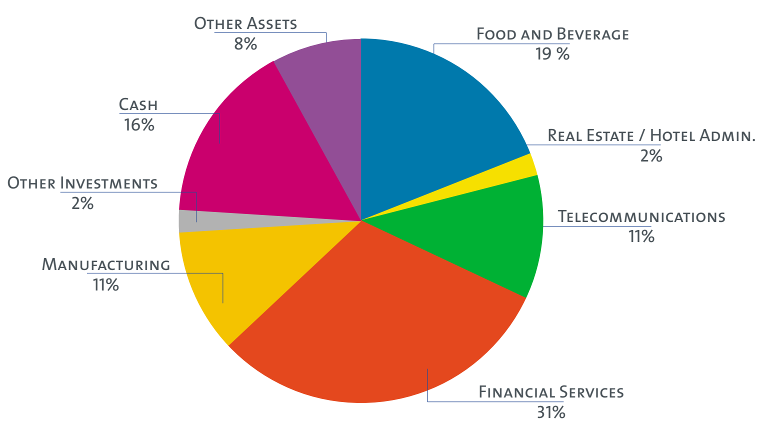
FINANCIAL SUMMARY

5 YEAR FINANCIAL HIGHLIGHTS

		1996	1997	1998	1999	2000
CONSOLIDATED RESULTS						
Net Sales Revenue	MCh$	481,803	593,348	578,978	425,788	451,796
Operating Income (Loss)		42,688	47,340	48,372	(21,020)	15,675
EBITDA		75,349	83,097	88,414	18,762	46,659
Proportionate Share of Net Income of Equity Method Investments		24,058	27,253	17,771	15,269	9,658
Other Non-Operating Income (loss)		(26,066)	113,459	(20,471)	198,391	(47,221)
Net Income (Loss) for the Year		34,017	89,750	28,295	167,845	(5,648)
FINANCIAL POSITION						
Total Assets	MCh$	1,125,212	1,522,061	1,376,635	1,359,271	1,367,820
Total Liabilities		567,232	664,578	624,039	562,696	628,484
Minority Interest		219,130	313,621	221,785	104,130	102,320
Net Worth	MCh$	338,850	543,862	530,811	692,445	637,016
Current Ratio (Curr. Assets/Curr. Liab.)		1.06	1.22	1.58	1.30	1.16
Leverage (Total Liab./Net Worth)		1.67	1.22	1.18	0.81	0.99
Earnings per Share (Ch$)		33.13	89.39	26.20	155.45	(5.23)
Dividends per Share for the Year (Ch$)		9.96	32.88	7.80	45.55	–
OTHER INFORMATION						
Number of Shareholders		179	2,568	2,583	2,816	3,005
Number of Shares		924,495,881	1,079,740,079	1,079,740,079	1,079,740,079	1,079,740,079

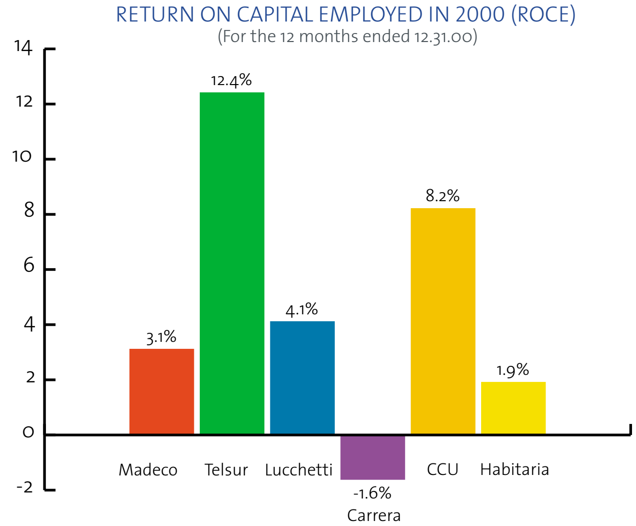
ASSET COMPOSITION AS OF 12.31.00



Book values as of 12.31.00 (Quiñenco corporate level)

RETURN ON CAPITAL EMPLOYED IN 2000 (ROCE)

(For the 12 months ended 12.31.00)



NET INCOME CONTRIBUTION FROM OPERATING COMPANIES (In millions of Ch$ pesos as of December 31, 2000)	QUIÑENCO'S SHARE(*) (%)	SALES REVENUE	NET PROFIT (LOSS)	QUIÑENCO'S PROP. SHARE	TOTAL ASSETS	NET WORTH
FINANCIAL SERVICES SECTOR						
BANCO DE A. EDWARDS	51.2	(**) 329,312	3,176	1,625	2,827,326	224,003
BANCO DE CHILE (1)	12.3	(**) 622,704	81,958	2,748	5,664,929	382,477
FOOD AND BEVERAGE SECTOR						
CCU	30.8	317,376	25,727	7,922	625,466	401,955
LUCCHETTI	87.0	96,399	(9,988)	(8,687)	134,806	35,888
TELECOMMUNICATIONS SECTOR						
TELSUR	73.6	41,589	7,435	5,469	113,499	52,102
ENTEL	13.7	521,499	27,375	3,825	1,047,504	460,142
MANUFACTURING SECTOR						
MADECO	56.1	302,903	(16,786)	(9,438)	438,809	155,384
REAL ESTATE SECTOR / HOTELS ADM. SECTOR						
HOTELES CARRERA	87.2	7,228	(1,106)	(1,004)	23,557	13,523
HABITARIA	50.0	6,271	(799)	(399)	40,283	13,392

* Direct or indirect
** Represents net sales, not Quiñenco's proportionate share
(1) Corresponds to voting rights

YEAR 2000 RESULTS

Quiñenco's net consolidated sales increased by 6.1% compared with the previous year. Almost without exception, the operating companies showed a recovery in their sales levels which contributed to the overall increase. The economic environment, although less dynamic than originally expected, primarily due to weak internal demand, was undoubtedly better than in 1999 when the country was affected by a deep recession. This stronger economic environment, combined with the significant efforts made by each operating company to improve performance, allowed Quiñenco to revert the operating losses it reported in 1999. Operating profits reached Ch$15,675 million in 2000.

The net loss for the year 2000 was Ch$5,648 million, considerably lower than the net profit of Ch$167,845 million reported in 1999. In 1999, Quiñenco realized significant gains in connection with the divestiture of its investments in OHCH and VTR Hipercable, which amounted to Ch$235,805 million and significantly impacted bottom line results in that year. Worth mentioning is that during 2000, Quiñenco sold 2,000,000 shares of Entel (a 0.8% interest), generating a gain on sale of Ch$7,377 million.

With respect to operating company performance, the operating results of Madeco and Lucchetti are worthy of special mention, as both were able to revert their 1999 operating losses, jointly contributing operating profit of Ch$13,415 million to Quiñenco's results.

Telsur's performance should also be mentioned, having achieved operating profit of Ch$11,909 million, despite tariff changes in its regulated fixed telephony business. Revenue from new unregulated telecommunications services largely offset the reduction in Telsur's sales during the period.

The companies that do not consolidate with Quiñenco - CCU, Banco de A. Edwards, Banco de Chile, Habitaria and Entel - jointly contributed Ch$15,720 million to Quiñenco's net results for the year.

LETTER FROM THE CHAIRMAN

Dear Shareholders:

It is a great pleasure to present the Annual Report and Financial Statements of Quiñenco S.A. for the year ended December 31, 2000.

Quiñenco's efficient organizational structure enabled us to meet the challenges this year that arose in a responsive and creative manner, taking advantage of all available resources to seek out the best business opportunities within our borders and beyond.

The best evidence of this capability was Quiñenco's incursion into Banco de Chile, an institution with a long history and an important local and international presence. This operation, clearly the most significant for our Company this year, charts the course of our future actions and demonstrates the commitment we are willing to make in order to be relevant participants in the local financial sector.

Quiñenco's investment in Banco de Chile, coupled with the investment it made in 1999 in Banco de A. Edwards, positions the Company as the most important player in the local banking sector, an area where we have a long history and recognized expertise. Our investments in the banking sector will now account for more than 60% of our total investments. We are confident, that as in the past, we will be able to make a valuable contribution of the development of our banking investments in coming years.

Quiñenco is dedicated to improving the performance of its operating companies in order to create greater value for our shareholders, and we have taken the necessary steps to prepare our companies to deal with current and future challenges. This has resulted in the improvement of the Return On Capital Employed (ROCE) in each one of the Quiñenco's operating companies.

The restructurings that have taken place at the operating company level are an example of our continuous adaptation to new market scenarios. The goal is to optimize elements as well strengthen our human resources in order to reduce costs and increase efficiency and productivity, all of which tie in to greater value creation for our shareholders and personnel. We know the results of these measures are not instantaneous, and they will require time to bear fruit.

We are convinced, however, that we are on the right path to consolidate attractive long-term returns.

This has been especially evident in the case of Compañía Cervecerías Unidas (CCU) where, on the basis of a study by Booz-Allen & Hamilton, a cost-saving plan was implemented. Also, during the year, an important market study of per capita beer comsumption was completed, and its conclusions will be fundamental in CCU's future growth plan.

At Madeco, a comprehensive restructuring initiated in 1999 was completed, and although the company continued to post net losses of Ch$16,786 million in 2000 (a 69% decrease compared with the previous year), operating losses were completely reverted, and Madeco reported operating profits of Ch$9,989 million for the year. We feel that the company is on its way to restored profitability and that time will bear this out.

Banco de A. Edwards has meticulously reviewed its portfolio and made allowances for loan losses as it deemed necessary. This had a negative impact on the bank's short-term results, but we believe that its fortified capital structure and current client portfolio position will enable it to become a much more competitive bank in the future. In 2000, Banco de A. Edwards reported a net profit of Ch$3,176 million, a significant improvement over the loss seen in 1999.

Empresas Lucchetti reported a net loss of Ch$9,988 million (a 22% decrease compared to 1999). Nonetheless, operational losses were totally reverted and Lucchetti reported an operating profit of Ch$3,426 million in 2000. The company has redefined its strategy for the future, consolidating its operations in countries where it will be able to best exploit its comparative advantages. As a consequence, it has decided to divest its Argentine operation. Lucchetti Argentina was sold for US$44.7 million, to be concluded in 2001.

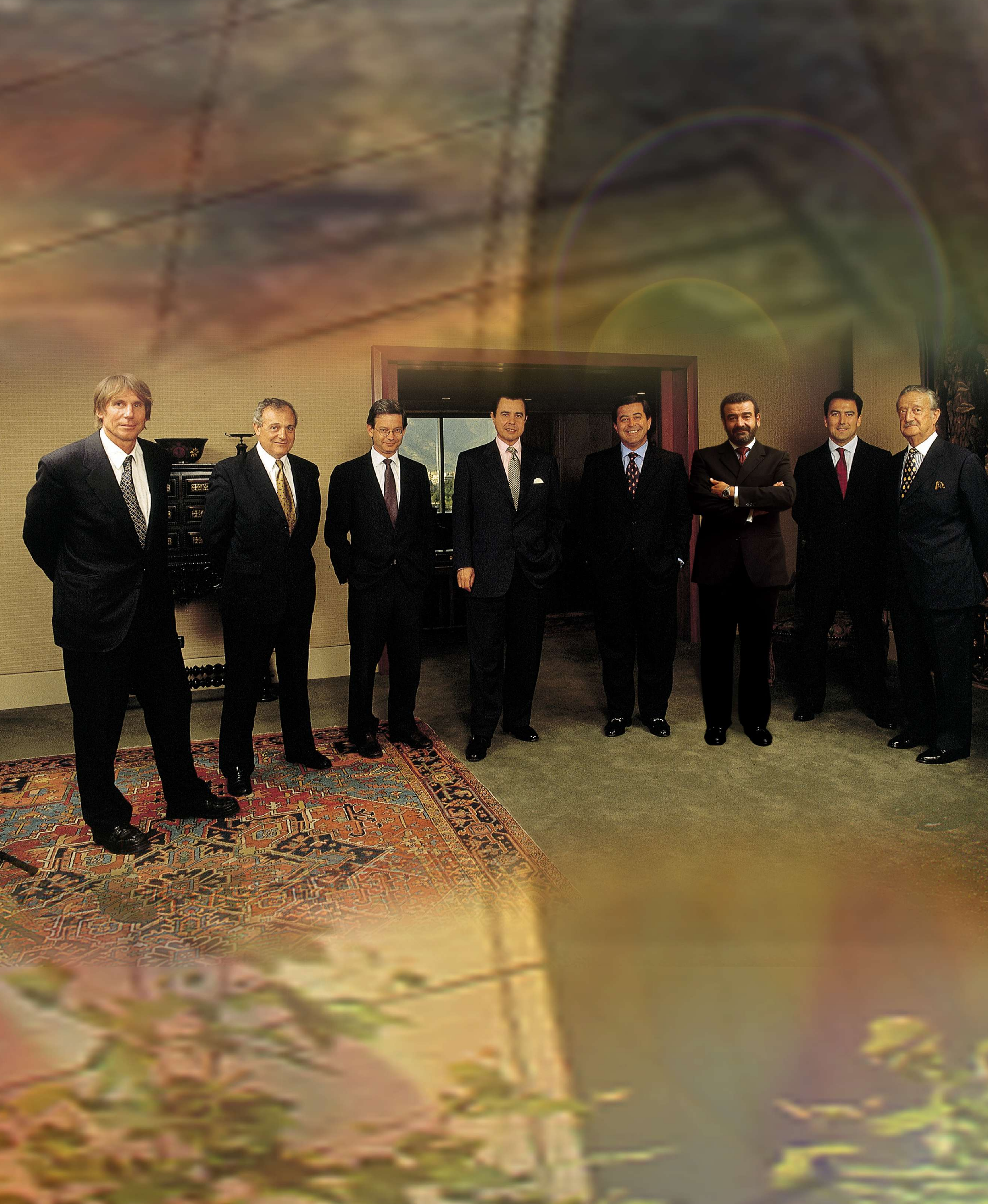
Telefónica del Sur has taken firm steps to assure its future growth, broadening its base of unregulated services. This has enabled Telsur to maintain its profitability levels despite the recently implemented tariff changes. It has also successfully continued its geographic expansion during 2000. All of these factors allowed the company to post net profits for the period of Ch$7,435 million.

In the real estate and hotel administration sector, Quiñenco acquired a 39.4% stake in the Plava Laguna complex in Croatia this year, another example of its permanent quest for new and promising businesses. Habitaria and Hoteles Carrera reported net losses during the year of Ch$799 million and Ch$1,106 million, respectively, in an especially adverse scenario in the construction and hotel sectors.

We are aware of the enormous tasks that lie ahead. Nevertheless, we maintain our optimism and strength of spirit, which will enable us to persevere with the measures we have taken to revert negative situations. Our objectives for 2001 are to promote and support the companies which show promise, to help improve those whose performance has been lower than expected, to reduce our presence in non-strategic sectors, and to continue to seek new horizons and prospects.

In presenting the Annual Report and Financial Statements for the year 2000 to our shareholders, it is my desire as Chairman of the Board of Quiñenco to publicly thank shareholders for their trust, and to thank our entire team for their hard work during the year. The people who belong to the Quiñenco Group are our most valuable asset, and their support allows us to reaffirm our confidence in the future.

GUILLERMO LUKSIC CRAIG
Chairman



BOARD OF DIRECTORS

CHAIRMAN

Guillermo Luksic Craig (5)
Director of Companies

VICE CHAIRMAN

Andrónico Luksic Craig (6)
Director of Companies

BOARD MEMBERS

Jean-Paul Luksic Fontbona (7)
Director of Companies
B.Sc. Management and Science,
London School of Economics, England

Philip Adeane (*)
Director of Companies

Hernán Büchi Buc (1)
Civil Mining Engineer,
University of Chile

Joaquín Errázuriz Hochschild (2)
Chemical Engineer,
Columbia University, U.S.A.
Master in Administration and Economics,
Columbia University, U.S.A.

Gonzalo Menéndez Duque (4)
Business Administrator,
University of Chile

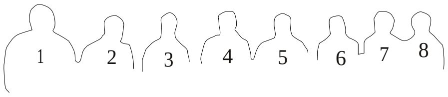
Juan Andrés Fontaine Talavera (3)
Business Administrator,
Catholic University of Chile
Master in Economics,
University of Chicago, U.S.A.

Vladimir Radic Piraíno (8)
Director of Companies

ADVISORS TO THE BOARD

Gustavo Delgado Opazo
Director of Companies
General Accountant

Fernando Silva Lavín
Business Administrator,
Catholic University of Chile

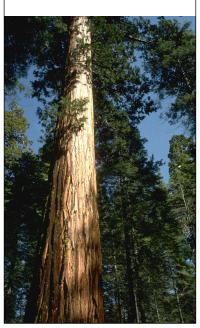


(*) Due to international commitments, Philip Adeanae does not appear in this photograph.

HISTORY

1957

Sociedad Forestal Quiñenco S.A. is formed as an eucalyptus logging firm and manufacturer of rafters for coal mines.



1960s

Forestal Colcura S.A., owner of 20,000 hectares of eucalyptus, and Empresas Lucchetti S.A., are acquired by Quiñenco.

1970s

Quiñenco acquires Hoteles Carrera S.A.

1981

The group acquires Banco O'Higgins.

1983

Quiñenco acquires a majority stake in Madeco S.A.

1986

Quiñenco and Paulaner purchase a majority stake in Compañía Cervecerías Unidas S.A. (CCU).

1987

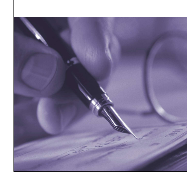
Quiñenco-related companies acquire a majority stake in VTR S.A.

1988

Quiñenco initiates the purchase of shares of Banco de Santiago.

1990

Quiñenco acquires shares in Endesa S.A., reaching a 9.2% stake in the company.



1993

Quiñenco forms a joint venture with Banco Central Hispanoamericano to create OHCH.

1995

Quiñenco sells a 6.2% stake in Endesa S.A.

1996

Quiñenco is reorganized into its current structure via the merger of Quiñenco S.A. with Inversiones Andes Trust (Chile) S.A. and Inversiones Anaconda S.A. (both subsidiaries of Antofagasta Holdings PLC and Inversiones Rimac S.A.). The merger concentrates the Luksic Group's investments in the financial and industrial sectors in Quiñenco. The mining and railroad assets remain in Antofagasta Holdings PLC. Quiñenco's partnership with Banco Central Hispanoamericano is expanded with the goal of jointly developing financial services throughout the Southern Cone.

QUIÑENCO S.A.

1997

The public offering of Quiñenco's shares on the New York Stock Exchange and the Santiago Stock Exchange generates funds of US$ 279 million for the company.

VTR S.A.'s share in Startel S.A., a long-distance telephone company, is sold for US$ 425 million.

LQ Listed NYSE THE NEW YORK STOCK EXCHANGE

1998

VTR Larga Distancia S.A. is sold for US$ 50 million.

Quiñenco, in a joint venture with the Spanish construction firm Ferrovial Inmobiliaria, forms Habitaria S.A.

1999

BANCO DE A. EDWARDS

Quiñenco sells its stake in OHCH, a holding company controlling several banks in the Southern Cone, to the BSCH consortium for US$ 600 million.

Quiñenco acquires 51.2% of Banco de A. Edwards. After concluding the purchase, Quiñenco made an additional investment in the bank by subscribing to a capital increase.

Quiñenco purchases 8% of Banco de Chile.

Quiñenco expands investments in the telecommunications sector by acquiring a 14.3% stake in Entel.

Quiñenco sells 66% of its stake in VTR Hipercable to UIH Latin America for US$ 259 million.

Quiñenco gains control of 100% of the ownership of VTR after it purchases SBC's 44.1% share in the company for US$ 129 million and Madeco's 9.6% share for US$ 32 million.

2000

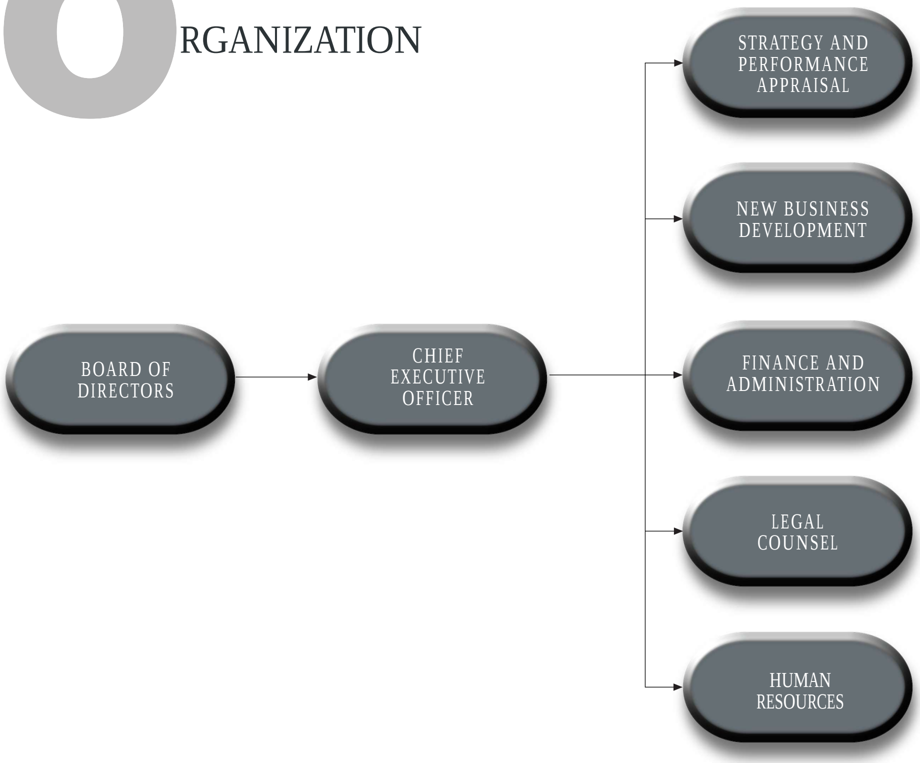
Quiñenco purchases 39.4% of Plava Laguna, a tourist complex located on the Adriatic coast in Croatia.

Quiñenco creates Inversiones Vita S.A., an insurance company.

Quiñenco creates LQ Inversiones Financieras S.A., a holding company for Quiñenco's investments in the financial sector.

Quiñenco signs an agreement to acquire a controlling interest in Banco de Chile.

ORGANIZATION



CEO
Francisco Pérez Mackenna (8)
Business Administrator,
Catholic University of Chile
MBA, University of Chicago, U.S.A.

STRATEGY AND PERFORMANCE APPRAISAL

Manager of Strategy and Performance Appraisal
Luis Hernán Paúl Fresno (4)
Civil Engineer,
Catholic University of Chile
MBA, Massachusetts Institute of Technology, U.S.A.

Manager of Performance Appraisal
Pedro Marín Loyola (11)
Business Administrator,
Catholic University of Chile
M.S. Finance, London School of Economics, England

NEW BUSINESS DEVELOPMENT

Manager of Business Development
Felipe Joannon Vergara (6)
Business Administrator,
Catholic University of Chile
MBA, The Wharton School,
Univ. Of Pennsylvania, U.S.A.

Manager of Mergers and Acquisitions
Martín Rodríguez Guiraldes (7)
Business Administrator,
Catholic University of Chile
MBA, Univ. of California at Los Angeles (UCLA), U.S.A.

Manager of New Business Development
Jorge Tagle Ovalle (3)
Civil Industrial Engineer,
Catholic University of Chile
MBA, The Wharton School,
Univ. Of Pennsylvania, U.S.A.

FINANCE AND ADMINISTRATION

Chief Financial Officer
Luis Fernando Antúnez Bories (10)
Civil Industrial Engineer,
Catholic University of Chile
MBA, Georgia State University, U.S.A.

Treasurer
Patricio León Délano (2)
Civil Engineer,
Catholic University of Chile

Investor Relations Manager
Cindi Freeman (5)
B.A., University of the Pacific, U.S.A.
Master of International Management,
American Graduate School of International Management (Thunderbird), U.S.A.

General Accountant
Oscar Henríquez Vignes (1)
Certified Public Accountant,
University of Chile

LEGAL COUNSEL

Legal Counsel
Manuel José Noguera Eyzaguirre (13)
Chief Counsel,
Catholic University of Chile

ATTORNEY
Alessandro Bizzarri Carvallo (12)
Attorney,
Catholic University of Chile

ATTORNEY
Davor Domitrovic Grubisic (14)
Attorney,
University of Chile

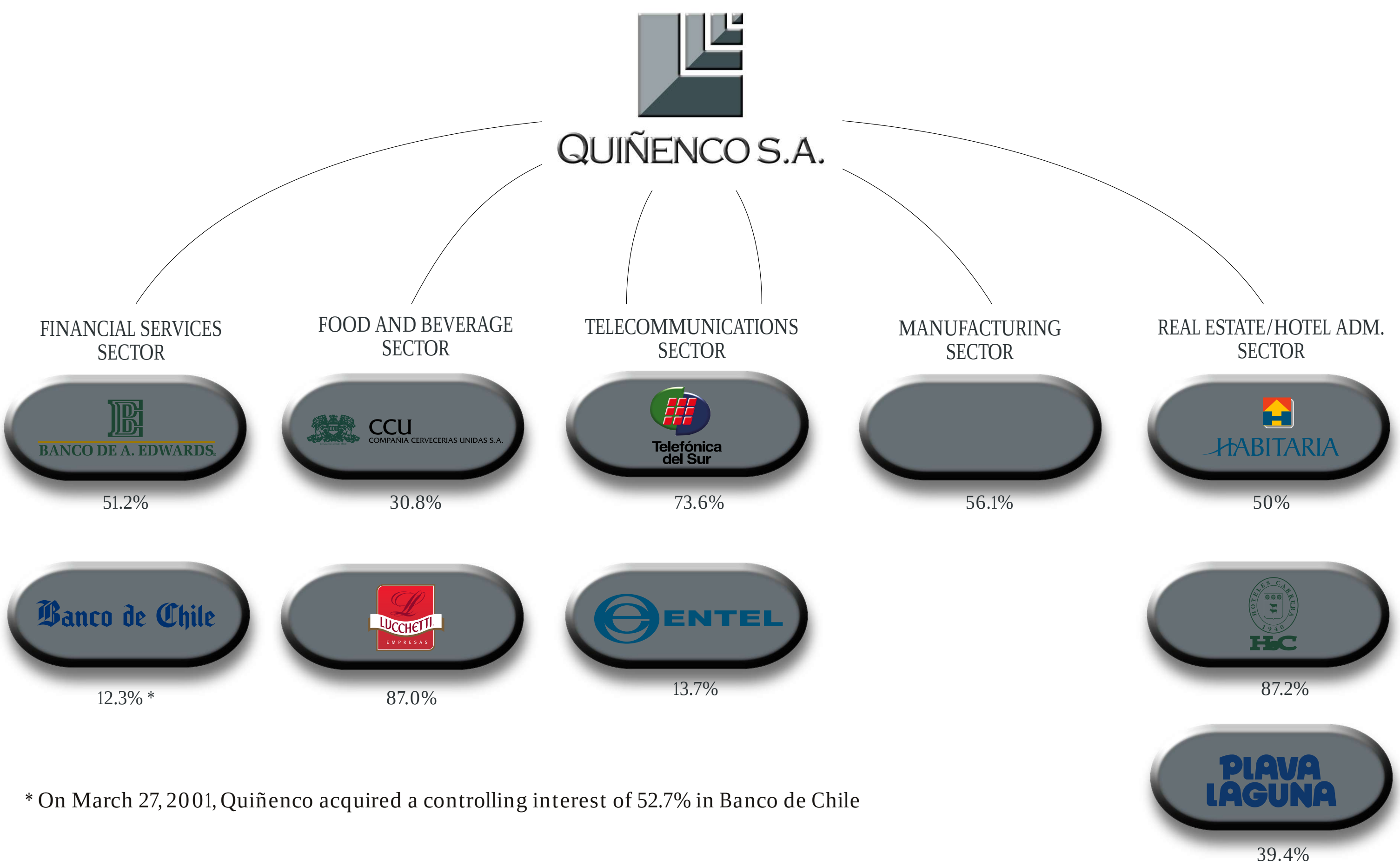
HUMAN RESOURCES

Manager of Human Resources
Sergio Cavagnaro Santa María (9)
Civil Industrial Engineer,
Catholic University of Chile
DPA, Adolfo Ibáñez University

QUIÑENCO PROFILE

Quiñenco is a diversified conglomerate with investments in five main sectors of the economy: financial services, food and beverage, telecommunications, manufacturing, and real estate/hotel administration.

Quiñenco, as a corporate hub, operates based on the following principles: it is pro-active in the companies it controls; it works in partnership with professional executive teams in each of its operating companies; it specializes in a limited number of business areas; it follows long-term strategies to create shareholder value; it captures synergies and transfers skills among operating companies; and finally, it makes timely investments in line with its defined strategies.



* On March 27, 2001, Quiñenco acquired a controlling interest of 52.7% in Banco de Chile

As a pro-active shareholder, Quiñenco, in conjunction with the management of each operating company, is involved in: the definition of long-term strategy; the establishment of annual goals, follow-up, and appraisal of operating and financial management performance; the structuring and management of relevant mergers and acquisitions and; the selection of key executives throughout the group.

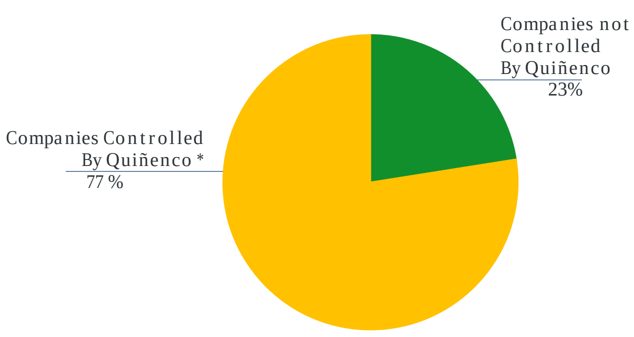
The permanent quest for the creation of value is aided by an annual process that includes, in conjunction with the management of each operating company, the determination of "Balanced Scorecard" indicators, which are associated with the creation of value, goal-setting, and quarterly monitoring of the objectives achieved.

Compensation rewards are an important component of the "Balanced Scorecard" system and are used to recognize milestones reached during a given period.

Quiñenco focuses on those sectors where it can contribute to the performance of the companies it operates and where it has the greatest opportunities to create shareholder value.

COMPANIES CONTROLLED BY QUIÑENCO

(AS A PERCENTAGE OF TOTAL INVESTMENTS)



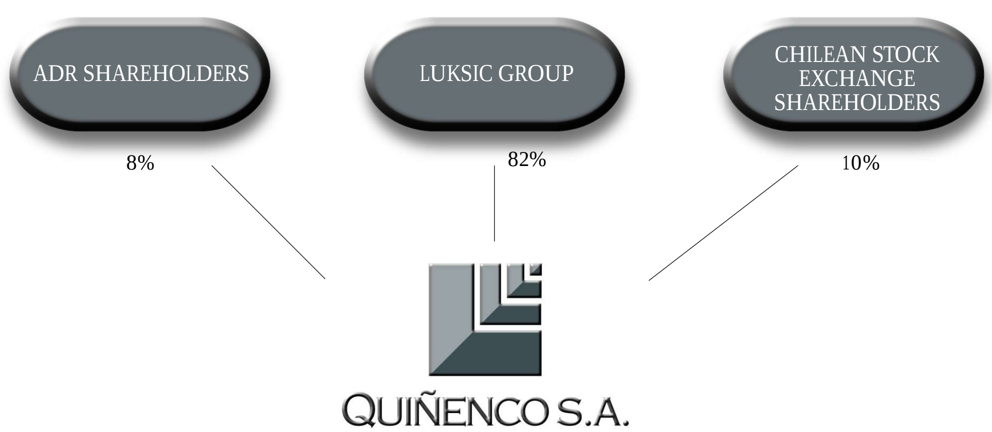
* Directly or in conjunction with strategic partners.

SHAREHOLDERS

At the close of the year 2000, there were 1,079,740,079 subscribed and paid-in shares held by 3,005 shareholders. The 12 largest shareholders as of December 31, 2000 are:

	SHARES	%
Antofagasta (Chili) and Bolivia Railway Co. P.L.C.*	329,185,298	30.49
Ruana Copper A.G. Agencia Chile*	240,938,000	22.31
Sociedad Inmob. y de Inv. Río Claro Ltda.*	142,819,109	13.23
Inversiones Consolidadas Ltda.*	124,819,108	11.56
Citibank N.A.	88,473,970	8.19
Northern Mines Sociedad Contractual Minera*	33,571,898	3.11
Inversiones Salta S.A.*	18,000,000	1.67
Larraín Vial S.A. Corredores de Bolsa	6,798,170	0.63
A.F.P. Cuprum para Fondos de Pensiones	6,741,498	0.62
A.F.P. Provida S.A. para Fondos de Pensiones	5,554,989	0.51
Compañía Seg. Vida Consorcio Nac. De Seguros	4,216,127	0.39
Compañía de Rentas Rucahue Ltda.	3,853,000	0.36
TOTAL	1,004,971,167	93.08%

* Companies related to the Luksic Group



HUMAN RESOURCES

Quiñenco's greatest competitive advantage lies in its human capital and its ability to face the demands and competition of dynamic and diverse marketplaces.

The professionals developing their careers with Quiñenco are characterized by exceptional flexibility, team spirit, good judgment, sound human values, and skills in interpersonal relations, all of which enable them to deal efficiently with the demands and challenges of an increasingly changing world.

Quiñenco offers its personnel attractive working conditions, a stimulating working environment and the possibility to continue their careers in the conglomerate's companies. These opportunities, together with a compensation reward system based on Quiñenco and subsidiary stock performance and prices, are important variables in stimulating individual initiative and motivating the conglomerate's teams of professionals.

PERSONNEL (as of December 31, 2000)

COMPANY	EXECUTIVES	PROFESSIONALS AND TECHNICIANS	OTHER WORKERS	TOTAL
Quiñenco	15	9	14	38
Banco de A. Edwards	201	1,562	1,176	2,939
Madeco	66	391	3,492	3,949
TelSur	30	330	256	616
Lucchetti	27	174	977	1,178
Hoteles Carrera	10	58	255	323
Other Subsidiaries	11	54	85	150
TOTAL	360	2,578	6,255	9,193

As of December 31, 2000, the affiliate company, CCU, had 4,332 employees, Habitaria had 50 employees, and Plava Laguna had 812 employees. These companies are controlled by Quiñenco in conjunction with strategic partners.


BANCO DE CHILE

BUSINESS ACTIVITIES

LQ INVERSIONES FINANCIERAS

LQIF

In 2000, Quiñenco created LQ Inversiones Financieras S.A., a wholly-owned subsidiary, to consolidate the conglomerate's investments in the financial sector under a "multibank" concept. In addition to carrying out the characteristic activities of a financial entity, LQIF, in the future, will also provide additional services such as financial advisory services, investment banking, and insurance services.

At the end of the year 2000, LQ Inversiones Financieras held 51.2% of Banco de A. Edwards and 12.3% of Banco de Chile.

Quiñenco has vast experience in the banking business, dating back to 1981 when it acquired control of Banco O'Higgins. It later acquired a significant stake in Banco de Santiago. In the 1990s, Quiñenco joined forces with Banco Central Hispanoamericano to form OHCH. OHCH acquired control of Banco de Santiago, which it later merged with Banco O'Higgins. This operation formed the largest financial entity in the country at the time.

After selling OHCH in 1999 for US$ 600 million, Quiñenco acquired 51.2% of Banco de A. Edwards. At the same time, it began to invest in Banco de Chile.

On December 14, 2000, Quiñenco, through LQ Inversiones Financieras, agreed to acquire an additional 35.8% of Banco de Chile, one of the most prestigious and profitable banking institutions in Chile.

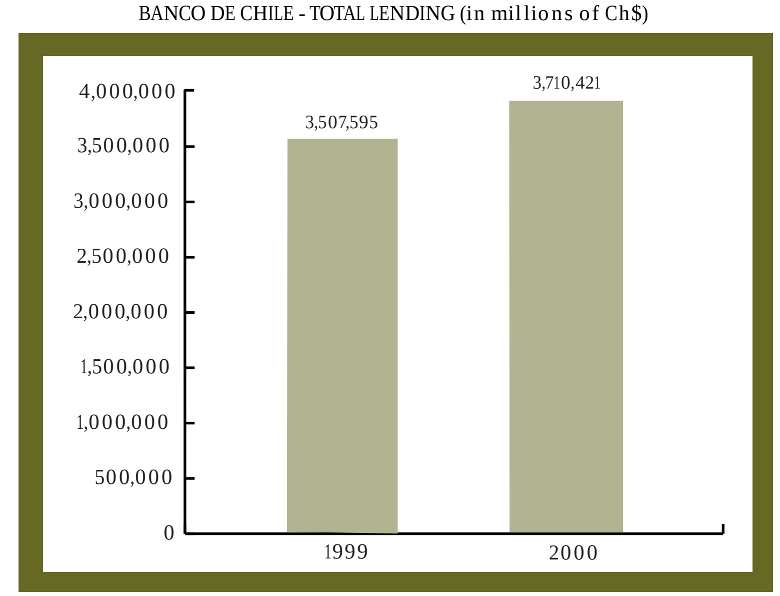
The acquisition of Banco de Chile was formally concluded on March 27, 2001, when LQIF's stake reached 52.7% and control of the institution was achieved. The operation marked Quiñenco's repositioning as the most important player in the local banking industry.

BANCO DE CHILE

Banco de Chile

Banco de Chile is one of the most traditional and prestigious financial institutions in Chile, serving the country through its nationwide service network. As of December 31, 2000, it had total loans of Ch$3,710,421 million, capital and reserves of Ch$300,519 million, and a net profit of Ch$81,958 million for the twelve month period. Return on annualized capital in 2000 was 27.3%. As in 1999, Banco de Chile's rate of return was the highest in the financial system, once again doubling the industry's average return of 12.7%.

BANCO DE CHILE - TOTAL LENDING (in millions of Ch$)



On December 14, 2000, Quiñenco, through its wholly-owned subsidiary, LQ Inversiones Financieras, agreed to acquire an additional 35.8% of Banco de Chile.


BANCO DE A. EDWARDS
733
733

BANCO DE A. EDWARDS

BANCO DE A. EDWARDS

Banco de A. Edwards, founded in 1866, is one of the oldest and most respected financial institutions in Chile.

As of December 2000, Banco de A. Edwards ranked fourth in total lending in the private banking sector. It has a 8.3% market share, a significant increase over the 7.7% share it had achieved in 1999, making it the banking entity with the highest growth registered during the year among the five largest banks- in terms of lending – in the local financial system. This achievement demonstrates the institution's growth potential and its success in positioning itself as a market leader.

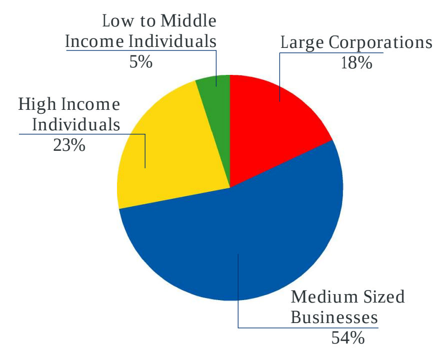
Total lending (net of interbank credits) grew by 9.4% in 2000 in real terms, comparing favorably to the local financial system growth of 4.6%. During the year, Banco de A. Edwards' branch network expanded from 75 to 86 branches, its ATM network grew by 90% to 282, and all technology information systems were fortified, especially those related to the Internet and other remote channels. This is evidenced by the fact that Banco de A. Edwards now processes 15.3% of all its banking transactions via Internet. In addition, Banco de A. Edwards' clients account for more than 11% of all Internet clients operating in the local banking system, and 9% of all web transactions.

Consistent with Banco de A. Edwards' strategy, growth in lending during the year 2000 was oriented towards low-risk segments of the market such as large corporations and high-income individuals. Loans to large corporations grew by over 63%, and loans to high-income individuals, a traditional market for this institution, grew by 14%. The growth experienced in these sectors resulted in an increase in the total number of clients of more than 4% during the year. Additionally, the number of clients maintaining current accounts with the bank jumped by 10% in 2000.

In order to achieve growth targets in its main client segments, Banco de A. Edwards strengthened its sales force and the number of professionals dedicated to serving specific client needs. The external sales force was increased by 65% and other client service personnel by 13% during 2000.

Banco Edwards' total lending grew by 9.4% in 2000, comparing favorably to the local financial system growth of 4.6%.

BANCO A. EDWARDS - LOAN PORTFOLIO*

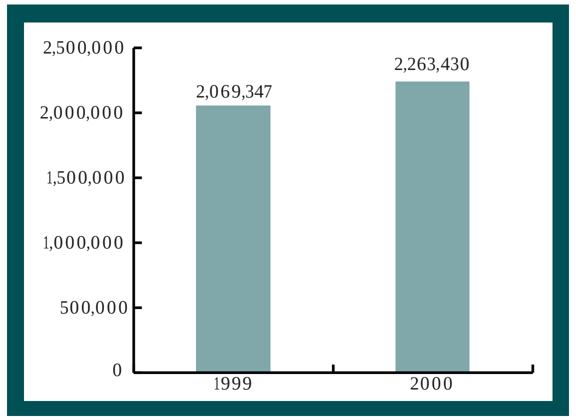


* Net of interbank credits .

A variety of new products was launched during the year. The Mundo Edwards Program, oriented towards existing clients with credit and debit cards, encourages use by offering important discounts at department stores, ski resorts, travel and lodging accomodations. It also developed new consumer loans, mutual funds, securitization and factoring services products.

All of the initiatives implemented in 2000 demonstrate Banco de A. Edwards' capacity to perceive its clients' needs and successfully satisfy their aspirations.

BANCO A. EDWARDS - TOTAL LENDING (in millions of Ch$)



Results

Net profit for the year 2000 was Ch$3,176 million, a significant improvement over the net loss of Ch$6,910 million reported in 1999 when the Chilean economy experienced a pronounced slowdown. Nevertheless, the net profit for the year 2000 also reflects the impact of a comprehensive loan review which resulted in additional loan loss allowances during the year. Additionally, operating expenses increased by 23% in connection with the bank's aggressive expansion plan implemented in 2000.

Fee income from services increased by 18% to Ch$16,766 million and other income, which included foreign currency transactions and the sale of financial instruments, increased by 36% to Ch$8,938 million. The increase in fee and other income amply offset the slight reduction in net interest revenue reported in 2000, which fell as a direct result of the bank's policy to concentrate new loans in low-risk client segments whose associated margins are generally lower than higher-risk profile clients.

BUSINESS ACTIVITIES

COMPAÑIA CERVECERIAS UNIDAS S.A.

CCU
COMPAÑIA CERVECERIAS UNIDAS S.A.

Compañía Cevecerías Unidas S.A. (CCU), a pioneer in the consumer products industry in Chile, celebrated its 150 years of tradition of quality this year. Among its many commemorative activities, the company donated a monument of Friendship to the city of Santiago, reflecting its permanent commitment make art and culture accessible to the general public.

This beverage multi-national is the leading producer of beer and mineral water in Chile. It is second in the production of soft drinks and, through Viña San Pedro, it ranks second in wine exports, and third in the domestic wine market. Its brands – Cristal, Escudo, Royal Guard, Bilz, Pap, and Cachantun – among others, are strongly positioned in their segments and rank highly among consumer preference.

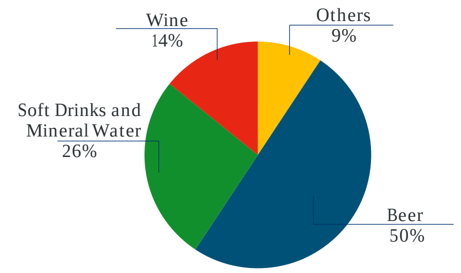
CCU also participates in the beer business in Argentina and Croatia. CCU Argentina, a joint venture with Anheuser-Busch, the largest brewery in the world, has gained a market share of 13% in the highly competitive Argentine beer market. In Croatia, CCU owns 34% of Karlovacka Pivovara, the second largest brewery in the country. As of December 31, 2000 it also owned 7% of the voting shares in Backus & Johnston, the sole brewery in the Peruvian market.

Sales volume of beer in Chile increased 4.7% during the last quarter of 2000 as a result of initiatives taken based on conclusions of a comprehensive study on per capita beer consumption in Chile. Initiatives, which were aimed at increasing opportunities for consumption, included the launching of "Dorado Extra Fuerte" and the introduction of new disposable packaging for the "Cristal" brand in 250 cc and one-liter bottles.

In the wine segment, sales results in the last half of the year were very encouraging due to the growth recovery seen in an otherwise difficult pricing environment in the internal market. The company's own sales force started to operate in the main cities

The wine production facility in Molina and beer plant in Temuco were inaugurated, both of which utilize of state-of-the-art technology and represent the culmination of important investments in the company's future.

CCU - OPERATING PROFIT BY SEGMENT



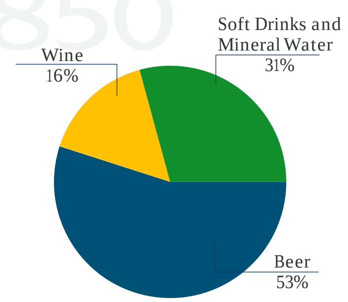
in the country with great success. The year 2000 also marked the expansion of Viña San Pedro into Argentina, following the purchase of prime wine-cultivating land near Mendoza. Exports of wine from Argentina will expand Viña San Pedro's already ample product portfolio in the future.

In the soft drinks division, Show, a new apple-flavored beverage, was launched and was well received by consumers.

In 2000, CCU initiated an important restructuring process with the advisory assistance of Booz-Allen & Hamilton Consulting. Once implemented, future cost savings associated with the restructuring plan will approximate US$20 million per year, ensuring CCU's future competitivity.

In November, CCU acquired 50% of Cevecería Austral, located in Punta Arenas, which produces the premium brands Austral and Imperial. The incorporation of these brands in CCU's distribution network will enable the CCU to strengthen and reinforce its already dominate position in this segment.

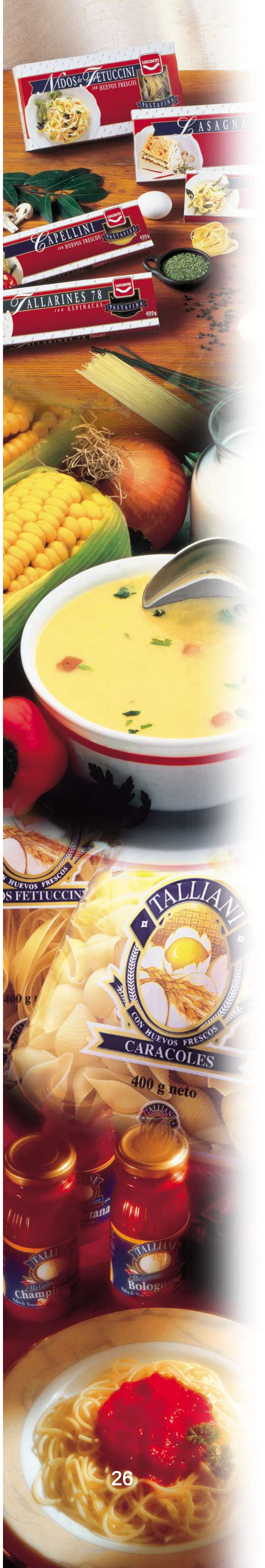
CCU - SALES BY SEGMENT



Results

CCU's revenues increased 4.4% in 2000, mainly owing to volume growth in the soft drinks and wine segments. Nonetheless, operating profit fell by 6% during the period, as a result of an increase in marketing expenses and distribution costs, partially offset by a decrease in salaries expense. Non-operating losses, which included non-recurring indemnization expenses related to the company's reorganization plan implemented in mid-year, were Ch$7,967 million. As a result, net profit for the year 2000 was Ch$25,727 million, down from the Ch$43,117 million reported in 1999.

EBITDA reached Ch$77,220 million, 0.5% higher than in 1999, as a result of an increase in the soft drinks division which successfully launched and marketed the Watts juice line in 2000.



EMPRESAS LUCCHETTI

EMPRESAS LUCCHETTI

Created in 1904 as Molinos y Fideos Lucchetti, Emmpresas Lucchetti S.A. is an important food company which produces pastas, cooking oils, soups, creams and broths. Lucchetti's pasta brands are recognized regional leaders, demonstrated by the significant market shares they enjoy in Chile (37%), Peru (21%), and Argentina (12%). In the local cooking oil market, Lucchetti's market share is 22% in Chile, making it one of the two leading manufacturers of this product in the country.

In an effort to maximize the profitability of its operations, Lucchetti decided to concentrate its operations in those markets where it can best exploit its competitive advantages. As a result, Lucchetti agreed to sell its operations in Argentina to the leading food company in that country, Molinos Río de la Plata S.A., for US$44.7 million. The operation will conclude after approval has been obtained from the Argentine Antitrust authorities, estimated to occur in 2001. Thereafter, Lucchetti will operate in Chile and Peru where it has modern production facilities, wide product coverage, and in-house distribution capacity.

Among Lucchetti's many strengths are its strong brand positioning and attractively-priced, high quality products. Another strength is the proven success of its in-house distribution system. Lucchetti Peru began operating under an in-house distribution system in 2000, which enabled the company to achieve important cost savings and coverage levels similar to larger local food companies in Peru. Additionally, in 2000, average pasta prices recovered significantly which also contributed to Lucchetti Peru's improved operating performance.

Lucchetti Peru also increased its production capacity with a new pasta production line imported from Chile, which utilizes the most modern technology in this field. This resulted in an increase in production capacity of 6,000 tons. Lucchetti Peru's capacity now exceeds 46,000 tons per year, enabling it to fully satisfy the needs of the Peruvian market.

In the Chilean market, Lucchetti modernized its packaging in order to gain visual impact at the point of sale. New product lines were incorporated such as Pastas Sorpresa (aimed at the children's segment), pastas with sauce, and oriental pastas, all of which were well received by consumers. The launching of a new line of soups was also carried out in 2000.

During this year, a strategic alliance with Coprona, a subsidiary of Unilever, was entered into to maximize production efficiencies associated with the production of edible oils. The joint venture contemplates sharing services and production facilities in the conversion of seeds to raw oil. Saving of more than one million dollars were already realized during the year in connection with this joint effort.

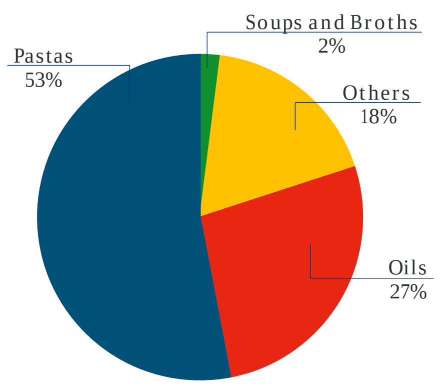
Results

Sales in 2000 were Ch$96,399 million, comparing favorably with the Ch$95,072 million reported in 1999. The increase in sales is mainly due to an improvement in the sales level in Peru as a result of higher average pasta prices.

Lucchetti also reported significant improvement in its operating results during 2000, having totally reverted the operating losses it reported in 1999. For the year ended December 31, 2000, Lucchetti reported operating profits of Ch$3,426 million, mainly as a result of the aforementioned increase in sales and an important reduction in selling, general and administrative expenses.

As part of its strategy to concentrate efforts in those markets where it operates with competitive advantages, as of December 31, 2000 Lucchetti provisioned for the sale of its Argentine subsidiary, which generated a charge to income for the year of Ch$47,103 million. The proceeds from the sale of US$44.7 million will be used to reduce Lucchetti's indebtedness.

LUCCHETTI - SALES BY SEGMENT



During the year 2000, in an effort to maximize the profitability of its operations, Lucchetti decided to concentrate in those markets where it can best utilize its competitive advantages.

TELEFÓNICA DEL SUR

Telefónica del Sur is the largest provider of telecommunications services in the south of Chile. This is reflected in its dominant position in the markets it serves, which include the cities of Temuco, Valdivia, Osorno, Puerto Montt, and Coyhaique. Near the end of the year 2000, Telsur expanded its activities to the Eighth Region of Chile, initiating operations in Concepción. During 2000, the number of lines in service increased to 158,974, a 6% increase over the previous year.

Telefónica del Sur is known for its permanent commitment to incorporate the most modern technology available in order to best serve its customers. It has been a pioneer in establishing many services that are now commonly used throughout the country. Telefónica del Sur's network is 100% digitalized, enabling it to provide value-added services such as Internet, Centrex, and ISDN, among others, as well as a comprehensive network of well-placed public telephones. Telefónica del Sur Carrier, a subsidiary of Telsur, offers domestic and international long distance services to users throughout Chile. Telsur Net and Telefónica del Sur Seguridad, were also created in 2000 to provide non-regulated telecommunications services.

In line with Telsur's goals to promote the development of network technologies, a multiservice Ericsson platform was put into service this year between Concepción and Puerto Montt, enabling Telsur to provide high-speed Internet access to residential and commercial users as well as local area network connections for businesses.

High-speed voice, data and Internet services were also initiated in Concepción and Talcahuano. Significant investment was made in the company's capacity to deliver these services which included voice switches and packages, copper and fiber optic external plant and major construction works.

At the end of the year 2000, Telsur expanded its activities to the Eighth Region, initiating operations in Concepción.

Among the technological advances seen during the year, most notable were the expansion of the band-width of the central "backbone" between Temuco and Puerto Montt, new fiber optic sections and the replacement of the digital switch in Maullín. In addition, the Carelmapu, Cochamó, Contao, Puqueldón, Quenuir, Palena, and Futaleufú switches were fully automated, and new satellite transmission links were installed in Cocamó, Río Negro de Hornopirén, Palena and Futaleufú. Microwave links were installed in Carelmapu, Contao, Puqueldón, and Quenuir.

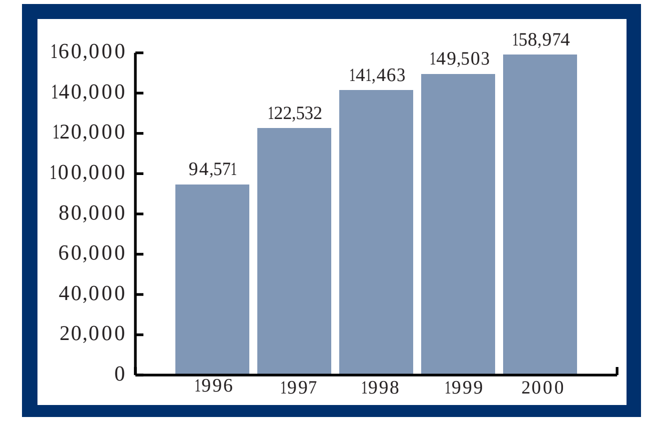
Results

Telsur´s revenue was Ch$41,589 million in 2000, down by only 3.9% from the sales reported in 1999, in spite of the new tariff structure implemented a year ago. This clearly demonstrates Telsur's ability to successfully adapt to changing regulations which have been imposed on all companies operating in the sector. The reduction in access charges was partially offset by income related to unregulated services, including Internet services and the expansion of the company's public telephone network.

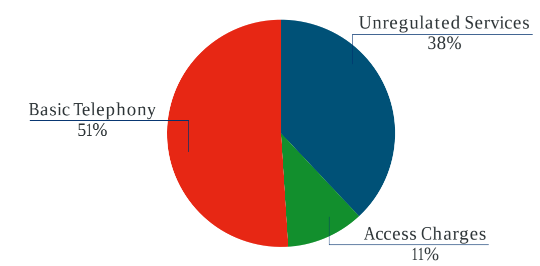
Operating profit increased to Ch$11,909 million in 2000, which represented an 85% increase over the operating profit reported in 1999. Operating profit benefited from a reduction in operating costs, mainly related to changes in the estimated useful lives of Telsur's main assets in 1999, which generated extraordinary charges in that period.

Net profit for this year was Ch$7,435 million, down from the Ch$10,846 million reported in 1999, which included significant extraordinary income in connection with the sale of Telsur's stake in VTR Hipercable of Ch$9,788 million.

TELSUR - LINES IN SERVICE



TELSUR - SALES COMPOSITION



ENTEL S.A.

Entel is a leading provider of mobile telephony, Internet (ISP) and long distance services in Chile, with more than 1.1 million clients and a 39% share of the market . Entel has also successfully led regional expansion into the lucrative US market, through its subsidiary, Americatel, the first multicarrier dedicated to the spanish-speaking public in the United States.

Entel's net profit was Ch$27,375 million in 2000. Quiñenco 13.7% proportionate share in Entel's net profit was Ch$3,825 million.

MANUFACTURING SECTOR

MADECO

Founded in 1944, Madeco is an important regional player in the production and sale of non-ferrous metal products (copper, aluminum and alloys), fiber optic cables, flexible packaging for consumer products, aluminum profiles and aluminum curtains.

The company operates in the Southern Cone through a large network of subsidiaries and affiliate companies. It has manufacturing facilities in Chile, Brazil, Argentina, and Peru. It also has a vast coverage of export products in international markets, mainly Latin America, the United States, and Europe.

Madeco's main activity is the manufacture of copper and aluminum cable and wire for use in the telecommunications, electricity transmission and distribution, mining, industry, and construction sectors. These products represent 56% of the company's business in terms of sales, followed by sales of brass mills products (23%), flexible packaging (14%), and aluminum profiles (7%).

This year Madeco underwent an important internal restructuring process, which enabled it to reorient its corporate strategy in order to better focus on its core businesses, fine tune operations, improve productivity and strengthen its client-oriented culture. To achieve this, Madeco redesigned its corporate organization, focused on strategic assets, restructured its finances, and made significant improvements in its information and automation systems.

Future initiatives to improve productivity and performance include reinforcing distribution channels, implementing cross-selling activities, and simplifying the legal structure of the company's subsidiaries.

Results

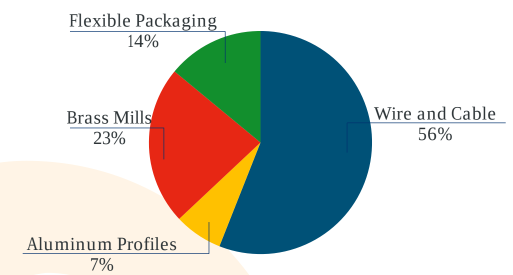
Madeco increased its sales by 15% during the year 2000, as a result of higher demand for cables in the telecommunications sector and increased exports of brass mills products to Latin America, the United States, and Europe. The operating margin increased by 50%.

Madeco increased its sales by 15% in the year 2000, as a result of higher demand for cables in the telecommunications sector and increased exports of brass mills products to Latin America, the United States, and Europe.

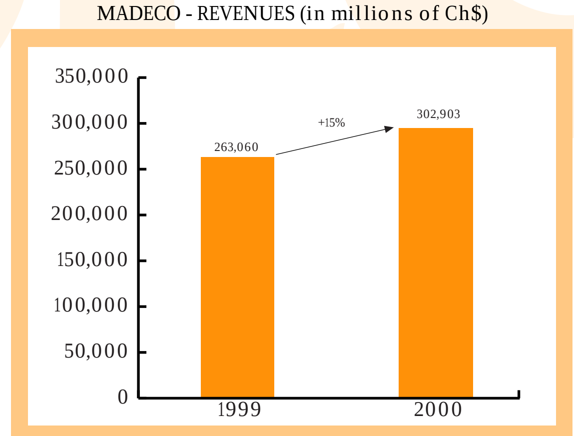
The 1999 operating loss was totally reverted this year, and Madeco reported an operating profit of Ch$9,989 million in 2000. All of the company's business units made significant progress during the year.

The year's net loss was reduced by 69%, compared with 1999, due to the markedly improved operating results and lower non-operating losses, which in 1999 included provisions related to the comprehensive restructuring initiated in that year.

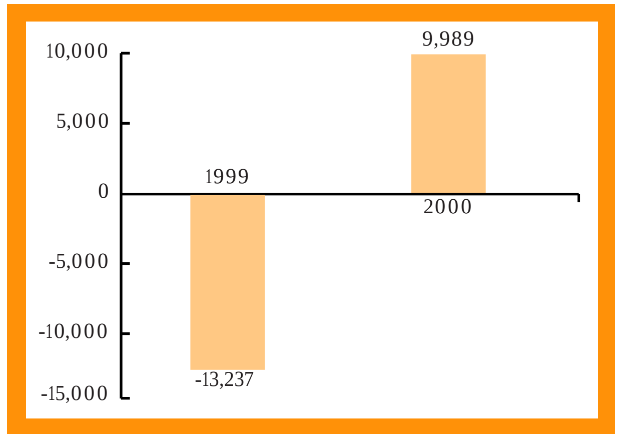
MADECO - SALES BY SEGMENT



MADECO - REVENUES (in millions of Ch$)



MADECO - OPERATING RESULTS (in millions of Ch$)



BUSINESS ACTIVITIES

PLAVA LAGUNA

Aware of Croatia's potential as a gate of entry to the European Union (UE), Quiñenco has continued to invest in this nation. This year, the conglomerate completed the acquisition of 39.4% of the Plava Laguna tourist complex, for US$27 million. This is in addition to the Karlovacka Pivovara brewery, which is 34.4% owned by CCU.

Plava Laguna is located on the coast of the Adriatic Sea in Istria, an area of extraordinary natural beauty endowed with considerable tourist attractions and enormous historical value. The chain has 15 hotels, 7 apartment buildings, and four camping areas with a total of 22,252 beds/day in an area covering about 120 hectares of land.

During the summer season of 2000, the resort complex received a large number of tourists from Germany, Austria, Italy, and Eastern Europe. This flow of tourists was approximately 35% higher than in 1999 and evidences a massive return of visitors to the area.

In terms of results, Quiñenco's proportional 39.4% share of Plava Laguna's profit was Ch$533 million in 2000.

HABITARIA

Through Habitaria, Quiñenco plays an active role in the development of the Chilean real estate industry. Incorporated in 1998, Habitaria is a joint venture with Ferrovial Inmobiliaria Chile Ltda., a subsidiary of Ferrovial Inmobiliaria S.A., a leading company in the residential real estate industry in Spain.

In the year 2000, Habitaria began marketing two housing projects, CasaParque La Viña and CasaParque La Florida which, added to the CasaParque Quilín project which is expected to be completed in the first quarter of 2001, will increase the portfolio of units for sale by 731 units.

Results

In the year 2000, Habitaria delivered a total of 161 units. Revenue for the year was Ch$6,271 million. Margins, compared with the previous year, were negatively affected by the type of units sold and lower prices, as a result of the strong economic contraction Chile has experienced since 1999 from which the real estate sector has yet to recover. Habitaria reported a net loss of Ch$799 million for the year 2000.

As of December 2000, Habitaria had sales agreements covering 128 units, amounting to Ch$6,006 million. Sales of these units should be reflected in the company's future results, mainly during the course of 2001.

HOTELES CARRERA

The traditional Hotel Carrera, a member of the "Leading Hotels of the World", widely recognized as a symbol of the best in Chilean hotels, celebrated its 60th anniversary in the year 2000.

During this period, Carrera established itself as a national hotel chain, with establishments in Iquique, Antofagasta, La Serena, and Concepción, all of which offer the reowned hospitality associated with the Carrera seal of quality. The hotels' centralized reservation system allows it to serve tourists and excutives from Chile and abroad, a necessary tool in today's competitive hotel business.

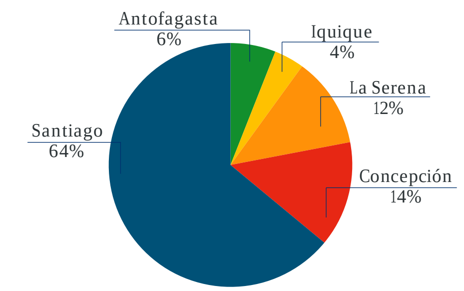
The hotel chains strives to be an efficient and profitable operation. To this end, performance and appraisal systems have been developed in order to measure progress not only operationally, but also with respect to financial and administrative management performance. As part of its business strategy, Carrera is positioning itself as a hotel management company, aimed at developing high-quality services for all of the hotels that bear its name. Carrera expects that this focus will allow it to optimize future returns.

Results

Revenue for the year ended December 31, 2000 amounted to Ch$7,228 million, a 10.3% increase over the prior year. This increase is mainly explained by revenue generated from the new hotels in Iquique and Antofagasta which were in full operation in 2000. The sales level of the Hotel Carrera in Santiago recovered in line with the national economy in 2000.

The net result for the year was a loss of Ch$1,106 million, mainly attributable to the new hotels in Iquique and Antofagasta which have not yet reached their breakeven level.

HOTELES CARRERA - SALES BY CITY



Hoteles Carrera celebrated its 60th anniversary as a symbol of the best in Chilean hotel services.

CORPORATE AFFAIRS

INVESTMENT POLICY

Quiñenco dedicates most of its resources to those companies it controls, either directly or in conjunction with strategic partners. Additional acquisitions in related businesses help to strengthen the foundations for the future growth of the Quiñenco Group.

Remaining resources are invested in businesses in which there are attractive prospects for growth or the possibility to establish a position in promising activities, although in certain cases, Quiñenco may not necessarily control the ownership or management.

Quiñenco is attentive to opportunities that coincide with its strengths, that is, companies with strong brand equity that target consumer markets and industries in which Quiñenco can leverage its experience. In the event it does not have direct experience, Quiñenco works with world-class strategic partners.

FINANCING POLICY

The financing for Quiñenco's investments comes from dividends and profit distributions paid by the companies in which it participates, as well as from resources generated by the sale of assets and the issue of debt and equity instruments. Quiñenco prefers long-term financing sources, whose maturity profiles help maximize cash flows and foster Quiñenco's ability to continue to make new investments.

RISK FACTORS

The primary risks affecting Quiñenco's activities and those of its subsidiaries and affiliate companies are those risks inherent to the markets and economies in which each business operates, both in Chile and abroad. These risks include the prices, costs and sales volumes for the products and services each company produces and markets.

Furthermore, Quiñenco and its subsidiaries and affiliate companies have historically required sizable amounts of capital to finance growth. As such, Quiñenco's future development depends largely upon its access to capital in order to expand its current businesses and enter into new business areas.

As a parent company, Quiñenco's profit level and its ability to pay obligations, debt service, and dividends depend largely on the dividends and distributions it receives from its subsidiaries, affiliates, and related companies. The payment of dividends by those subsidiaries, affiliates, and related companies is, in certain circumstances, subject to contingencies and restrictions on their earnings and cash flows.

Quiñenco faces interest rate risks because it has debts whose interest rates are variable, implying a risk if the rate should significantly vary. It also faces foreign exchange risk, since a percentage of the debt of Quiñenco and its subsidiaries is exposed to foreign currency fluctuations.

Many of Quiñenco's businesses are publicly-traded entities whose equity value may vary depending on market value fluctuations. The equity value of Quiñenco's investments could be affected by downturns in the Chilean securities markets and other securities markets.

Quiñenco is exposed to pricing risks in its products, mainly related to inventories at the subsidiary level.

INSURANCE

Quiñenco and its subsidiaries maintain annual insurance policies with leading companies that cover all relevant assets, including buildings, machinery, vehicles, raw materials, work-in-progress, finished goods, etc. The policies cover damages caused by fire, earthquake, and other contingencies.

DIVIDEND POLICY

At the Annual Shareholders' Meeting to be held on April 26, 2001, the Board of Directors will propose to maintain its dividend policy of distributing at least 30% of annual net profits. The Board has proposed to not to distribute dividends corresponding to the year 2000.

DIVIDEND NUMBER	DATE	DIVIDEND PER SHARE	TOTAL DIVIDEND
N°8	05-28-96	11,000.00000	M$ 5,184,388
N°9	05-30-97	9.26825	M$ 8,568,459
N°10	05-11-99	29.67527	M$ 32,041,577
N°11	05-12-99	7.31819	M$ 7,901,743
N°12	05-04-00	44.54132	M$ 48,093,048

Dividend figures represent the historical dividends paid to shareholders by Quiñenco S.A. They do not retroactively include the dividends paid by other related companies involved in the September 30, 1996 merger.

CAPITAL AND RESERVES

Assuming that the Financial Statements as of December 31, 2000 are approved, the Company's Shareholders' Equity and Reserves as of the close of the year would be as follows:

	THOUSANDS OF Ch $
Suscribed and paid-in capital	
(divided into 1,079,740,079 common shares)	428,224,335
Other reserves	16,766,256
Retained earnings	192,025,424
TOTAL	637,016,015

BOARD COMPENSATION

As agreed upon at the Annual Shareholders' Meeting held in 2000, compensation paid to members of the Board of Directors in 2000 was as indicated below:

ThCh$42,994 to Mr. Guillermo Luksic C.; ThCh$39,822 to Mr. Andrónico Luksic C.; ThCh$39,545 to Mr. Jean-Paul Luksic F.; ThCh$40,234 to Mr. Vladimir Radic P.; ThCh$38,441 to Mr. Philip Adeane; ThCh$40,372 to Mr. Hernán Büchi B.; ThCh$40,510 to Mr. Joaquín Errázuriz H.; ThCh$40,786 to Mr. Juan Andrés Fontaine T. and ThCh$40,373 to Mr. Gonzalo Menéndez D. The following Quiñenco board members received compensation for their services as board members of subsidiary companies as indicated below:

In Banco de A. Edwards, ThCh$23,772 to Mr. Guillermo Luksic C.; ThCh$54,333 to Mr. Andrónico Luksic C. and ThCh$103,761 to Mr. Gonzalo Menéndez D.

In Madeco S.A., ThCh$4,745 to Mr. Guillermo Luksic C.; ThCh$4,740 to Mr. Andrónico Luksic C.; ThCh$2,050 to Mr. Jean-Paul Luksic F. and ThCh$5,428 to Mr. Hernán Büchi B.

In Telefónica del Sur S.A., ThCh$41,736 to Mr. Guillermo Luksic C.; ThCh$10,189 to Mr. Gonzalo Menéndez D. and ThCh$4,117 to Mr. Jean-Paul Luksic F.

In Empresas Lucchetti S.A. ThCh$13,399 to Mr. Guillermo Luksic C,; ThCh$13,403 to Mr. Andrónico Luksic C. and ThCh$7,025 to Mr. Hernán Büchi B.

In Hoteles Carrera S.A., ThCh$1,655 to Mr. Joaquín Errázuriz H. and ThCh$276 to Mr. Vladimir Radic P.

MANAGEMENT COMPENSATION

Compensation paid to key Quiñenco executives during the year 2000, including salaries, benefits and performance bonuses totaled ThCh$1,511,007.

In March 2000, a long-term incentive plan was established for Quiñenco executives. A loan in the amount of ThCh$4,659,565 was granted to acquire shares of Quiñenco and its subsidiaries at market price. The loan, expressed in U.F., repayable in annual installments, and the shares acquired, are delivered in guarantee and may be delivered in payment. The plan is made in accordance with the directives of the Board of Directors on March 8, 2000.

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000 AND 1999
(TRANSLATION FROM THE ORIGINAL IN SPANISH)

CONTENTS

Report of independent accountants
Consolidated balance sheets
Consolidated statements of income
Consolidated statements of cash flow
Summarized notes to the consolidated financial statements
Management's analysis of the consolidated financial statements

$	-	Chilean pesos
ThCh$	-	Thousands of Chilean pesos
MCh$	-	Millons of Chilean pesos
US$	-	Dollars USA
ThUS$	-	Thousands of dollars USA
UF	-	Unidad de fomento (an official inflation-indexed monetary unit)

PRICEWATERHOUSECOOPERS

REPORT OF INDEPENDENT ACCOUNTANTS

(Translation from the original in Spanish)

Santiago, February 28, 2001
(March 14, 2001 for Note 23 d)

To the Shareholders and Directors
Quiñenco S.A.

1 We have audited the consolidated balance sheets of Quiñenco S.A. and its subsidiaries as of December 31, 2000 and 1999 and the related consolidated statements of income and of cash-flows for the years then ended. These financial statements (including the related notes thereto) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, based on our audits. We did not audit the financial statements of Madeco S.A. as of December 31, 2000, which represent assets amounting to M$ 438,808,635 and sales for the year of M$ 302,902,628. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Madeco S.A., is based solely on the report of the other auditors.

2 We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

3 In our opinion, based on our audits and the report of other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of Quiñenco S.A. and its subsidiaries as of December 31, 2000 and 1999 the results of their operations and their cash-flows for the years then ended, in conformity with accounting principles generally accepted in Chile.

4 As explained in Note 3, as from the year 2000, the Parent Company and subsidiaries have recorded the effects of deferred taxes in accordance with the regulations published on this matter.

5 The notes accompanying this report correspond to a summarized version of those included in the financial statements of the Company filed with the Superintendency of Securities and Insurance, on which we have issued our opinion on this same date, and which include additional information required by the Superintendency of Securities and Insurance, which, in the opinion of management, is not necessary for an adequate interpretation of these statements.

Eduardo Vergara D.

PricewaterhouseCoopers

CONSOLIDATED BALANCE SHEETS

	At December 31	
ASSETS	2000 ThCh$	1999 ThCh$
CURRENT ASSETS		
Cash	4,851,582	5,622,568
Time deposits	14,564,176	137,027,192
Marketable securities	4,264,432	6,237,381
Accounts receivable (net)	85,516,686	81,655,688
Notes receivable (net)	13,024,011	9,962,597
Other accounts receivable	6,810,811	6,215,446
Notes and accounts receivable from related companies	5,903,467	4,021,435
Inventories (net)	83,541,283	84,648,171
Recoverable taxes	15,405,710	18,628,671
Prepaid expenses	3,113,386	2,722,342
Deferred taxes	3,185,238	-
Other current assets	135,337,847	45,407,138
TOTAL CURRENT ASSETS	375,518,629	402,148,629
PROPERTY, PLANT AND EQUIPMENT		
Property	23,811,935	24,451,606
Buildings and installations	198,157,284	200,823,021
Machinery and equipment	331,699,001	349,524,940
Other fixed assets	58,424,841	49,730,937
Revaluation from technical appraisals	26,013,498	25,708,078
	638,106,559	650,238,582
LESS: ACCUMULATED DEPRECIATION	(228,675,964)	(209,306,267)
TOTAL PROPERTY, PLANT AND EQUIPMENT	409,430,595	440,932,315
OTHER ASSETS		
Investments in related companies	392,480,117	313,206,083
Other investments	2,905,594	46,760,350
Goodwill	156,557,179	131,137,009
Negative goodwill (less)	(20,343,064)	(21,784,518)
Long term accounts receivable	23,389,820	22,548,483
Notes and accounts receivable from related companies	38,064	38,064
Intangible assets	3,284,852	3,515,188
Amortization of intangible assets	(828,254)	(660,481)
Other non-current assets	25,386,277	21,429,806
TOTAL OTHER ASSETS	582,870,585	516,189,984
TOTAL ASSETS	1,367,819,809	1,359,270,928

The accompanyng Notes 1 to 23 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	At December 31	
	2000	1999
LIABILITIES AND SHAREHOLDERS' EQUITY	ThCh$	ThCh$
CURRENT LIABILITIES		
Short-term bank loans	155,201,341	94,096,190
Current portion of long-term bank loans	67,145,761	54,435,444
Current portion of bonds payable	3,846,356	4,398,918
Current portion of other long-term liabilities	2,072,632	3,561,495
Dividends payable	1,064,425	979,048
Accounts payable	32,232,921	27,123,089
Notes payable	30,904,575	22,535,311
Other liabilities	6,529,513	14,858,864
Notes and accounts payable to related companies	489,688	376,752
Provisions	22,230,949	27,915,180
Withholdings	4,497,726	4,346,040
Income taxes payable	94,872	12,516,791
Unearned income	463,020	3,073,055
Deferred taxes	569,011	-
Other current liabilities	667,033	38,028,481
TOTAL CURRENT LIABILITIES	328,009,823	308,244,658
LONG TERM LIABILITIES		
Long-term bank loans	199,783,921	137,629,000
Bonds payable	66,070,538	29,843,574
Notes payable	8,277,441	73,279,465
Sundry creditors	9,893,092	2,179,497
Provisions	12,238,280	10,783,337
Other long-term liabilities	4,210,271	736,201
TOTAL LONG-TERM LIABILITIES	300,473,543	254,451,074
MINORITY INTEREST	102,320,428	104,129,902
SHAREHOLDERS' EQUITY		
Common stock	428,224,335	428,224,335
Reserves	16,766,256	15,683,301
Accumulated deficit during development period of subsidiaries (less)	(948,892)	(236,272)
Retained earnings	198,622,412	80,929,189
(Loss) net income for the year	(5,648,096)	167,844,741
TOTAL SHAREHOLDERS EQUITY	637,016,015	692,445,294
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,367,819,809	1,359,270,928

The accompanying Notes 1 to 23 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME

	For the year ended December 31	
	2000	1999
	ThCh$	ThCh$
OPERATING RESULTS		
Net sales	451,796,019	425,787,618
Cost of Sales	(360,667,169)	(346,424,684)
Gross margin	91,128,850	79,362,934
Administrative and selliing expenses	(75,454,161)	(100,382,640)
OPERATING INCOME (LOSS)	15,674,689	(21,019,706)
NON-OPERATING RESULTS		
Interest income	8,514,205	20,340,113
Proportional share of net income of equity-method investments	17,685,953	18,239,986
Other non-operating income	13,195,883	257,007,486
Proportional share of loss of equity-method investments	(8,027,789)	(2,971,398)
Amortization of goodwill	(11,712,086)	(9,087,901)
Interest	(36,953,630)	(41,838,824)
Other non-operating expenses	(14,291,879)	(41,201,798)
Price-level restatements	(5,973,502)	13,172,288
NON-OPERATIONAL INCOME (LOSS)	(37,562,845)	213,659,952
Income before income taxes	(21,888,156)	192,640,246
Income tax	7,101,443	(22,403,602)
Income before minority interest	(14,786,713)	170,236,644
Minority interest	6,755,258	(4,368,256)
Income before amortization of negative goodwill	(8,031,455)	165,868,388
Amortization of negative goodwill	2,383,359	1,976,353
NET INCOME (LOSS) FOR THE YEAR	(5,648,096)	167,844,741

The accompanying Notes 1 to 23 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31	
	2000	1999
	ThCh$	ThCh$
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of accounts receivable	516,340,554	501,332,533
Interest income received	8,102,873	21,354,026
Dividends and other distributions received	10,869,571	10,568,017
Other income received	6,229,638	5,608,566
Payments to suppliers and employees (less)	(469,729,558)	(443,973,848)
Interest paid (less)	(38,620,590)	(41,497,510)
Income tax paid (less)	(13,027,853)	(4,833,941)
Other operating expenses (less)	(3,124,764)	(5,233,275)
VAT and other taxes paid (less)	(18,844,107)	(24,489,922)
NET CASH FROM OPERATING ACTIVITIES	(1,804,236)	18,834,646
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in capital	3,586,999	2,823,868
Borrowings	309,143,076	204,688,082
Bonds issued	36,714,327	-
Borrowings from related companies	660,380	-
Other borrowings	2,871,312	571,662
Dividends paid (less)	(51,032,851)	(20,879,954)
Return of capital to shareholders (less)	-	(21,801,288)
Payment of loans (less)	(265,570,024)	(227,873,924)
Payment of bonds (lesss)	(3,783,257)	(3,243,136)
Payment of other borrowings from related companies (less)	-	(3,255,968)
Payment of expenses related to shares issued (less)	(7,634)	-
Payment of expenses related to bonds issued (less)	(634,008)	-
Other financing activities (less)	(5,231,074)	(149,425)
NET CASH FROM FINANCING ACTIVITIES	26,717,246	(69,120,083)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continuation)

	2000 ThCh$	1999 ThCh$
	For the year ended December 31	
CASH-FLOWS FROM INVESTING ACTIVITIES		
Proceeds of sale of property, plant and equipment	7,446,292	3,530,252
Sales of permanent investments	13,130,439	454,988,871
Sales of other investments	45,872,274	6,010,639
Collection of other borrowings from related companies	-	9,813,714
Other income from investments	667,341	17,046,854
Additions to property, plant and equipment (less)	(32,637,042)	(57,202,112)
Payments of interest (less)	(328,809)	(1,206,344)
Other investments (less)	(52,801,783)	(374,933,289)
Other investing activities (less)	-	(41,408,766)
Documented loans to related companies (less)	(24,489)	-
Other loans to related companies (less)	(50,310)	-
Other disbursements relating to investments (less)	(864,191)	(12,716,394)
NET CASH FROM INVESTMENT ACTIVITIES	(19,590,278)	3,923,425
NET CASH FLOW FOR THE YEAR	5,322,732	(46,362,012)
PRICE-LEVEL RESTATEMENT OF CASH AND CASH EQUIVALENTS	(1,713,415)	17,782,091
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,609,317	(28,579,921)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	127,753,570	156,333,491
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	131,362,887	127,753,570

RECONCILIATION BETWEEN NET CASH FROM OPERATING ACTIVITIES AND NET INCOME

	For the year ended December 31	
	2000	1999
	ThCh$	ThCh$
(LOSS) NET INCOME FOR THE YEAR	(5,648,096)	167,844,741
Income from sales of assets:		
Loss (gain) on sales of property, plant & equipment	727,828	(263,820)
Gain on sales of investments	(9,046,114)	(247,331,782)
Loss on sale of investments	454,522	39,847
Loss on sales of other assets	37,441	1,645,062
Add (deduct) charges (credits) which do not represent movement of funds:		
Depreciation	30,361,100	38,463,354
Amortization of intangible assets	623,533	1,318,042
Write-offs and provisions	8,954,573	41,898,388
Proportional share of net income of equity-method investments	(17,685,953)	(18,239,986)
Proportional share of loss of equity-method investments	8,027,789	2,971,398
Amortization of goodwill	11,712,086	9,087,901
Amortization of negative goodwill	(2,383,359)	(1,976,353)
Price-level restatements	5,973,502	(13,172,288)
Other non-cash credits	(8,876,751)	(6,387,120)
Other non-cash charges	7,832,605	16,468,597
Changes in assets affecting cash flows:		
(Increase) decrease in accounts receivable	(12,719,466)	7,748,048
(Increase) decrease in inventories	(6,264,768)	7,462,676
Decrease in other assets	(23,802,223)	(5,532,963)
Changes in liabilities affecting cash flows:		
Increase (decrease) in accounts payable related to operating income	6,744,321	(10,638,987)
Increase in interest payable	18,111,646	11,602,900
Net (decrease) increase in income taxes payable	(13,145,115)	2,290,443
Increase in other accounts payable related to Non-operating income	3,745,023	6,275,725
Net increase in VAT and other taxes		
Minority interest share of income (loss)	1,216,898	2,892,567
	(6,755,258)	4,368,256
NET CASH FLOW FROM OPERATING ACTIVITIES	(1,804,236)	18,834,646

The accompanying Notes 1 to 23 form an integral part of these consolidated financial statements

SUMMARIZED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000 AND 1999
(Translation from the original in Spanish)

These summarized notes, in the opinion of management, provide sufficient but less detailed information than that contained in the financial statements filed with the Superintendency of Securities and Insurance, where they are available to the public in general.

Such information may also be obtained at the Company's offices during the 15 days prior to the Ordinary Shareholders' Meeting.

The main amendments considered are as follows:

A) Notes excluded:
- Time deposits
- Marketable securities
- Other current liabilities
- Severance indemnities
- Directors' remuneration
- Ownership Structure of the Parent Company
- Sanctions
- Research and development costs
- Guarantees and collateral received from third parties

B) Information contained in the following notes is summarized:
- Inventories
- Other current assets
- Investments in related companies
- Property, plant and equipment
- Short and long term liabilities
- Minority interest
- Balances and main transactions with related companies

NOTE 1– THE COMPANY

The Parent company is registered with the Securities Registry under N°0597 and is subject to the regulatory authority of the Superintendency of Securities and Insurance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Bases of presentation and principles of consolidation

The consolidated financial statements at December 31, 2000 and 1999 have been prepared in accordance with accounting principles generally accepted in Chile and the specífic standards and instructions of the Superintendency of Securities and Insurance, and include the assets, liabilities and results of the Parent company and the following subsidiaries:

	Percentage of Direct or Indirect Holding	
	2000 %	1999 %
Excelsa Establishment	100.00	-
LQ Inversiones Financieras S.A.	100.00	-
Inversiones Río Bravo Ltda. and subsidiaries	-	100.00
Inversiones Río Grande S.A. and subsidiaries	100.00	100.00
V.T.R. S.A. y filiales	100.00	100.00
Comatel S.A.	85.00	83.85
Agrícola El Peñón S.A. and subsidiary	96.05	96.05
O'Higgins Punta Arenas Ltda. C.P.A. and subsidiary	75.56	75.56
Madeco S.A. and subsidiaries	56.11	56.50

The effects of significant transactions with subsidiary companies have been eliminated and the participation of minority investors is shown in the consolidated financial statements as Minority interest.

The consolidated financial statements of Inversiones Río Grande S.A. and subsidiaries include the consolidation of the following direct and indirect subsidiaries: Inversiones Río Seco S.A., Inmobiliaria e Inversiones Hidroindustriales S.A., Hidroindustriales Overseas Co., Hidrosur Ltda., Inversiones y Bosques S.A., Inversiones Ranquil S.A., Inversiones Punta Brava S.A., Inmobiliaria del Norte S.A., Editorial Trineo S.A., Inmobiliaria Norte Verde S.A., Inversiones Pal S.A., Merquor Establishment, Lisena Establishment and Consultorías y Asesorías Financieras S.A..

The consolidated financial statements of Agrícola El Peñón S.A. and subsidiary include the consolidation of Hoteles Carrera S.A.

The consolidated financial statements of Madeco S.A. and subsidiaries include the consolidation of the following direct and indirect subsidiaries: Alusa S.A. and subsidiaries, Armat S.A., Electromecánica Industrial S.A., Indalum S.A. and subsidiaries, Madecotel S.A. and subsidiaries, Soindmad S.A. and subsidiaries, Comercial Madeco S.A., Argentina, Invercob S.A., Peru, Madeco Overseas S.A., Cayman Islands, Metal Overseas S.A. and subsidiaries, Cayman Islands, and Metalúrgica e Industrial S.A. and subsidiaries, Argentina.

The consolidated financial statements of V.T.R. S.A. and subsidiaries include the consolidation of the following direct and indirect subsidiaries: Compañía Nacional de Teléfonos, Telefónica del Sur S.A. and subsidiaries and VTR Comercial S.A.

The Parent company has not consolidated the financial statements of the subsidiaries Banco de A. Edwards and Banedwards Compañía de Seguros de Vida S.A. as these companies apply different accounting policies to those applied by the Parent company. This exemption from consolidation was authorized by the Superintendency of Securities and Insurance.

The Company has made some minor reclassifications to facilitate comparisons of the financial statements.

b) Price-level restatements

The consolidated financial statements have been restated to reflect the effects of variations in the purchasing power of the local currency during each year. According to current regulations, non-monetary assets and liabilities at the year-ends and initial net worth and its changes have been restated in line with changes in the official cost of living index, which amounted to 4.7% for the year 2000 (2.6% for 1999). Monthly balances of income and expense accounts were also restated to express them at year-end values. The amounts for 1999 have been restated by 4.7% for comparison purposes.

c) Assets and liabilities in foreign currency

Assets and liabilities in foreign currency (US dollars) at December 31, 2000 have been translated into Chilean pesos at the closing exchange rate of $573.65 per US$1 ($ 530.07 per US$1 in 1999).

Assets and liabilities in UFs are shown at December 31, 2000 at the year-end value of $15,769.92 per UF 1 ($15,066.96 per UF 1 in 1999).

d) Time deposits

Time deposits are stated at cost plus monetary correction (indexation) and interest accrued to each year-end.

e) Marketable securities

At December 31, 2000 and 1999, investments in quoted shares are shown at the lower of restated cost at the consolidated level and the market value of the portfolio at each year-end. Investments in mutual funds are shown at the closing value of the unit at each year-end.

f) Inventories

Raw materials are valued at the lower of their restated cost or current replacement cost. Work-in-process and finished goods are shown at restated cost which includes related direct and indirect manufacturing expenses. Supplies, spare parts and other inventories are shown at their restated costs. Installation projects of telephone cables in in progress are accounted for by the percentage of completion method.

The restated value of inventories does not exceed their estimated net realizable value.

g) Recoverable taxes

Recoverable taxes principally represent the difference between the provision for income tax and monthly tax prepayments plus VAT credits which can be used in future periods.

h) Prepaid expenses

This heading includes payments made for services to be received during the following year.

i) Other current assets

This heading includes securities purchased under reverse repurchase agreements and are valued at their year-end at their restated cost plus accrued interest. Also included are time deposits and guarantee notes issued to third parties.

j) Property, plant and equipment

Property, plant and equipment are shown at restated cost and net of corresponding provisions for obsolescence. Depreciation has been determined by the straight-line method based on the estimated useful lives of the assets. As authorized by the SVS, property, plant and equipment include the revaluation increment arising from the technical appraisals carried out during 1979, 1986 and 1997, of certain assets acquired by Madeco in Brazil.

Assets acquired under capital lease contracts are shown at the present value of the contract, calculated by discounting the value of installments and the purchase option at the interest rate implicit in the respective contracts. The corresponding liability is shown net of deferred interest.

k) Investments in related companies

Investments in related companies are shown in Other assets, valued according to the equity method based on the corresponding financial statements of the investee.

Participations in the results of these investments are shown in the consolidated statement of income on an accrual basis after eliminating unrealized income on intercompany transactions.

Foreign investments have been valued in accordance with Technical Bulletin N°64 of the Chilean Institute of Accountants.

l) Goodwill and negative goodwill

These balances show the difference between the amount paid and the equity value of an investment at the time of acquisition. These amounts are being amortized over a maximum term of 20 years from the acquisition date.

m) Other investments

Investments representing less than 10% of the voting stock of the investee and which are considered to be permanent, are valued at the lower of restated cost and market value.

n) Intangible assets

These relate to the cost of registering trademarks, net of their amortization which is carried out on a straight-line basis over a maximum of 40 years, being the period in which the benefits are expected to be received.

o) Bonds payable

This shows the liability for bonds issued by the subsidiaries Madeco S.A., Compañía Nacional de Teléfonos, Telefónica del Sur S.A. and Compañía de Teléfonos de Coyhaique S.A.

Bonds payable are shown under liabilities at their par value plus accrued interest. The discount arising from the difference between par value and the proceeds actually received is inlcuded in Other assets and is being amortized over the term of the bonds by the straight-line method.

p) Staff severance indemnities

The subsidiary companies which have agreements to pay severance indemnities calculate this liability based on the present value (accrued cost of the benefit method), assuming an annual discount rate of 6% and an estimated service period depending on the age and and probable tenure of the employee until retirement or other termination of employment.

q) Income taxes and deferred taxes

The Parent company and its subsidiaries calculate their current income tax liabilities in accordance with current tax legislation. Subsidiaries with taxable losses have not provided for current income taxes.

Should monthly tax prepayments be greater than the provision for Income tax, such balance is included under Recoverable taxes.

As from the year 2000, the effects of deferred taxes originating from differences between tax and financial balances are shown for all timimg differences in accordance with Technical Bulletin N°60 of the Chilean Institute of Accountants. The effects of deferred taxes existing at January 1, 2000 and not previously recorded, are deferred and recognized in income as and when the timing differences are reversed.

r) Staff vacations

The annual cost of vacations is recognized on an accrual basis.

s) Operating revenues

The subsidiaries record as operating revenues the value of products when they are dispatched and of services when they are provided. Revenues from installation projects in progress are shown by the percentage of completion basis.

The subsidiaries in the telecommunications business record as operating revenues, in addition to billings issued during the year, an estimate of services provided but not yet billed at the year-end. This estimate is determined on the basis of calls actually made, valued at rates prevailing in the corresponding period in which the service was provided: This is shown in Accounts receivable in the balance sheet. The cost of these services is included in Operating expenses in the consolidated Statement of Income.

t) Accumulated deficit during development period

In accordance with Circular 981 of the SVS, disbursements made during the organization and start-up stage which are not assignable to tangible or intangible assets are shown in the balance sheets as Accumulated deficit during development period, as a deduction from Shareholders' equity.

u) Consolidated statement of cash flows

Cash and cash equivalents are made up of all readily-realizable investments made as part of its normal cash management, including cash, time deposits and other current assets (reverse repurchase agreements with maturities not exceeding 90 days and a minimum price risk.

"Cash flow from operating activities" includes the cash flows related to the businesses of the Paremt company and its subsidiaries, interest paid, financial income and all cash flows not otherwise defined as originated by financing and investing activities. This concept is broader than that for Operating income used in the consolidated statement of income.

The headings "Increase in capital", "Dividend payments" and "Return of capital" include both the cash flows of the Parent company and of subsidiary companies to minority shareholders.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

According to the provisions of Technical Bulletin No.60, as from January 1, 2000, the Parent company and its subsidiaries have recorded the effects of deferred taxes determined for all timing differences, which resulted in an increase in income of ThCh$7,045,376.

There have been no other significant accounting changes during the year ended December 31, 2000 that could affect the interpretation of these consolidated financial statements.

NOTE 4 – PRICE LEVEL RESTATEMENTS

The application of the price level restatement method described in Note 2 b) generated a net charge to income of ThCh$ 5,556,040 (credit ThCh$16,461,490 in 1999) according to the following detail:

	2000			1999		
	Local Currency ThCh$	Foreign Currency ThCh$	Total ThCh	Local Currency ThCh$	Foreign Currency ThCh$	Total ThCh$
Financial investments	1,691,005	-	1,691,005	2,408,061	31,637,126	34,045,187
Investments in related companies	16,140,674	-	16,140,674	7,118,988	-	7,118,988
Balances with related parties	(292,440)	1,930,714	1,638,274	961,768	180,839	1,142,607
Other assets	23,850,067	1,856,516	25,706,583	18,010,543	12,649,612	30,660,155
Bank loans	(5,560,107)	(2,392,158)	(7,952,265)	(4,249,296)	(8,205,802)	(12,455,098)
Bonds payable	(1,595,721)	-	(1,595,721)	(152,334)	-	(152,334)
Accumulated translation adjustment	-	(1,624,528)	(1,624,528)	-	2,970,930	2,970,930
Other current liabilities and minority interest	(6,440,764)	(3,430,016)	(9,870,780)	(12,593,496)	(21,006,907)	(33,600,403)
Shareholders' Equity	(29,689,282)	-	(29,689,282)	(13,268,542)	-	(13,268,542)
(CHARGE) CREDIT TO INCOME	(1,896,568)	(3,659,472)	(5,556,040)	(1,764,308)	18,225,798	16,461,490
Restatement of income and expense accounts			(417,462)			(3,289,202)
PRICE LEVEL RESTATEMENTS			(5,973,502)			13,172,288

NOTE 5 - INVENTORIES

At the close of each year, Inventories, valued according to the criteria described in Note 2 f), are as follows:

	2000 ThCh$	1999 ThCh$
Finished goods and semi-finished products	45,721,589	41,635,727
Raw materials and supplies	29,314,930	33,417,363
Work-in-process	3,203,186	4,012,995
Other	5,301,578	5,582,086
	83,541,283	84,648,171

Inventories are shown net of allowances for obsolescence and write-offs.

NOTE 6 – OTHER CURRENT ASSETS

The composition of Other current assets, valued as described in Note 2 i), is as follows:

	2000 ThCh$	1999 ThCh$
Reversed repurchase agreements	124.563.236	41.135.815
Disposable assets	9.238.333	-
Other	1.536.278	4.271.323
	135.337.847	45.407.138

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, valued as described in Note 2 j), is summarized as follows.

	2000 ThCh$	1999 ThCh$
PROPERTY	23,811,935	24,451,606
Buildings and installations		
Industrial and commercial construction	127,046,365	135,281,730
Other	4,303,066	7,404,065
	131,349,431	142,685,795
Machinery and Equipment		
Industrial Machinery and Equipment	301,834,780	316,686,221
Other	15,272,615	18,464,042
	317,107,395	335,150,263
Equipment and telephone plants		
Subscribers' Telephones and Equipment	12,245,948	10,827,644
External networks	56,670,061	54,266,588
	68,916,009	65,094,232
Other property, plant & equipment		
Leased property, plant & equipment and others	30,738,483	24,223,379
Other	20,873,896	21,057,145
	51,612,379	45,280,524
Revaluation from technical appraisals	26,013,498	25,708,078
Works in progress	19,295,912	11,868,084
Accrued depreciation	(228,675,964)	(209,306,267)
TOTAL PROPERTY, PLANT & EQUIPMENT	409,430,595	440,932,315

The depreciation charge for the year amounts to ThCh$30,361,100 (ThCh$ 38,463,354 in 1999) and includes depreciation of the Revaluation from technical appraisals of ThCh$ 446,193 (ThCh$ 705,828 in 1999).

During 1999 the subsidiary Madeco S.A. reclassified inactive assets of ThCh$ 9,701,453 to the Other assets. These are shown at their realizable value of ThCh$ 4,214,134, resulting in a charge to income for the year of ThCh$ 5,487,319 which appears in Other non-operating expenses.

NOTE 8 – INVESTMENTS IN RELATED COMPANIES

a) The following are shown under Investments in related companies in Other assets, valued as described in Note 2 k):

Company	Holding %	Equity of Investee ThCh$	Holding ThCh$	Proportional Equity Value ThCh$	Results for the year ThCh$	Proportion of Results ThCh$
As of December 31, 2000						
Lucchetti Argentina S.A. (1)	100.00	24,999,102	17,921,336	17,921,336	52,366	(7,103,292)
Banedwards Cía. Seguros de Vida S.A. (2)	99.90	1,672,654	1,670,982	1,670,982	(136,320)	(136,228)
Banco de A. Edwards (2)	51.18	224,003,293	114,635,564	114,635,564	3,175,946	1,625,317
Inversiones y Rentas S.A.	50.00	247,694,624	123,847,312	123,847,312	15,793,543	7,896,772
Habitaria S.A.	50.00	13,392,335	6,696,168	6,696,168	(798,641)	(399,321)
Plava Laguna d.d. (Croacia)	39.42	40,267,552	15,873,469	15,873,469	1,351,905	532,921
Peruplast S.A. (Perú)	25.00	14,949,960	3,737,490	3,737,490	(13,112)	(3,278)
Tech Pack S.A. (Argentina)	25.00	11,851,594	2,962,898	2,962,898	318,288	79,572
Entel Chile S.A.	13.68	460,142,013	62,965,791	62,965,791	27,375,158	3,824,984
SM Chile series "A", "B" y "D"	11.90	298,105,468	35,021,332	35,021,332	22,372,689	2,133,006
Banco de Chile	1.00	382,476,500	3,831,344	3,831,344	81,957,500	615,083
Movement of unrealized income	-	-	-	-	-	878,045
Other	-	-	-	3,316,431	-	(285,417)
				392,480,117		9,658,164

(1) The financial statements of Lucchetti Argentina S.A. are not consolidated following an authorization by the SVS, since in February, 2001 agreements were signed for the sale of this subsidiary, producing an estimated consolidated loss of ThCh$7,103,292 that has been recorded in the financial statements as of December 31, 2000. The investment is shown at realization value.

(2) The financial statements of the subsidiaries Banco de A. Edwards and Banedwards Compañía Seguros de Vida S.A. have not been consolidated as banks and insurance companies apply different accounting policies to the Parent company. This exemption was authorized by the Superintendency of Securities and Insurance.

Company	Holding %	Equity of Investee ThCh$	Holding ThCh$	Proportional Equity Value ThCh$	Results for the year ThCh$	Proportion of Results ThCh$
As of December 31, 1999						
Banco de A. Edwards (1)	51.18	220,855,860	113,024,839	113,024,839	(6,911,405)	(1,989,137)
Inversiones y Rentas S.A.	50.00	244,589,343	122,294,672	122,294,672	30,071,926	15,035,963
Habitaria S.A.	50.00	9,461,682	4,730,841	4,730,841	(100,752)	(50,375)
Peruplast S.A. (Perú)	25.00	14,487,652	3,621,913	3,621,913	504,813	126,203
Tech Pack S.A. (Argentina)	25.00	11,205,099	2,801,275	2,801,275	848,702	212,176
Entel Chile S.A.	14.31	441,700,935	63,196,640	63,196,640	29,252,107	2,682,176
O'Higgins Central Hispanoamericano S.A. (2)	-	-	-	-	-	(737,702)
Other	-	-	-	3,535,903	-	(10,716)
				313,206,083		15,268,588

(1) The financial statements of the subsidiary Banco de A. Edwards are not consolidated as banks apply different accounting policies to those of the Parent company. This exemption was authorized by the Superintendency of Securities and Insurance, by Resolution 6350 dated November 5, 1999.

(2) According to public deed dated May 3, 1999, the Parent company sold its investment in O'Higgins Central Hispanoamericano S.A. (OHCH) for US$ 600,000,000, generating a pre-tax gain of ThCh$150,105,138.

SUMMARIZED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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i) BANCO DE A. EDWARDS AND SUBSIDIARIES

Non-consolidated subsidiary due to the application of different accounting policies.

BALANCE SHEET	2000 MCh$	1999 MCh$
ASSETS		
Cash and due from banks	193,753	164,657
Loans	2,263,430	2,069,347
Allowance for loan losses	(77,553)	(75,944)
Other interest-bearing operations	40,724	41,526
Investments	286,361	260,107
Other assets	57,565	30,729
Premises & equipment	63,046	48,787
TOTAL ASSETS	2,827,326	2,539,209
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits	2,368,122	2,115,053
Bonds payable	62,796	68,310
Loans from financial institutions	116,994	116,110
Other liabilities	55,411	15,191
Minority interest	-	3,731
Net equity	224,003	220,814
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,827,326	2,539,209
STATEMENT OF INCOME		
Operating revenue	329,312	305,190
Operating costs	(198,438)	(176,950)
Personnel salaries and expenses	(84,764)	(69,203)
Provisions, write-offs and recoveries	(32,076)	(67,347)
OPERATING INCOME (LOSS)	14,034	(8,310)
Non-operating income	2,207	1,574
Non-operating expenses	(6,727)	(58)
Income from investment in companies	4	75
Price-level restatements	(6,983)	(2,450)
Income tax	995	2,777
Minority interest	(354)	(518)
NET INCOME (LOSS) FOR THE YEAR	3,176	(6,910)

ii) Non-consolidated subsidiary due to the application of different accounting policies according to the standards of the Superintendency of Banks and Financial Institutions.

BANEDWARDS COMPAÑÍA DE SEGUROS DE VIDA S.A.

Balance Sheet	2000 ThCh$
ASSETS	
Financial investments	1,880,565
Other assets	455,470
TOTAL ASSETS	2,336,035
Liabilities and Shareholders' Equity	
Technical reserve	286,784
Other liabilities	376,596
Net equity	1,672,655
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,336,035
Statement of Income	
Contribution margin	485,329
Administrative expenses	(730,467)
Operating result	(245,138)
Non-operating income	84,762
Income tax	24,056
LOSS FOR THE YEAR	(136,320)

iii) Subsidiary not consolidated by Empresas Lucchetti S.A., see Note 23

LUCCHETTI ARGENTINA S.A.

Balance Sheet	2000 ThCh$
ASSETS	
Current assets	10,930,489
Property, plant & equipment	23,109,641
Other assets	1,473,578
TOTAL ASSETS	35,513,708
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities	9,826,549
Long-term liabilities	688,057
Capital and reserve	24,946,736
Net income for the year	52,366
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,513,708

b) negative Goodwill

	Negative Goodwill		Amortization	
	2000 ThCh$	1999 ThCh$	2000 ThCh$	1999 ThCh$
VTR S.A. and subsidiaries	5,248,602	5,872,198	623,596	614,163
Agrícola El Peñón S.A.	837,744	898,912	61,168	63,316
Inversiones Río Grande S.A. and subs. (1)	13,874,119	14,815,109	1,662,948	633,425
SM Chile serie "A"	191,733	-	17,234	-
Madeco S.A. and subsidiaries	184,674	198,299	18,088	663,592
Micellaneous	6,192	-	325	1,857
	20,343,064	21,784,518	2,383,359	1,976,353

(1) The Negative goodwill of Inversiones Río Grande and subsidiaries includes ThCh$ 13,215,895 which corresponds to Entel S.A.

c) Goodwill

	Goodwill		Amortization	
	2000 ThCh$	1999 ThCh$	2000 ThCh$	1999 ThCh$
Madeco S.A. and subsidiaries	40,247,937	41,316,867	2,499,350	6,066,980
O'Higgins Central hispanoamericano S.A.	-	-	-	621,202
Inversiones Río Grande S.A. and subs. (1)	9,297,283	8,853,472	3,445,775	249,940
Banco de Chile & SM Chile series "B" y "D"	30,539,054	-	1,354,729	-
Banco de A. Edwards	76,010,262	80,472,838	4,381,043	962,771
VTR S.A. and subsidiaries	462,643	493,832	31,189	1,187,008
	156,557,179	131,137,009	11,712,086	9,087,901

(1) The Goodwill of Inversiones Río Grande S.A. and subsidiaries includes ThCh$ 6,770,526, which corresponds to Entel S.A.

NOTE 9 – OTHER INVESTMENTS

The balance of other investments is as follows:

	2000 ThCh$	1999 ThCh$
Banco de Chile and Sociedad Matriz Banco de Chile S.A.	-	40,751,228
Other smaller investments	2,905,594	6,009,122
	2,905,594	46,760,350

NOTE 10 – OTHER ASSETS – OTHER NON-CURRENT ASSETS

The balance of the item Other non-current assets, in Other Assets, includes the following:

	2000 ThCh$	1999 ThCh$
Bond issue expenses	3,571,010	1,467,500
Disposable property, plant & equipment (net)	603,059	4,566,078
Tax incentives recoverable (Argentina and Brazil)	7,755,681	8,231,401
Judicial deposits	1,945,224	1,529,301
Guarantee deposits	1,476,593	1,399,030
Deferred taxes	7,360,246	-
State industrial-promotion grant (Argentina)	1,203,865	1,330,425
Inventories with rotation over 1 year (net)	141,951	870,021
Others	1,328,648	2,036,050
	25,386,277	21,429,806

NOTE 11 – LONG-TERM RECEIVABLES

The balance of ThCh$ 23,389,820 (ThCh$ 22,548,483 in 1999) mainly corresponds to the sale of 414,018,557 shares in Banco de A. Edwards by the Parent company to J. Ergas Inversiones y Rentas Limitada for 1,238,290.4425 Unidades de Fomento, with no effect on the results. This balance is payable on March 31, 2003 and accrues interest at 8.98% p.a..

On December 23, 1999, J.Ergas Inversiones y Rentas Ltda. pledged the 414,018,557 shares in Banco de A. Edwards to the Parent company.

NOTE 12 – SHORT AND LONG TERM LIABILITIES

a) Short-term bank loans

	2000 ThCh$	1999 ThCh$
Payable in:		
US Dollars	68,690,569	52,683,680
Unidades de Fomento (UF)	83,858,180	37,902,059
Non-indexed Chilean pesos	2,652,592	3,510,451
TOTAL	155,201,341	94,096,190

b) Short-term liabilities

	2000 ThCh$	1999 ThCh$
Payable in:		
Other foreign currencies	59,650,457	66,314,660
Unidades de Fomento (UF)	11,399,694	9,985,480
Non-indexed Chilean pesos	34,612,570	83,412,884
TOTAL	105,662,721	159,713,024

c) Long-term liabilities

		2000 ThCh$	1999 ThCh$
Bonds payable (1)	UF	66,070,538	29,843,574
Notes payable	UF	8,206,640	11,980,739
	US$	70,801	61,298,726
Sundry creditors	UF	2,535,273	1,211,186
	US$	7,356,128	920,264
	$	1,691	48,047
Provisions	US$	4,614,831	3,905,414
	$	5,449,889	4,794,065
	Other	2,173,560	2,083,858
Other long term liabilities	US$	723,550	19,233
	$	3,457,335	-
	Other	29,386	716,968
TOTAL		100,689,622	116,822,074

(1) Bonds payable:

ISSUER	Original Issue amount UF	Balances at December 31 2000 ThCh$	1999 ThCh$
Compañía Nacional de Teléfonos, Telefónica del Sur S.A.	2,800,000	25,968,925	27,112,600
Compañía de Teléfonos de Coyhaique S.A.	130,000	-	1,424,519
Madeco S.A.	3,193,000	43,947,969	5,705,373
Sub total		69,916,894	34,242,492
Less current portion		(3,846,356)	(4,398,918)
TOTAL LONG TERM		66,070,538	29,843,574

The long term liabililties as of December 31, 2000 are payable as follows:

YEAR	ThCh$
2002	22,223,220
2003	13,648,560
2004	8,147,132
2005 onward	56,670,710
	100,689,622

d) Long term bank loans

	2000 ThCh$	1999 ThCh$
Payable in:		
Unidades de Fomento (UF)	166,380,599	81,573,721
US Dollars	100,549,083	110,490,723
	266,929,682	192,064,444

Long-term bank loans are payable as follows:

YEAR	ThCh$
2002	97,133,383
2003	42,853,950
2004	31,250,727
2005 onward	28,545,861
	199,783,921
Current portion	67,145,761
TOTAL LONG-TERM BANK LOAN	266,929,682

NOTE 13 – PROVISIONS

At the close of each year, the provisions correspond to the following:

	2000 ThCh$	1999 ThCh$
A) CURRENT LIABILITIES		
Staff vacations	3,644,275	3,714,214
Purchase price accruals	3,443,550	3,333,155
Restructuring expenses	1,729,421	2,498,429
Property, municipal and other taxes	1,493,920	888,109
Provision for construction in progress	1,475,716	2,217,155
Remuneration and consultancy services	1,452,437	1,406,530
Project expenses, suppliers and others	965,526	1,241,733
Staff severance indemnities	816,768	1,583,986
Commercial expenses	752,613	943,441
Export and import costs	617,147	294,762
Connection cost	490,045	475,236
Provision basic consumption	404,410	227,505
Distributor and freight commissions	393,621	485,988
Employees benefits	251,146	482,781
Advertising, promotion and corporate image	146,821	625,207
General expenses, balance sheets, annual reports and other publications	140,024	1,030,643
Installation cost of sold products	77,418	1,078,130
Profit sharing	71,300	2,167,845
Other	3,864,791	3,220,331
TOTAL	22,230,949	27,915,180
B) LONG TERM LIABILITIES		
Provision for probable losses	5,441,712	5,265,959
Staff severance indemnities	2,148,736	2,681,564
Lawsuits pending	3,507,065	2,835,814
Other	1,140,767	-
TOTAL	12,238,280	10,783,337

The allowance for doubtful accounts is shown deducted from accounts receivable. Provisions and write-offs of obsolete inventories are shown deducted from inventories and other assets. Likewise, inactive assets are shown at their net realizable value.

NOTE – 14 INCOME TAXES

a) Current income tax

The detail of Recoverable taxes and Income taxes of the Parent company and its subsidiaries is as follows:

	2000 ThCh$	1999 ThCh$
RECOVERABLE TAXES		
Other credits against tax	12,772,854	14,523,706
Other recoverable taxes	2,632,856	4,104,965
	15,405,710	18,628,671
INCOME TAX		
First category tax	1,136,938	20,666,792
Sole tax Article N° 21	33,547	25,726
Monthly tax prepayments	(1,075,613)	(8,175,727)
	94,872	12,516,791

b) Deferred taxes

The accumulated deferred taxes of the Parent company and consolidated subsidiaries which have been accounted for at 31/12/00 under current regulations, are summarized as follows:

	Deferred Tax Assets		Deferred Tax Liabilities	
CONCEPTS TIMING DIFFERENCES	Short-term ThCh$	Long-term ThCh$	Short-term ThCh$	Long-term ThCh$
Provision for vacations	300,132	-	-	-
Allowance for doubtful accounts	1,103,544	-	-	-
Unearned income	-	-	-	-
Provision for obsolescence	274,140	122,177	-	-
Leased assets	-	-	116,436	2,114,659
Manufacturing costs	-	-	518,959	-
Depreciation of property, plant & equipment	-	2,881	-	12,818,330
Staff severance indemnities	-	-	3,847	650,736
Tax losses	2,569,768	23,589,935	-	-
Deferred expenses	-	-	-	-
Sundry provisions	1,362,991	1,251,884	21,987	679,115
Complementary accounts	(2,425,337)	(17,606,631)	(92,218)	(12,858,943)
	3,185,238	7,360,246	569,011	3,403,897

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C) Effect on results

	2000 ThCh$	1999 ThCh$
Provision for income tax	(2,116,137)	(22,460,310)
Sole tax Artícle N° 21	(33,615)	(25,773)
Recoverable income tax (Argentina & Peru)	1,933,625	(1,416,649)
Effect of deferred taxes for year	5,698,536	-
Amortization complementary accounts	1,346,840	-
Income tax recovered	305,934	1,459,505
Other	(33,740)	39,625
	7,101,443	(22,403,602)

NOTE 15 – SHAREHOLDERS' EQUITY

a) The movement of the Shareholders' Equity accounts is as follows:

		OTHER RESERVES						
	Common Stock ThCh$	Other Equity changes subsidiaries ThCh$	Accrued translation adjustment difference ThCh$	Incentive plan for executives ThCh$	Accum. Deficit development period Subsidiary ThCh$	retained Earnings ThCh$	Net Income (loss) For the year ThCh$	Total ThCh$
Balances as of January 1, 1999	398,636,720	10,804,734	1,477,930	-	(5,696,614)	62,573,605	26,339,138	494,135,513
Allocation of 1998 net income	-	-	-	-	5,696,614	20,642,524	(26,339,138)	-
Payment of dividends	-	-	-	-	-	(7,901,743)	-	(7,901,743)
Restatement of equity	10,364,555	313,180	13,301	-	-	1,981,879	-	12,672,915
Translation adjustments	-	-	3,767,205	-	-	-	-	3,767,205
Proportional share of equity changes in subsidiaries	-	220,748	-	-	(225,666)	-	-	(4,918)
Reversal on sale of stock investment	-	1,019,904	(2,637,727)	-	-	-	-	(1,617,823)
Net income for the year	-	-	-	-	-	-	160,310,163	160,310,163
BALANCES AS OF DECEMBER 31, 1999	409,001,275	12,358,566	2,620,709	-	(225,666)	77,296,265	160,310,163	661,361,312
BALANCES AS OF DECEMBER 31, 1999 RESTATED FOR COMPARISON PURPOSES	428,224,335	12,939,419	2,743,882	-	(236,273)	80,929,190	167,844,740	692,445,293
Balances as of January 1, 2000	409,001,275	12,358,566	2,620,709	-	(225,666)	77,296,265	160,310,163	661,361,312
Allocation of 1999 loss	-	-	-	-	225,666	160,084,497	(160,310,163)	-
Payment of dividends	-	-	-	-	-	(48,093,048)	-	(48,093,048)
Restatement of equity	19,223,060	580,853	123,173	-	-	9,762,196	-	29,689,282
Translation adjustments	-	-	5,806,606	-	-	-	-	5,806,606
Proportional share of equity changes in subsidiaries	-	(64,086)	-	-	(948,892)	(427,498)	-	(1,440,476)
Incentive plan for executives	-	-	-	(4,659,565)	-	-	-	(4,659,565)
Loss for the year	-	-	-	-	-	-	(5,648,096)	(5,648,096)
BALANCES AS OF DECEMBER 31, 2000	428,224,335	12,875,333	8,550,488	(4,659,565)	(948,892)	198,622,412	(5,648,096)	637,016,015

b) The board meeting held on April 5, 2000 agreed to propose to the ordinary shareholders meeting, in accordance with the Company's dividend policy, the distribution of a final dividend amounting to $48,093,048,376 made up of the minimum obligatory dividend of $48,025,348,673, corresponding to 30% of the net income for 1999 after deducting the accumulated deficit during development period, and an additional dividend of $67,699,703 corresponding to 0.042% of the net income for 1999 after deducting the accumulated deficit during development period of subsidiaries .

This proposal meant the distribution of $44.54132 per share as a final dividend to a total of 1,079,740,079 shares.

c) As of December 31, 2000 and 1999 the Accumulated translation adjustment included the exchange differences resulting from the application of Technical Bulletin Nº 64 of the Chilean Institute of Accountants.

d) The Accumulated translation differences adjustment account includes the proportion of equity changes in the companies Agrícola El Peñón S.A., Inversiones Río Grande S.A., Madeco S.A., Inversiones y Rentas S.A., Inversiones Río Bravo Ltda. and Inversiones Hidrosur Ltda. (Inversiones Nacionales Ltda., Inversiones y Rentas S.A., Agrícola el Peñón S.A., Madeco S.A. and Inversiones Río Grande S.A. in 1999).

e) As of December 31, 2000, the Accumulated deficit during development stage of subsidiaries includes the recognition of the proportional share of equity adjustments recorded by VTR S.A. (Madeco S.A. in 1999).

f) At the close of 2000, Other reserves include the proportional recognition of equity changes in L.Q. Inversiones Financieras S.A.

g) A long-term incentive plan was implemented for Company executives in March 2000. A loan amounting to ThCh$ 4,659,565 was granted to purchase sharers in the Company and its subsidiaries at market value. The loan denominated in U.F. is payable in annual installments and the acquired shares are pledged and may be used in payment. The plan is covered by rules approved by the board of directors on March 8, 2000.

h) The Company's capital as of December 31, 2000 and 1999 is divided into 1,079,740,079 shares of no par value.

NOTE 16 – MINORITY INTEREST

At the close of each year, the minority interest is as follows:

	Minority Interest			
	Amount in Balance Sheet		Statement of Income	
	2000 ThCh$	1999 ThCh$	2000 ThCh$	1999 ThCh$
Madeco S.A.	68,194,910	68,638,990	7,349,400	23,699,603
C.N.T. Telefónica del Sur S.A.	13,775,671	13,552,155	(1,965,752)	(2,867,684)
Alusa S.A.	8,848,256	8,854,525	106,307	1,301,773
Empresas Lucchetti S.A.	4,675,500	5,929,029	1,301,241	2,374,806
Indeco S.A. (Perú)	1,609,881	1,898,304	(14,001)	20,720
Ficap Optel Limitada	1,977,372	1,723,483	(222,003)	(271,917)
V.T.R. S.A.	-	-	-	(30,054,248)
Hoteles Carrera S.A.	1,247,364	1,349,401	102,037	90,445
Others	1,991,474	2,184,015	98,029	1,338,246
	102,320,428	104,129,902	6,755,258	(4,368,256)

NOTE 17 – BALANCES AND MAIN TRANSACTIONS WITH RELATED COMPANIES

a) Short-term notes and accounts receivable from related companies

Company	Relationship	Total 2000 ThCh$	Total 1999 ThCh$
Inversiones y Rentas S.A.	Coligada	3,206,269	2,675,528
Telefónica del Sur Net S.A.	Filial en etapa de desarrollo	1,456,106	-
Comercial Systral (Perú) S.A.	Filial en etapa de desarrollo	-	205,472
Minera Los Pelambres S.A.	Accionistas comunes	78,632	243,808
Promosol S.A.	Coligada	604,768	654,753
Other		557,692	241,874
		5,903,467	4,021,435

B) Short-term notes and accounts payable to related companies

Company	Relationship	Total 2000 ThCh$	Total 1999 ThCh$
Alupack S.A.	Indirect	-	84,935
Cobrecom S.A. (Perú)	Associate	24,660	-
Minera Michilla S.A.	Shareholders in common	30,459	-
Colada Continua Chilena S.A.	Associate	227,364	268,049
Other		207,205	23,768
		489,688	376,752

Balances maintained with Banco de A. Edwards and the associate company Banco de Chile are shown in the corresponding accounts, Cash and Time deposits.

c) The main transactions with related parties affecting the income accounts are as follows:

Company	Relatioship	Amount of the Transaction 2000 ThCh$	Amount of the Transaction 1999 ThCh$	Effect on Results (Charge) credit 2000 ThCh$	Effect on Results (Charge) credit 1999 ThCh$	Type of operation
Habitaria S.A.	Associate	3,057,992	-	53,076	-	Current account
Banco Santiago	Associate (until May 1999)	-	12,860,038	-	(413,671)	Loan obtained
Alupack S.A.	Indirect	298,683	-	(298,683)	-	Services
Banco de A.Edwards	Subsidiary	244,690	-	240,042	-	Investment and services
Banco de A.Edwards	Subsidiary	89,292	-	-	-	Financial expenses, interests
Inversiones y Rentas S.A.	Associate	-	20,379	-	20,379	Adjustment current account and services
Inversiones La Haya S.A.	Director in common	77,536	76,559	(77,536)	(76,559)	Advisory services
Viña San Pedro S.A.	Associate	57,895	19,663	49,063	19,663	Services
Cía. Minera Carolina de Michilla S.A.	Main shareholders in common	88,504	38,822	75,556	32,900	Services rendered
Embotelladoras Chilenas Unidas S.A.	Associate	556,004	330,349	471,190	279,957	Sale of Products
Minera Los Pelambres S.A.	Indirect	247,616	1,690,357	209,844	1,432,506	Services rendered
Promosol S.A.	Indirect	834,280	1,104,973	834,280	1,104,973	Services
Promosol S.A.	Indirect	2,208,002	4,312,763	(2,208,002)	(4,312,763)	Purchase of products and services
Italpasta S.A.	Associate	-	494,410	-	418,992	Invoicing
Incentive plan for executives	Executives	4,659,565	-	130,113	-	Purchase of shares Quiñenco and other
Other minor		82,919	244,117	15,507	214,883	

The balances maintained with the subsidiary Banco de A. Edwards and associate company Banco de Chile are shown in the corresponding accounts, Cash and Time deposits.

NOTE 18 - GUARANTEES, ENCUMBRANCES, CONTINGENCIES AND COMMITMENTS

a) Pledge over shares
The Company has pledged the following shares in related companies to cover its obligations:

Type of Guarantee	Number of Shares	Company	In favor of	Amount loan as of 31/12/2000 ThCh$	Book value asset pledged ThCh$
Shares pledged	1.985.308.702	Banco de A.Edwards	Banco del Estado	63,157,752	60,247,268
Guarantee, joint Debtor and pledge	131.098.905	Madeco S.A.	Banco del Estado	67,475,274	52,773,914
Guarantee and pledge	58.127.677	Madeco S.A.	Banco Central Hispanoamericano Grand Cayman	8,843,447	23,399,296
Shares pledged	1.012.500.000	Sociedad Matriz Chile S.A. serie "B"	Banco Santiago	27,404,464	23,989,074
Shares pledged	16.112.000	Lucchetti Argentina S.A.	ABN AMRO Bank y Credit Suisse	7,744,275	17,921,336
Pledge and negative pledge over shares	68.703.461	Compañía Nacional de Teléfonos, Telefónica Del Sur S.A.	Compañía de Telecomunicaciones De Chile S.A.	12,242,951	15,904,699

On April 29, 1999, VTR S.A. and Compañía Nacional de Teléfonos Telefónica del Sur S.A. sold their investment in VTR Hipercable S.A. to UIH Latin America Inc. As part of this sale, the parties signed an Indemnification Agreement in which Quiñenco undertakes to indemnify UIH for any losses not covered by VTR S.A. and its subsidiary for an amount in excess of US$5,000,000 incurred by UIH and related parties as a result of:

(i) Now compliance by VTR S.A with the terms established in the Promise Agreement signed on October 15, 1998.

(ii) Any in accuracies in the seller's warranties and/or guarantees as set out in Section 5 of the Promise Agreement.
This obligation is limited to 55.9% of the total of such losses.

The guarantees in section 5 of the Promise Agreement relate mainly to the legal constitution of VTR S.A., the accuracy of consolidated financial statements of VTR Hipercable S.A. as of September 30, 1998 and the preferential right granted to UIH over CNT's shares should VTR S.A. decide to sell its investment in this company.

b)Mortgages over assets and pledges on machinery, buildings and trademarks

The Company and its subsidiaries have granted mortgages over assets and pledges over machinery, buildings, materials and products in process with a book value of ThCh$ 16,581,087.

c) Other guarantees to third parties

In order to guarantee the loan requested by its subsidiary Alusa S.A., and its subsidiaries Alusa Overseas S.A. and Aluflex S.A., from Rabobank Curacao N.V., ABN AMRO Bank and Citibank, Madeco S.A. and Alusa S.A. have given their joint and several guarantee.

Empresas Lucchetti S.A. is joint and several guarantor for the obligations of its subsidiary Lucchetti Perú S.A. with UBS AG for a loan of ThUS$ 12,600.

The above loans are subject to certain ratio conditions and covenants. The subsidiary Madeco S.A. is negotiating a waiver from these ratios and an amendment to the ratios set for the remaining quarters.

In connection with the sale of VTR Larga Distancia S.A. to CTC, on October 14, 1998, VTR S.A. and VTR Larga Distancia S.A. entered into a Liberation, Contingencies and Guarantees agreement. On December 27, 1999, VTR S.A. and Globus S.A. (previously known as VTR Larga Distancia S.A.) signed a new agreement modifying the previous agreement and establishing that VTR S.A. is solely responsible during a perido of two years as from December 27, 1999 for any payments that Globus S.A. might have to make in relation to any situation or circumnstance originating between January 1994 and the date of the agreement that do not correspond to the specific contingencies and issues identified in the agreement. The above-mentioned responsibility is limited to US$ 13 million. In order to guarantee compliance with the agreement, VTR S.A. issued bank guarantees totaling UF 88,658 at December 31, 2000.

On June 16, 1999, as a result of the Company's purchase of VTR's shares from SBC International, both parties assumed certain reciprocal obligations, which could result in adjustments to the purchase price.

d) Lawsuits

The Company and its subsidiaries are involved in commercial and labor lawsuits that are usual in their businesses. Management believes that these lawsuits will not result in any material obligations not considered in these financial statements.

NOTE 19 – ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Balances in foreign currency at the close of each year are as follows:

	2000 ThUS$	1999 ThUS$
ASSETS		
Cash and time deposits	6,245	47,361
Accounts receivable	44,610	58,056
Accounts receivable from related companies	-	11,301
Other assets	420,295	463,501
TOTAL ASSETS	471,150	580,219
LIABILITIES		
Bank loans	286,427	328,442
Accounts and notes payable	65,951	54,780
Other accounts payable	-	20,084
Provisions	13,942	4,061
Other	12,586	132,146
TOTAL LIABILITIES	378,906	539,513
NET ASSETS	92,244	40,706

SUMMARIZED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000 AND 1999
(Translation from the original in Spanish)

NOTE 20 – OTHER NON-OPERATING INCOME AND EXPENSES

At the close of each year, this heading includes:

	2000 ThCh$	1999 ThCh$
A) OTHER NON-OPERATING INCOME		
Gain on sale of investments	9,047,337	247,331,782
Taxes recovered	1,718,932	1,682,863
Reversal of excess provision	434,478	-
Rentals	252,828	-
Expense reimbursements and recoveries	297,110	-
Gain on sale of fixed asset	-	418,337
Dividends received	-	378,295
Realization of deferred profit	-	3,440,719
Indemnities received	-	657,746
Other	1,445,198	3,097,744
	13,195,883	257,007,486
B) OTHER NON-OPERATING EXPENSES		
Allowance for doubtful accounts (Argentina)	3,204,658	-
Restructuring expense and severance payments	1,793,896	8,437,626
Loss on construction contracts	1,243,673	1,010,398
Adjustment to stock market prices	1,093,250	1,193,010
Loss on sale of property, plant & equipment and other	926,302	107,275
Write-offs and obsolesence	791,920	1,578,160
Extraordinary fees & advisory services	732,518	4,960,835
Allowance for long-term debtors	719,115	-
Adjustment to realization value of inactive assets	500,000	5,487,319
Loss on sale of investments	431,783	2,231
Tax fractioning (Peru)	264,735	-
Amortization extraordinary disbursements	225,794	211,566
Labor lawsuits	182,040	604,546
Discount on bond issue	163,773	171,040
Bank commissions and costs	145,008	22,164
Directors' fees and profit sharing	136,993	778,139
Loss on forward contracts	87,407	1,834,214
Depreciation of leased assets	72,838	71,382
Provision for probable losses	-	5,265,957
Adjustment for investment in subsidiaries	-	2,209,670
Payments under contract	-	2,789,762
Transfer and closure expenses	-	759,535
Release for unrealized results	-	1,376,957
Other	1,576,176	2,330,012
	14,291,879	41,201,798

NOTE 21 – SHARE TRANSACTIONS

a) During 2000 and 1999 the following shares were traded by the controlling shareholders:

	2000		1999	
	Purchase	Sale	Purchase	Sale
Inversiones Consolidadas Ltda.	-	-	238,486	-
Sociedad Inmobiliaria y de Inversiones Río Claro Ltda.	-	-	238,483	-
Citibank N.A. (ADR depositary bank)	4,782,310	27,997,700	5,842,200	4,463,140

b) During 2000, the Chairman, directors and executive officers of the Company have purchased the following shares:

	Number of Shares
Francisco Pérez Mackenna (Chief Executive Officer)	329,017
Luis Fernando Antúnez Bories (Administration and Finance Executive Officer)	91,344
Pedro Marín Loyola (Performance Control Executive Officer)	11,781
Juan Correa Garcia (Strategy Executive Officer)	13,788
Felipe Joannon Vergara (Development Executive Officer)	102,547
Martín Rodríguez Guiraldes (Acquisitions and Mergers Executive Officer)	56,011
Patricio León Délano (Treasury Executive Officer)	11,781
Sergio Cavagnaro Santa María (Advisor to the Chief Executive Officer)	36,622
Manuel José Noguera Eyzaguirre (Legal Executive Officer)	82,728
Luis Hernán Paul Fresno (Strategy and Performance Control Executive Officer))	102,547
Jorge Tagle Ovalle (New Projects Executive Officer)	20,248
Oscar Henríquez Vignes (General Accountant)	10,913

c) In addition, Company executives purchased 5,596,694 shares in Quiñenco S.A. under the executive incentive plan.

NOTE 22 – FOREIGN INVESTMENTS AND ASSOCIATED OBLIGATIONS

Effective 1998, the Company is applying Technical Bulletin No.64 of the Chilean Institute of Accountants which modified the method for valuing foreign investments and the treatment of exchange differences on obligations obtained as hedge instruments for foreign investments.

Quiñenco S.A. has no direct investments abroad so credits to the Accumulated translation adjustment account correspond to subsidiaries and associates.

The liabilities assumed by the Company and nominated as exchange exposure hedging instruments for its indirect investments abroad, had the following capital balances as of January 1, 2000:

	US$
Siemens Beteiligungen A.G.	20,000,000
B.C.H. Grand Cayman	30,006,010

The detail of the Accumulated translation adjustment account in 2000 is as follows:

	ThCh$
Opening balance	2,620,709
Price-level restatement	123,173
Net credits from subsidiaries and associates	5,956,745
Charges from loans obtaines as hedge instruments	(150,139)
CLOSING BALANCE	8,550,488

NOTE 23 – SUBSEQUENT EVENTS

a) On January 31, 2001, LQ Inversiones Financieras S.A., signed an agreement entitled “Promise Agreement for the Purchase of Shares in Sociedad Matriz del Banco de Chile S.A. and in Banco de Chile including a joint and several guarantee and pledge” with Empresas Penta S.A. and others, thereby agreeing to purchase 3.27% and 34.68% respectively of the shares of Banco de Chile and Sociedad Matriz del Banco de Chile S.A..

Under this agreement, Quiñenco S.A. jointly and severally guarantees the obligations under the Promise Agreement, in particular to sign the contract and make payment, if necessary, under the penalty clauses for delays and/or compensatory damages, up to a limit of U.F.10,000 and U.F.3,945,415 respectively, together with corresponding costs. Quiñenco S.A. also undertook to jointly and severally guarantee the liabilities of LQ Inversiones Financieras S.A. under the agreement, including to pay the purchase price of U.F.12,437,783 plus annual interest of 8.5%.

b) Quiñenco S.A. and its subsidiaries subscribed and paid in February, 2001 a capital increase of U.F.5,036,115, the equivalent of 79,076,822 shares in LQ Inversiones Financieras S.A., as agreed by the board of directors at a meeting held on January 3, 2001.

c) On February 13, 2001, Empresas Lucchetti S.A. and its subsidiaries Lucchetti Chile S.A. and Lucchetti Overseas S.A. signed an agreement with the Argentine company Molino Río de la Plata S.A., to sell 100% of the common stock of Lucchetti Argentina S.A. The estimated loss generated by this transaction has been provided for in these financial statements. The sale will be completed once approved by the Argentine Antitrust Commission, which is expected to be in April 2001. At that time the proceeds from the sale will be received. As a result of this transaction, the release of the existing pledge over these shares has been requested, to be replaced by a pledge over shares in another subsidiary. For this reason, the financial statements as of December 31, 2000 of Lucchetti Argentina S.A. have not been consolidated and the investment has been shown at fair market value under Investments in related companies.

d) On March 14, 2001, Madeco S.A. signed a waiver and amendment of financial ratios agreement as mentioned in Note 18 c).

Between December 31, 2000 and the date of issue of the Company's consolidated financial statements, there are no other events of an accounting, financial or other nature that might significantly affect an interpretation of them.

FRANCISCO PEREZ MACKENNA	OSCAR HENRIQUEZ VIGNES
Chief Executive Officer	General Accountant

MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000

INCOME STATEMENT

Quiñenco reported a net loss of Ch$5,648 million in 2000, compared to a net profit of Ch$167,845 million in 1999. The difference is primarily explained by the sale of the OHCH banking unit and the cable TV unit during 1999 which produced large extraordinary gains in that period.

A summarized composition of income for 1999 and 2000 is provided in Table 1 below:

Table N°1: Composition of Net Income

(In millions of Ch$ as of December 31, 2000)

	2000	1999
Operating income	15,675	(21,020)
Non-operating income and others (1)	(21,323)	188,864
NET INCOME FOR THE YEAR	(5,648)	167,845

(1) Non Operating Income and Others includes non-operating results, income taxes, minority interest and amortization of negative goodwill.

OPERATING INCOME

In 2000, Quiñenco reported operating income of Ch$15,675 million, having reverted the operating loss of Ch$21,020 million reported in the previous year. Table 2 shows the composition of consolidated operating income in 1999 and 2000:

Table N°2: Composition of Consolidated Operating Income

(in millions of Ch$ as of December 31, 2000)

	2000	1999
Madeco	9,989	(13,237)
Lucchetti	3,426	(1,843)
VTR/Telsur (2)	11,909	4,923
Carrera	(439)	(233)
Quiñenco and other (1)	(9,209)	(10,629)
TOTAL OPERATING INCOME	15,675	(21,020)

(1) Includes Quiñenco, intermediate holding companies and eliminations.
(2) Figures correspond to VTR in 1999 and to Telsur, a 73.6% consolidated subsidiary of VTR, in 2000.

MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000

Operating income for the twelve months ended December 31, 2000 was Ch$15,675 million, showing an increase of Ch$36,695 million over the operating loss of Ch$21,020 million in 1999. The improvement in operating results was primarily due to Madeco and Lucchetti, both of which totally reverted 1999's operating losses. In addition, VTR/Telsur's operating income increased by over 142% in 2000. In 1999, Telsur's operating income included extraordinary depreciation charges related to the company's useful life estimates of certain fixed assets which mainly explains the changes between the two years.

At Madeco, operating losses incurred during 1999 were totally reverted in the course of 2000. Although all of Madeco's business units generated positive operating results in 2000, the main improvement came from the wire and cable segment which accounted for 30.6% of Madeco's operating income. Additionally, brass mills segment sales showed an important recovery in 2000, mainly owing to a significant increase in the volumes exported. The more favorable market conditions seen in 2000, combined with a reduction in costs allowed Madeco to substantially improve its operating performance during the period.

At the operating profit level, Lucchetti completely reverted the operating losses reported in 1999 owing to a higher gross margin related to production efficiencies and a reduction in the level of SG&A expenses in all three of Lucchetti's operations. In addition, average pasta prices per ton and distribution of third party products in Peru helped boost Lucchetti's operating income in 2000.

Telsur's operating income rose to Ch$11,909 million in 2000, up 85% over 1999, due to a reduction in operating costs, mostly related to changes in the estimated useful lives of the company's main assets which served to decrease depreciation expense during the period by 31%.

SALES REVENUES

Consolidated revenues in 2000 reached Ch$451,796 million, 6.1% higher than the Ch$425,788 million registered in 1999, mainly due to a recovery in Madeco's sales level during the year. With the exception of VTR/Telsur, all consolidating companies showed improvements in their sales level in 2000, having benefited from a more stable economic scenario than experienced in 1999.

The composition of the consolidated sales is presented in Table 3:

Table N°3: Composition of Consolidated Sales

(in millions of Ch$ as of December 31, 2000)

	2000	1999
Madeco	302,903	263,060
Lucchetti	96,399	95,072
VTR/Telsur (2)	41,589	57,565
Carrera	7,228	6,555
Quiñenco and others (1)	3,678	3,536
TOTAL CONSOLIDATED SALES	451,796	425,788

(1) Includes Quiñenco, intermediate holding companies and eliminations.
(2) Figures correspond to VTR in 1999 and to Telsur, a 73.6% consolidated subsidiary of VTR, in 2000.

MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000

Madeco's sales, which increased by 15% in 2000, benefited from strong demand in Brazil for cable products and increased exports of brassmill products to Europe, Latin America and the USA. Only Madeco's flexible packaging segment showed a reduction in its sales level, mainly explained by weak domestic sales in Chile.

In 2000, Lucchetti increased its sales by 1.4%. This increase is attributable to higher sales in Peru and, to a lesser extent, in Argentina, partially offset by a reduction in sales in Chile. The increase in sales at Lucchetti Peru was mainly due to higher average pasta prices and distribution of third party products.

VTR/Telsur reported a decrease in sales of 27.8% in 2000, however continuing operations only include Telsur after the sale of the cable TV operations in 1999, thus distorting the comparison year-over-year. Excluding the effect of the sale of the cable TV business unit, Telsur's sales decreased by 3.9% as a result of the new tariff structure implemented late last year, partially offset by an increase in other unregulated income.

Hoteles Carrera reported a sales increase of 10.3% compared to the previous year. The increase was attributable to the incorporation of the new hotels in the north of Chile, both of which were in full operation in 2000. Additionally, the Santiago Hotel Carrera showed higher revenues in connection with its food and beverage business.

COST OF GOODS SOLD

Consolidated cost of goods sold increased by 4.1% compared to the previous year. This increase is mainly a product of an increase in the cost of goods sales at Madeco owing to the higher sales activity level as well as higher average copper prices. The increase in cost of goods sold at the consolidated level was partially offset by a reduction in cost of goods sold at VTR/Telsur, whose costs decreased following the divestiture of the cable TV business unit and a decrease in depreciation charges during the period.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Consolidated SG&A expenses were reduced by 24.8% in 2000 compared to 1999, mainly due to a decrease in SG&A expenses at VTR/Telsur in connection with the divestiture of its cable TV business unit and a decrease in SG&A expenses at the corporate level. In addition, Madeco reported a reduction of 27.1% in its SG&A expenses compared to 1999, the period in which Madeco incurred significant non-recurring expenses associated with its restructuring plan.

NON OPERATING RESULTS

Consolidated non-operating results amounted to a loss of Ch$21,323 million loss in 2000, which compares negatively to the Ch$188,864 million of non-operating income reported in 1999. This difference can be explained by the sale of the OHCH banking unit and the cable TV business unit in 1999 which generated significant gains on sale in that period. These divestitures also explain the variance reported in minority interest and taxes for the period.

In addition, Quiñenco reported price-level restatement losses of Ch$5,974 million in 2000, compared to price-level restatement gains of Ch$13,172 million in 1999. 1999 price-level restatement gains were the result of deposits made in US dollars composed of proceeds from the sale of the banking and cable TV business units which appreciated vis-a-vis the Chilean peso during that period.

Table 4 shows the comparative composition of Non-operating Income and Other Items:

Table N°4: Breakdown of Non-operating Income and Other Items

(in millions of Ch$ as of December 31, 2000)

	2000	1999
Interest income	8,514	20,340
Proportionate share of income of equity investments	9,658	15,269
Goodwill/negative goodwill amortization	(9,329)	(7,112)
Other net income/expenses	(1,096)	215,806
Interest expense	(36,954)	(41,839)
Price-level restatement	(5,974)	13,172
Income tax	7,101	(22,404)
Minority interest	6,755	(4,368)
NON-OPERATING INCOME AND OTHER ITEMS	(21,323)	188,864

NET INCOME COMPOSITION

Table 5 below shows Quiñenco's net income composition in 1999 and 2000, broken down by its main investments:

Table N°5: Net Income Composition

(in millions of Ch$ as of December 31, 2000)

Sector/Company		Net Income 2000	Net Income 1999	Ownership 2000 (%)	Ownership 1999 (%)	Quiñenco's Prop. Share 2000	Quiñenco's Prop. Share 1999
Manufacturing							
Madeco	(1)	(16,786)	(54,487)	56.11%	56.50%	(9,438)	(30,785)
Telecommunications							
VTR	(3)		72,787		100.00%	-	30,214
Telsur	(3)	7,435	10,846	73.56%	73.56%	5,469	5,576
Entel		27,375	29,252	13.68%	14.31%	3,825	2,682
Food and Beverage							
Lucchetti	(2)	(9,988)	(12,763)	86.97%	86.97%	(8,687)	(10,388)
CCU	(5)	25,727	43,117	30.79%	30.79%	7,922	13,345
Financial Services							
OHCH		-	(1,475)	-	-	-	(738)
Banco Edwards	(9)	3,176	(6,911)	51.18%	51.18%	1,625	(1,989)
Banco Chile	(6)	81,958	-	12.28%	-	2,748	-
RE & Hotel Admin							
Carrera	(4) (7)	(1,106)	(981)	90.78%	90.78%	(1,004)	(890)
Habitaria		(799)	(101)	50.00%	50.00%	(399)	(50)
Total Operating Co.						2,061	6,977
Quiñenco & others	(7) (8)					(7,709)	160,868
Net income (loss)						(5,648)	167,845

(1) Owned directly and indirectly through Inversiones Río Grande S.A.
(2) Indirectly owned through Inversiones Hidrosur Ltda.
(3) Telsur is VTR's only operating company following the sale of other VTR S.A. assets in 1998 & 1999.
(4) Indirectly owned through Agrícola El Peñón S.A.
(5) Indirectly owned through Inversiones y Rentas S.A.
(6) Indirectly owned through LQ Inversiones Financieras S.A. and SM Chile S.A.
(7) Ownership % shown corresponds to the percentage of control over Carrera. The economic interest in Carrera is 87.2%. The amount of income corresponding to the minority interest is included in "Quiñenco and Others".
(8) The item "Quiñenco and Others" includes a profit of Ch$533 million in connection with Quiñenco's proportionate share of Plava Laguna's (Croatia) income in 2000.
(9) Indirectly owned through LQ Inversiones Financieras S.A.

The net income contribution from operating companies fell by 70.5% in 2000 compared to 1999. This reduction is related to the divestiture of the cable TV business unit in 1999 which generated significant gains on sale for VTR, Telsur and Madeco, all of whom had direct participations. In 1999, VTR, Telsur and Madeco realized Ch$36,412 million in extraordinary income related to the divestiture. Excluding the effect of the divestiture, the increase in net income contribution from operating companies would have been Ch$31,496 million, explained by an increase in net income contribution from investments in the financial sector, partially offset by lower net income from CCU.

The item "Quiñenco and others" in Table N°5 shows a decrease of Ch$168,577 million in 2000, compared to 1999. The difference is mainly explained by the extraordinary profit obtained in relation to the sale of its stake in OHCH in 1999.

MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000

BALANCE SHEET

Assets

Table N°6 shows the composition of consolidated assets at the close of 1999 and 2000:

Table N°6: Composition of Consolidated Assets

(in millions of Ch$ as of December 31, 2000)

	2000	1999
Madeco	438,809	423,374
Lucchetti	134,806	149,210
VTR/Telsur (2)	113,499	280,289
Carrera	23,557	24,301
Quiñenco and Other (1)	657,150	482,097
TOTAL ASSETS	1,367,820	1,359,271

(1) Includes Quiñenco, intermediate holding companies and eliminations.
(2) Figures correspond to VTR in 1999 and to Telsur, a 73.6% consolidated subsidiary of VTR, in 2000.

LIABILITIES

Table N°7 shows the composition of consolidated liabilities and shareholders' equity at the close of 1999 and 2000:

Table N°7: Composition of Consolidated Liabilities and shareholders' equity

(in millions of Ch$ as of December 31, 2000)

	2000	1999
Current liabilities	328,010	308,245
Long term liabilities	300,474	254,451
Total liabilities	628,483	562,696
Minority interest	102,320	104,130
Shareholders' equity	637,016	692,445
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,367,820	1,359,271

As of December 31, 2000, total liabilities amounted to Ch$628,483 million, representing a 11.7% increase compared to the same period in 1999. This increase is mainly explained by an increase in liabilities at the corporate level incurred in connection with the purchase of shares of Banco de Chile.

MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000

Table N°8 shows the composition of consolidated liabilities at the close of 1999 and 2000:

Table N°8: Composition of consolidated liabilities

(in millions of Ch$ as of December 31, 2000)

	2000	1999
Madeco	270,777	252,826
Lucchetti	98,917	103,699
VTR/Telsur (2)	60,722	81,772
Carrera	10,035	9,672
Quiñenco and other (1)	188,032	114,726
TOTAL LIABILITIES	628,483	562,696

(1) Includes Quiñenco, intermediate holding companies and eliminations.
(2) Figures correspond to VTR in 1999 and to Telsur, a 73.6% consolidated subsidiary of VTR, in 2000.

Consolidated leverage increased from 0.8 at the close of 1999 to 1.0 at the close of 2000, explained by a 11.7% increase in current liabilities, incurred in connection with the purchase of Banco de Chile shares. Current liabilities made up 52.2% of total liabilities as of December 31, 2000. On the same date in 1999, current liabilities made up 54.8% of total liabilities.

Shareholders Equity

At the close of 2000, shareholders' equity amounted to Ch$637,016 million, a decrease of 8% compared to the same period in 1999, mainly as a consequence of a sizeable dividend distribution during the second quarter of 2000. The book value of Quiñenco's shares as of December 31, 2000 was Ch$589.97 per share and the loss per share in 2000 was Ch$5.23.

FINANCIAL INDICATORS

		12.31.00	12.31.99
LIQUIDITY			
Current ratio		1.1	1.3
Acid test ratio		0.5	0.6
INDEBTEDNESS			
Debt/equity ratio		1.0	0.8
Short-term debt/Total debt		52.19%	54.78%
Long-term debt/Total debt		47.81%	45.22%
Interest coverage ratio	Times	0.7	5.5
Total assets	MCh$	1,367,820	1.359,271
Inventory rotation	Times	0.2	0.3
Inventory turnover/days	Days	84	90
INCOME			
Sales	MCh$	451,796	425,788
Cost of goods sold	MCh$	(360,667)	(346,425)
Operating income	MCh$	15,675	(21,020)
Interest expense	MCh$	(36,954)	(41,839)
Non-operating income (loss)	MCh$	(37,563)	213,660
Net income (loss) for the year	MCh$	(5,648)	167,845
PROFITABILITY			
ROE		-0.8%	27.4%
ROA		-0.4%	12.3%
Return on operating assets (*)		1.9%	-2.3%
Earnings per share	Ch$	(5.23)	155.45
Dividend return		10.8%	1.2%

(*) Excludes other consolidated assets

MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2000

DIFFERENCE BETWEEN BOOK VALUE AND FAIR MARKET VALUE OF PRINCIPAL ASSETS

Asset valuation includes adjustments for price-level restatement and provisions in order to calculate certain assets at their fair market value.

The main assets correspond to investments in subsidiaries and related companies which are valued using the equity investment method. Therefore differences may arise between the book value and the fair market value of such investments.

Table N°9 shows a consolidated cash flow summary for the twelve months ended December 31, 1999 and 2000:

Table N°9: Cash Flow Summary

(in millions of Ch$ as of December 31, 2000)

	2000	1999
Net cash flow provided (used) by operating activities	(1,804)	18,835
Net cash flow (used) provided by financing activities	26,717	(69,120)
Net cash flow provided (used) by investing activities	(19,590)	3,923
Total net cash flow for the year	5,323	(46,362)
Price-level restatement on cash and cash equivalents	(1,713)	17,782
Net increase (decrease) in cash and cash equivalents	3,609	(28,580)
Cash and cash equivalents at beginning of year	127,754	156,333
CASH AND CASH EQUIVALENTS AT END OF YEAR	131,363	127,754

ANALYSIS OF EXCHANGE RATE RISK AND INTEREST RATE RISK

As of December 31, 2000, Quiñenco maintains a consolidated net asset exposure in US dollars of US$92.2 million, equivalent to 3.9% of consolidated assets. Management considers this exposure reasonable and consequently has not covered this risk.

In terms of interest rate risk, 83% of total liabilities of Ch$629,207 million correspond to interest-bearing debt. Of this amount, 55% was subject to variable rate interest, and as such represents a risk to the Company. This amount is equivalent to 21% of total current assets at the close of 2000. Management considers this exposure reasonable and consequently has not covered this risk.

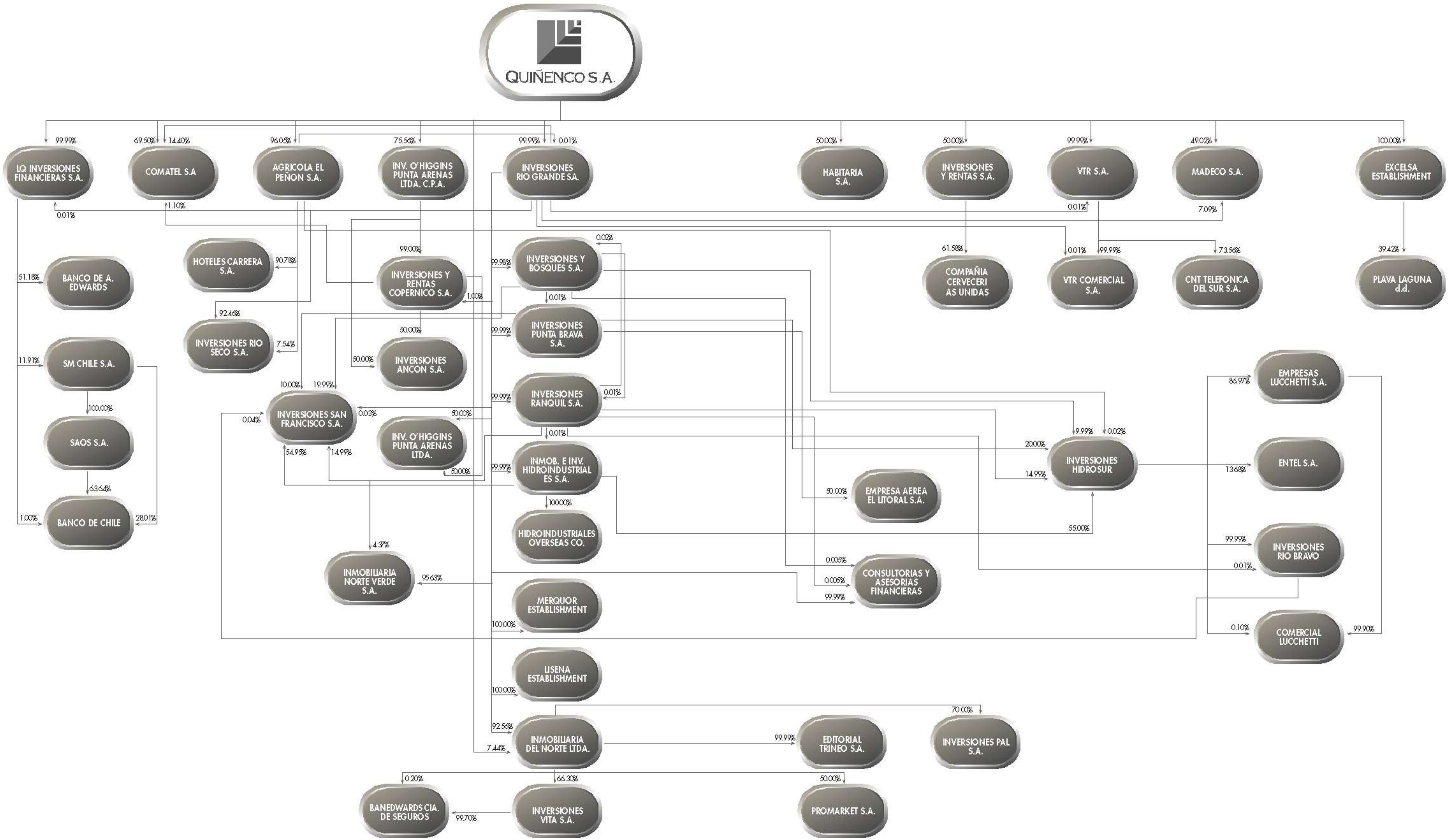
Francisco Pérez Mackenna
Chief Executive Officer

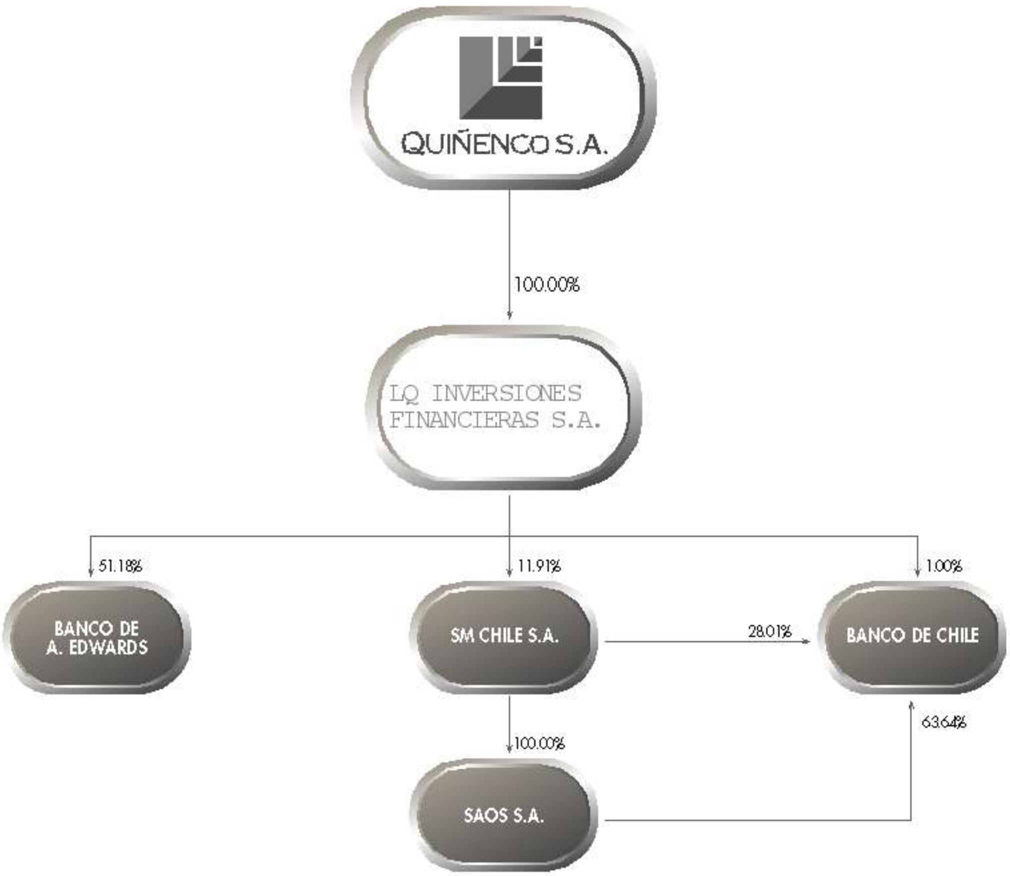
CORPORATE STRUCTURE

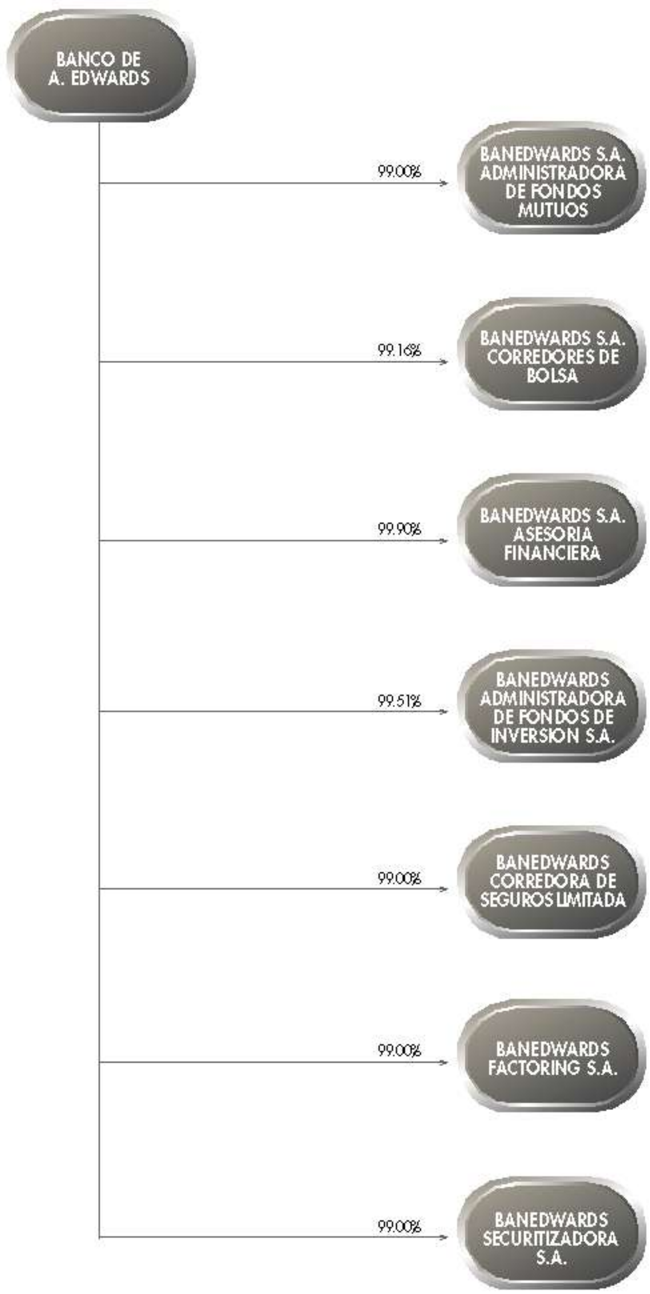
AT DECEMBER 31, 2000

Subsidiary and affiliate companies

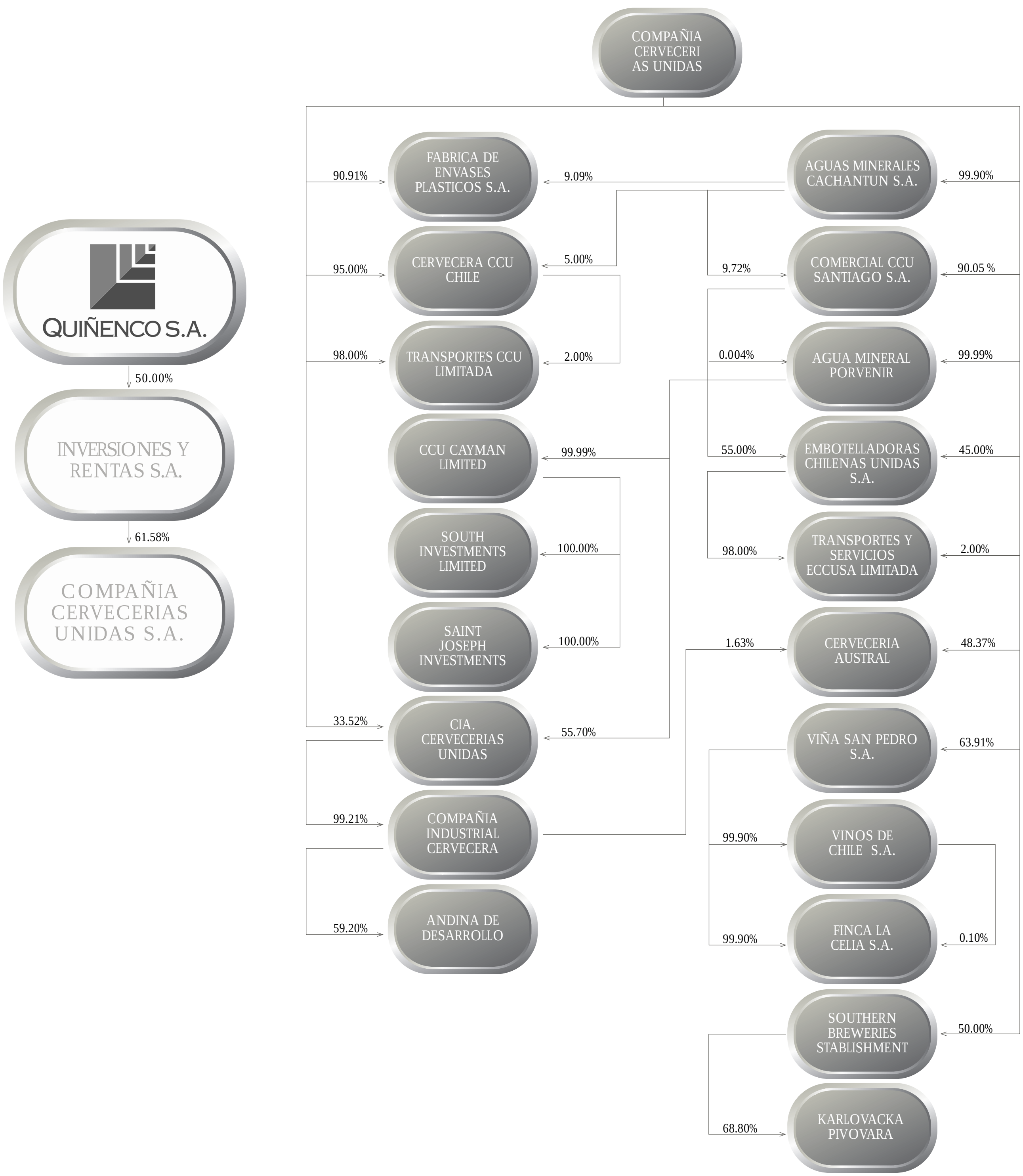
QUIÑENCO S.A.
SUBSIDIARIES AND AFFILIATES



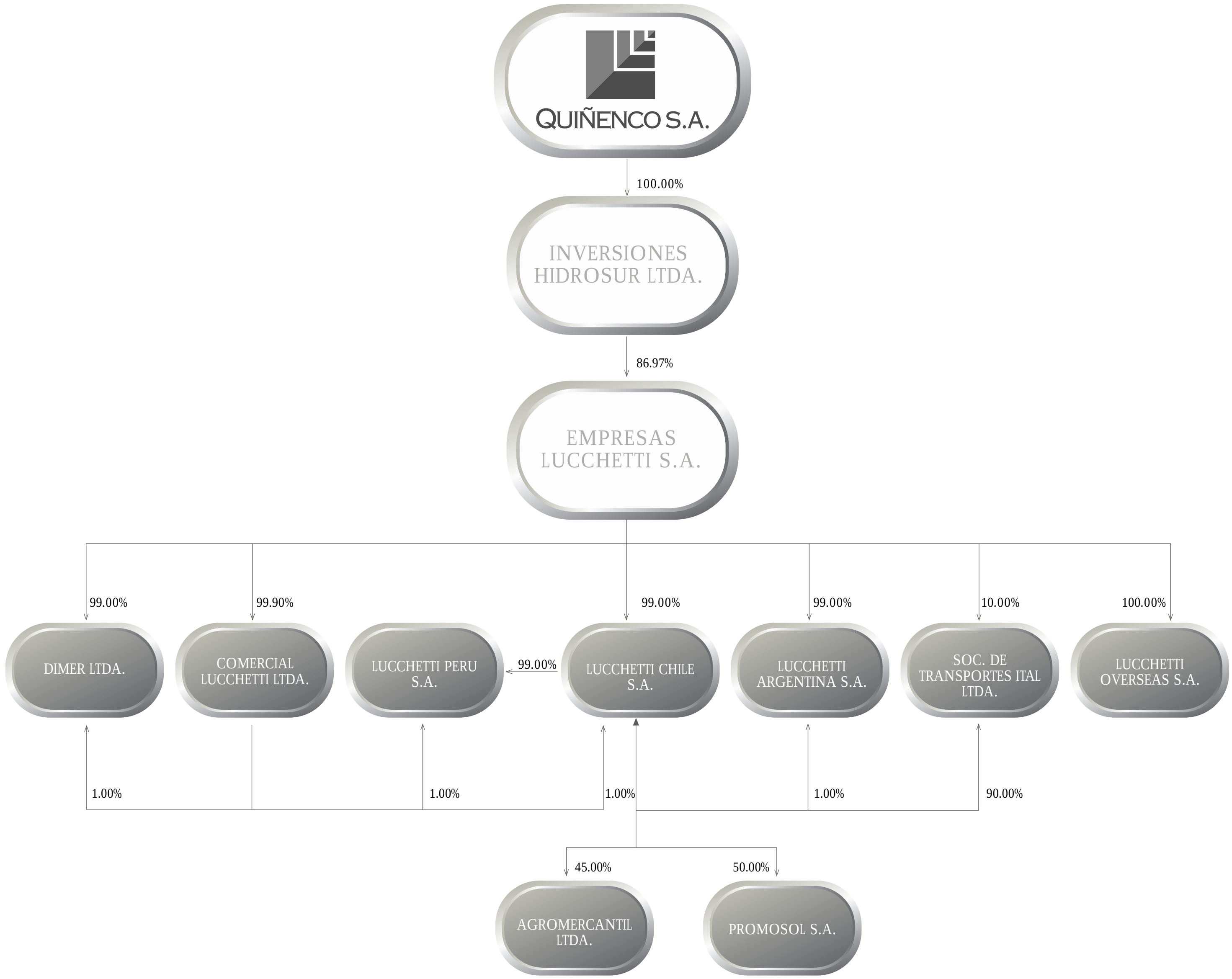

QUIÑENCO S.A.
100.00%
LQ INVERSIONES
FINANCIERAS S.A.
51.18%
11.91%
1.00%
BANCO DE
A. EDWARDS
SM CHILE S.A.
28.01%
BANCO DE CHILE
63.64%
100.00%
SAOS S.A.

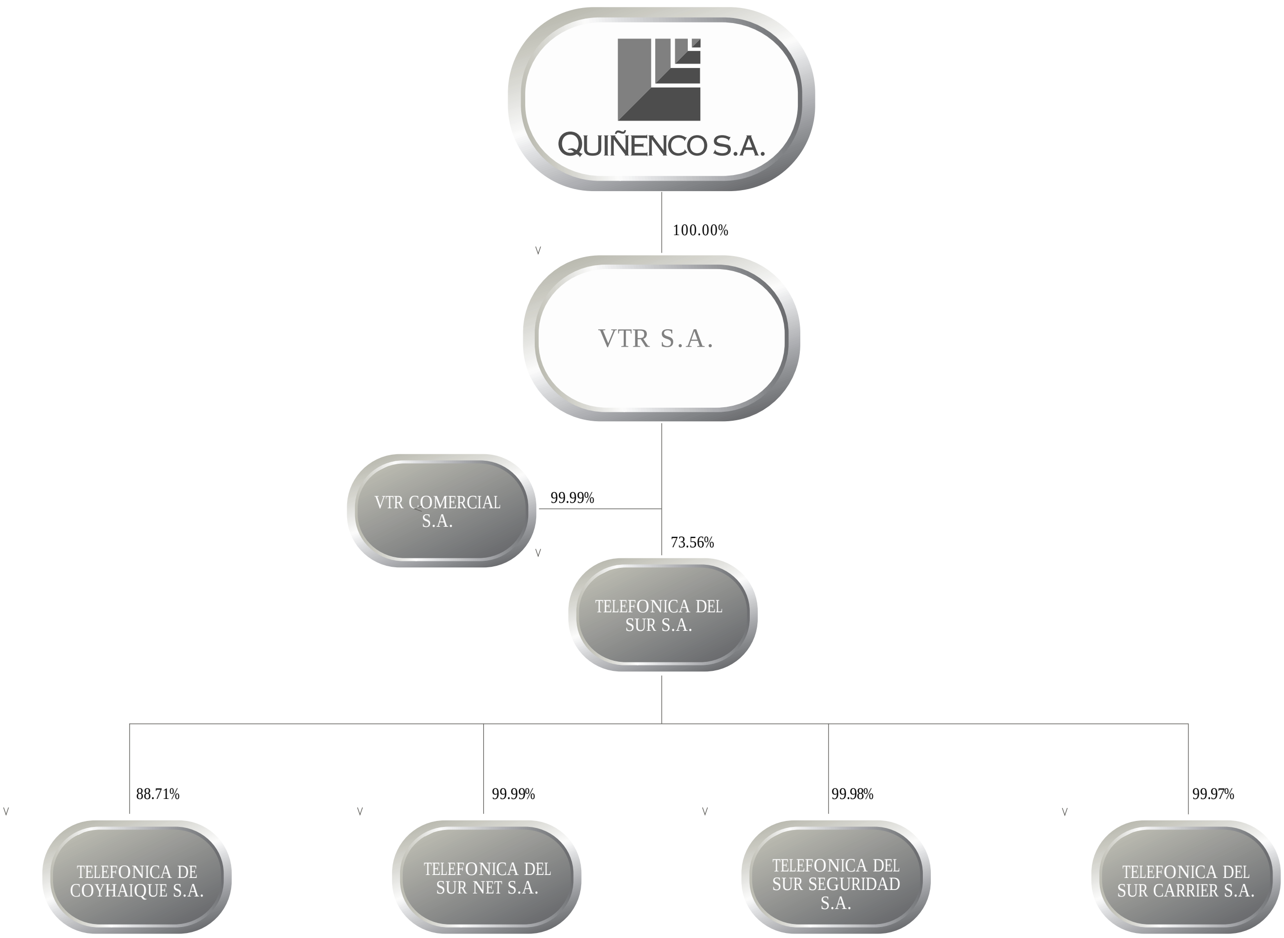

BANCO DE A. EDWARDS
99.00%
BANEDWARDS S.A. ADMINISTRADORA DE FONDOS MUTUOS
99.16%
BANEDWARDS S.A. CORREDORES DE BOLSA
99.90%
BANEDWARDS S.A. ASESORIA FINANCIERA
99.51%
BANEDWARDS ADMINISTRADORA DE FONDOS DE INVERSION S.A.
99.00%
BANEDWARDS CORREDORA DE SEGUROS LIMITADA
99.00%
BANEDWARDS FACTORING S.A.
99.00%
BANEDWARDS SECURITIZADORA S.A.

COMPAÑÍA CERVECERIAS UNIDAS S.A. SUBSIDIARIES AND AFFILIATES

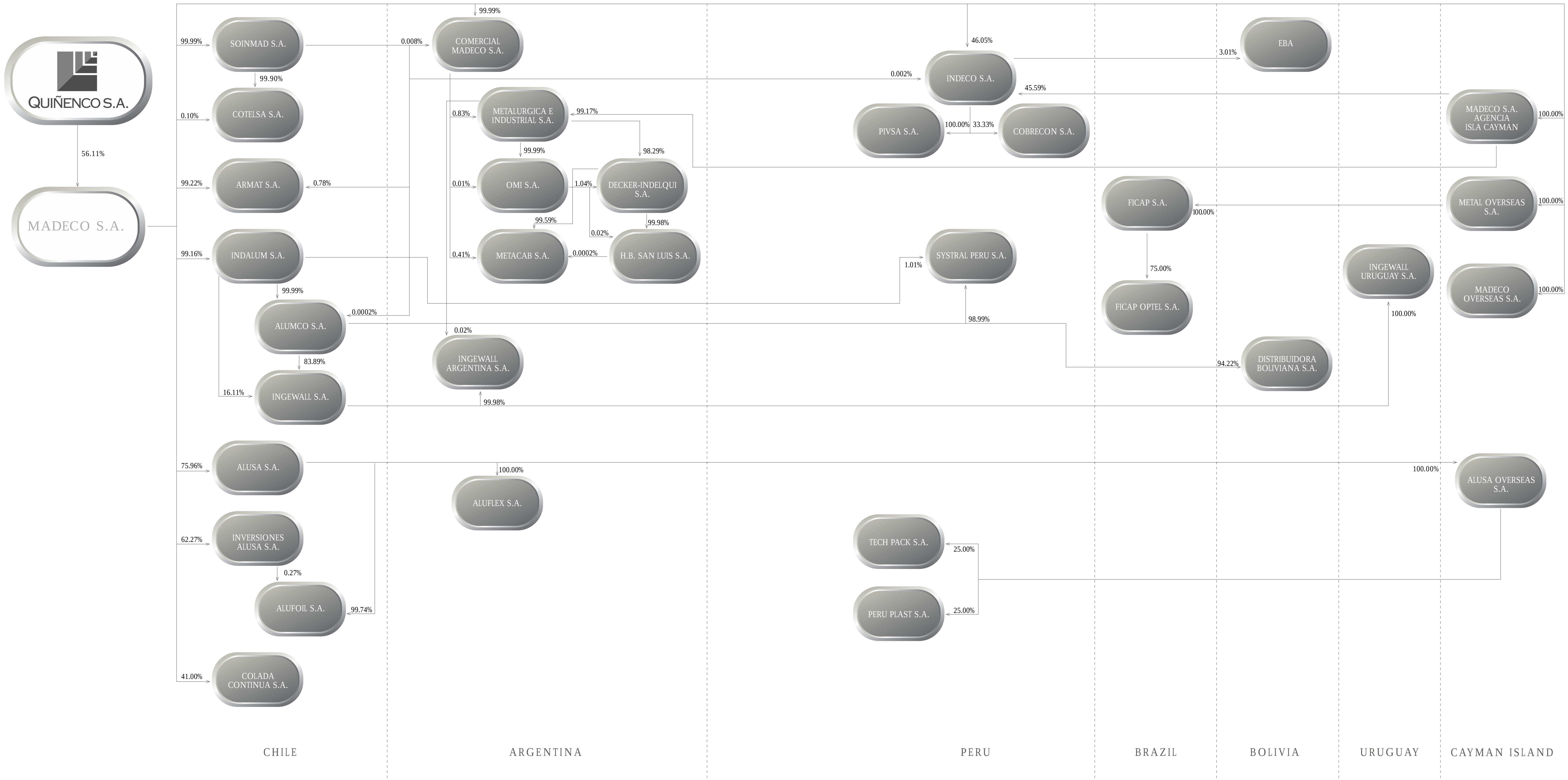


EMPRESAS LUCCHETTI S.A.
SUBSIDIARIES AND AFFILIATES



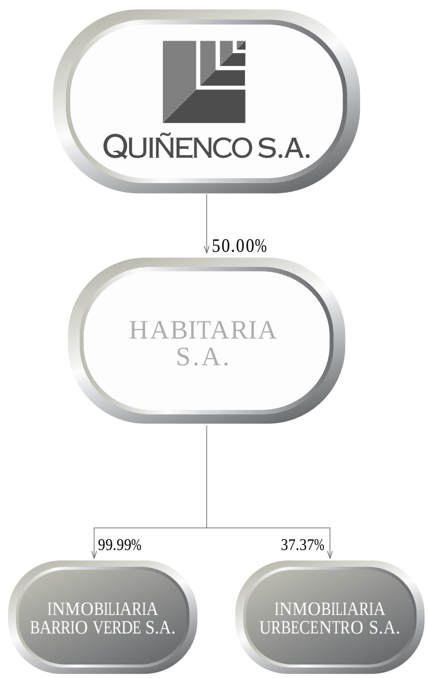

QUIÑENCO S.A.
100.00%
VTR S.A.
VTR COMERCIAL S.A.
99.99%
73.56%
TELEFONICA DEL SUR S.A.
88.71%
99.99%
99.98%
99.97%
TELEFONICA DE COYHAIQUE S.A.
TELEFONICA DEL SUR NET S.A.
TELEFONICA DEL SUR SEGURIDAD S.A.
TELEFONICA DEL SUR CARRIER S.A.

MADECO S.A.
SUBSIDIARIES AND AFFILIATES




QUIÑENCO S.A.
96.05%
AGRICOLA EL PEÑON S.A.
90.78%
HOTEL CARRERA S.A.

HABITARIA S.A.
SUBSIDIARIES AND AFFILIATES



PLAVA LAGUNA d.d.