

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES  
Consolidated financial statements  
September 30, 2006

(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)

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	For the periods ended September 30,	
	2006	2005
	ThCh\$	ThCh\$
<b>TOTAL CURRENT ASSETS</b>	<b>133,917,648</b>	<b>183,834,044</b>
Cash	14,387,760	12,943,038
Time deposits	14,096,378	65,113,929
Marketable securities (net)	14,913,985	20,469,352
Trade accounts receivable (net)	23,817,447	22,310,302
Notes receivable (net)	7,572,072	6,367,387
Other receivables (net)	14,974,969	13,131,031
Notes and accounts receivable from related companies	1,061,449	424,413
Inventories (net)	20,887,317	21,839,958
Recoverable taxes	10,512,757	8,904,642
Prepaid expenses	2,242,524	2,250,216
Other current assets	9,450,990	10,079,776
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>144,274,439</b>	<b>147,882,772</b>
Land	14,355,180	12,777,899
Buildings & improvements	82,926,106	90,213,542
Machinery and equipment	218,187,015	214,082,612
Other property, plant & equipment	209,132,202	203,742,099
Technical reappraisal of property, plant & equipment	2,064,250	2,066,331
Depreciation	(382,390,314)	(374,999,711)
<b>TOTAL OTHER ASSETS</b>	<b>218,981,926</b>	<b>242,753,375</b>
Investments in related companies	21,676,657	21,247,844
Investments in other companies	56,229	56,578
Goodwill	70,108,059	77,893,457
Long-term receivables	193,636	156,091
Long-term notes and accounts receivable from related companies	35,752	84,929
Long-term deferred income taxes	0	121,941
Intangibles	428,638	438,439
Amortization	(255,888)	(244,651)
Others	126,738,843	142,998,747
<b>TOTAL ASSETS</b>	<b>497,174,013</b>	<b>574,470,191</b>

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

	For the periods ended September 30,	
	2006	2005
	ThCh\$	ThCh\$
<b>TOTAL CURRENT LIABILITIES</b>	<b>106,384,913</b>	<b>169,518,083</b>
Short-term bank liabilities	17,233,638	86,609,125
Current portion of long-term bank liabilities	466,133	601,853
Current portion of bonds payable	14,091,130	14,330,304
Dividends payable	4,747,873	4,153,773
Accounts payable	33,234,423	33,008,072
Other creditors	2,968,155	3,114,051
Notes and accounts payable to related companies	7,229,133	6,349,826
Provisions	684,213	491,220
Withholdings	13,297,955	9,885,406
Income taxes payable	6,349,201	4,119,592
Unearned income	1,325,457	277,507
Deferred income taxes	945,818	1,059,530
Other current liabilities	3,811,784	5,517,824
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>139,027,194</b>	<b>144,671,248</b>
Long-term bank liabilities	480,205	653,150
Bonds payable	99,602,908	112,138,847
Other creditors	151,137	163,693
Long-term notes and accounts payable to related companies	3,680,865	0
Provisions	25,712,816	23,714,202
Deferred income taxes	37,876	0
Other long-term liabilities	9,361,387	8,001,356
<b>MINORITY INTEREST</b>	<b>1,183,174</b>	<b>56</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>250,578,732</b>	<b>260,280,804</b>
Paid-in capital	197,904,994	198,287,049
Revalued capital reserves	4,947,625	4,758,890
Other reserves	2,541,281	5,324,729
Retained earnings	45,184,832	51,910,136
Accumulated earnings	10,043,754	27,078,985
Net income for the period	44,144,492	32,837,640
Interim dividends	(9,003,414)	(8,006,489)
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>497,174,013</b>	<b>574,470,191</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 periods ended September 30	
	2006	2005
	ThCh\$	ThCh\$
<b>OPERATING INCOME</b>	<b>59,350,154</b>	<b>49,103,520</b>
Gross Margin	159,962,872	133,494,126
Net Sales	382,472,620	338,094,194
Cost of sales	(222,509,748)	(204,600,068)
Administrative and selling expenses	(100,612,718)	(84,390,606)
<b>NON OPERATING INCOME AND EXPENSE</b>	<b>(6,826,123)</b>	<b>(11,036,773)</b>
Financial Income	7,071,899	20,919,021
Equity in earnings of equity investments	460,942	747,897
Other non-operating income	733,747	4,148,432
Equity in losses of equity investments	(145,352)	(244,130)
Amortization of goodwill	(4,918,342)	(5,006,085)
Financial Expenses	(11,835,000)	(16,511,691)
Other non-operating expenses	(1,604,889)	(6,448,202)
Price level restatement	62,718	473,991
Foreign exchange gains	3,348,154	(9,116,006)
Income before income taxes and extraordinary items	52,524,031	38,066,747
Income tax expense	(8,342,234)	(5,229,107)
Income before minority interest	44,181,797	32,837,640
Minority interest	(37,305)	0
<b>NET INCOME</b>	<b>44,144,492</b>	<b>32,837,640</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>44,144,492</b>	<b>32,837,640</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 FLOW

	For the periods ended September 30,	
	2006	2005
	ThCh\$	ThCh\$
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>79,198,256</b>	<b>64,074,595</b>
Collection of trade receivables	554,836,383	499,159,611
Financial income received	9,045,369	10,908,004
Dividend & other distributions received	1,487,041	1,445,875
Other income received	17,146	25,493
Payments to suppliers and personnel	(393,176,575)	(364,459,404)
Interest paid	(16,374,822)	(17,689,399)
Income taxes paid	(7,995,569)	(4,300,509)
VAT and other tax payments	(68,640,717)	(61,015,076)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(87,588,932)</b>	<b>(52,804,909)</b>
Borrowings	44,023,960	54,649,536
Other sources of financing	0	86
Dividend distribution	(69,575,424)	(70,606,390)
Loan payments	(56,022,737)	(30,735,147)
Bond payments	(6,014,731)	(6,112,994)
<b>NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>	<b>6,332,315</b>	<b>(1,081,879)</b>
Proceeds from sales of property, plant and equipment	1,276,344	1,004,138
Proceeds from sales of permanent investments	5,137,164	0
Proceeds from sales of other investments	26,050,037	40,754,367
Additions to property, plant & equipment	(24,878,353)	(18,013,805)
Investments in financial instruments	(1,252,877)	(24,826,579)
<b>TOTAL NET CASH FOR THE PERIOD</b>	<b>(2,058,361)</b>	<b>10,187,807</b>
<b>EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS</b>	<b>(1,104,790)</b>	<b>2,120,896</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,163,151)</b>	<b>12,308,703</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>21,996,605</b>	<b>27,500,214</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>18,833,454</b>	<b>39,808,917</b>

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

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES  
RECONCILIATION BETWEEN NET INCOME AND NET CASH FLOWS  
PROVIDED BY OPERATING ACTIVITIES

	For the periods ended September 30	
	2006	2005
	ThCh\$	ThCh\$
<b>NET INCOME</b>	<b>44,144,492</b>	<b>32,837,640</b>
<b>Income on sale of assets:</b>	<b>(187,461)</b>	<b>(300,250)</b>
Gain on sale of property, plant and equipment	(187,461)	(298,283)
Gain on sale of other assets	0	(1,967)
<b>ADJUSTMENTS TO NET INCOME THAT DO NOT REPRESENT MOVEMENTS OF CASH</b>	<b>22,706,214</b>	<b>38,401,785</b>
Depreciation	22,467,100	22,842,499
Amortization of intangibles	202,110	248,625
Write-offs and provisions	(1,056,106)	5,651,297
Equity in earnings of equity investments	(460,942)	(747,897)
Equity in losses of equity investments	145,352	244,130
Amortization of goodwill	4,918,342	5,006,085
Price-level restatement	(62,718)	(473,991)
Foreign exchange gains, net	(3,348,154)	9,116,006
Other credits to income that do not represent cash flows	(98,770)	(3,507,445)
Other charges to income that do not represent cash flows	0	22,476
<b>CHANGES IN OPERATING ASSETS</b>	<b>14,411,938</b>	<b>(18,659,076)</b>
(Increase) decrease in trade accounts receivable	18,523,790	8,326,479
(Increase) decrease in inventories	3,367,480	(908,023)
(Increase) decrease in other assets	(7,479,332)	(26,077,532)
<b>CHANGES IN OPERATING LIABILITIES</b>	<b>(1,914,232)</b>	<b>11,794,496</b>
Increase (decrease) in accounts payable related to operating income	(6,922,084)	(2,374,351)
Increase (decrease) in interest payable	6,307,491	7,027,481
Increase (decrease) in income taxes payable	(183,747)	897,671
Increase (decrease) in other accounts payable related to non-operating income	680,899	4,815,388
Increase (decrease) in Valued Added Tax and other similar items	(1,796,791)	1,428,307
<b>Minority interest</b>	<b>37,305</b>	<b>0</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>79,198,256</b>	<b>64,074,595</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 September 30, 2006 and are compared to the same period in 2005.

### 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 3.8% 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			Sep 30, 2005 Total
	September 30, 2006		Total	
	Direct	Indirect		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.	99.9999	0.00	99.9999	99.9999
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 LTDA.	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
ANDINA INVERSIONES SOCIETARIAS DOS S.A.	99.9999	0.00	99.9999	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 2.5% for the period December 1, 2005 to August 31, 2006 (2.4% 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>2006</u>	<u>2005</u>
		Ch\$	Ch\$
Unidades de Fomento	(UF)	18,401.15	17,717.56
United States dollars	(US\$)	537.03	529.20
Argentine pesos	(A\$)	173.01	181.86
Brazilian Real	(R\$)	251.09	238.14
Euro	(€\$)	680.99	636.13

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 7.0% annual rate and a capitalization period using the staff's expected length of service to their retirement date. Since the year 2005, the Company maintains a withholding plan for some officers. A liability is recorded according to the guidelines of this plan. The plan entitles certain officers of the Company to receive a fixed payment in cash at a predetermined date once he has fulfilled years of service.

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 September 30, 2006, was as follows:

Type of Instrument	Accounting value for the periods ended	
	September 30,	
	2006	2005
	ThCh\$	ThCh\$
Bonds	4,475,284	7,564,297
Mutual funds	9,911,076	10,108,983
Investment funds	527,625	2,796,072
<b>Total Marketable Securities</b>	<b>14,913,985</b>	<b>20,469,352</b>

Fixed Income	Date		Par Value	Accounting value		Market Value	Provision
	Purchase	Maturity		Amount	Rate		
				ThCh\$			
SUDAMERICANO	09-06-2005	03-15-2007	1,771,338	1,771,338	7.60%	1,771,338	0
SUDAMERICANO	11-30-2004	03-15-2007	2,703,946	2,703,946	7.60%	2,710,908	6,962

Investment Funds	Balance as of
	September 30, 2006
	ThCh\$
Fondo Mutuo BBVA	2,742,000
Fondo Mutuo Larrain Vial	2,192,810
Fondo Mutuo Banco Scotiabank	1,905,000
Fondo Mutuo Banco Estado	1,600,000
Fondo Mutuo Banco Santander	1,218,000
Fondo Mutuo Wachovia	
Securities	253,266
<b>Balance Mutual Funds</b>	<b>9,911,076</b>
Citi Institud Liquid Reserves Limited	527,625
<b>Balance Investment Funds</b>	<b>527,625</b>
<b>Total</b>	<b>10,438,701</b>

NOTE 5 - SHORT-AND LONG-TERM RECEIVABLES

Almost all these accounts correspond to the soft drink business.

	Current								Long Term	
	<u>Up to 90 days</u>		<u>More than 90 days up to 1 year</u>		<u>Subtotal</u>	<u>Total Current (net)</u>				
	Sep. 30, 2006 ThCh\$	Sep. 30, 2005 ThCh\$	Sep. 30, 2006 ThCh\$	Sep. 30, 2005 ThCh\$	Sep. 30, 2006 ThCh\$	Sep. 30, 2006 ThCh\$	Sep. 30, 2005 ThCh\$	Sep. 30, 2006 ThCh\$	Sep. 30, 2005 ThCh\$	
Trade receivables	24,074,481	20,858,653	880,185	1,451,649	24,954,666	23,817,447	22,310,302	0	0	
Allowance for doubtful accounts	0	0	0	0	(1,137,219)	0	0	0	0	
Notes receivable	7,748,378	5,855,631	319,845	511,756	8,068,223	7,572,072	6,367,387	0	0	
Allowance for doubtful accounts	0	0	0	0	(496,151)	0	0	0	0	
Other receivables	14,419,850	12,554,266	594,966	576,765	15,014,816	14,974,969	13,131,031	193,636	156,091	
Allowance for doubtful accounts	0	0	0	0	(39,847)	0	0	0	0	
						<b>Total long term receivables</b>		<b>193,636</b>	<b>156,091</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.

a) Notes and accounts receivable

Company	Short Term		Long Term	
	September 30, 2006 ThCh\$	September 30, 2005 ThCh\$	September 30, 2006 ThCh\$	September 30, 2005 ThCh\$
EMBONOR S.A.	461,068	0	0	0
EMBOTELLADORA COCA COLA POLAR S.A.	342,886	0	0	0
COCA-COLA DE CHILE S.A.	257,495	424,413	35,752	31,822
CENTRALI REFRIGERANTE S.A.	0	0	0	53,107
	<b>1,061,449</b>	<b>424,413</b>	<b>35,752</b>	<b>84,929</b>

b) Notes and accounts payable

Company	Short Term		Long Term	
	Sep. 30, 2006	Sep. 30, 2005	Sep. 30, 2006	Sep. 30, 2005
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
ENVASES CMF S.A.	2,472,456	2,370,802	0	0
RECOFARMA INDUSTRIAS DO AMAZONAS LTDA.	2,338,861	1,507,524	0	0
SERVICIOS Y PRODUCTOS PARA BEBIDAS REFRESCANTES	1,958,802	1,683,084	0	0
ENVASES CENTRAL S.A.	203,416	562,866	0	0
CICAN S.A.	171,865	12,257	0	0
ENVASES DEL PACIFICO S.A.	83,733	213,293	0	0
EMBONOR S.A.	0	0	2,913,716	0
EMBOTELLADORA COCA-COLA POLAR S.A.	0	0	745,807	0
CENTRALLI REFRIGERANTE S.A.	0	0	21,342	0
<b>TOTAL</b>	<b>7,229,133</b>	<b>6,349,826</b>	<b>3,680,865</b>	<b>-</b>

c) Transactions with related companies were as follows:

Company	Id N°	Relation	Transaction	September 30, 2006		September 30, 2005	
				Effect on Income		Effect on Income	
				Amount	((charge)/credit)	Amount	((charge)/credit)
ENVASES CENTRAL S.A.	96705990-0	Equity investee	Sales of raw materials and supplies	804,905	0	699,195	0
-	96705990-0	-	Finished product purchases	9,542,866	0	9,431,400	0
COCA-COLA DE CHILE S.A.	96714870-9	Shareholder Related	Sales of advertisement	960,333	0	1,392,940	0
-	96714870-9	-	Concentrate purchases	26,891,966	0	27,955,722	0
-	96714870-9	-	Payment of advertising participation	1,097,329	(1,097,329)	1,424,680	(1,424,680)
-	96714870-9	-	Water source rental	936,226	(936,229)	1,189,227	(1,189,227)
ENVASES DEL PACIFICO S.A.	89996200-1	Director in common	Purchase of raw materials	398,665	0	584,962	0
RECOFARMA INDUSTRIAS DO AMAZONAS LTDA.	0-E	Equity investee	Concentrate purchases	25,707,079	0	21,793,568	0
-	0-E	-	Reimbursements and other purchases	350,015	(350,015)	219,163	(219,163)
-	0-E	-	Payment marketing sales promotions	2,360,645	(2,360,645)	1,773,638	(1,773,638)
ENVASES CMF S.A.	86881400-4	Equity investee	Container purchases	2,953,974	0	2,814,144	0
-	86881400-4	-	Purchase of raw materials	6,639,955	0	8,146,625	0
-	86881400-4	-	Dividend payment	1,485,918	0	1,279,231	0
EMBNOR S.A.	96891720-K	Shareholder Related	Sale of finished products	4,991,860	0	0	0
EMBOTELLADORA COCA COLA POLAR S.A.	93473000-3	Shareholder Related	Sale of finished products	3,210,411	0	0	0
SERVICIOS Y PRODUCTOS PARA BEBIDAS REFRESCANTES	0-E	Shareholder Related	Concentrate purchases	15,494,204	0	14,741,349	0
IANSAGRO S.A.	90278000-9	Shareholder Related	Finished product purchases	727,017	0	120,642	0
VENDOMATICA S.A.	84505800-8	Director in common	Sale of finished products	887,024	887,024	740,665	740,665
BANCO BBVA	97032000-8	Director in common	Investments in mutual funds	48,255,000	0	0	0
-	97032000-8	-	Sale of mutual funds	45,513,000	0	0	0

## NOTE 7 - INVENTORIES

Inventories at each year end consisted of the following:

	September 30, 2006			September 30, 2005		
	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\$
Raw Materials	9,839,948	(75,181)	9,764,767	10,726,065	(65,116)	10,660,949
Finished products	8,949,760	(357,585)	8,592,175	9,969,617	(67,146)	9,902,471
Products in process	1,822,001	0	1,822,001	120,825	0	120,825
Raw Materials in Transit	708,374	0	708,374	1,155,713	0	1,155,713
<b>Total</b>	<b>21,320,083</b>	<b>(432,766)</b>	<b>20,887,317</b>	<b>21,972,220</b>	<b>(132,262)</b>	<b>21,839,958</b>

## NOTE 8 - INCOME TAXES AND DEFERRED INCOME TAXES

a) At period end 2006 and 2005, 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:

	September 30, 2006				September 30, 2005			
	Assets		Liabilities		Assets		Liabilities	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b><u>Temporary Differences</u></b>								
Allowance for doubtful accounts	220,778	23,873	0	0	486,616	100,068	0	0
Vacation provision	160,115	0	0	0	204,917	0	0	0
Production expenses	18,449	0	0	0	9,038	0	0	0
Depreciation of property, plant & equipment	0	0	125,858	4,062,807	0	0	123,881	4,817,066
Severance indemnities	933	0	33,507	251,330	0	0	38,217	268,184
Provision for assets write off	265,999	1,246,460	0	0	241,945	991,781	0	0
Provision for labor & comercial lawsuits	0	5,469,910	0	0	0	4,524,729	0	0
Tax loss carry-forwards	984,314	5,883,733	0	0	560,253	12,297,884	0	0
Guarantee deposit	0	0	0	2,626,313	0	0	0	2,747,130
Others	1,047,154	686,318		11,798	715,199	1,203,478	0	0
Local bond issue expenses	0	0	0	185,525	0	0	0	186,218
Contingency allowance	0	2,003,764	0	0	0	1,910,332	0	0
Accrued interests abroad	0	0	3,838,548	0	0	54,485	3,317,091	0
Social contributions	354,353	2,440,424	0	0	201,691	2,709,361	0	0
<b><u>Others</u></b>								
Complementary accounts, net of amortization	0	(4,139,363)	0	(2,859,052)	0	(4,419,796)	0	(3,324,084)
Valuation allowance	0	(9,374,274)	0	0	0	(14,555,867)	0	0
<b>Total</b>	<b>3,052,095</b>	<b>4,240,845</b>	<b>3,997,913</b>	<b>4,278,721</b>	<b>2,419,659</b>	<b>4,816,455</b>	<b>3,479,189</b>	<b>4,694,514</b>

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

	September 30, 2006	September 30, 2005
	ThCh\$	ThCh\$
Current tax expense (tax allowance)	(7,417,924)	(5,458,133)
Tax expense adjustment (previous period)	(155,824)	424,554
Deferred income tax expense/effect over assets or liabilities	(2,773,051)	(931,902)
Amortization of deferred income tax asset and liability complementary accounts	(324,727)	(1,106,474)
Deferred income tax expense/effect over assets or liabilities due to changes in the valuation allowance	1,886,959	1,915,878
Other charges or credits	442,333	(73,030)
<b>Total</b>	<b>(8,342,234)</b>	<b>(5,229,107)</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 consist 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 September 30, 2006			Balances at September 30, 2005		
	Assets	Accumulated Depreciation	Net	Assets	Accumulated Depreciation	Net
			property, plant & equipment			property, plant & equipment
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	14,355,180	0	14,355,180	12,777,899	0	12,777,899
Buildings and improvements	82,926,106	(32,936,521)	49,989,585	90,213,542	(37,560,519)	52,653,023
Machinery and equipment	218,187,015	(171,111,746)	47,075,269	214,082,612	(163,923,919)	50,158,693
Other property, plant and equipment	209,132,202	(177,715,755)	31,416,447	203,742,099	(172,896,765)	30,845,334
Technical reappraisal of property, plant & equipment	2,064,250	(626,292)	1,437,958	2,066,331	(618,508)	1,447,823
<b>Total</b>	<b>526,664,753</b>	<b>(382,390,314)</b>	<b>144,274,439</b>	<b>522,882,483</b>	<b>(374,999,711)</b>	<b>147,882,772</b>

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

	Balances at September 30	
	2006	2005
	ThCh\$	ThCh\$
Containers	115,579,977	111,390,210
Refrigerating equipment, promotional items and other minor assets	55,450,430	56,575,259
Furniture and tools	4,014,069	3,872,530
Other	34,087,726	31,904,100
<b>Total other property, plant and equipment</b>	<b>209,132,202</b>	<b>203,742,099</b>

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

	Balances at September 30, 2006			Balances at September 30, 2005		
	Assets	Accumulated Depreciation	Net property, plant & equipment	Assets	Accumulated Depreciation	Net property, plant & equipment
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	1,378,545	0	1,378,545	1,380,067	0	1,380,067
Buildings and improvements	192,993	(133,789)	59,204	193,180	(129,345)	63,835
Machinery and equipment	492,712	(492,503)	209	493,084	(489,163)	3,921
<b>Total</b>	<b>2,064,250</b>	<b>(626,292)</b>	<b>1,437,958</b>	<b>2,066,331</b>	<b>(618,508)</b>	<b>1,447,823</b>

d) Depreciation for the period

Depreciation for the period amounted to ThCh\$22,467,100 and ThCh\$16,333,763, are included, under Operating Costs and ThCh\$6,133,337 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:

By a public deed dated June 5, 2006, the company Andina Inversiones Societarias S.A. was divided, creating a new company, Andina Inversiones Societarias Dos S.A.. with the same shareholders and the same ownership interest as in the first one, with a capital of ThCh\$24,405,291. The financial impact of this division is recorded beginning January 1, 2006.

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.

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.

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.

The equity interests of Embonor S.A. and Embotelladora Coca-Cola 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 (historical Chilean pesos) (215,919 Unidades de Fomento), as of December 31, 2005.

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:

		2006	2005
		ThCh\$	ThCh\$
Envases CMF S.A.	Purchase of containers	(710,004)	(681,006)
Envases Central S.A.	Purchase of finished products	(3,937)	(10,374)

2. No liabilities have been designated as hedging instruments for investments abroad.
3. Income likely to be remitted by subsidiaries abroad amounts to US\$182 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	
				Sept. 30, 2006 %	Sept. 30, 2005 %	Sept. 30, 2006 ThCh\$	Sept. 30, 2005 ThCh\$	Sept. 30, 2006 ThCh\$	Sept. 30, 2005 ThCh\$	Sept. 30, 2006 ThCh\$	Sept. 30, 2005 ThCh\$	Sept. 30, 2006 ThCh\$	Sept. 30, 2005 ThCh\$	Sept. 30, 2006 ThCh\$	Sept. 30, 2005 ThCh\$	Sept. 30, 2006 ThCh\$	Sept. 30, 2005 ThCh\$
ENVASES CMF S.A	CHILE	Ch\$	28,000	50.00	50.00	36,464,091	35,655,816	2,205,441	1,353,461	392,715	(4,276)	18,232,046	17,827,908	1,077,379	1,157,611	17,154,667	16,670,297
ENVASES CENTRAL S.A. KAIK PARTICIPACOES LTDA.	CHILE BRAZIL	Ch\$ US\$	1,499,398 16,098,919	49.91 11.31970	49.91 11.31970	4,222,337 13,140,335	4,772,567 12,649,640	(283,340) 176,263	(439,029) 4,253,813	(145,352) 19,953	(239,854) 481,519	2,107,368 1,487,447	2,381,988 1,431,901	225,878 0	226,093 0	1,881,490 1,487,447	2,155,895 1,431,901
CICAN S.A. TOTAL	ARGENTINA	US\$	3,040	15.20	15.20	7,585,877	6,511,519	(317,592)	1,752,483	48,274	266,378	1,153,053 22,979,914	989,751 22,631,548	0 1,303,257	0 1,383,704	1,153,053 21,676,657	989,751 21,247,844

#### 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>September 30, 2006</u>		<u>September 30, 2005</u>	
	Amortization during the period ThCh\$	Goodwill balance ThCh\$	Amortization during the period ThCh\$	Goodwill balance ThCh\$
RIO DE JANEIRO REFRESCOS LTDA.	2,708,889	42,772,950	2,735,863	46,935,242
EMBOTELLADORA DEL ATLANTICO S.A.	2,110,155	26,772,418	2,158,405	30,262,463
VITAL S. A.	99,298	562,691	111,817	695,752
<b>TOTAL</b>	<b>4,918,342</b>	<b>70,108,059</b>	<b>5,006,085</b>	<b>77,893,457</b>

#### NOTE 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>2006</u> ThCh\$	<u>2005</u> ThCh\$
Bonds		
Celulosa Arauco S.A.	12,238,112	12,529,761
Enap S.A.	9,526,628	9,881,791
Endesa S.A.	8,135,635	8,396,738
Chile Soberano	7,705,380	7,933,033
Petróleos Mexicanos S.A.	7,511,361	7,848,586
Compañía Manufacturera de Papeles y Cartones S.A.	7,434,145	7,604,245
Teléfonos de México S.A.	7,180,957	7,365,628
Codelco S.A.	5,480,279	5,650,529
México Soberano	4,995,765	5,157,648
Banco Scotiabank Sud Americano	0	4,644,793
Federal Home Loan Bank (FHLB)	2,691,334	2,761,283
Brasil Telecom S.A.	2,153,752	2,235,785
Raytheon Company	2,182,132	2,231,778
International Paper Company	2,148,120	2,197,238
Altria Group	1,231,073	0
Alcoa Inc.	1,095,728	1,120,593
United States Treasury Notes	1,088,779	0
CLN Enersis Euros	0	10,120,959
CLN Endesa	5,370,300	5,586,319
CLN GMAC	0	1,786,478
CLN Ford	0	1,654,133
Cross Currency Swap	23,823,105	24,225,714
Judicial Deposits (Brazil)	4,989,531	4,519,691
Issuance Bond Placement	3,093,393	3,424,543
Recoverable taxes	45,253	49,374
Prepaid expenses	1,636,139	1,523,017
Non operating assets	3,373,042	937,036
Others	1,608,900	1,612,054
<b>Total</b>	<b>126,738,843</b>	<b>142,998,747</b>

NOTE 19 - SHORT-TERM BANK LIABILITIES

Short- term bank liabilities were as follows:

Bank	<u>Currency or indexation adjustment</u>					
	US Dollars		Other foreign currencies		TOTAL	
	<u>September 30,</u> <u>2006</u>	<u>September 30,</u> <u>2005</u>	<u>September 30,</u> <u>2006</u>	<u>September 30,</u> <u>2005</u>	<u>September 30,</u> <u>2006</u>	<u>September 30,</u> <u>2005</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
CITIBANK N.A	6,175,200	6,440,507	0	0	6,175,200	6,440,507
BANCO DO BRASIL	0	0	2,469,882	0	2,469,882	0
BANCO JP MORGAN	8,588,556	0	0	0	8,588,556	0
BANCO RIO	0	0	0	3,008,827	0	3,008,827
BANCO HSBC	0	29,846,354	0	0	0	29,846,354
BANCO HSBC ROBERTS	0	0	0	997,900	0	997,900
BANCO BBVA FRANCES	0	0	0	2,005,419	0	2,005,419
DEXIA BELGIUM	0	44,310,118	0	0	0	44,310,118
Others	0	0	0	0	0	0
<b>TOTAL</b>	<b>14,763,756</b>	<b>80,596,979</b>	<b>2,469,882</b>	<b>6,012,146</b>	<b>17,233,638</b>	<b>86,609,125</b>
<b>Principal Due</b>	<b>14,348,797</b>	<b>79,773,338</b>	<b>2,469,882</b>	<b>5,662,985</b>	<b>16,818,679</b>	<b>85,436,323</b>
Foreign currency liabilities (%)		100.00				
Local currency liabilities (%)						
Average annual interest rate	5.79%	5.72%	8.75%	8.92%		

Long term bank liabilities current portion:

Bank	<u>Currency or indexation adjustment</u>			
	Other foreign currencies		TOTAL	
	<u>September 30, 2006</u>	<u>September 30, 2005</u>	<u>September 30, 2006</u>	<u>September 30, 2005</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
BANCO BOSTON	42,190	195,435	42,190	195,435
BANCO ALFA	3,957	0	3,957	0
BANCO SANTANDER	419,986	362,695	419,986	362,695
BANCO ITAU	0	43,723	0	43,723
Others	0	0	0	0
<b>Total</b>	<b>466,133</b>	<b>601,853</b>	<b>466,133</b>	<b>601,853</b>
<b>Principal Due</b>	<b>461,214</b>	<b>715,319</b>	<b>461,214</b>	<b>715,319</b>
Foreign currency liabilities (%)		100.00		
Local currency liabilities (%)				
Average annual interest rate		15.66%		13.26%

#### 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	Years to Maturity			Total long term at September 30, 2006 ThCh\$	Average annual interest rate	Total long term at September 30, 2005 ThCh\$
		More than 1 up to 2	More than 2 up to 3	More than 3 up to 5			
BANCO BOSTON	Other currency	5,673	0	0	5,673	16.02%	48,310
BANCO SANTANDER	Other currency	113,554	0	0	113,554	15.59%	604,840
BANCO ALFA	Other currency	252,091	103,843	5,044	360,978	15.59%	0
<b>TOTAL</b>		<b>371,318</b>	<b>103,843</b>	<b>5,044</b>	<b>480,205</b>		<b>653,150</b>
Foreign currency liabilities (%)	100.00						

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

Current risk rating of 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 2012 and semiannual interest payments. At the closing of the periods 2006 and 2005, 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:

Instrument subscription or ID N°	Series	Nominal Value	Currency	Interest rate	Maturity rate	Term	Amortization period	Par Value		Placement in Chile or abroad
								September 30, 2006	September 30, 2005	
Current portion of bonds payable										
YANKEE BONDS	A	17,225,774	US\$	7%	October 1, 2007	HALF YEARLY	10 YEARS	0	0	ABROAD
YANKEE BONDS	B	2,148,120	US\$	7.625%	October 1, 2027	HALF YEARLY	30 YEARS	0	0	ABROAD
Register 254 SVS June 13, 2001	A	24,289,518	UF	6.2%	June 1, 2008	HALF YEARLY	JUN.2007	12,639,194	12,879,182	CHILE
Register 254 SVS June 13, 2001	B	68,084,255	UF	6.5%	June 1, 2026	HALF YEARLY	DEC.2009	1,451,936	1,451,122	CHILE
<b>Total current maturities</b>								<b>14,091,130</b>	<b>14,330,304</b>	
-----										
Long term portion of bonds payable										
YANKEE BONDS	A	17,225,774	US\$	7%	October 1, 2007	HALF YEARLY	10 YEARS	17,225,774	17,619,655	ABROAD
YANKEE BONDS	B	2,148,120	US\$	7.625%	October 1, 2027	HALF YEARLY	30 YEARS	2,148,120	2,197,238	ABROAD
Register 254 SVS June 13, 2001	A	24,289,518	UF	6.2%	June 1, 2008	HALF YEARLY	JUN.2007	12,144,743	24,275,893	CHILE
Register 254 SVS June 13, 2001	B	68,084,255	UF	6.5%	June 1, 2026	HALF YEARLY	DEC.2009	68,084,271	68,046,061	CHILE
<b>Total long term</b>								<b>99,602,908</b>	<b>112,138,847</b>	

NOTE 23 - PROVISIONS AND WRITE-OFFS

Provisions at each year end were as follows:

	<u>Short Term</u>		<u>Long Term</u>	
	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Staff severance indemnities	607,443	420,171	5,366,981	5,008,666
Contingencies	76,770	65,504	9,268,339	9,054,883
Taxation on banking transactions & social contribution(Brazil)	0	0	11,077,496	8,387,039
Other provisions	0	5,545	0	1,263,614
<b>TOTAL</b>	<b>684,213</b>	<b>491,220</b>	<b>25,712,816</b>	<b>23,714,202</b>

NOTE 24 - STAFF SEVERANCE INDEMNITIES

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

	2006 ThCh\$	2005 ThCh\$
Beginning balance	5,469,633	2,820,473
Provision for the period	639,382	2,780,603
Payments	(134,591)	(172,239)
Ending balance	<b>5,974,424</b>	<b>5,428,837</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

	2006	2005
LIABILITIES	ThCh\$	ThCh\$
Vital Aguas S. A.	1,163,645	0
Embotelladora del Atlántico S. A.	19,469	0
Andina Inversiones Societarias S.A.	60	56,052
	<b>1,183,174</b>	<b>56,052</b>

	2006	2005
INCOME STATEMENT	ThCh\$	ThCh\$
Vital Aguas S. A.	(36,229)	0
Embotelladora del Atlántico S. A.	(1,074)	0
Andina Inversiones Societarias S.A.	(2)	0
	<b>(37,305)</b>	<b>0</b>

NOTE 27 - CHANGES IN SHAREHOLDERS' EQUITY

Movements in shareholders' equity were as follows:

	September 30, 2006						September 30, 2005					
	Paid in Capital	Reserve Capital Revalued	Other Reserves	Accumulated Income	Interim Dividends	Net Income	Paid in Capital	Reserve Capital Revalued	Other Reserves	Accumulated Income	Interim Dividends	Net Income
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance	197,904,994	0	(201,145)	26,334,355	(11,640,959)	56,039,346	191,027,986	0	14,574,144	56,671,256	(11,583,482)	40,158,726
Distribution of prior-year income	0	0	0	44,398,387	11,640,959	(56,039,346)	0	0	0	28,575,244	11,583,482	(40,158,726)
Final dividend prior-year income	0	0	0	(5,172,908)	0	0	0	0	0	(3,831,784)	0	0
Capitalization of reserves and/or earnings	0	0	0	0	0	0	0	0	0	0	0	0
Translation adjustment reserve	0	0	0	0	0	0	0	0	0	0	0	0
Additional dividend on accumulate earnings	0	0	0	0	0	0	0	0	0	0	0	0
Translation adjustment Additional dividend on accumulate earnings	0	0	0	(55,880,179)	0	0	0	0	0	(55,880,179)	0	0
Capital revalued	0	4,947,625	(5,029)	364,099	(62,585)	0	0	4,584,672	349,779	553,117	(49,814)	0
Income for the period	0	0	0	0	0	44,144,492	0	0	0	0	0	31,635,491
Interim dividends	0	0	0	0	(8,940,829)	0	0	0	0	0	(7,663,567)	0
<b>Ending balance</b>	<b>197,904,994</b>	<b>4,947,625</b>	<b>2,541,281</b>	<b>10,043,754</b>	<b>(9,003,414)</b>	<b>44,144,492</b>	<b>191,027,986</b>	<b>4,584,672</b>	<b>5,129,797</b>	<b>26,087,654</b>	<b>(7,713,381)</b>	<b>31,635,491</b>
Price level restated balances							198,287,049	4,758,890	5,324,729	27,078,985	(8,006,489)	32,837,640

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:

	2006 ThCh\$	2005 ThCh\$
Reserve for cumulative translation adjustments(1)	1,528,292	4,310,776
Reserve for technical reappraisal of property, plant and equipment	64,982	64,982
Other	948,007	948,971
<b>Total</b>	<b>2,541,281</b>	<b>5,324,729</b>

(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 generated during the period	Reserve Release / Realized (*)	Balance
	January 1, 2006 ThCh\$	Investment ThCh\$		September 30, 2006 ThCh\$
Rio de Janeiro Refrescos Ltda.	(2,285,905)	1,847,058	129,529	(309,318)
Embotelladora del Atlántico S. A.	1,066,742	770,868	0	1,837,610
<b>Total</b>	<b>(1,219,163)</b>	<b>2,617,926</b>	<b>129,529</b>	<b>1,528,292</b>

Reserve realized in the amount of ThCh\$129,529, resulted from dividends paid by our subsidiary Río de Janeiro Refrescos Ltda. for a total amount of ThUS\$34,907.

NOTE 28 - OTHER NON-OPERATING INCOME AND EXPENSES

	<u>2006</u>	<u>2005</u>
	ThCh\$	ThCh\$
<b>Other non-operating income during the period was as follows:</b>		
Gain on sale of plant, property and equipment	413,466	436,510
Other income	221,511	204,047
Office lease		431
<b>Sub total</b>	<b>634,977</b>	<b>640,988</b>
Translation of Financial Statements (1)	98,770	3,507,445
<b>Total</b>	<b>733,747</b>	<b>4,148,433</b>

**Other non-operating expenses during the period was as follows:**

Loss on sale of property, plant and equipment	(223,054)	(208,632)
Conversion adjustment reserved realized (2)	(129,519)	0
Provision for labor and commercial lawsuits	(430,683)	(340,691)
Provision loss of investment in Centralli	(46,923)	(38,935)
Obsolescence and write-offs of property, plant and equipment	(389,891)	(1,672,853)
Staff severance indemnities	0	(2,467,104)
Others	(384,819)	(1,719,987)
<b>Sub-total</b>	<b>(1,604,889)</b>	<b>(6,448,202)</b>
<b>Total</b>	<b>(1,604,889)</b>	<b>(6,448,202)</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

(2) This refers to the release of conversion adjustment reserves due to dividend payments carried out at our subsidiary Rio de Janeiro Refrescos Ltda. during the months of March and June 2006.

## NOTE 29 - PRICE-LEVEL RESTATEMENT

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

<u>Assets - (charges)/credits</u>	<u>Index</u>		
Inventories	CPI	(238,354)	109,541
Property, plant and equipment	CPI	1,799,666	1,703,607
Investments in related companies	CPI	3,395,650	3,837,648
Cash, Time Deposits, Marketable Securities	CPI	353,361	299,248
Trade Accounts Receivable, Notes Receivable, Other Receivables	UF	20	0
Trade Accounts Receivable, Notes Receivable, Other Receivables	CPI	(37)	1,504
Recoverable taxes	CPI	65,068	0
Accounts payable from related companies - short term	CPI	1,514,849	1,062,851
Other current assets	UF	2,614	45,439
Other current assets	CPI	201,800	72,721
Other long term assets	UF	3,947	3,131,821
Other long term assets	CPI	2,354,893	0
Goodwill	CPI	0	58,597
Recoverable taxes	CPI	0	82,361
Cost and expense accounts	CPI	2,457,989	2,464,051
<b>Total (charges)/credits</b>	<b>CPI</b>	<b>11,911,466</b>	<b>12,869,389</b>
<u>Liabilities - (charges)/credits</u>			
Shareholders' equity	CPI	(5,244,110)	(5,644,390)
Short and long term bank liabilities	CPI	(280,563)	(506,681)
Short and long term bonds payable	UF	(2,131,328)	(2,352,977)
Short and long term bonds payable	CPI	(522,235)	(520,362)
Accounts payable to related companies	UF	(46,321)	0
Other current liabilities	UF	(94,977)	(55,279)
Other current liabilities	CPI	(350,731)	(73,650)
Other long term liabilities	UF	(52,632)	0
Accounts payable to related companies long term	CPI	0	(151,471)
Income accounts	CPI	(3,125,851)	(3,090,588)
<b>Total (charges) credits</b>	<b>CPI</b>	<b>(11,848,748)</b>	<b>(12,395,398)</b>
<b>Price-level restatement (loss ) gain</b>	<b>CPI</b>	<b>62,718</b>	<b>473,991</b>

### NOTE 30 - FOREIGN EXCHANGE GAINS/LOSSES

	Currency	September 30, 2006 ThCh\$	September 30, 2005 ThCh\$
<b><u>Assets - (charges)/credits</u></b>			
Cash	US\$	(486,541)	(409,413)
Time dposits	US\$	851,517	(717)
Marketable securities	US\$	(57,276)	(394,364)
Other receivables	US\$	40,315	(4,243)
Short term notes and accounts receivable related companies	US\$	1,640,608	(3,236,820)
Inventories	US\$	17,375	23,403
Other current assets	US\$	69,361	540,990
Property, plant & equipment	US\$	(335)	(109)
Other assets	US\$	2,061,250	(9,790,390)
<b>Total (charges) credits</b>		<b>4,136,274</b>	<b>(13,271,663)</b>
<b><u>Liabilities - (Charges) / credits</u></b>			
Short term liabilities banks and financial institutions	US\$	(264,542)	3,210,048
Bonds payable	US\$	(61,431)	139,281
Accounts payable	US\$	(35,068)	59,153
Provisions	US\$	(4,361)	39,693
Withholdings	US\$	2	0
Other current liabilities	US\$	0	(417,957)
Bonds payable-long term	US\$	(422,720)	1,125,439
<b>Total (charges) credits</b>		<b>(788,120)</b>	<b>4,155,657</b>
<b>Foreign exchange gain (loss) on income</b>		<b>3,348,154</b>	<b>(9,116,006)</b>

### NOTE 31 - EXTRAORDINARY ITEMS

There were no extraordinary items in 2006 and 2005.

### 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 discounts 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\$3,469,014. Disbursements for risk rating reports, legal and financial advisory services, printing and placement fees are included as Debt issue costs.

Amortization for the period 2006 amounted to ThCh\$299,021 (ThCh\$315,879 in 2005).

### 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>2006</u> ThCh\$	<u>Maturity Date</u>	<u>2005</u> ThCh\$	<u>Maturity Date</u>
<u>Expenses</u>				
Dividend payments	(4,470,414)	10-26-06	(3,977,392)	10-26-05
Additions to property, plant and equipment	(1,721,585)	11-30-06	(2,265,159)	11-30-05
Additions to property, plant and equipment	(115,303)	10-31-06	(245,515)	12-15-05
Additions to property, plant and equipment	(140,726)	12-30-06	(371,340)	10-31-05
<b>Total expenses</b>	<b>(6,448,028)</b>		<b>(6,859,406)</b>	
<u>Income</u>				
Sale of property, plant and equipment	5,859	11-15-06	33,929	11-15-05
<b>Total Income</b>	<b>5,859</b>		<b>33,929</b>	
<b>Total Net</b>	<b>(6,442,169)</b>		<b>(6,825,477)</b>	

NOTE 34 - DERIVATIVE CONTRACTS

Derivative contracts at September 30, 2006 were as follows:

Derivative	Contract	Value ThCh\$	Maturity Period	Specific Item	Position purchase/sale	<u>Hedged item or transaction</u>		<u>Assets/liabilities</u>		<u>Effect on income</u>		
						Concept	Amount ThCh\$	Hedged item value ThCh\$	Item	Amount ThCh\$	Realized ThCh\$	Unrealized
SWAP	CCPE	2,693,086	1Q07	US\$ Exchange Rate	S	Long term bonds US\$	3,716,120	2,703,946	Other current and long term assets	1,151,476	( 59,373)	28,413
SWAP	CCPE	2,694,391	3Q07	US\$ Exchange Rate	S	Long term bonds US\$	2,747,765	2,699,479	Other current and long term assets	1,151,152	( 63,450)	59,750
SWAP	CCPE	41,473,820	4Q07	US\$ Exchange Rate	S	Long term bonds US\$	47,599,704	41,435,221	Other current and long term assets	9,275,102	( 592,968)	1,063,508
SWAP	CCPE	8,078,005	1Q08	US\$ Exchange Rate	S	Long term bonds US\$	10,456,161	8,077,873	Other current and long term assets	3,452,819	( 167,615)	4,272
SWAP	CCPE	8,368,708	2Q08	US\$ Exchange Rate	S	Long term bonds US\$	11,100,360	8,440,336	Other current and long term assets	3,574,216	( 23,586)	508,938
SWAP	CCPE	13,190,160	3Q08	US\$ Exchange Rate	S	Long term bonds US\$	16,620,691	13,324,291	Other current and long term assets	5,537,695	( 252,956)	429,753
SWAP	CCPE	5,442,575	1Q13	US\$ Exchange Rate	S	Long term bonds US\$	7,260,554	5,512,571	Other current and long term assets	2,319,755	( 102,602)	668,001
FR	CCTE	14,053,358	4Q06	US\$ Exchange Rate	P	Suppliers foreign exchange	14,396,163	-	Other current assets and liabilities	316,535	-	316,535
FR	CCTE	6,643,243	4Q06	US\$ Exchange Rate	S	Suppliers foreign exchange	6,745,097	-	Other current assets and liabilities	90,379	-	( 90,379)

## 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\$1,783,491 (ThCh\$1,829,498 in 2005). 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\$7,484,850 (ThCh\$7,274,852 in 2005). 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\$47,847 (ThCh\$70,899 in 2005). 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 September 30, 2006 were as follows:

<u>Guarantee creditor</u>	<u>Name</u>	<u>Debtor</u>		<u>Type of guarantee</u>	<u>Assets involved</u>		<u>Balances pending at end of period Sept. 30</u>	
		<u>Relation</u>	<u>Type</u>		<u>Type</u>	<u>Book value</u>	<u>2006</u>	<u>2005</u>
UNIAO FEDERAL	RIO DE JANEIRO REFRESCOS LTDA.	Subsidiary	Mortgage	Real Estate	0	0	68,101	
STATE OF RIO DE JANEIRO	RIO DE JANEIRO REFRESCOS LTDA.	Subsidiary	Mortgage	Real Estate	12,094,570	10,030,593	10,038,333	
PODER JUDICIARIO	RIO DE JANEIRO REFRESCOS LTDA.	Subsidiary	Judicial Deposit	Judicial Deposit	6,910,615	0	0	
ADUANA DE BUENOS AIRES/CUSTOMS	EMBOTELLADORA DEL ATLANTICO S.A.	Subsidiary	Guaranty	Inventories	4,167,519	0	0	
AGA S.A.	EMBOTELLADORA ANDINA S.A.	Parent Company	Guaranty Receipt	Agreement	161,109	0	0	

NOTE 36 - GUARANTEES FROM THIRD PARTIES

Guarantees from third parties at September 30, 2006 were as follows:

<u>Guarantor</u>	<u>Type of Guarantee</u>	<u>Amount</u>	<u>Currency</u>	<u>Transaction</u>
Soc de Restaurantes Tuesday Ltda.	Policy	45,000	U.F.	Advertising Agreement
Soc de Restaurantes Tuesday Ltda.	Policy	30,000	U.F.	Advertising Agreement
Soc de Restaurantes Tuesday Ltda.	Policy	30,000	U.F.	Advertising Agreement
AGA S.A.	Receipt	600,000	US\$	Supply Agreement
Soc. Las Nipas	Policy	6,971	U.F.	Advertising Agreement
Other clients	Deposits	1,539,798	USD	Guarantee on bottles
CONFAB	Mortgage	30,000,000	USD	Purchase of Rio de Janeiro Refrescos Ltda.
Russel W. Coffin	Letter of Credit	42,456,452	USD	Purchase of Nitvitgov Refrigerantes S.A.
Catering Argentina SA	Guaranty	126,202	USD	Supplier

## NOTE 37 - LOCAL AND FOREIGN CURRENCY

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

	Currency	September 30, 2006 Amount ThCh\$	September 30, 2005 Amount ThCh\$
<u>Current Assets</u>			
Cash	Non-indexed Ch\$	3,694,886	2,976,983
	US\$	6,502,755	6,644,573
	AR\$	670,228	1,422,522
	R\$	3,519,891	1,898,960
Time Deposits	US\$	3,370,354	44,691,530
	R\$	287,980	20,422,399
	EURO	10,438,044	0
Marketeable Securities	Non-indexed Ch\$	9,911,077	9,803,196
	US\$	4,619,756	10,666,156
	R\$	383,152	0
Trade accounts receivable	Non-indexed Ch\$	12,557,274	12,733,519
	US\$	884,499	1,287,907
	AR\$	1,336,614	1,707,186
	R\$	9,039,060	6,581,690
Notes receivable	Non-indexed Ch\$	5,388,201	4,890,866
	AR\$	338,598	205,051
	R\$	1,845,273	1,271,470
Other receivables	Non-indexed Ch\$	1,774,962	4,807,094
	US\$	4,744,674	1,054,578
	AR\$	649,033	927,636
	R\$	7,806,300	6,341,723
Notes receivable from related companies	Non-indexed Ch\$	1,061,449	424,413
Inventories	Non-indexed Ch\$	1,977,389	1,770,610
	Indexed Ch\$	3,072,143	3,699,739
	US\$	2,444,531	5,462,889
	AR\$	4,257,829	3,346,179
	R\$	9,135,425	7,560,541
Recoverable Taxes	Non-indexed Ch\$	376,102	385,265
	US\$	1,043,577	0
	AR\$	1,035,532	1,348,338
	R\$	8,057,546	7,171,039
Prepaid Expenses	Non-indexed Ch\$	1,344,773	1,615,842
	US\$	42,380	108,838
	AR\$	174,552	181,229
	R\$	680,819	344,307
Other current assets	Non-indexed Ch\$	1,607,121	1,322,129
	US\$	5,588,951	5,671,180
	AR\$	752,139	1,852,122
	R\$	1,502,779	1,234,345
<u>Property, Plant and equipment</u>			
Property, Plant and equipment	Indexed Ch\$	63,273,295	68,770,945
	US\$	81,001,144	79,111,827
Other assets			
Investment in related companies	Indexed Ch\$	19,036,158	18,826,201
	US\$	1,153,053	989,751
	R\$	1,487,446	1,431,892
Investment in other companies	US\$	13,498	13,806
	Indexed Ch\$	42,731	42,772
Goodwill	Non-indexed Ch\$	562,691	695,752
	US\$	69,545,368	77,197,705
-	US\$		
Long term debtors	AR\$	24,039	39,835

	Non-indexed Ch\$	160,060	116,256
	R\$	9,537	0
Notes receivable related companies	Indexed Ch\$	35,752	31,822
	US\$	0	53,107
Intangibles	US\$	428,638	438,439
Amortization	US\$	(255,888)	(244,651)
Diferred taxes	AR\$	0	121,941
Others	Non-indexed Ch\$	5,637,267	4,939,273
	US\$	108,928,551	125,405,604
	AR\$	4,280,799	2,532,911
	EURO	0	10,120,959
	R\$	5,652,356	0
	Indexed Ch\$	2,239,870	0
<b>Total Assets</b>	<b>Non-indexed Ch\$</b>	<b>46,053,252</b>	<b>46,481,198</b>
	<b>US\$</b>	<b>290,055,841</b>	<b>358,553,239</b>
	<b>AR\$</b>	<b>13,519,363</b>	<b>13,684,950</b>
	<b>EURO</b>	<b>49,407,564</b>	<b>54,258,366</b>
	<b>R\$</b>	<b>10,438,044</b>	<b>10,120,959</b>
	<b>Indexed Ch\$</b>	<b>87,699,949</b>	<b>91,371,479</b>

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

	Currency	<u>Up to 90 days</u>				<u>90 days to 1 year</u>			
		September 30, 2006		September 30, 2005		September 30, 2006		September 30, 2005	
		Amount	Int. Rate	Amount	Int. Rate	Amount	Int. Rate	Amount	Int. Rate
		ThCh\$		ThCh\$			ThCh\$		
Short term bank liabilities	US\$	8,588,556		36,286,862	4,76%	0		44,310,158	6,51%
-	AR\$	0		0		0		6,012,105	8,92%
	Non-indexed Ch\$	6,175,200		0		0		0	
	AR\$	2,469,882		0		0		0	
Current portion of long term bank liabilities	R\$	0		0		466,133		601,853	13,26%
Current portion of bonds payable	Indexed Ch\$	14,091,130	7,0%	14,330,304	6,22%	0		0	
Dividends payable	Indexed Ch\$	4,747,873		4,153,773		0		0	
Accounts payable	Non-indexed Ch\$	15,752,918		16,541,717		0		0	
-	US\$	1,843,804		4,098,555		0		0	
-	AR\$	6,598,388		3,800,112		0		0	
-	R\$	9,039,313		8,567,688		0		0	
Other creditors	US\$	0		335,076		0		0	
-	AR\$	53,634		48,750		48,996		0	
-	R\$	2,865,525		2,730,225		0		0	
Notes and accounts payable related companies	Non-indexed Ch\$	2,759,605		4,830,045		0		0	
-	US\$	171,865		12,257		0		0	
-	R\$	2,338,861		1,507,524		0		0	
	AR\$	1,958,802		0		0		0	
Provisions	Non-indexed Ch\$	655,290		491,069		0		0	
-	AR\$	0		151		0		0	
-	R\$	0		0		28,923		0	
Withholdings	Non-indexed Ch\$	5,900,325		0		0		0	
-	Indexed Ch\$	0		4,768,166		0		0	
-	AR\$	3,070,491		2,181,697		0		0	
-	R\$	0		0		4,327,139		2,935,543	
Income taxes	Non-indexed Ch\$	2,387,556		0		0		3,534,508	
-	AR\$	0		0		189,529		0	
-	R\$	0		0		3,772,116		585,084	
Unearned Income	Non-indexed Ch\$	1,325,457		18,831		0		0	
-	US\$	0		258,676		0		0	
Deferred Taxes	Non-indexed Ch\$	819,960		935,648		0		0	
-	AR\$	0		0		125,858		123,882	
Other current liabilities	Non-indexed Ch\$	3,811,784		5,517,824		0		0	
<b>Total Current Liabilities</b>	<b>US\$</b>	<b>10,604,225</b>		<b>40,991,426</b>		<b>0</b>		<b>44,310,158</b>	
	<b>AR\$</b>	<b>14,151,197</b>		<b>6,030,710</b>		<b>364,383</b>		<b>6,135,987</b>	
	<b>Non-indexed Ch\$</b>	<b>39,588,095</b>		<b>28,335,134</b>		<b>0</b>		<b>3,534,508</b>	
	<b>R\$</b>	<b>14,243,699</b>		<b>12,805,437</b>		<b>8,594,311</b>		<b>4,122,480</b>	
	<b>Indexed Ch\$</b>	<b>18,839,003</b>		<b>23,252,243</b>		<b>0</b>		<b>0</b>	

c.1) Long - term liabilities at September 30, 2006 were composed of local and foreign currencies as follows:

Caption	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	480,205		0		0		0	
	Non-Indexed								
Bonds payable	Ch\$	17,225,774	7%	0		0		2,148,120	7.625%
	Indexed Ch\$	12,144,759	6.20%	8,009,912	6.50%	20,024,781	6.50%	40,049,562	6.50%
Other Creditors	\$AR	104,389		0		0		0	
	\$R	0		46,748		0		0	
Notes and Accounts Payable to Related Companies	Non-Indexed								
	Ch\$	3,659,523		0		0		0	
	\$R	21,342		0		0		0	
Provisions	Indexed Ch\$	0		0		0		4,733,489	
	Non-Indexed								
	Ch\$	580,127		0		53,365		0	
	\$AR	1,783,490		0		0		0	
	\$R	18,562,345		0		0		0	
Deferred Taxes	\$AR	37,876		0		0		0	
	Non-Indexed								
Other Liabilities	Ch\$	0		4,983,227		0		0	
	\$AR	0		232,336		2,091,027		0	
	\$R	0		2,054,797		0		0	
<b>Total Long Term Liabilities</b>	\$R	<b>19,063,892</b>		<b>2,101,545</b>		<b>0</b>		<b>0</b>	
	Non-Indexed								
	Ch\$	21,465,424		4,983,227		53,365		6,196,357	
	Indexed Ch\$	8,096,522		8,009,912		20,024,781		44,783,051	
	\$AR	1,925,755		232,336		2,091,027		0	

C.2) Long - term liabilities at September 30, 2005 were composed of local and foreign currencies as follows:

Caption	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	R\$	653,150		0		0		0	
Bonds payable	Indexed Ch\$	24,275,893	6,2%	4,002,710	6,50%	20,013,547	6,50%	44,029,804	6,50%
-	US\$	17,619,655	7%	0		0		2,197,238	7,625%
Other creditors	\$AR	91,066		0		0		0	
-	R\$	0		0		64,558		8,069	
Provisions	Indexed Ch\$	0		0		0		4,414,489	
-	Non-Indexed Ch\$	594,176		0		0		0	
-	\$AR	3,093,113		0		0		0	
-	R\$	15,612,424		0		0		0	
-	Non-Indexed Ch\$	0		0		4,687,837		0	
Other liabilities	\$AR	0		1,984,884		0		0	
-	R\$	1,328,635		0		0		0	
<b>Total Long Term Liabilities</b>									
	R\$	17,594,209		0		64,558		8,069	
	Indexed Ch\$	20,229,911		4,002,710		20,013,547		44,029,804	
	US\$	17,619,655		0		0		6,243,220	
	\$AR	3,184,179		1,984,884		0		0	
	Indexed Ch\$	0		0		0		4,414,489	
	Non-Indexed Ch\$	594,176		0		4,687,837		0	

#### NOTE 38 - PENALTIES

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

#### NOTE 39 - SUBSEQUENT EVENTS

As authorized by the Regular Shareholders Meeting held April 19<sup>th</sup> of this year, the Board during session held September 26, 2006, resolved to distribute the following amounts as interim dividend No. 153:

- a) \$5.60 (five pesos and sixty cents) per Series A share; and
- b) \$6.16 (six pesos and sixteen cents) per Series B share

This dividend will be paid on account of income from the 2006 fiscal year and will be available to shareholders beginning October 26, 2006. The Shareholders Registry will close on October 20, 2006 for payment of this dividend.

There are no matters to be reported which have occurred between the closing period of September 30, 2006 and the date of preparation of these financial statements that may have an impact over Company assets, liabilities and/or results.

#### 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\$1,020,094 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\$202,290.

### I. ANALYSIS OF THE FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006.

#### Highlights

- Operating Income reached US\$35.0 million during the third quarter of 2006, increasing 21.9% compared to the same period of the previous year. Operating Margin was 14.9%.
- Sales volume amounted to 94.7 million unit cases, an increase of 7.8% during the quarter.
- Third quarter EBITDA totaled US\$48.5 million, representing an increase of 12.6% compared to the third quarter of 2005. EBITDA Margin was 20.7%.
- Consolidated Operating Income reached US\$110.5 million during the first nine months of 2006, 20.9% higher than the first nine months of the previous year. Operating Margin was 15.5%.
- Consolidated Sales Volume totaled 292.4 million unit cases, an increase of 7.1% compared to the first nine months of 2005.
- Consolidated EBITDA for the first nine months of 2006 amounted to US\$152.4 million, an increase of 13.7%. EBITDA Margin was 21.4%.
- Net Income for the first nine months of 2006 reached US\$82.2 million, 34.4% higher than the first nine months of 2005.

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

*"We view the results obtained during these nine months with satisfaction. We are certain they are the result of our growth strategy that has been focused on consumer satisfaction through the introduction of new product categories, which added to the outstanding execution of our team, leaves us optimistic to face the remainder of the year."*

#### CONSOLIDATED SUMMARY

#### First Nine Months 2006 vs. First Nine Months 2005

Consolidated Sales Volume amounted to 292.4 million unit cases, an increase of 7.1%. Soft Drinks increased 6.3% while Waters grew 18.0% and Juices 12.9%. These increases are a result of the higher consumption of our main products (Soft Drinks) in the three countries where we operate, in addition to the consolidation of growth opportunities via non-*carbonated* products (Water and Juices), which is clearly reflected in Chile, our most mature market.

Net Sales amounted to US\$712.2 million, 13.1% higher than the first nine months of 2005. This was a result of both higher volumes and price adjustments.

Despite cost pressures, particularly with regards to sugar, Cost of Sales per unit case only increased 1.6% compared to the first nine months of 2005, mainly due to effective negotiations, more favorable resin prices and the revaluation of the Brazilian Real and the Chilean Peso (12.9% and 7.4% on average, respectively).

SG&A increased 11.5% per unit case as a result of increased freight fees due to increasing oil prices, salary pressures and currency revaluation of the Brazilian Real.

Consolidated Operating Income amounted to US\$110.5 million, a 20.9% increase compared to the first nine months of 2005. Operating Margin was 15.5%, an increase of 100 basis points.

Finally, Consolidated EBITDA amounted to US\$152.4 million, an increase of 13.7%. EBITDA Margin was 21.4%, an increase of 10 basis points.

#### Third Quarter 2006 vs. Third Quarter 2005

Consolidated Sales Volume for the third quarter 2006 reached 94.7 million unit cases, a 7.8% increase compared to the same period of the previous year, Soft Drinks grew 7.6%, Waters grew 6.7% and Juices grew 14.3%

Net Sales amounted to US\$234.8 million, representing a 12.8% improvement compared to the third quarter of 2005, mainly due to increased volumes and price adjustments.

Cost of Sales per unit case decreased 1.0%, a result of effective negotiations, the lower price of resin and the revaluations of the Brazilian Real and the Chilean Peso.

SG&A increased 12.6% per unit case, mainly as a result of increased freight fees due to higher oil prices, salary pressures and the revaluation of the Brazilian Real.

Consolidated Operating Income amounted to US\$35.0 million, a 21.9% increase compared to the third quarter of 2005. Operating Margin was 14.9%, an increase of 110 basis points.

Finally, Consolidated EBITDA amounted to US\$48.5 million, a 12.6% improvement compared to the same period of the previous year. EBITDA Margin was 20.7%, remaining stable with regards to the third quarter of 2005.

#### SUMMARY BY COUNTRY

Chile

#### First Nine Months 2006 vs. First Nine Months 2005

During the first nine months of 2006, Sales Volume amounted to 100.5 million unit cases reflecting growth of 7.1% compared to the figure reported in the first nine months of 2005. This significant increase was a result of increased Soft Drink volumes (+5.3%), in addition to the significant contribution of the Waters and Juices (23.2% and +10.6%, respectively) segment. In Chile, besides the significant increase of non carbonated products, the *Light* product segment, already represents close to 15% of the total Soft Drink portfolio.

Net Sales amounted to US\$285.6 million, a 3.2% improvement compared to the previous year, basically as a result of higher volumes, partially offset by lower average income.

Cost of sales per unit case decreased 4.5% as a result of effective negotiations regarding sugar supply agreements and lower resin prices. Additionally, SG&A decreased 1.1% per unit case.

Operating Income was 2.8% higher than the figure reported in the first nine months of 2005, amounting to US\$64.9 million. Operating Margin was 22.7%, a decrease of 10 basis points.

EBITDA amounted to US\$83.2 million, 0.9% higher than the EBITDA figure recorded in 2005. EBITDA Margin was 29.1%.

#### Third Quarter 2006 vs. Third Quarter 2005

During this quarter Andina launched orange-flavored Nectar Andina Forte with Vitamins C, E and zinc, in the Tetra Prisma 1liter format. Additionally, during September the new advertising campaign "The Coca-Cola Side of Life" was launched. This campaign will constitute Coca-Cola's main theme during 2007 and part of 2008, and it is based on the previous campaign – "The Good Thing." It seeks to enhance the message of optimism incorporating elements of youth.

During the third quarter of 2006, Sales Volume amounted to 32.1 million unit cases, a 5.8% growth compared to the same period of the previous year. Soft Drinks increased by 5.4%, Waters increased 7.9% and Juices increased 7.8%

Net Sales amounted to US\$91.9 million, reflecting a 2.6% growth. This increase resulted from higher volumes and was partially offset by the effect of average prices, which in nominal terms have remained stable.

Cost of Sales per unit case decreased by 5.8%, offsetting the 3.0% decrease in average net sales per unit case. This decrease was related to the lower price of resin and the anticipated purchase of sugar realized in November of 2005 to cover the requirements for the entire 2006 period. SG&A per unit case increased 5.6% during the quarter mainly as a result of the aforementioned higher freight fees.

Operating Income amounted to US\$20.8 million, a 1.9% improvement compared to the third quarter of 2005.

Operating Margin was 22.6%, a decrease of 10 basis points.

EBITDA amounted to US\$26.4 million, 2.2% lower than the EBITDA recorded during the same period of the previous year. EBITDA Margin was 28.8%, a decrease of 140 basis points

#### Brazil

##### First Nine Months 2006 vs. First Nine Months 2005

Sales Volume amounted to 116.1 million unit cases. Of this, 95.8% was concentrated in Soft Drinks and represented a 7.0% growth for the first nine months of 2006.

Net Sales reached US\$288.4 million, increasing 30.3% compared to the previous year. This significant increase was a result of volume growth, price adjustments and the favorable exchange rate upon the translation of figures.

Cost of Sales per unit case increased 13.9%, as a result of increased sugar and resin prices and the translation of figures. SG&A increased 22.8% per unit case due to increased freight fees and greater inter-deposit freights, as a result of higher volumes. Both factors were offset by a 21.7% increase in average income, leading to a 79.6% increase in Operating Income compared to the same period of the previous year, which amounted to US\$39.1 million. Operating Margin was 13.6%, an improvement of 380 basis points.

EBITDA amounted to US\$52.8 million, an increase of 49.9%, with an EBITDA Margin of 18.3%, increasing 240 basis points compared to the previous period.

##### Third Quarter 2006 vs. Third Quarter 2005

Sales volume for the third quarter of 2006 amounted to 37.1 million unit cases, representing a 6.6% increase compared to the third quarter of 2005.

Net Sales reached US\$96.4 million, representing an 29.4% increase. This is explained by price adjustments and the exchange rates, which benefited the translation of figures.

Cost of Sales per unit case grew 11.9% explained by the effect of figure conversion, (which have a negative impact on our costs) and the previously explained reasons. The appreciation of the Brazilian Real has helped Andina to offset the increase in the price of sugar that along with other measures, have enabled the Company to maintain a tight control over our costs in local currency.

Operating Income reached US\$12.5 million, an improvement of 81.7% and Operating Margin was 12.9%, an improvement of 370 basis points.

Finally, EBITDA amounted to US\$17.1 million, a 49.1% improvement compared to third quarter of 2005. EBITDA Margin was 17.7%, an increase of 230 basis points compared to the previous period.

Argentina

#### First Nine Months 2006 vs. First Nine Months 2005

Sales Volume reached 75.9 million unit cases, a 7.1% improvement compared to the Sales Volume for the same period of the previous year. The *Light (diet)* segment has continued expanding, posting close to an 18% growth, and representing 5.8% of the total product portfolio.

*Net Sales reached US\$144.3 million, representing an increase of 4.1%. This increase is explained by higher volumes partially offset by the negative impact of the exchange rates upon translating figures.*

*Cost of Sales per unit case decreased 7.9% offsetting the 2.8% decrease of average income per unit case both resulting from the devaluation of the Argentine Peso.*

*SG&A increased 10.9 % per unit case mainly due to higher labor, freight and advertising costs, partially offset by the exchange rates upon the translation of figures.*

Operating Income amounted to US\$13.9 million, a 7.0% increase. Operating Margin was 9.6%, 20 basis points higher than the previous year.

EBITDA reached US\$23.7 million, an increase of 4.6% compared to last year. EBITDA Margin increased 10 basis points amounting to 16.5%.

#### Third Quarter 2006 vs. Third Quarter 2005

Sales Volume for the third quarter of 2006 increased 12.3% reaching 25.5 million unit cases.

*Net Sales reached US\$48.1 million, representing an increase of 2.4% compared to the third quarter of 2005. This is best explained by higher volumes along with an increase in average income in local currency, partially offset by the effect of figure translation as a result of the devaluation of the Argentine Peso, which averaged 6.5% .*

*Cost of Sales per unit case decreased 14.4%, best explained by the fluctuations of the exchange rates upon the translation of figures, as well as lower resin prices. SG&A per unit case remained stable with regards to the third quarter of the previous year.*

Operating Income amounted to US\$ 4.7 million, a 24.9% increase. Operating Margin was 9.7%, 180 basis points higher than the third quarter of 2005.

Finally, EBITDA reached US\$7.9 million, an increase of 15.1%. EBITDA Margin was 16.5% an increase of 180 basis points compared to the third quarter of 2005.

### NON-OPERATING RESULTS

#### First Nine Months 2006 vs. First Nine Months 2005

Non-Operating Results totaled a loss of (US\$12.7) million, which compares favorably to an accumulated loss of (US\$20.6) million recorded during the first nine months of 2005.

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

- *Other Non Operating Income/(Expense)*: Reflecting a positive variation as a result of lower expenses regarding severance indemnities and a provision to adjust to market value the Company's real estate available for sale during 2005.
- *Price Level Restatement*: Records income as a consequence of a higher exchange rate (Ch\$537.03 per USD in 2006 vs. Ch\$529.20 per USD in 2005) over our U.S. Dollar asset position; both partially offset by:
- *Financial Expense/Income (Net)*: Records a net loss and negatively compared to the figure reported as of September 2005, resulting from accumulated earnings during that period in our cross currency swap position (that this year records an insignificant loss, explained by the evolution of the exchange rate) along with a one-time profit generated by the sale of bonds during 2005.

Finally, Net Income amounted to US\$82.2 million, an increase of 34.4% compared to the Net Income reported during the first nine months of 2005. Net Margin increased 180 basis points amounting to 11.5%

## ANALYSIS OF THE BALANCE SHEET

As of September 30, 2006, the Company's financial assets amounted to US\$296.9 million. These represent cash, investments in mutual funds, deposits, structured notes, corporate bonds and sovereign bonds. 82% of the total financial investments are U.S. Dollar-denominated and 6.5% are Euro-denominated. Nevertheless, through "Cross-Currency Swap" agreements executed in July and August 2003 and April 2004, part of the portfolio has been converted to Chilean Pesos (UF – Chilean Inflation Indexed Currency), thereby decreasing the amount denominated in U.S. Dollars to 13.4%.

On the other hand, the Company's total debt was US\$245.6 million, with an average annual rate of 6.67% on U.S. Dollar debt, and an average real annual rate of 6.40% on Chilean Peso-denominated debt. The U.S. Dollar-denominated debt represents 25.9% of total debt.

As a result, the Company holds a positive net cash position of US\$51.3 million.

## Main Indicators

Main Indicators						
INDICATORS	Unit	Sep-06	Dic-05	Sep-05	Variance	
<b>LIQUIDITY</b>						
Current Ratio	Times	1.26	1.30	1.08	0.17	
Acid Tests	Times	1.06	1.16	0.96	0.11	
Working Capital	MCh\$	11,624	37,034	36,847	(25,223)	
<b>ACTIVITY</b>						
Investments	MCh\$	24,878	28,138	18,013	6,865	
Inventory turnover	Times	11.48	14.15	9.33	2.16	
Days of inventory on hand	Days	31.35	25.44	38.59	-7.24	
<b>INDEBTEDNESS</b>						
Debt to equity ratio	%	98.41%	95.97%	120.71%	-22.30%	
Short-term liabilities to total liabilities	%	43.14%	48.64%	53.95%	-10.81%	
Long-term liabilities to total liabilities	%	56.86%	51.36%	46.05%	10.81%	
Interest charges coverage ratio	Times	12.07	18.68	14.33	-2.26	
<b>PROFITABILITY</b>						
Return over equity	%	16.79%	19.67%	11.53%	5.26%	
Return over total assets	%	8.52%	9.95%	5.52%	3.00%	
Return over operating assets	%	18.43%	21.25%	11.93%	6.50%	
Operating income	MCh\$	59,350	79,856	49,104	10,247	
Operating margin	%	15.52%	16.28%	14.52%	0.99%	
EBITDA (1)	MCh\$	84,654	106,083	68,848	15,806	
EBITDA margin	%	22.13%	21.63%	20.34%	1.79%	
Dividends payout ratio - Serie A shares	%	7.80%	7.76%	6.45%	1.35%	
Dividends payout ratio - Serie B shares	%	7.94%	8.04%	6.77%	1.17%	
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 reflect an improvement with regards to the previous period, reflecting a reclassification of short term financial instruments with maturity in less than a one year period amounting to MUS\$39.

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, maturity of the remaining MUS\$40 during August of 2006 and amortizations of the local bond for an approximate amount of MUS\$23 carried out during June 2006 and December 2005, and which are partially offset by a decrease in equity as a result of an extraordinary dividend payment carried out in May of 2006. This indicator does not consider the Company's financial assets. Financial debt during the period amounted to Ch\$4,745 million and earnings before interests and taxes amounted to Ch\$57,269 million, achieving an interest coverage of 12.1times, a slight improvement with regards to 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 aforementioned effect of the decrease in equity.

### 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\$)	September	September	Variation Ch\$	Variation %
	2006 MCh\$	2005 MCh\$		
Operating	79,198	64,075	15,124	24%
Financing	(87,589)	(52,805)	(34,784)	-66%
Investment	6,332	(1,082)	7,414	685%
<b>Net cash flow for the Period</b>	<b>(2,058)</b>	<b>10,188</b>	<b>(12,246)</b>	<b>-120%</b>

The Company generated a negative net cash flow of MCh\$2,058 during the quarter, analyzed as follows:

Operating activities generated a positive net cash flow of MCh\$79,198 representing a positive variation regarding the previous year which amounted to Ch\$64,075 million. Principally explained by increased collections from clients which were partially offset by increased payment of value added taxes and payments to suppliers.

Financing activities generated a negative cash flow of MCh\$87,589 representing a negative variation of MCh\$34,784 mainly explained by greater loan payments to banks in accordance with the agreed upon maturity terms as well as less bank credits.

Investment activities generated a positive cash flow of MCh\$6,332; with a positive variation of MCh\$7,414 regarding the previous year, mainly explained by decreased investments in financial instruments, and income generated by the sale of permanent investments, partially offset by investments in property, plant and equipment.

## V. Analysis of Market Risk

### Interest Rate Risk

As of September 30, 2005 and 2006, 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:	40%
Brazilian real:	40%
Argentine peso:	20%

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.

## MATERIAL EVENTS

During the period July-September 2006, the following material events were filed:

### Sugar Supply Agreement 2007 – 2009 Period

At its regular session held August 29 of the current year, the Board approved the commercial terms and conditions in order for the Company to enter into an agreement with Empresas Iansa S.A. and/or its subsidiary Iansagro S.A. for the supply and delivery of sugar for the 2007-2009 period amounting to 172,000 tons based on a pricing structure involving a payment of a fixed price for 50,000 tons and a variable price for the remaining volume. The price will be determined in accordance with the international variation of the price of sugar within a range that will be established in the agreement which would be subscribed, in accordance with the current future prices of sugar for each one of the referred years (resulting from the market conditions currently prevailing for operations of this nature).

The agreement setting forth the approved terms and conditions is currently being drafted and will be duly reported to the Superintendence and the market once entered into the parties thereof.

### Interim Dividend

As authorized by the Regular Shareholders Meeting held April 19<sup>th</sup> of this year, the Board resolved to distribute the following amounts as interim dividend No. 153:

- a) \$5.60 (five pesos and sixty cents) per Series A share; and
- b) \$6.16 (six pesos and sixteen cents) per Series B share

This dividend will be paid on account of income from the 2006 fiscal year and will be available to shareholders beginning October 26, 2006. The Shareholders Registry will close on October 20, 2006 for payment of this dividend.

No other significant events of a financial or any other nature have occurred between September 30, 2006 and the issuance date of these financial statements that affect or may affect the assets, liabilities and/or income of the Company.

*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.*