subject to certain restrictions against preventive attachments, sale and leaseback transactions, sale of assets, subsidiary debt and certain conditions in the event of a merger or consolidation.

The bond issue and placement in the Chilean market for UF 7,000,000 is subject to the following restrictions:

Leverage ratio, defined as the total financial debt/shareholder's equity plus minority interest should be less than 1.20 times.

Financial debt shall be deemed Consolidated Finance Liabilities which include: (i) short-term bank liabilities, (ii) short-term portion of long-term bank liabilities, (iii) short-term liabilities-promissory notes, (iv) short-term portion of bonds payable, v) long-term bank liabilities, and (vi) long-term bonds payable. Consolidated equity means Total equity plus Minority Interest.

Consolidated assets are to be free of any pledge, mortgage or other encumbrance for an amount equal to at least 1.30 times the consolidated liabilities that are not guaranteed by the investee.

Andina must retain and, in no way, lose, sell, assign or dispose of to a third party the geographical zone denominated "Región Metropolitana", as a franchised territory in Chile by The Coca-Cola Company for the preparation, production, sale and distribution of the products and brands in accordance with the respective Bottling agreement, renewable from time to time.

Andina shall not lose, sell, assign or dispose of to a third party any other territory in Brazil or Argentina that is currently franchised to Andina by The Coca-Cola Company for the preparation, production, sale and distribution of the products and brands of the franchisor, as long as the referred territory represents more than forty percent of the Company's Consolidated Operating Cash Flows.

c. Direct guarantees

Guarantees at December 31, 2005 were as follows:

<u>Guarantee creditor</u>	<u>Debtor</u>		<u>Type of guarantee</u>	<u>Assets involved</u>		<u>Balances pending at year end</u>		<u>Guaranty</u>
	<u>Name</u>	<u>Relation</u>		<u>Type</u>	<u>Book value</u>	<u>December 31</u>		<u>Redemption</u>
						2005	2004	2006
ADUANA DE BUENOS AIRES/CUSTOMS UNIAO FEDERAL	EMBOTELLADORA DEL ATLANTIVO	Subsidiary	Insurance Guaranty	Inventories	2,793,734			
ESTADO RIO DE JANEIRO	RIO DE JANEIRO REFRESCOS LTDA.	Subsidiary	Mortgage	Warehouse	57,050	60,321	58,261	
PODER JUDICIARIO	RIO DE JANEIRO REFRESCOS LTDA.	Subsidiary	Mortgage	Judicial Deposit	11,542,124	8,891,513		
SERV. NAC. DE ADUANAS/Customs	EMBOTELLADORA ANDINA S.A.	-	Guaranty Receipt	-	7,795,553	92,250		92,250

NOTE 36 - GUARANTEES FROM THIRD PARTIES

Guarantees from third parties at December 31, 2005 were as follows:

<u>Guarantor</u>	<u>Type of Guarantee</u>	<u>Amount</u>	<u>Currency</u>	<u>Transaction</u>
Soc. Las Nipas	Policy	6.971,45	U.F.	Advertising Agreement
Soc. Com. Itahue Ltda.	Policy	5.000,00	U.F.	Advertising Agreement
Distribuidora Monserrat S.A.	Policy	3.920,00	U.F.	Advertising Agreement
Soc. Administradora Plaza Cent.	Policy	3.076,00	U.F.	Advertising Agreement
lansagro S.A.	Deposit Certificate	4.735.875	ThCh\$	Warrants
lansagro S.A.	Deposit Certificate	3.788.700	ThCh\$	Warrants
lansagro S.A.	Deposit Certificate	2.841.525	ThCh\$	Warrants
Peñalozza Ballero Limitada	Receipt	50.000	ThCh\$	Purchase Order
Russel W. Coffin	Letter of Credit	39.436.416,03	USD	Purchase Nitvitgov Refrigerantes S.A.
CONFAB	Mortgage	30.000.000,00	USD	Purchase Rio de Janeiro Refrescos Ltda.
Several Clients	Deposits	966.179,73	USD	Container Guaranty
Soc. Com. Champfer	Mortgage	642.970,05	USD	Distributor Credit
Mac Coke Dist. Beb.	Mortgage	427.222,63	USD	Distributor Credit
Tigresa Com. Beb.	Mortgage	286.239,16	USD	Distributor Credit
Franciscana Dist.	Mortgage	245.653,01	USD	Distributor Credit
ASXT Fluminense Distrib.Bebidas	Mortgage	239.244,67	USD	Distributor Credit
Dist. Real Cola (Apucarana)	Mortgage	234.972,44	USD	Distributor Credit
Dist União De Itaperuna	Mortgage	221.557,65	USD	Distributor Credit
Rosas de Casimiro	Mortgage	183.705,73	USD	Distributor Credit
Aguiar Distrib.de Bebidas Ltda/Softdrink Distributor	Mortgage	171.316,27	USD	Distributor Credit
MBM Distribuidora de Beb/Softdrink Distributor	Mortgage	158.926,82	USD	Distributor Credit
Ledesma SAAI	Guaranty	133.533,97	USD	Supplier
Ledesma SAAI	Guaranty	132.688,82	USD	Supplier
Ledesma SAAI	Guaranty	132.688,82	USD	Supplier
Ledesma SAAI	Guaranty	132.688,82	USD	Supplier
Ledesma SAAI	Guaranty	132.688,82	USD	Supplier
Dibejon Softdrink Distributor João Neiva	Mortgage	121.758,45	USD	Distributor Credit

## NOTE 37 - LOCAL AND FOREIGN CURRENCY

Assets at each year end were composed of local and foreign currencies as follows:

	Currency	December 31, 2005	December 31, 2004
		Amount ThCh\$	Amount ThCh\$
<u>Current Assets</u>			
Cash	Other currency	0	15.560
	Non-Indexed Ch\$	3.929.414	4.687.093
	US\$	2.846.644	2.923.432
	AR\$	3.047.433	1.030.715
	R\$	4.589.040	5.667.961
Time Deposits	US\$	21.257.745	2.414
	AR\$	0	138
	R\$	4.442.826	7.831.264
Marketable Securities	EUROS	9.160.293	0
	US\$	3.992.954	16.660.657
	R\$	850.035	0
Trade accounts receivable	Non-Indexed Ch\$	17.976.484	17.784.701
	US\$	1.557.633	17.608
	AR\$	2.452.727	4.020.319
	R\$	12.220.237	10.518.763
Notes receivable	Non-Indexed Ch\$	7.833.988	7.710.121
	AR\$	380.042	376.279
	R\$	2.928.814	2.275.190
Other receivables	Non-Indexed Ch\$	2.668.514	14.512.542
	US\$	11.940.372	72.418
	AR\$	891.378	855.114
	R\$	4.277.223	1.420.484
Inventories	Indexed Ch\$	3.918.785	3.465.543
	Non-Indexed Ch\$	1.775.186	1.980.480
	US\$	3.123.615	1.262.061
	AR\$	3.140.050	8.241.753
	R\$	5.467.728	6.513.569
Notes receivable from related companies	R\$	23.448	85.029
-	Non-Indexed Ch\$	5.563.712	0
Recoverable Taxes	US\$	214.817	0
	Indexed Ch\$	0	333.802
	Non-Indexed Ch\$	1.194.973	670.956
	AR\$	699.981	1.097.730
	R\$	7.670.404	3.671.106
Prepaid Expenses	Indexed Ch\$		0
	Non-Indexed Ch\$	1.179.636	1.427.433
	US\$	52.328	123.112
	AR\$	134.810	34.731
	R\$	240.880	375.460
Other current assets	Indexed Ch\$	1.061.673	0
	Non-Indexed Ch\$	408.222	1.513.055
	US\$	3.625.002	5.793.673
	AR\$	1.710.866	1.149.565
	R\$	1.565.602	963.779

<u>Property, Plant and equipment</u>			
Property, Plant and equipment	Non-Indexed Ch\$	63.952.815	69.802.181
	US\$	75.353.242	89.355.092
<u>Other assets</u>			
Investment in related companies	Indexed Ch\$	19.030.233	19.036.731
	US\$	1.054.315	760.454
	R\$	1.301.522	936.123
Investment in other companies	Indexed Ch\$	41.689	0
	US\$	12.881	56.202
Goodwill	Non-Indexed Ch\$	645.844	775.012
	US\$	70.747.295	86.057.442
Long term debtors	Non-Indexed Ch\$	80.218	
	AR\$	30.255	48.638
Notes receivable related companies	Non-Indexed Ch\$	22.492	34.863
Intangibles	US\$	409.059	460.913
Amortization	US\$	-233.209	-238.274
Deferred taxes	AR\$	676.498	0
Others	Indexed Ch\$	146.369	0
	Non-Indexed Ch\$	4.918.265	17.181.567
	US\$	123.517.798	156.547.254
	AR\$	2.326.502	2.456.998
	R\$	0	8.342.523
	EUROS	0	11.902.195
<b>Total Assets</b>			
	Other Currency	0	15.560
	Non-Indexed Ch\$	112.149.763	138.080.004
	US\$	319.472.491	359.854.458
	AR\$	15.490.542	19.311.980
	R\$	45.577.759	48.601.251
	EURO	9.160.293	11.902.195
	Indexed Ch\$	24.198.749	22.836.076

b. Current liabilities at year end denominated in local and foreign currencies were as follows:

		<u>Up to 90 days</u>				<u>90 days to 1 year</u>			
		December 31, 2005		December 31, 2004		December 31, 2005		December 31, 2004	
		Amount ThCh\$	Int. Rate	Amount ThCh\$	Int. Rate	Amount ThCh\$	Int. Rate	Amount ThCh\$	Int. Rate
Short term bank liabilities	Non-indexed Ch\$	1.426.355		18.954.454	3,30%	0		0	
	\$AR	5.497.616	8,92%	0		0		0	
	\$R	0		135.216		0		0	
	US\$	0		0		21.011.358	6,51%	0	
Current portion of long term bank liabilities	US\$	0		0		0		1.152.358	6,51%
	\$R	0		0		484.101	13,26%	837.739	13,52%
Current portion of bonds payable	Indexed Ch\$	13.357.494		13.392.228	7,0%	0		0	
	US\$	326.760		368.181	6,20%	0		0	
Dividends payable	Non-indexed Ch\$	3.978.869		4.045.885		0		0	
	\$R	0		0		0		554.754	
Accounts payable	Non-indexed Ch\$	17.999.013		18.968.622		2.706.095		0	
	US\$	2.353.415		2.272.202		0		0	
	\$AR	5.957.476		5.458.882		0		3.589	
	\$R	8.860.731		8.447.061		0		0	
	Other currencies	0		1.798		0		0	
Other creditors	US\$	176.570		811.582		0		0	
	\$AR	19.931		41.085		0		15.502	
	\$R	2.629.196		2.142.965		0		0	
Notes Payable	Non-indexed Ch\$	0		5.180		0		0	
Notes and accounts payable related companies	Non-indexed Ch\$	5.013.043		5.771.173		0		0	
	US\$	0		553.383		0		0	
	\$AR	895.299		0		0		0	
	\$R	2.422.475		0		0		4.045.676	
Provisions	Non-indexed Ch\$	631.543		330.627		0		0	
Withholdings	Indexed Ch\$	0		412.794		0		0	
	Non-indexed Ch\$	4.822.891		7.144.790		583.580		0	
	US\$	0		423.905		0		0	
	\$AR	3.606.978		2.959.134		0		0	
	\$R	0		0		7.331.579		3.178.285	
Income Tax	Non-indexed Ch\$	3.806.699		2.528.218		0		0	
	\$AR	0		0		1.589.078		1.080.326	
	\$R	0		0		3.295.627		1.485.515	
Unearned Income	Non-indexed Ch\$	249.206		0		0		0	
Deferred Taxes	\$R	0		0		0		140.643	
	Non-indexed Ch\$	616.932		0		0		0	
	\$AR	94.691		0		0		0	
Other current liabilities	Non-indexed Ch\$	3.007.376		10.360		10.000		0	
	US\$	0		2.551.911		0		0	
Total Current Liabilities	Non-indexed Ch\$	41.551.927		57.759.309		3.299.675		0	
	\$AR	16.071.991		8.459.101		1.589.078		1.099.417	
	\$R	13.912.402		10.725.242		11.111.307		10.242.612	
	US\$	2.856.745		6.981.164		21.011.358		1.152.358	
	Indexed Ch\$	13.357.494		13.805.022		0		0	
	Other currencies	0		1.798		0		0	

c.1) Long - term liabilities at December 31, 2005 were composed of local and foreign currencies as follows:

	Currency	1 to 3 years		3 to 5 years		5 to 10 years		Over 10 years	
		Amount ThCh\$	Average int rate	Amount ThCh\$	Average int rate	Amount ThCh\$	Average int rate	Amount ThCh\$	Average int rate
Long Term Bank Liabilities	R\$	454.501		0		0		0	
Bonds payable	US\$	16.438.950	7,0%	0		0		2.050.000	7,625%
	Indexed Ch\$	16.806.447	6,2%	5.868.246	6,5%	19.560.823	6,50%	41.077.728	6,50%
Other creditors	AR\$	81.547		0		0		0	
	R\$	0		57.808		7.226		0	
Provisions	Indexed Ch\$	0		0		0		4.330.239	
	Non-Indexed Ch\$	582.332		0		0		0	
	AR\$	1.752.274		0		0		0	
	R\$	14.451.022		0		0		0	
Other Liabilities	Non-Indexed Ch\$	0		0		4.899.464		0	
	AR\$	0		193.005		1.737.049		0	
	R\$	1.384.839		0		0		0	
		0		0		0		0	
Total Long Term Liabilities	R\$	16.290.362		57.808		7.226		0	
	US\$	16.438.950		0		0		2.050.000	
	Indexed Ch\$	16.806.447		5.868.246		19.560.823		41.077.728	
	AR\$	1.833.821		193.005		1.737.049		0	
	Indexed Ch\$	0		0		0		4.330.239	
	Non-Indexed Ch\$	582.332		0		4.899.464		0	

c.2) Long - term liabilities at December 31, 2004 were composed of local and foreign currencies as follows:

	Currency	<u>1 to 3 years</u>		<u>3 to 5 years</u>		<u>5 to 10 years</u>		<u>Over 10 years</u>	
		Amount ThCh\$	Average int rate	Amount ThCh\$	Average int rate	Amount ThCh\$	Average int rate	Amount ThCh\$	Average int rate
Long term bank liabilities	US\$	46.197.312		0		0		0	
-	R\$	986.133		0		0		0	
Bonds payable	US\$	0		18.522.812	7%	0		2.309.866	7,63%
-	Indexed Ch\$	23.681.412	6,20%	4.933.628	6,2%	25.380.479	6,50%	40.999.237	6,50%
Other creditors	R\$	104.160		66.295		0		0	
Provisions	Indexed Ch\$	0		0		0		2.080.864	
-	Non-Indexed Ch\$	1.790.257		0		40.664		0	
-	AR\$	3.167.478		0		0		0	
-	R\$	10.480.619		0		0		0	
Deferred Income taxes	AR\$	0		393.113		0		0	
Other Liabilities	Non-Indexed Ch\$	0		0		5.284.955		0	
-	AR\$	0		175.937		1.583.432		0	
-	R\$	823.918		0		0		0	
Total Long Term Liabilities	US\$	46.197.312		18.522.812		0		2.309.866	
	R\$	12.394.830		66.295		0		0	
	Indexed Ch\$	23.681.412		4.933.628		25.380.479		43.080.101	
	Non-Indexed Ch\$	1.790.257		0		5.325.619		0	
	AR\$	3.167.478		569.050		1.583.432		0	

#### NOTE 38 - PENALTIES

The Company has not been subject to penalties by the SVS or any other administrative authority.

#### NOTE 39 - SUBSEQUENT EVENTS

##### Dividend Payments

On January 26, 2006, the following interim dividend No. 148 was paid against 2005 income:

- a) Ch\$4.80 (four point eighty Chilean pesos) per Series A share; and
- b) Ch\$5.28 (five point twenty-eight Chilean pesos) per Series B share.

No other significant events of a financial or any other nature have occurred between December 31, 2005 and the issuance date of these financial statements that affect or may affect the assets, liabilities and/or income of the Company.

#### NOTE 40 - COMPANIES SUBJECT TO SPECIAL REGULATIONS

Andina and its subsidiaries are not subject to special regulations.

#### NOTE 41 – ENVIRONMENT

The Company has disbursed ThCh\$822,428 to improve its industrial process, industrial waste metering equipment, laboratory analyses, environmental impact consultancy and other studies. Future commitments, which are all short-term and for the same concepts, amount to ThCh\$27,934.

I. ANALYSIS OF THE FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2005.

Highlights

Fourth Quarter 2005 Consolidated Operating Income reached US\$60.1 million, an increase of 18.1% compared to the same period last year. Operating Margin was 20.7%.

Consolidated Sales Volume increased 5.3% during the quarter, reaching 116.5 million unit cases.

During the Fourth Quarter 2005, EBITDA totaled US\$74.4 million, a 12.5% improvement compared to the Fourth Quarter 2004. EBITDA Margin was 25.6%.

Consolidated Operating Income for the twelve months ended December 31, 2005 was US\$152 million, an increase of 19.6% when compared to 2004. Operating Margin was 16.3%.

Consolidated Sales Volume for the twelve months ended December 31, 2005 totaled 389.8 million unit cases, a 7.1% improvement compared to 2004.

Consolidated EBITDA was US\$208.7 million for the twelve months ended December 31, 2005, representing growth of 9.4%. EBITDA Margin was 22.4%.

Net Income for the twelve months ended December 31, 2005 reached US\$109.3 million, a 34.7% increase compared to the comparable period of 2004.

Comments from the Chief Executive Officer, Mr. Jaime Garcia R.

Andina had a great 2005 in the three countries where we operate. We are confident to continue on this path, as we foresee stable perspectives in those markets.

Full Year 2005 vs. Full Year 2004

The results obtained during 2005 reflect excellent surpluses from most of the measured operational parameters. In the three countries where we operate, we achieved important goals. First, growth in Chile, an already mature soft drink market; Secondly, continued growth in Brazil, the market with the greatest potential when considering the relatively low per capita soft drink consumption; Finally, our ability to maintain strong operational results in Argentina, where we not only faced cost increases but also labor union pressures.

On average, exchange rates appreciated in the three countries where we operate as follows: the Chilean peso 7.9%, the Brazilian real 16.1% and the Argentine peso 0.5%. These currency fluctuations, partially compensated price increases of relevant raw materials (sugar and resin).

As of December 31, 2005, Consolidated Sales Volume reached 389.8 million unit cases, an increase of 7.1%. The Company's three franchises increased total volume as follows: Chile 4.7%, Brazil 10.2% and Argentina 5.7%.

Net Sales amounted to US\$933.6 million, an 11.6% improvement compared to 2004. This was due to higher volumes and price adjustments.

Cost of Sales per unit case increased 2.2% in spite of cost pressures (particularly resin and sugar), partially compensated by effective negotiations, and the appreciation of the Chilean peso and the Brazilian real.

SG&A increased 13.1% due to higher volumes and increased freight costs as a result of higher oil prices.

Consolidated Operating Income amounted to US\$152 million, a 19.6% improvement over the US\$127.1 million reported as of December 31, 2004. Operating Margin was 16.3%, an increase of 110 basis points.

Finally, Consolidated EBITDA amounted to US\$208.7 million, a 9.4% increase from the same period of last year. EBITDA Margin was 22.4% of Net Sales.

#### Fourth Quarter 2005 vs. Fourth Quarter 2004

During Fourth Quarter 2005, Consolidated Sales Volume reached 116.5 million unit cases, a 5.3% increase with respect to the same period of last year.

Net Sales totaled US\$290.2 million, an 11.9% increase over the Fourth Quarter 2004. This was a result of higher volumes and price adjustments.

Operating Income was US\$60.1 million, an 18.1% increase when compared to the US\$50.9 million reported during the same period of the previous year. Operating Margin was 20.7% of Net Sales, an improvement of 110 basis points.

Consolidated EBITDA for the Fourth Quarter reached US\$74.4 million, an increase of 12.5%. This represented 25.6% of Net Sales, consistent with the figure reported in the Fourth Quarter of 2004.

Chile

#### Full Year 2005 vs. Full Year 2004

Sales Volume increased 4.7%, reaching 135.5 million unit cases for the year ended December 31, 2005. During 2005 we successfully launched *Dasani*, leading to a record 17.8% growth in the water segment. In addition, the Company has maintained returnable formats at nearly two-thirds of the total Sales Volume allowing us to continue with its competitive strategy. Our average soft drink market share amounted to 68.5% in volume and 70.9% in sales.

Net Sales totaled US\$429 million, representing a 5.2% increase compared to the same period of the previous year. The increase in accumulated Net Sales is best explained by higher volumes.

During 2005, we've faced price increases in U.S Dollar-denominated raw materials, which have been compensated by the appreciation of exchange rate (7.9% on average). This resulted in a 3.8% increase in cost of sales, representing 0.8% savings in unitary costs.

Operating Income was US\$99.9 million, a 9.5% improvement compared to last year. Operating Margin reached 23.3%, representing an improvement of 90 basis points.

EBITDA amounted to US\$126 million, a 5.3% increase over the US\$119.7 million reached in the previous year. EBITDA margin was 29.4% of Net Sales, remaining flat compared to the same period in 2004.

#### Fourth Quarter 2005 vs. Fourth Quarter 2004

During the Fourth Quarter 2005, and in spite of adverse and unusual weather conditions, volumes grew 5.7%. Sales Volume amounted to 41.7 million unit cases. November 2005 was the month with major volume increase for the year, which compensated a drop in October. Once again, the water category was noteworthy thanks to the introduction of Dasani, recording 24.5% growth.

Net Sales reached US\$130.6 million, a 7% improvement over the Fourth Quarter 2004. This increase is due to higher volumes, in addition to the price increase which took place during the second quarter of 2005.

Cost of Sales per unit case decreased 0.8% resulting in a Gross Margin of 43.9%, a 110 basis point improvement compared to the Fourth Quarter of the previous year.

Operating Income totaled US\$35.5 million, increasing 12.4%. Operating Margin was 27.2%, an improvement of 130 basis points.

EBITDA totaled US\$41.7 million, representing an increase of 10.3% compared to the US\$37.9 million reported in the Fourth Quarter 2004. EBITDA Margin was 32% of Net Sales, an increase of 100 basis points.

#### Brazil

##### Full Year 2005 vs. Full Year 2004

Sales Volume in 2005 reached 153.7 million unit cases, a 10.2% increase compared to the previous year. Throughout 2005, the Company undertook several market initiatives such as launches of individual and family servings formats and a special focus on returnable formats (already representing 12% of total volume).

Net Sales amounted to US\$317.1 million, a 22.6% improvement, led by higher volumes and price increases, which took place during the year, and a favorable effect on figure translations from exchange rates fluctuations.

Cost of Sales totaled US\$1.23 per unit case, an increase of 7.2%. This higher cost is best explained by: (i) the Brazilian Real, which affects the figures translation and (ii) price increases of raw materials (such as sugar and resin), but those were partially offset by the 16.1% appreciation of the Brazilian Real.

Operating Income amounted to US\$40 million, a 49.1% increase from the same period of last year, with an Operating Margin of 12.6%, representing an improvement of 220 basis points.

EBITDA totaled US\$57.5 million, a 21.3% increase, with an EBITDA margin of 18.1%, slightly lower than that of the previous year.

##### Fourth Quarter 2005 vs. Fourth Quarter 2004

Sales Volume during the Fourth Quarter 2005 was led by immediate consumption distributions channels, returnable formats (16% growth) and core brands (Coca-Cola and Kuat Guaraná). Thus, Sales Volume reached 45.3 million unit cases, reflecting significant growth of 5.7%, especially noteworthy considering that in the Fourth Quarter 2004 the Company improved by 8.8%.

Net Sales totaled US\$100.7 million, an improvement of 20% with respect to the US\$83.9 million reported in the Fourth Quarter 2004. This was a result of higher volumes and a more favorable exchange rate that positively affects the translation of the figures.

Operating Income totaled US\$18.7 million, a 39.2% improvement compared to the same period of 2005. Operating Margin was 18.5% an improvement of 250 basis points when compared to the Fourth Quarter 2004.

EBITDA totaled US\$23.1 million, a 26.3% increase with respect to the US\$18.3 million obtained in the comparable period. EBITDA represented 23% of Net Sales, a 120 basis point improvement.

Argentina

#### Full Year 2005 vs. Full Year 2004

2005 Sales Volume reached 100.6 million unit cases, exceeding the 95.2 million unit cases reached in 2004, which is a figure that had already broken the historical record in Sales Volume for our Argentine franchise. The 5.7% improvement was driven by the returnable formats (that already represents over 50% of Sales), the traditional channel and our core brands, reflecting the Company's fundamental strategic pillars.

Net Sales totaled US\$197 million, a 10.8% increase when compared to 2004, principally due to the aforementioned increase in volumes and price increases implemented throughout the year.

Operating Income totaled US\$21.3 million, an increase of 15.7% over 2004, with an Operating Margin of 10.8%, a slight increase with regard to the figure obtained in the comparable period.

EBITDA was US\$34.4 million, a 4.1% increase, with an EBITDA Margin of 17.4%.

#### Fourth Quarter 2005 vs. Fourth Quarter 2004

*Sales Volume for the Fourth Quarter 2005 totaled 29.6 million unit cases, a 4.1% increase with respect to the same period last year. This was achieved due to a strategic focus on the immediate consumption and returnable formats.*

*Net Sales reached US\$61.4 million, a 10.6% improvement compared to the Fourth Quarter 2004. This improvement resulted from an increase in volumes and price increases.*

*Operating Income totaled US\$8.6 million, representing an increase of 3.8% with regards to the Fourth Quarter 2004. Operating Income represented 14% of Net Sales. SG&A increased 23.6% (18.8% per unit case), which is mainly explained by higher expenses from salary adjustments carried out by government decrees and strong labor unions pressures.*

*EBITDA was US\$12.2 million, and EBITDA margin was 19.8%.*

#### Full Year 2005 vs. Full Year 2004

Non-Operating Results totaled a loss of (US\$26 million), which compares favorably to an accumulated loss of (US\$38 million) reported as of December 2004.

This reduction in the Non Operating Result line is explained by:

- *Financial Expenses/Income (Net):* Reflects a positive variation as a consequence of extraordinary income from bond sales, together with improved results from Cross Currency Swap Agreements.
- *Other non operating income and expense:* Reflects a positive variation as a consequence of extraordinary income from stock sales.

Finally, Net Income amounted to US\$109.3 million, an increase of 34.7% versus the Net Income reported as of December 31, 2004.

## ANALYSIS OF THE BALANCE SHEET

As of December 31, 2005, the Company's financial assets amounted to US\$343 million. These represent cash, investments in mutual funds, deposits, structured notes, corporate bonds and sovereign bonds. 82.6% of the Company's total financial assets are U.S. Dollar-denominated. However, through "*Cross-Currency Swaps*" carried out in July 2003, August 2003 and April 2004, part of the portfolio has been converted to Chilean pesos (UF – Chilean Inflation Indexed Currency), thereby decreasing to 25.6% the amount denominated in US dollars.

The Company's total debt was US\$281.7 million, with an average annual rate of 6.77% on U.S. Dollar debt, and an average real rate of 6.4% on Chilean Peso-denominated debt. The U.S. Dollar-denominated debt represents 27.6% of total debt.

Therefore, even though the Company paid an extraordinary dividend totaling US\$109 million in May 2005, the Company continues to hold a positive net cash position of US\$61.3 million.

### Main Indicators

INDICATORS	Unit	Dec-05	Dec-04	Variance
<b>LIQUIDITY</b>				
Current Ratio	Times	1,30	1,24	0,05
Acid Tests	Times	1,16	1,05	0,11
Working Capital	MCh\$	36.131	34.670	1.460
<b>ACTIVITY</b>				
Investments	MCh\$	27.452	26.150	1.302
Inventory turnover	Times	14,78	12,40	2,38
Days of inventory on hand	Days	24,36	29,02	-4,67
<b>INDEBTEDNESS</b>				
Debt to equity ratio	%	95,97%	99,32%	-3,36%
Short-term liabilities to total liabilities	%	48,64%	36,84%	11,80%
Long-term liabilities to total liabilities	%	51,36%	63,16%	-11,80%
Interest charges coverage ratio	Times	18,68	9,58	9,09
<b>PROFITABILITY</b>				
Return over equity	%	19,67%	13,36%	6,32%
Return over total assets	%	9,95%	6,81%	3,14%
Return over operating assets	%	21,25%	14,63%	6,62%
Operating income	MCh\$	77.908	65.150	12.758
Operating margin	%	16,28%	15,20%	1,08%
EBITDA (1)	MCh\$	103.496	90.784	12.711
EBITDA margin	%	21,63%	21,18%	0,45%
Dividends payout ratio - Series A shares	%	7,76%	4,81%	2,94%
Dividends payout ratio - Series B shares	%	8,04%	5,23%	2,81%

EBITDA (1) Earnings before income taxes, interests, depreciation, amortization and extraordinary items.

The main indicators contained in the table reflect for both periods the solid financial position and profitability of Embotelladora Andina S.A.

Liquidity indicators show a slight increase regarding the previous period. This is basically due to the reclassification of certain financial instruments with maturity in less than a one year period (amounting to MUS\$59.5), which was partially offset by the reclassification to short term of the bank debt of our Argentine subsidiary.

Indicators of indebtedness improve mainly due to the prepayment of US\$40 million carried out by our Argentine subsidiary of its external debt in December of 2005, and are partially offset by a decrease in equity as a result of an extraordinary dividend payment carried out in May of 2005. Financial debt during the period amounted to Ch\$3,653 million and earnings before interests and taxes amounted to Ch\$68,230 million, achieving an interest coverage of 18.68 times, which is well above the figure achieved during the previous period.

Operating profitability indicators benefited from the reasons mentioned in paragraph I. Profitability over equity basically benefited from the reasons stated in paragraph I along with the effect of the decrease in equity already explained.

### III. Analysis of Book Values and Present Value of Assets

With respect to the Company's main assets the following should be noted:

Given the high rotation of the items that compose working capital, book values of current assets are considered to represent market values.

Fixed asset values in the Chilean companies are presented at restated acquisition cost. In the foreign companies, fixed assets are valued in accordance with Technical Bulletin N° 64 issued by the Chilean Institute of Accountants. (controlled in historical dollars)

Depreciation is estimated over the restated value of assets along with the remaining useful economic life of each asset.

All fixed assets that are considered available for sale are held at their respective market values.

Investments in shares, in situations where the Company has a significant influence on the issuing company, are presented following the equity method. The Company's participation in the results of the issuing company for each year has been recognized on an accrual basis, and unrealized results on transactions between related companies have been eliminated.

In summary, assets are valued in accordance with generally accepted accounting standards in Chile and the instructions provided by the Chilean Securities Commission, as shown in Note 2 of the Financial Statements.

### IV. Analysis of the Main Components of Cash Flow

Cash Flow (MCh\$)	December	December	Variation Ch\$	Variation %
	2005 MCh\$	2004 MCh\$		
Operating	96,823	72,819	24,004	33
Financing	(114,122)	(45,376)	(68,746)	-152
Investment	10,908	(38,945)	49,853	128
<b>Net cash flow for the Period</b>	<b>(6,391)</b>	<b>(11,502)</b>	<b>5,111</b>	<b>44</b>

The Company generated a positive net cash flow of MCh\$6,391 during the quarter, analyzed as follows:

Operating activities generated a positive net cash flow of MCh\$96,823 representing a positive variation regarding the previous year which amounted to Ch\$24,004 million. Principally explained by increased collections from clients, which were partially offset by increased payment to suppliers. This in turn is explained by an increase in the Company's sales volume decrease of MCh\$1,305 regarding last year and is mainly explained by an increase in payments of interest, which was offset by increased collections from clients and a decrease in payments to suppliers.

Financing activities generated a negative cash flow of MCh\$114,122 representing a negative variation of MCh\$68,746 mainly explained by dividend payments higher than the ones recorded during the previous year, and bank liabilities higher than those of the previous year.

Investment activities generated a positive cash flow of MCh\$10,908; with a positive variation of MCh\$49,853 regarding the previous year, mainly explained by increased sales of investments in financial instruments.

## V. Analysis of Market Risk

### Interest Rate Risk

As of December 31, 2005 and 2004, the Company held 100% of its debt obligations at fixed-rates. Consequently, the risk fluctuation of market interest rates regarding the Company's cash flow remains low.

### Foreign Currency Risk

Income generated by the Company is linked to the currencies of the markets in which it operates. For the period the breakdown for each is the following:

Chilean peso:	45%
Brazilian real:	34%
Argentine peso:	21%

Since the Company's sales are not linked to the United States dollar, the policy adopted for managing foreign exchange risk, this is the mismatch between assets and liabilities denominated in a given currency, has been to maintain financial investments in dollar-denominated instruments, for an amount at least equivalent to the dollar-denominated liabilities.

Additionally, it is Company policy to maintain foreign currency hedge agreements to lessen the effects of exchange risk in cash expenditures expressed in US dollars which mainly correspond to payment to suppliers for raw materials.

Accounting exposure of foreign subsidiaries (Brazil and Argentina) for the difference between monetary assets and liabilities, those denominated in local currency, and therefore, exposed to risks upon translation to the US dollar, are only covered when it is foreseen that it will result in significant negative differences and when the associated cost of said coverage is deemed reasonable by management.

### Commodity Risks

The Company faces the risk of price changes in the international markets for sugar, aluminum and PET resin, all of which are necessary raw materials for preparing beverages, and that altogether represent between 25% and 30% of our operating costs. In order to minimize and/or stabilize such risk, supply contracts and advanced purchases are negotiated when market conditions are favorable. Likewise commodity coverage instruments have also been utilized.

*This document may contain estimates that reflect a good faith expectation of Embotelladora Andina S.A. and are based on information currently available. It should be noted that the results finally obtained are subject to various variables, many of which are beyond the*

*Company's control and which could have a significant impact on the current performance. Amongst the factors that may cause a change in the performance are: the effects of political and economic conditions on mass- consumption; price pressures resulting from competitive discounts by other bottlers; weather conditions in the Southern Cone and other risk factors that are applicable from time to time and that are periodically informed in the reports to the relevant regulatory authorities.*