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**QUIÑENCO S.A. ANNOUNCES CONSOLIDATED
RESULTS FOR THE SECOND QUARTER OF 2001**

(Santiago, Chile, August 29, 2001) Quiñenco S.A. (NYSE:LQ), a leading business conglomerate in the Southern Cone, announced today its consolidated financial results in Chilean GAAP, for the second quarter ended June 30, 2001. Results will be discussed by Quiñenco's senior management in a conference call on Thursday, September 6th at 11:00 a.m. (EST and Santiago time).

Consolidated financial results are presented in accordance with Chilean GAAP. All figures are presented in constant Chilean pesos and have been adjusted to reflect the effects of inflation (3.7% year-over-year). Figures in US\$ have been converted from Chilean pesos (Ch\$) at the observed exchange rate on June 30, 2001 (Ch\$629.00 = US\$1.00) and are only provided for the reader's convenience.

2Q 2001 FINANCIAL HIGHLIGHTS

- **Consolidated sales grew by over 21% to Ch\$137,661 million (US\$218.9 million), compared to the second quarter of 2000**
- **Operating income increased by 73% to Ch\$7,087 million (US\$11.3 million)**
- **Non-operating results included a gain on the sale of Entel shares of Ch\$23,531 million (US\$37.4 million)**
- **Net income surpassed Ch\$17,406 million (US\$27.7 million), boosted by operating and non-operating performance during the period**



GROUP HIGHLIGHTS – SECOND QUARTER 2001 AND SUBSEQUENT EVENTS

Quiñenco- Partial sale of shares of Entel

During the course of 2001, Quiñenco has disposed of 18,920,948 shares it held in Entel, equivalent to approximately 8% of Entel's outstanding stock. Proceeds from the sales of shares which were carried out in two separate transactions in May and August, amounted to approximately Ch\$87,983 million (US\$138.8 million, value at transaction date) and the pretax gain on sale is estimated at Ch\$53,000 million (US\$83.5 million, value at transaction date). Proceeds were used to reduce indebtedness. As of this date, Quiñenco maintains a 5.7% interest in Entel. The partial disposition of Quiñenco's stake in Entel corresponds to Quiñenco's intention to sell off non-strategic assets to reduce the Company's indebtedness level which peaked following the Banco de Chile acquisition earlier this year.

Sale of 39% interest in Plava Laguna

On August 20, 2001, Quiñenco announced that it had sold its 39% stake in Plava Laguna for US\$29.6 million to Sutivan Investments, a company belonging to the Luksic family. The pretax gain on sale is estimated at US\$2.5 million, to be reported in third quarter 2001 results. As part of the terms of sale of Plava Laguna, Quiñenco will have an option to buy 50% of Sutivan Investments, a company that holds interests in hotels and tourism in Croatia, in 2004. Under the terms of the agreement, should Quiñenco exercise the option, the option price would be determined as the acquisition cost of the investments held by Sutivan, expressed in US dollars, plus Sutivan's cost of capital to maintain these investments, adjusted by expenses or capital increases between the sale date and the option date.

Banco de Chile and Banco Edwards announced their intention to merge operations

On August 8, 2001, Banco de Chile and Banco Edwards announced that they intend to merge operations once necessary approvals have been obtained by regulatory authorities and shareholders have approved the merger. According to information published by the banks, the merger could take place by the end of the year and would be effective in 2002. Shareholders of Banco de Chile will hold 66% of the merged entity and shareholders of Edwards, 34%. The terms of exchange are the result of valuation studies carried out by the independent consultants, J.P. Morgan and Morgan Stanley & Co. Under the proposed merger structure, Banco de Chile will be the surviving entity.

Lucchetti finalized sale of Argentine operations

On June 25, 2001, Lucchetti announced that it had finalized the sale of its Argentine subsidiary announced earlier this year to Molinos Rio de la Plata, following the approval of the Argentine Antitrust authorities in late June. Proceeds from the sale (net), which amounted to US\$ 29.7 million were used to reduce Lucchetti's indebtedness level.



Net Income Contribution (in millions of Ch\$ as of 6/30/2001)*

Sector/Company	Quiñenco's ownership % at 6/30/2001	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Financial Services:						
Banco Edwards (1)	51.2%	(4,762)	3,130	3,018	(2,622)	6,148
Banco de Chile (1)	52.7%	1,402	4,121	4,073	1,402	8,194
Food & Beverage:						
CCU (1)	30.8%	(644)	8,523	(70)	3,205	8,454
Lucchetti (1)	87.0%	(925)	(881)	(547)	(1,796)	(1,428)
Telecommunications:						
Telsur (1)	73.6%	1,198	1,292	1,327	2,323	2,620
Entel (2) (3)	9.7%	826	1,321	890	1,779	2,211
Manufacturing:						
Madeco (1)	56.1%	(2,552)	(440)	(4,555)	(5,504)	(4,995)
Real estate/hotel admin.:						
Carrera (1)	87.2%	(496)	10	(430)	(457)	(420)
Habitaria (1)	50.0%	(135)	(200)	(205)	(269)	(405)
Plava Laguna (1)	39.4%	-	(467)	-	-	(467)
Total operating companies		(6,087)	16,410	3,502	(1,939)	19,912
Quiñenco & holding companies		425	(10,957)	13,904	(5,075)	2,947
Total		(5,662)	5,453	17,406	(7,014)	22,859

* The figures provided in the above table correspond to Quiñenco's proportional share of each company's net income (loss).

- (1) Operating company in which Quiñenco has direct or indirect control.
- (2) Operating company in which Quiñenco holds a minority interest.
- (3) Until May 18, 2001, Quiñenco held a 13.7% interest in Entel.

Net Income – 2Q 2001

Quiñenco reported a net profit for the second quarter of 2001 which amounted to Ch\$17,406 million (US\$27.7 million), compared to a net loss of Ch\$5,662 million (US\$9.0 million) in the second quarter of 2000. The contribution from Quiñenco's main operating companies amounted to Ch\$3,502 million (US\$5.6 million), a significant improvement over the loss contribution of Ch\$6,087 million (US\$9.7 million) during the second quarter of 2000. In addition, at the Quiñenco corporate level, an important gain on the sale of shares of Entel during the month of May resulted in extraordinary profits of Ch\$23,531 million (US\$37.4 million), boosting results from Quiñenco and holding companies during the period.



Consolidated Income Statement Breakdown (in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Revenues					
Madeco	73,482	89,369	101,600	142,259	190,969
Lucchetti	27,438	21,923	22,802	50,449	44,725
Telsur	10,376	11,179	11,004	20,570	22,183
Carrera	1,494	2,120	1,699	3,694	3,819
Quiñenco	704	677	556	1,356	1,233
Total	113,494	125,268	137,661	218,328	262,929
Operating income (loss)					
Madeco	1,925	5,854	5,182	2,617	11,036
Lucchetti	2,087	1,627	1,310	3,136	2,937
Telsur	2,752	3,125	2,852	5,387	5,977
Carrera	(360)	184	(332)	(142)	(148)
Quiñenco	(2,318)	(2,147)	(1,925)	(4,437)	(4,072)
Total	4,086	8,643	7,087	6,551	15,730
Non-operating income (loss)					
Interest income	2,048	2,844	1,547	5,226	4,391
Share of net income/loss from related co:					
CCU	(644)	8,523	(70)	3,205	8,454
Banco Edwards	(4,762)	3,130	3,018	(2,622)	6,147
Habitaria	(135)	(200)	(205)	(269)	(405)
Entel	826	1,321	890	1,779	2,211
Banco de Chile	1,402	4,121	4,073	1,402	8,194
Other equity inv.	(248)	(630)	432	(75)	(199)
Other non-op income	(1,884)	4,054	24,900	1,797	28,954
Amort. of GW expense	(2,254)	(4,977)	(7,329)	(4,076)	(12,307)
Interest expense	(9,054)	(12,349)	(16,486)	(17,400)	(28,835)
Other non-op expenses	5,158	(3,530)	(3,562)	(2,432)	(7,092)
Price-level restatement	(969)	(3,751)	(2,966)	(3,323)	(6,717)
Total	(10,516)	(1,444)	4,242	(16,788)	2,796
Income Tax	(1,462)	(1,908)	(146)	(1,212)	(2,054)
Extraordinary items	-	-	(85)	-	(85)
Minority Interest	1,871	(226)	2,105	3,663	1,880
Amort. of neg. GW	359	388	4,203	772	4,592
Net income	(5,662)	(5,453)	17,406	(7,014)	22,859



Revenues – 2Q 2001

Consolidated revenues for the second quarter of 2001 were Ch\$137,661 million (US\$218.9 million), 21.3% higher than the Ch\$113,494 million (US\$180.4 million) registered in the second quarter of 2000, mainly due to an increase in Madeco's sales level during the period.

Operating Income - 2Q 2001

Operating income for the second quarter of 2001 reached Ch\$7,087 million (US\$11.3 million), an increase of 73.4% compared to the second quarter of 2000. The improvement in operating results was primarily attributable to Madeco, partially offset by lower operating results at Lucchetti during the period.

EBITDA reached Ch\$31,228 million (US\$49.6 million) in the second quarter of 2001, an increase of more than 40% over the Ch\$22,291 million (US\$35.4 million) reported in the second quarter of 2000.

Non-Operating Results – 2Q 2001

Quiñenco reported non-operating income of Ch\$4,242 million (US\$6.7 million) in the second quarter of 2001, compared to non-operating losses of Ch\$10,516 million (US\$16.7 million) during the same period in 2000.

- **Proportionate share of net income of equity method investments**

Quiñenco's proportionate share of net income from equity method investments, which includes results from Banco de Chile, Banco Edwards and CCU, three of Quiñenco's most significant investments, reached Ch\$8,135 million (US\$12.9 million), compared to a loss from equity method investments of Ch\$3,562 million (US\$5.7 million) in 2Q 2000. The increase was a consequence of the improved performance of Banco Edwards during the second quarter of 2001 and the acquisition of a majority stake in Banco de Chile.

- **Amortization of goodwill expense**

Amortization of goodwill expense amounted to Ch\$7,329 million (US\$11.7 million) in the second quarter of 2001, a marked increase over the Ch\$2,254 million (US\$3.6 million) reported in the same period in 2000. The increase is almost entirely related to the Banco de Chile acquisition earlier this year which generated goodwill of Ch\$248,047 million (US\$394.4 million) as of June 30, 2001. The goodwill associated with the purchase is being amortized over a twenty-year period, using the straight line method. In addition, in the second quarter of 2001, the sale of Entel shares triggered the early recognition of the corresponding net negative goodwill associated with the original share purchases, thus positively impacting Quiñenco's income statement by Ch\$1,849 million (US\$2.9 million).



- **Interest Expense**

Interest expense increased by 82.1% to Ch\$16,486 million (US\$26.2 million) in the second quarter of 2001. The increase is mainly associated with indebtedness incurred in connection with the acquisition of Banco de Chile earlier this year.

- **Other non-operating income**

Other non-operating income included the sale of 9,460,000 million shares of Entel at Ch\$4,500/share which generated a gain on sale of Ch\$23,531 million (US\$37.4 million) in the second quarter of 2001.

Income Taxes – 2Q 2001

Income taxes reported during 2Q 2001 were Ch\$146 million (US\$0.2 million), compared to Ch\$1,462 million (US\$2.3 million) during the same period in 2000.

CONSOLIDATED BALANCE SHEET ANALYSIS (vis-a-vis the 1st quarter of 2001)

Condensed Consolidated Balance Sheet (in millions of Ch\$ as of 6/30/2001)			
Quiñenco	As of 6/30/00	As of 6/30/2001	As of 3/31/2001
Current assets	242,867	318,417	291,396
Fixed assets	440,417	425,584	419,920
Other assets	570,925	908,980	940,151
Total	1,254,209	1,652,981	1,651,467
Current liabilities	289,694	319,980	376,093
Long-term liabilities	212,522	546,268	510,761
Minority interest	105,426	108,498	108,736
Shareholders' equity	646,567	678,235	655,877
Total	1,254,209	1,652,981	1,651,467

Current Assets

Current assets increased 9.3% compared to the first quarter of 2001, mainly due to an increase in cash investments in repo instruments.

Fixed Assets and Other Assets

Fixed assets and Other assets did not vary significantly compared to the first quarter of 2001.

Current Liabilities

Current liabilities decreased by 14.9% compared to the first quarter of 2001, principally due to a reduction in short term bank loans, cancelled with the proceeds from Quiñenco's bond offering, which was concluded in early April.



Long-term Liabilities

Long-term liabilities increased by 7.0% compared to the first quarter of 2001, mainly due to an increase in bond obligations at Quiñenco, and to a lesser extent, Telsur. The increase in bond obligations was partially offset by a reduction in long term bank loans at the corporate level. Additionally, proceeds from the sale of Entel shares (Ch\$42,570 million) were used to partially pay down a long term notes payable associated with the acquisition of Banco de Chile earlier this year, which also partially offset the increase in long term liabilities reported during the quarter.

Minority Interest

Minority interest did not vary significantly compared to the first quarter of 2001.

Equity

Shareholders' equity increased by 3.4% compared to the first quarter of 2001, mainly due to current period net profits and to a lesser extent, an increase in other reserves, related with the application of Bulletin 64 in accounting for investments abroad.

Quiñenco Corporate Level

As of June 30, 2001, financial debt at the corporate level was approximately US\$629 million. As of the same date, cash and cash equivalents amounted to approximately US\$83 million. The debt to total capitalization ratio at the corporate level was 36.8%.

RETURN ON CAPITAL EMPLOYED (ROCE)

With the aim of focusing on creating value for Quiñenco's shareholders as well as an indicative measurement of operating company results, the following table indicates the return on capital employed (ROCE) at each of Quiñenco's main operating companies:

Operating Companies	Notes	ROCE (1) (%)
CCU		9.0
Lucchetti		3.6
Telsur		11.3
Madeco		3.1
Carrera		(2.0)
Habitaria		(0.4)

(1) Adjusted operating return over capital employed for the last 12 months (6/30/00 to 6/30/2001).



SECTOR /OPERATING COMPANY ANALYSIS

FINANCIAL SERVICES SECTOR

The following table details Quiñenco's proportional share of income from investments in the financial services sector during 2000 and 2001:

(in millions of Ch\$ as of 6/30/2001)

Sector						
Company	Ownership %	2Q 2000	YTD 2000	1Q 2001	2Q 2001	YTD 2001
Banco Edwards	51.2%	(4,762)	(2,622)	3,130	3,018	6,148
Banco de Chile (1)	52.7%	1,402	1,402	4,121	4,073	8,194

1) Ownership % corresponds to voting rights. Quiñenco's proportionate share of Banco de Chile's income is calculated according to economic ownership percentages in Banco de Chile (4.3%) and SM Chile (51.4%).

BANCO EDWARDS

(in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Operating revenues	31,080	36,584	37,715	63,875	73,804
Provision for loan losses	(17,590)	(9,118)	(8,672)	(23,660)	(17,667)
Operating expenses	(20,823)	(21,858)	(23,145)	(39,608)	(44,707)
Net Income (loss)	(9,250)	6,115	5,981	(5,126)	12,013
Loan portfolio	2,171,086	2,292,333	2,348,469		
Total assets	2,794,572	2,798,925	2,933,252		
Shareholders' equity	219,045	231,895	237,811		
Net interest margin	4.3%	4.7%	5.0%		
Efficiency ratio	67%	59.7%	61.4%		
ROAE	(17.0%)	10.7%	10.4%		
ROAA	(1.35%)	0.86%	0.83%		

Second Quarter 2001 Results

Banco Edwards reported net income for the second quarter of 2001 of Ch\$5,981 million (US\$9.5 million), compared to a net loss of Ch\$9,250 million (US\$14.7 million) in the second quarter of 2000. The improvement in net income is mainly attributed to a 21% increase in operating revenues and a reduction in provisions for loan losses during the quarter.



An increase of over 70% in fee income as well as a marked improvement in net interest revenue which expanded by 23%, boosted operating revenues during the second quarter. Provisions for loan losses were reduced from Ch\$17,590 million in the second quarter of 2000 to Ch\$8,672 million in the second quarter of 2001, principally due to lower provisions made in connection with consumer loans.

Operating expenses increased by 11% to Ch\$23,145 million during the second quarter of 2001, mainly related to an increase in the number of employees during the period related to the openings of new branch facilities. In addition, an increase in administrative and other expenses of 7% in 2Q 2001 contributed to the overall increase in operating expenses experienced during the period.

As of June 2001, the Bank's loan portfolio showed an overall recovery, having grown 2.9% during the second quarter and 8.2% over the last twelve months. Loan expansion over the twelve month period has been strongest in consumer loans, foreign trade loans, mortgage loans and leasing contracts. The corporate banking segment portfolio grew by 7.5% during the twelve month period, entirely concentrated in loans to large corporations. The individual banking segment also experienced significant growth during the period, reaching 6.6%.

BANCO DE CHILE

(in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Operating revenues	67,552	66,558	67,313	135,092	132,969
Provision for loan losses	(11,471)	(10,042)	(9,608)	(17,631)	(19,513)
Operating expenses	(33,385)	(31,451)	(33,020)	(66,765)	(64,045)
Net Income (loss)	21,308	23,970	21,847	42,527	45,492
Loan portfolio	3,653,507	3,882,164	3,883,706		
Total assets	5,255,475	5,895,531	6,065,618		
Shareholders' equity	346,614	329,948	353,612		
Net interest margin	4.8%	3.9%	4.3%		
Efficiency ratio	49.4%	47.3%	49.1%		
ROAE	25.3%	26.1%	25.6%		
ROAA	1.6%	1.7%	1.5%		

Second Quarter 2001 Results

Banco de Chile reported net income for the second quarter of 2001 of Ch\$21,847 million (US\$34.7 million), a 3% increase over the net income of Ch\$21,308 million (US\$33.9 million) reported in the second quarter of 2000.

Operating revenues decreased slightly during the period in spite of an increase in net interest revenue of 2.2% which was related to a higher level of loans at lower prevailing interest rates. This



increase was partially offset by a reduction in fee income and reduced gains on the sale of financial instruments.

Provisions for loan losses decreased from Ch\$11,471 million (US\$18.2 million) to Ch\$9,608 million (US\$15.3 million). Operating expenses were reduced by 1% in the second quarter of 2001 compared to the same period in 2000.

As of June 2001, the Bank's loan portfolio showed an overall loan growth of 6.3% over the last twelve months. Loan expansion over the twelve month period has been strongest in commercial loans, foreign trade loans and mortgage loans. The corporate banking segment portfolio grew by 9.0% during the twelve-month period, followed by high-income individuals, which grew by 8.6%.

FOOD & BEVERAGE SECTOR

The following table details Quiñenco's proportional share of income from investments in the food & beverage sector during 2000 and 2001:

(in millions of Ch\$ as of 6/30/2001)

Sector	FOOD & BEVERAGE					
Company	Ownership %	2Q 2000	YTD 2000	1Q 2001	2Q 2001	YTD 2001
CCU	30.8%	(644)	3,205	8,524	(70)	8,454
Lucchetti	87.0%	(925)	(1,796)	(881)	(547)	(1,428)

CCU

(in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Sales	63,596	91,707	68,615	149,773	160,322
Operating income (loss)	(1,622)	17,681	1,744	14,321	19,424
Net Income (loss)	(2,091)	27,681	(227)	10,408	27,455
Total assets	605,993	642,477	609,686		
Shareholders' equity	398,461	435,288	405,491		

Second Quarter 2001 Results

CCU's sales in the second quarter of 2001 increased by 7.9% compared to the second quarter of 2000 as a result of a 6.4% increase in volume sold and 0.3% higher average prices. The growth in volume sold was led by nectars (34.1%), domestic and export wine (18.4% and 14.9%), soft drinks (11.0%), and Chilean beer (3.9%). A reduction in the volume sold was reported in the Argentine beer and mineral waters segments which decreased by 6.1% and 3.6% respectively, during the second quarter, partially offsetting the increase in volume sold in the segments mentioned above.



Operating income reached Ch\$1,744 million, a notable improvement over the operating loss of Ch\$1,622 million reported in the second quarter of 2000. Operating results were boosted by the higher sales level during the period. In addition, SG&A expenses, which were reduced by 6.5% during the period, also served to boost operating income. The lower level of SG&A expenses was related to the implementation of CCU's cost reduction plan which implied lower salaries and marketing expenses.

The improvement in operating income was attributable to the higher sales level as well as the implementation of CCU's cost cutting plan which reduced SG&A expenses by 6.5% during the quarter.

CCU reported a net loss in the second quarter of 2001 of Ch\$227 million (US\$0.4 million), down by 89.1% from the net loss of Ch\$2,091 million (US\$3.3 million) reported in 2Q 2000. The higher operating profits earned during the period 2Q 2001 of Ch\$1,744 million were offset by non-operating losses which amounted to Ch\$798 million (US\$1.3 million), income tax provisions (Ch\$720 million), and minority interest (Ch\$ 464 million).

LUCCHETTI

(in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Sales	27,438	21,923	22,802	50,450	44,725
Operating income (loss)	2,087	1,627	1,310	3,126	2,937
Net Income (loss)	(1,063)	(1,013)	(629)	(2,065)	(1,642)
Total assets	148,709	136,774	134,311		
Shareholders' equity	43,912	35,870	34,420		

Second Quarter Results

Lucchetti reported sales of Ch\$22,802 million (US\$36.3 million) in the second quarter of 2001, down sharply from the Ch\$27,438 million (US\$43.6 million) reported in the same period of 2000. The decrease in sales was mostly attributable to the divestiture of the Argentine operation which was concluded in the second quarter (only April and May results are included in Lucchetti consolidated figures as of 6.30.01). In addition, sales were down in the Peruvian operation owing to a lower level of revenue earned in connection with the distribution of third party products as well as a lower volume of pasta sold during the quarter. Sales related to the Chilean operation were stable on a year-over-year comparison. The sales composition for the second quarter of 2001 was: Chile (63%), Peru (27%) and Argentina (10%).



The decrease in the Argentine and Peruvian sales levels affected operating profits which fell by 37% to Ch\$1,310 million (US\$2.1 million). A higher level of SG&A expenses in both the Peruvian and Argentine operations also negatively affected operating results during the second quarter.

In spite of the reduction in operating income reported during the second quarter, the net loss for the period of Ch\$629 million (US\$1.0 million) represented an improvement over the net loss of Ch\$1,064 million (US\$1.7 million) reported in the same period in 2000. The improvement at the net earnings level was due to higher non-operating results which included a net gain on price-level restatement of Ch\$1,571 million (US\$2.5 million).

TELECOMMUNICATIONS SECTOR

The following table details Quiñenco's proportional share of income from investments in the telecommunications sector during 2000 and 2001:

(in millions of Ch\$ as of 6/30/2001)

Sector	TELECOMMUNICATIONS					
	Ownership %	2Q 2000	YTD 2000	1Q 2001	2Q 2001	YTD 2001
Company						
Telsur	73.6%	1,198	2,323	1,292	1,327	2,620
Entel (1)	9.7%	826	1,779	1,321	890	2,211

TELSUR

(in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Sales	10,376	11,179	11,004	20,570	22,183
Operating income (loss)	2,752	3,125	2,852	5,387	5,977
Net Income (loss)	1,627	1,757	1,805	3,159	3,562
Total assets	110,526	120,992	125,058		
Shareholders' equity	52,060	54,511	53,862		

Second Quarter Results

Telsur's sales in the second quarter of 2001 were Ch\$11,004 million (US\$17.5 million), up 6% over the Ch\$10,386 million (US\$16.5 million) reported during the same period in 2000. Revenues increased during the quarter as a result of the Company's expansion into Concepcion in fixed telephony as well as an increase in revenues related to internet provider services, public telephony services and security services. Although operating costs associated with the incorporation of new services increased, operating income benefited from the addition of new services, increasing by 4% during the quarter to Ch\$2,852 million (US\$4.5 million).



Telsur reported net income for the second quarter of 2001 of Ch\$1,805 million (US\$2.9 million), up by nearly 11% from the same period in 2000. Net results increased as a result of the higher level of operating income as well as a reduction in non-operating losses.

MANUFACTURING SECTOR

The following table details Quiñenco's proportional share of income from investments in the manufacturing sector during 2000 and 2001:

(in millions of Ch\$ as of 6/30/2001)

Sector	MANUFACTURING					
Company	Ownership %	2Q 2000	YTD 2000	1Q 2001	2Q 2001	YTD 2001
Madeco	56.1%	(2,552)	(5,504)	(440)	(4,555)	(4,995)

MADECO

(in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Sales	73,483	89,369	101,600	142,259	190,969
Operating income (loss)	1,926	5,854	5,182	2,617	11,036
Net Income (loss)	(4,543)	(784)	(8119)	(9,774)	(8,902)
Total assets	424,535	458,392	455,115		
Shareholders' equity	159,625	161,630	159,551		

Second Quarter Results

Madeco's consolidated sales grew by over 38% during the second quarter of 2001 to Ch\$101,600 million (US\$161.5 million). Although each of the company's four business units increased its sales level during the period, the bulk of the growth corresponded to the wire and cable segment whose sales jumped by more than 58% in 2Q 2001 to Ch\$64,238 million (US\$102.1 million). Wire and cable segment sales reflect the growth in volume in the Brazilian operation of copper telecom cables and optical fiber, driven by investments that were being carried out in the telecom sector during the quarter. Consolidated sales breakdown by segment for the second quarter of 2001 is as follows: wire and cable (63%), brass mills (19%), flexible packaging (11%) and aluminum profiles (7%).

Operating income rose to Ch\$5,182 Million (US\$8.2 million), an increase of 169% compared to the same period in 2000. As a percentage of sales, operating income reached 5.1%, up from 2.6% in the same period of 2000. Operating income reported during the period corresponded almost entirely to the wire and cable segment.



Heavy non-operating losses of Ch\$10,262 million (US\$16.3 million) were the result of price-level restatement losses associated with the devaluation of the Chilean peso (5.7%) and the Brazilian real (6.5%) during the period versus the US dollar, an increase in interest expense, and an increase in other expenses during the period. These non-operating losses contributed to a net loss for the second quarter of Ch\$8,119 million (US\$12.9 million).

REAL ESTATE/HOTEL ADMINISTRATION

The following table details Quiñenco's proportional share of income from investments in the real estate/hotel administration sector during 2000 and 2001:

(in millions of Ch\$ as of 6/30/2001)

Sector	REAL ESTATE/HOTEL ADMINISTRATION					
	Ownership %	2Q 2000	YTD 2000	1Q 2001	2Q 2001	YTD 2001
Company						
Hoteles Carrera	90.8%	(496)	(457)	10	(430)	(420)
Habitaria	50.0%	(135)	(269)	(200)	(205)	(405)
Plava Laguna	39.4%	-	-	(467)	0	(467)

HOTELES CARRERA

(in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Sales	1,494	2,120	1,698	3,694	3,819
Operating income (loss)	(360)	184	(332)	(142)	(148)
Net Income (loss)	(547)	11	(473)	(503)	(462)
Total assets	24,461	23,986	23,711		
Shareholders' equity	14,334	13,737	13,263		

Second Quarter Results

The increase of 13.7% in Carrera's sales revenue during the second quarter of 2001 was attributable to the Carrera Hotel in Santiago and the hotel in Antofagasta, both of which reported higher average room tariffs and occupancy rates compared to the same period in 2000. The gross margin increased from 3% to 10% year-over-year. In spite of these improvements, Hoteles Carrera reported an operating loss during the second quarter of 2001 of Ch\$332 million (US\$0.5 million), owing to a higher level of SG&A expenses, which included non-recurring indemnization expenses. The net loss for the period of Ch\$473 million (US\$0.8 million) was 13.5% lower than in the same period of 2000, mainly as a result of the lower aforementioned operating losses and lower non-operating losses.



HABITARIA

(in millions of Ch\$ as of 6/30/2001)

	2Q 2000	1Q 2001	2Q 2001	YTD 2000	YTD 2001
Sales	1,166	2,259	782	1,481	3,041
Operating income (loss)	(213)	(230)	(378)	(496)	(607)
Net Income (loss)	(260)	(401)	(410)	(538)	(811)
Total assets	37,226	42,640	46,901		
Shareholders' equity	13,096	13,193	14,560		

Second Quarter Results

During the second quarter of 2001, Habitaria reported a net loss of Ch\$410 million (US\$0.7 million). Since Habitaria recognizes income (and its corresponding cost) related to the sale of its apartments only in the final stage of the sales process, quarterly revenues may not fully reflect apartments sold under agreements during the period. Costs related to projects, and to a certain extent, earnings may reflect a mis-matching of revenues and expenses. Administration and overhead expenses are recognized when incurred.

During the second quarter of 2001, Habitaria delivered 39 apartments, corresponding to three projects. The lower prevailing interest rates on home mortgages has to a certain extent stimulated the housing market and Habitaria has pre-sold (for delivery and subsequent recognition in revenues) 253 units. Habitaria currently has six housing projects under construction, to be completed in 2001. Additionally, it has four apartment projects, fully constructed, of which 363 apartments remain for sale.

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All of Quiñenco's Earnings Releases and Press Releases and other relevant information on the Company, including quarterly financial statements, are available for viewing on the Company's website: www.quinenco.cl