



Proceeds from the sales of investments were close to US\$140 million in 2005. Coupled with strong dividend cash flow, these resources allow us, as a corporate center, to develop new projects and support our subsidiaries in their growth plans.

Quiñenco incorporates the profit and loss from more than 40 companies in its financial results each period. Nonetheless, it only consolidates its operations with a number of its investments, the main operating companies being Madeco and Telefónica del Sur. The profit or loss from other investments such as Banco de Chile and CCU, which are relevant to Quiñenco in terms of size and impact on its financial results for any given period, do not consolidate with the Company. Quiñenco's proportionate share of these companies' income or loss is included with non-operating results.

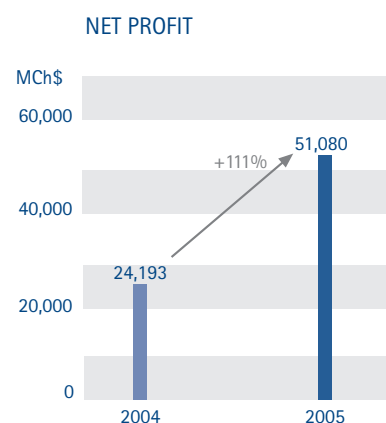
Quiñenco reported consolidated revenues of Ch\$421,968 million in 2005, up 6.5% from the 2004 level. Consolidated revenues were boosted by the 8.9% or Ch\$29,788 million increase in sales corresponding to Madeco's operations, related to strong demand for cable products in its main markets. The increase in consolidated revenues was partially offset by a Ch\$3,979 million reduction in revenues at the corporate level, which in 2005 included the operations of Hoteles Carrera and Indalsa, both of which have divested almost all of their productive assets.

Consolidated operating income rose by 9.0% reaching Ch\$30,646 million in 2005. The increase in operating profit for the year was mainly attributable to Madeco's operations, which, in spite of sustained increases in raw material costs and higher SG&A expenses, benefited from strong cable sales and improved performance from the flexible packing unit. To a lesser extent, reduced expenses at the corporate level also contributed to the improvement in operating results.

## 2005 Financial Results

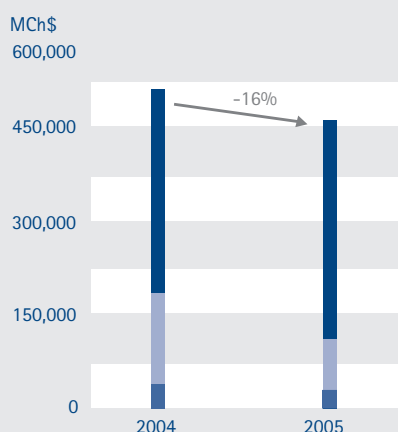
Financial results	2005 MCh\$	2004 MCh\$
<b>Operating income</b>	<b>30,646</b>	<b>28,128</b>
Non-operating results		
Share of net income from equity investments	71,806	60,574
Other non-operating income	29,072	7,278
Amortization of goodwill	(22,883)	(21,313)
Interest expense (net)	(25,799)	(27,725)
Others non-operating expense	(12,072)	(16,620)
Price-level restatement and FX translation	(5,379)	(60)
<b>Non-operating income</b>	<b>34,745</b>	<b>2,134</b>
Other*	(14,311)	(6,069)
<b>Net income</b>	<b>51,080</b>	<b>24,193</b>

\* Other includes income taxes, minority interest and amortization of negative goodwill.



## CONSOLIDATED DEBT

MCh\$	2004	2005	%
Corporate level	359,711	335,862	-7%
Madeco	123,547	80,024	-35%
Telefónica del Sur	61,271	44,084	-28%
<b>Total</b>	<b>544,529</b>	<b>459,970</b>	<b>-16%</b>



Quiñenco reported non-operating income of Ch\$34,745 million, compared to Ch\$2,134 million in 2004. The variation between the two years is largely explained by gains in 2005 on the sale of investments which amounted to Ch\$23,924 million. Included with these gains was the sale of an 11.4% interest Quiñenco held in Almacenes Paris, a department store chain, which generated pre-tax non-recurring income of Ch\$20,966 million during the period.

In addition, an 18.5% rise in income from equity investments served to increase Quiñenco's non-operating results in 2005. Equity income (net) totaled Ch\$71,806 million, mainly due to the solid results obtained from Quiñenco's equity investments, namely Banco de Chile and CCU and, to a lesser extent, Entel.

The aforementioned improvements at the operating and non-operating levels boosted net profit for the year to Ch\$51,080 million, up by more than 111% compared to the Ch\$24,193 million reported in 2004.

Dividend cash flow amounted to Ch\$69,241 million in 2005, an increase of Ch\$18,423 million over dividends received in 2004. It is worth mentioning that dividends received in 2005 included an extraordinary dividend from Entel of Ch\$10,622 million. In addition, Telefónica del Sur distributed dividends of Ch\$3,440 million to Quiñenco (Ch\$3,356 million in 2004). The strong dividend cash flow, coupled with resources obtained from the sale of investments in 2005, which totaled Ch\$71,497 million, will facilitate the company's investment plan and future debt pay-down.

## NET INCOME CONTRIBUTION FROM OPERATING COMPANIES

The following table shows the contribution of the main operating companies to Quiñenco's 2005 net income:

(In millions of Ch\$ pesos as of December 31, 2005)

Companies	Quiñenco's ownership (1)	Sales revenue	Net profit (loss)	Quiñenco's prop. share	Total assets	S/H equity
<b>Financial Services</b>						
Banco de Chile	(2) 52.2%	(3) 518,451	180,724	52,769	10,692,761	775,107
<b>Food &amp; Beverage</b>						
CCU	32.1%	492,047	48,177	15,452	643,273	319,030
<b>Telecommunications</b>						
Telsur	73.7%	54,724	7,677	5,656	128,624	67,693
Entel	5.7%	766,362	71,030	4,040	1,135,449	495,243
<b>Manufacturing</b>						
Madeco	47.8%	365,488	12,014	6,089	344,338	205,380
<b>Other Operating Companies</b>						
				(7,177)		
<b>Total Operating Companies</b>				<b>76,829</b>		
Quiñenco & Holding Companies				(25,749)		
<b>Net Income for the Year</b>				<b>51,080</b>		

(1) Direct or indirect.

(2) Corresponds to voting rights. As a consequence of the share repurchase that Banco de Chile carried out in August 2005, Quiñenco's dividend rights in the bank decreased from 29.9% to 29.2% and voting rights decreased from 53.5% to 52.2%.

(3) Corresponds to operating revenues.