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**QUIÑENCO S.A. ANNOUNCES CONSOLIDATED  
RESULTS FOR THE FIRST QUARTER OF 2007**

(Santiago, Chile, April 27, 2007) Quiñenco S.A. (NYSE:LO), a leading Chilean business conglomerate, announced today its consolidated financial results in Chilean GAAP, for the first quarter ended March 31, 2007.

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 (2.7% year-over-year). Figures in US\$ have been converted from Chilean pesos (Ch\$) at the observed exchange rate on March 31, 2007 (Ch\$539.21 = US\$1.00) and are only provided for the reader's convenience.

**1Q 2007 HIGHLIGHTS**

- **Consolidated revenues increased by 23.0% to Ch\$167,006 million (US\$309.7 million), attributable to the strong quarterly sales growth at Madeco of 25.3%.**
- **Operating income reached Ch\$10,806 million (US\$20.0 million), up by 2.6% from the Ch\$10,535 million (US\$19.5 million) reported in the first quarter of 2006.**
- **The main operating companies of the group performed well, and their contribution Quiñenco's net profits reached Ch\$26,672 million (US\$49.5 million), up 5.8% compared to 1Q 2006.**
- **Non-operating results, which reached Ch\$44,048 million (US\$81.7 million), included a non-recurring gain on the sale of shares of Entel of Ch\$32,815 million (US\$60.9 million).**
- **Net income amounted to Ch\$42,396 million (US\$78.6 million) in the first quarter of 2007, up sharply from the Ch\$15,324 million (US\$28.4 million) reported 1Q 2006.**
- **Earnings per share amounted to Ch\$39.26 (US\$0.07) for the first quarter of 2007.**



## **GROUP HIGHLIGHTS – FIRST QUARTER 2007 AND SUBSEQUENT EVENTS**

### **Quiñenco**

At the General Ordinary Shareholders' Meeting held on April 27, 2007, shareholders approved a dividend distribution corresponding to 2006 net income of Ch\$15.85 per share, payable to shareholders registered with the company as of May 3, 2007. The total amount of the dividend is Ch\$17,113 million, equivalent to 30% of 2006 net income.

At an Extraordinary Shareholders' Meeting held immediately after the Ordinary Shareholders' Meeting on April 27, 2007, shareholders agreed to a capital increase of Ch\$55,000 million. The purpose of the capital increase will be to finance Quiñenco's proportionate share of a capital increase in its banking subsidiary, Banco de Chile's.

On April 19, 2007, the 90 day holding period ended for exchanging Quiñenco's ADRs for ordinary shares. This followed Quiñenco's announcement last November that it was terminating its ADR program in the United States and delisting its shares from the New York Stock Exchange. On April 2, 2007, Quiñenco filed Form 15 with the Securities and Exchange Commission in order to suspend its reporting requirements to said authorities.

### **Entel**

During the first quarter of 2007, Quiñenco sold on the Chilean stock exchanges 6,352,485 shares of Entel, equivalent to a 2.69% interest in the company. Proceeds from the sale of shares amounted to Ch\$46,565 million (US\$86.4 million) and the corresponding gain on sale was Ch\$32.815 million (US\$60.9 million). As of March 31, 2007, Quiñenco holds 7,208,684 shares of Entel, equivalent to a 3.05% interest in the company.

### **Madeco**

On February 12, 2007, Madeco acquired an 80% stake in Cedsa, a Colombian cable producer, for US\$3.7 million. Shareholders have agreed to carry out a capital increase in order to increase Cedsa's productive capacity for US\$6 million, to be completed in two stages, between March and September of this year.

On March 1, 2007, Madeco, through its flexible packaging subsidiary Alusa, acquired an additional 14.5% in Peruplast (bringing its interest in Peruplast to 39.5%) and 24.4% in Tech Pak (bringing its interest in Tech Pak to 50%) for US\$8.5 million. Alusa also agreed to purchase an additional 10.5% of Peruplast, at which time its interest in Peruplast will increase to 50%. On a parallel basis, the Nexus Group signed a shareholders' agreement with Alusa to purchase an equal interest in both companies.



**Net Income Contribution**

<b>Sector/Company</b>	Quiñenco's ownership % at 3/31/2007	1Q 2006 MCh\$	4Q 2006 MCh\$	<b>1Q 2007 MCh\$</b>	1Q 2007 MUS\$
<b>Financial Services:</b>					
Banco de Chile (1)(2)	52.2%	13,532	12,674	<b>13,971</b>	25.9
<b>Food &amp; Beverage:</b>					
CCU (3)	33.1%	6,930	7,491	<b>8,418</b>	15.6
<b>Telecommunications:</b>					
Telefónica del Sur (1)	73.7%	1,578	1,174	<b>1,254</b>	2.3
<b>Manufacturing:</b>					
Madeco (1)	46.2%	3,168	1,262	<b>3,029</b>	5.6
<b>Other operating companies (4)</b>		(1,199)	(672)	<b>(5,024)</b>	(9.3)
<b>Total operating companies</b>		24,009	21,929	<b>21,648</b>	40.1
<b>Quiñenco &amp; holding companies (5)</b>		(8,685)	(7,862)	<b>20,748</b>	38.5
<b>Total</b>		15,324	14,067	<b>42,396</b>	78.6

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

- (1) Operating company in which Quiñenco has direct or indirect control.
- (2) Ownership % in the above table corresponds to voting rights in Banco de Chile.
- (3) Operating company which is controlled jointly between Quiñenco and Heineken International.
- (4) Other operating companies include results from Hoteles Carrera, Habitaria and Indalsa.
- (5) Quiñenco and intermediate holding companies.

Quiñenco reported net income of Ch\$42,396 million (US\$78.6 million) in the first quarter of 2007, compared to net income of Ch\$15,324 million (US\$28.4 million) in the same period of 2006. Earnings per ordinary share amounted to Ch\$39.26 (US\$0.07) in 1Q 2007.

1Q 2007 net income (at the Quiñenco holding company level) included a non-recurring gain on the sale of shares of Entel of Ch\$32,815 million (US\$60.9 million), mainly explaining the variation in net income between the two periods.

The net income contribution from operating companies was Ch\$21,648 million (US\$40.1 million), down by 9.8% compared to the same quarter in 2006. The decrease was attributable to losses from other operating companies, namely Indalsa, which contributed a loss of Ch\$4,831 million (US\$9.0 million) to Quiñenco's results for the first quarter, the effect of which was partially offset by an increase in the contribution from CCU and Banco de Chile.



**Consolidated Income Statement Breakdown**

	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
<b>Revenues</b>				
Madeco	121,563	133,241	<b>152,359</b>	282.5
Telefónica del Sur	13,912	14,079	<b>14,377</b>	26.7
Quiñenco & holding	307	169	<b>270</b>	0.5
<b>Total</b>	<b>135,782</b>	<b>147,489</b>	<b>167,006</b>	<b>309.7</b>
<b>Operating income (loss)</b>				
Madeco	9,768	5,932	<b>10,725</b>	19.9
Telefónica del Sur	3,158	3,027	<b>2,655</b>	4.9
Quiñenco & holding	(2,391)	(2,774)	<b>(2,574)</b>	(4.8)
<b>Total</b>	<b>10,535</b>	<b>6,185</b>	<b>10,806</b>	<b>20.0</b>
<b>Non-operating income (loss)</b>				
Interest income	1,273	1,549	<b>1,893</b>	3.5
Share of net income/loss from related co:				
Banco de Chile	13,532	12,674	<b>13,971</b>	25.9
CCU	6,930	7,491	<b>8,418</b>	15.6
Other equity investments	1,346	453	<b>(187)</b>	(0.3)
Other non-op income	521	1,147	<b>33,454</b>	62.0
Amortization of GW expense	(5,381)	(5,443)	<b>(5,450)</b>	(10.1)
Interest expense	(7,155)	(6,817)	<b>(7,641)</b>	(14.2)
Other non-op expenses	(1,776)	(2,674)	<b>(1,183)</b>	(2.2)
Price-level restatement	717	208	<b>(138)</b>	(0.2)
Foreign exchange gains & losses	1,446	53	<b>911</b>	1.7
<b>Total</b>	<b>11,453</b>	<b>8,641</b>	<b>44,048</b>	<b>81.7</b>
Income tax	(2,458)	1,509	<b>(7,983)</b>	(14.8)
Extraordinary items	-	-	<b>-</b>	-
Minority interest	(4,597)	(2,621)	<b>(4,828)</b>	(9.0)
Amortization of negative GW	391	353	<b>353</b>	0.7
<b>Net income (loss)</b>	<b>15,324</b>	<b>14,067</b>	<b>42,396</b>	<b>78.6</b>

**Revenues – 1Q 2007**

Consolidated revenues for the first quarter of 2007 reached Ch\$167,006 million (US\$309.7 million), up by 23.0% from the Ch\$135,782 million (US\$251.8 million) reported in the first quarter of 2006, mostly explained by a 25.3% increase in Madeco's sales, mainly as a result of higher average copper prices and volumes in the cables and flexible packaging business units due to the consolidation of new businesses.

Consolidated sales can be broken down as follows: Madeco (91.2%), Telefónica del Sur (8.6%) and others (0.2%).

**Operating income - 1Q 2007**

Operating income for the first quarter of 2007 was Ch\$10,806 million (US\$20.0 million), up by 2.6% from the Ch\$10,535 million (US\$19.5 million) reported in the first quarter of 2006. The rise in consolidated operating income was attributable to Madeco's operations, mainly due to the increase in operating income associated with its cable business unit, partially offset by a decline in Telsur's operating income, which was affected by product launches which have yet to reach breakeven.



### EBITDA – 1Q 2007

EBITDA reached Ch\$19,092 million (US\$35.4 million) in 1Q 2007, compared to Ch\$17,696 million (US\$32.8 million) in 1Q 2006, an increase of 7.9% compared to the same period of 2006, attributable to Madeco's operations.

### Non-operating results –1Q 2007

Quiñenco reported non-operating income of Ch\$44,048 million (US\$81.7 million) in the first quarter of 2007, compared to non-operating income of Ch\$11,454 million (US\$21.2 million) in the same quarter of 2006. The main items included in non-operating results are discussed below:

#### Proportionate share of net income of equity method investments (net)

Quiñenco's proportionate share of net income from equity method investments (net), which includes the results from Banco de Chile and CCU, Quiñenco's most significant investments, reached Ch\$22,202 million (US\$41.2 million), compared to Ch\$21,808 million (US\$40.4 million) in 1Q 2006, an increase of 1.8%. The increase mainly corresponded to growth in the proportionate share of net income from CCU (+21.5%) and to a lesser extent, Banco de Chile (+3.2%). The increase was partially offset by a reduction in Other equity investments which amounted to a loss of Ch\$187 million (US\$0.3 million) compared to income of Ch\$1,346 million (US\$2.5 million). This variation is explained by the reclassification of Quiñenco's investment in Entel in the 2<sup>nd</sup> quarter of 2006. The investment in Entel is now being carried on a cost basis and income is recognized when dividends are received.

#### Other non-operating income

Other non-operating income was Ch\$33,454 million (US\$62.0 million), compared to Ch\$521 million (US\$1.0 million) in the first quarter of 2006. Other non-operating income in 1Q 2007 was mainly composed of a gain on the sale of a 2.7% interest in Entel amounting to Ch\$32.815 million (US\$60.9 million), explaining the difference between the two quarters.

#### Amortization of goodwill expense

Amortization of goodwill expense amounted to Ch\$5,450 million (US\$10.1 million) in the first quarter of 2007, almost unchanged from the Ch\$5,381 million (US\$10.0 million) reported in the same period of 2006. Goodwill expense is almost entirely related to the Banco de Chile acquisition in 2001, and to a lesser extent, the Banco Edwards acquisition in 1999 (now kept on the books as Bank of Chile). As of March 31, 2007, goodwill amounting to Ch\$267,333 million (US\$495.8 million) is associated with the Banco de Chile acquisition. Goodwill is amortized using the straight-line method over twenty years.

#### Interest expense

Interest expense for the first quarter of 2007 amounted to Ch\$7,641 million (US\$14.2 million), an increase of 6.8% compared to the same period in 2006, mainly attributable to Madeco's operations as a result of increased indebtedness due to greater working capital needs and higher financial costs.

#### Other non-operating expenses

Other non-operating expenses amounted to Ch\$1,183 million (US\$2.2 million), compared to Ch\$1,776 million (US\$3.3 million) in the first quarter of 2006. Other non-operating expenses in 1Q 2007 was mainly composed of charges for obsolescence and write-downs of assets, severance expenses and other provisions.



#### Price-level restatement

Price-level restatement losses amounted to Ch\$138 million (US\$0.3 million) in the first quarter of 2007, compared to price-level restatement gains of Ch\$717 million (US\$1.3 million) in the same period in 2006.

#### Foreign currency exchange differences

In 1Q 2007, the gains specific to foreign currency differences amounted to Ch\$911 million (US\$1.7 million), compared to gains amounting to Ch\$1,446 million (US\$2.7 million) reported in the first quarter of 2006, almost entirely attributable to Madeco's operations as the Brazilian real and Peruvian sol lost ground to the US dollar vis-à-vis the first quarter of 2006.

#### Income taxes – 1Q 2007

Quiñenco reported income tax expense of Ch\$7,983 million (US\$14.8 million), compared to Ch\$2,458 million (US\$4.6 million) in the same period of 2006. In 1Q 2007, provisions for income taxes included the estimated tax liability associated with the disposal of Entel shares and a deferred tax valuation provision related to Indalsa's operations.

#### Minority interest – 1Q 2007

In the first quarter of 2007, Quiñenco reported a deduction from income of Ch\$4,828 million (US\$9.0 million), compared to a deduction from income of Ch\$4,597 million (US\$8.5 million) in 1Q 2006. The amount is mainly related to minority shareholders' proportionate share of Madeco's, and to a lesser extent, Telefónica del Sur's first quarter 2007 income.



**CONSOLIDATED BALANCE SHEET ANALYSIS (vis-à-vis the 4th quarter of 2006)**

**Condensed Consolidated Balance Sheet**

	As of 3/31/06 MCh\$	As of 12/31/06 MCh\$	As of 3/31/07 MCh\$	As of 3/31/07 MUS\$
Current assets	347,565	368,834	<b>469,567</b>	870.8
Fixed assets	262,894	258,337	<b>287,896</b>	533.9
Other assets	831,053	866,895	<b>819,897</b>	1,520.6
Total assets	1,441,513	1,494,065	<b>1,577,360</b>	2,925.3
Current liabilities	129,127	122,721	<b>143,029</b>	265.3
Long-term liabilities	429,479	429,378	<b>427,151</b>	792.2
Minority interest	148,747	170,500	<b>191,950</b>	356.0
Shareholders' equity	734,160	771,467	<b>815,230</b>	1,511.9
Total liabilities & shareholders' equity	1,441,513	1,494,065	<b>1,577,360</b>	2,925.3

**Current assets**

Current assets increased 27.3% compared to the fourth quarter of 2006, mainly due to an increase in cash and cash equivalents related to the receipt of dividends, proceeds from the disposal of shares of Entel and a higher accounts and notes receivable level at Madeco.

**Fixed assets and other assets**

Fixed assets increased by 11.4% compared to the fourth quarter of 2006 mainly due to the incorporation of fixed assets at Madeco and Telsur. Other assets decreased by 5.4%, mainly due to the reduction in the equity value of the Company's investment in Banco de Chile post-dividend and the disposal of shares of Entel.

**Current liabilities**

Current liabilities increased by 16.5% compared to the fourth quarter of 2006, primarily due to an increase in accounts payable at Madeco, and to a lesser extent, provisions at Telsur and the corporate level.

**Long-term liabilities**

Long-term liabilities did not vary significantly from the fourth quarter of 2006.

**Minority interest**

Minority interest increased by 12.6% compared to the fourth quarter of 2006, mostly attributable to minority interest in Madeco.

**Equity**

Shareholders' equity increased by 5.7% as a result of the period earnings.

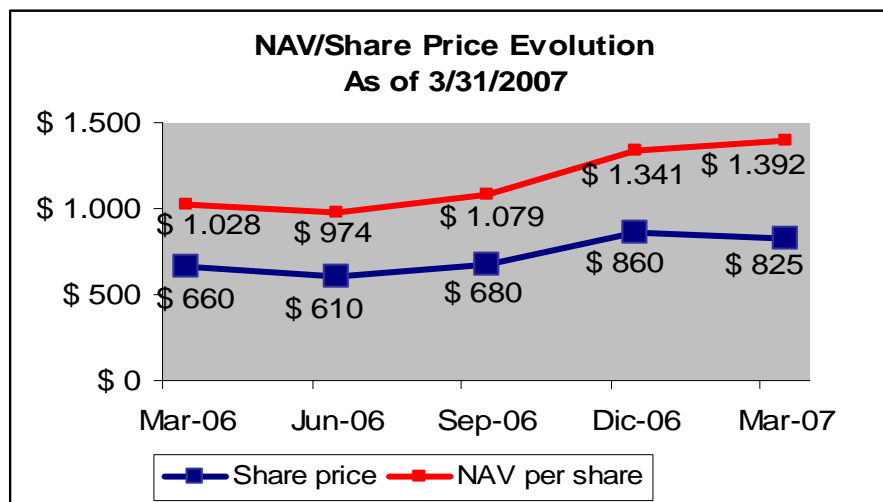
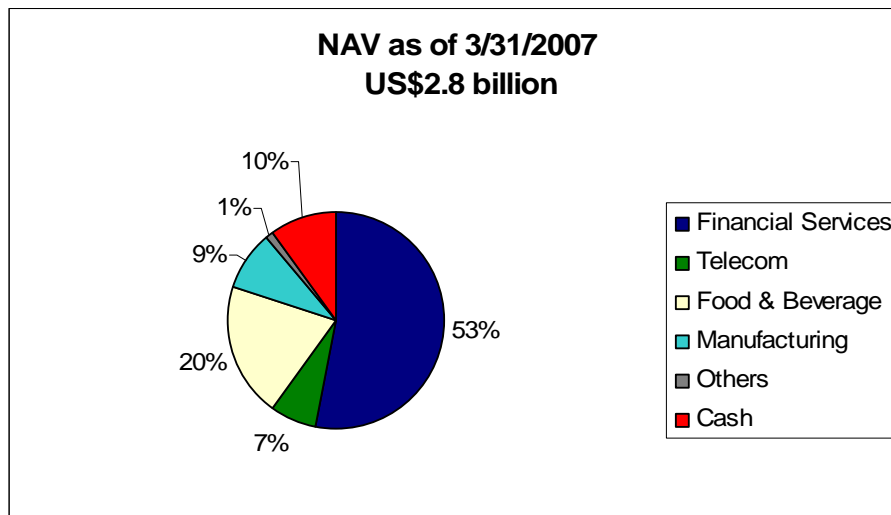


### Quiñenco corporate level debt and cash

As of March 31, 2007, financial debt at the corporate level was Ch\$340,609 million (US\$631.7 million). As of the same date, cash and cash equivalents amounted to Ch\$189,084 million (US\$350.7 million). The debt to total capitalization ratio at the corporate level was 29.4%.

### NAV

As of March 31, 2007, the estimated net asset value (NAV) of Quiñenco was US\$2,788 million (Ch\$1,392 per share) and market capitalization was US\$1.652 billion (Ch\$825 per share). The discount to NAV is estimated at 40.7% for the same period.







**SECTOR /OPERATING COMPANY ANALYSIS**

**FINANCIAL SERVICES SECTOR**

The following table details Quiñenco's proportionate share of income from investments in the Financial Services sector during 2006 and 2007:

<b>FINANCIAL SERVICES</b>					
	Ownership %	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
Banco de Chile (1)	52.2%	13,532	12,674	<b>13,971</b>	25.9

1) Ownership % in the above table corresponds to voting rights in Banco de Chile.

**BANCO DE CHILE**

	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
Operating revenues	129,670	140,201	<b>145,036</b>	269.0
Provision for loan losses	(6,812)	(13,332)	<b>(12,690)</b>	(23.5)
Operating expenses	(72,500)	(78,406)	<b>(79,097)</b>	(146.7)
Net Income (loss)	46,354	42,464	<b>47,318</b>	87.8
Loan portfolio	8,550,341	9,671,451	<b>9,736,187</b>	18,056.4
Total assets	11,192,942	12,785,807	<b>12,682,295</b>	23,520.1
Shareholders' equity	686,824	836,300	<b>722,342</b>	1,339.6
Net financial margin	3.7%	3.6%	<b>3.7%</b>	
Efficiency ratio	55.9%	55.9%	<b>54.5%</b>	
ROAE	22.9%	20.1%	<b>22.2%</b>	
ROAA	1.7%	1.4%	<b>1.5%</b>	

**1Q 2007 Results**

Operating revenues increased by 11.9% to Ch\$145,036 million (US\$269.0 million) in the first quarter of 2007. The rise in operating revenues was primarily due to an increase in net financial income, which rose by 14.3% to Ch\$105,221 million (US\$195.1 million) as a result of a 13.4% growth in average interest earning assets. Net financial income, which is calculated as the sum of net interest revenue, foreign exchange transactions (net) and gains (losses) from forwards derivative contracts, comprised 72.5% of operating revenues in 1Q 2007. In addition, an increase of 16.3% or Ch\$5,365 million (US\$10.0 million) in fee income related to the bank's core products and subsidiary businesses also contributed to the rise in operating revenues during the first quarter of the year. Fee income accounted for 26.4% of operating revenues in 1Q 2007. Operating revenues were partially offset by a decline in lower gains on the sale of financial instruments.

Provisions for loan losses, which amounted to Ch\$12,690 million (US\$23.5 million), showed an increase of Ch\$5,878 million (US\$10.9 million) from the Ch\$6,812 million (US\$12.6 million) reported in the first quarter of 2006, mainly due to the expansion of the loan portfolio, mainly in the retail sector which is considered to be of higher risk. This reflected a 0.5% provision to average loans (compared with 0.9% for the financial system as a whole).

Operating expenses rose by 9.1% to Ch\$79,097 million (US\$146.7 million) compared to the first quarter of 2006, primarily due to higher personnel costs, technology costs and advertising expenses.



Price-level restatement losses totaled Ch\$1,205 million (US\$2.2 million) compared to price-level restatement gains of Ch\$1,711 million (US\$3.2 million) reported in 1Q 2006. The reduction in results in 1Q 2007 reflect the higher negative inflation rate used for adjustment purposes in 1Q 2007 vis-à-vis 1Q 2006 (0.01% vs. -0.3%).

Net income increased by 2.1% reaching Ch\$47,318 million (US\$87.8 million) in 1Q 2007, driven by the growth in operating revenues, the effect of which more than offset the rise in operating expenses and loan loss provisions reported during the first quarter of the year.

As of March 2007, the Bank's loan portfolio (net of inter-bank loans) demonstrated robust growth of 13.9% over the last twelve month period, corresponding to all lending categories except mortgage loans.

Banco de Chile is the second ranked bank in the country with a market share of 17.7% according to information published by the Chilean Superintendency of Banks for the period ended March 31, 2007. Its return on capital and reserves after taxes (annualized) reached 28.0%, compared to 16.5% for the local financial system, according to the same source.

### **FOOD & BEVERAGE SECTOR**

The following table details Quiñenco's proportionate share of income (loss) from investments in the Food & Beverage sector during 2006 and 2007:

<b>FOOD &amp; BEVERAGE</b>					
	Ownership %	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
CCU	33.1%	6,930	7,491	<b>8,418</b>	15.6

### **CCU**

	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
Sales	143,043	167,509	<b>159,808</b>	296.4
Operating income (loss)	27,532	31,695	<b>34,843</b>	64.6
Net Income (loss)	20,965	22,662	<b>25,464</b>	47.2
Total assets	668,671	703,812	<b>721,513</b>	1,338.1
Shareholders' equity	349,987	349,926	<b>376,161</b>	697.6

### **1Q 2007 Results**

CCU's sales grew by 11.7% in the first quarter of 2007 compared to the first quarter of 2006, due to a 7.8% increase in consolidated sales volumes and 3.5% higher average prices. The growth in sales volume was led by the soft drink segment (+7.1%), the Argentine beer segment (+12.4%), the Chilean beer segment (+5.9%), the wine segment (+10.8%), and the pisco segment (+11.6%). Higher average prices correspond to the Argentine and Chilean beer segments, Argentine wine, pisco and soft drinks, partially offset by lower average prices of nectars and Chilean domestic wine.

Operating income increased by 26.6% to Ch\$34,843 million (US\$64.6 million) due to the higher sales level, the effect of which was partially offset by an increase in COGS and SG&A expenses associated with higher distribution expenses, salaries and marketing expenses. The consolidated operating margin was 21.8% of sales, compared to 19.2% in the same period of 2006.

CCU reported non-operating losses of Ch\$2,776 million (US\$5.1 million), up from the Ch\$1,340 million (US\$2.5 million) reported in 1Q 2006. The deterioration in non-operating results was mainly attributable to non-



operating expenses associated with non-recurring severance payments related to the company's cost reduction plan implemented in March, and to a lesser extent, a decrease in price-level restatement results due to the higher inflation rate.

Net income amounted to Ch\$25,464 million (US\$47.2 million), an increase of 21.5% from the net income of Ch\$20,965 million (US\$38.9 million) reported in the first quarter of 2006. The rise in period profits was due to the aforementioned improvement in operating results during the quarter, partially offset by an increase in non-operating losses and income tax provisions during the period.

### **TELECOMMUNICATIONS SECTOR**

The following table details Quiñenco's proportionate share of income from investments in the Telecommunications sector during 2006 and 2007:

<b>TELECOMMUNICATIONS</b>					
	Ownership %	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
Telefónica del Sur	73.7%	1,578	1,174	<b>1,254</b>	2.3

### **TELEFONICA DEL SUR**

	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
Sales	13,912	14,079	<b>14,377</b>	26.7
Operating income (loss)	3,158	3,028	<b>2,655</b>	4.9
Net Income (loss)	2,143	1,592	<b>1,701</b>	3.2
Total assets	129,631	130,775	<b>132,310</b>	245.4
Shareholders' equity	71,177	70,386	<b>72,087</b>	133.7

### **1Q 2007 Results**

Telefónica del Sur's revenues, which reached Ch\$14,377 million (US\$26.7 million) in the first quarter of 2007, rose by 3.3% from the Ch\$13,912 million (US\$25.8 million) reported in the first quarter of 2006. The increase in the sales level reflects a 17.2% expansion in the client base, mainly related to the PHS wireless phone service launched in April of last year, as well as broad band internet. Worth noting is this is the first time in four years that Telsur has shown growth in fixed-line telephony, bucking industry trends (through the PHS wireless phone service).

Basic telephony services accounted for 46.8% of all revenues, followed by user access charges (10.1%), long distance services (7.3%), public telephones (3.6%), and other non-regulated services (32.2%).

Operating profit decreased by 15.9% to Ch\$2,655 million (US\$4.9 million), compared to Ch\$3,158 million (US\$5.9 million) in the first quarter of 2006. The decline in operating income in 1Q 2007 mainly corresponded increased costs associated with the PHS wireless phone service launches which has not reached its breakeven point because of related depreciation expense of the surrounding infrastructure and sales costs.

Telefónica del Sur reported non-operating losses of Ch\$505 million (US\$0.9 million), up by 25.6% from the non-operating losses of Ch\$402 million (US\$0.7 million) reported in 1Q 2006. The increase in non-operating losses was primarily attributable to a reduction in non-operating income, interest income and price-level restatement gains, partially offset by lower interest expense and other non-operating expenses.



Telefónica del Sur reported net income of Ch\$1,701 million (US\$3.2 million), a decrease of 20.6% compared to the same period in 2006, mainly as a consequence of the aforementioned deterioration in operating and non-operating results during the quarter.

**MANUFACTURING SECTOR**

The following table details Quiñenco's proportionate share of income (loss) from investments in the Manufacturing sector during 2006 and 2007:

<b>MANUFACTURING</b>					
	Ownership %	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
Madeco	46.2%	3,168	1,262	<b>3,029</b>	5.6

**MADECO**

	1Q 2006 MCh\$	4Q 2006 MCh\$	1Q 2007 MCh\$	1Q 2007 MUS\$
Sales	121,563	133,241	<b>152,359</b>	282.6
Operating income (loss)	9,768	5,932	<b>10,725</b>	19.9
Net Income (loss)	6,625	2,733	<b>6,564</b>	12.2
Total assets	389,598	417,615	<b>457,180</b>	847.9
Shareholders' equity	220,276	252,058	<b>260,047</b>	482.3

**1Q 2007 Results**

Starting January 1, 2007, Madeco began to consolidate Cedrsa, Peruplast and Tech Pak, operations in Colombia and Peru that it acquired during the first quarter of the year.

Madeco's sales in the first quarter of 2007 increased by Ch\$30,796 million (US\$57.1 million) or 25.3% from Ch\$121,563 million (US\$225.4 million) to Ch\$152,359 million (US\$282.6 million), attributable to price increases associated with the rise in copper prices (Ch\$17,800 million or US\$33.0 million) and 11.5% higher sales volumes (Ch\$12,996 million or US\$24.1 million), entirely attributable to the consolidation of Cedrsa, Peruplast and Tech Pak (accounting for Ch\$13,526 million (US\$25.1 million)).

Sales of the wire and cable business unit increased by 31.6% or Ch\$24,818 million (US\$46.0 million), primarily as a result of higher prices, as well as increased sales volumes in Brazil and Argentina, partially offset by a reduction in volumes in Chile and Peru. The Colombian operations contributed Ch\$4,331 million (US\$8.0 million) to the business unit's sales for the period.

Additionally, sales of the flexible packaging unit were boosted by Ch\$9,195 million (US\$17.1 million) as a result of the consolidation with Peruplast and Tech Pak. These sales increases were partially offset by lower sales of the brassmills unit which fell by Ch\$3,983 million (US\$7.4 million) as a result of product substitution and low export volumes. Sales corresponding to the aluminum profiles unit rose by 7% or Ch\$559 million (US\$1.0 million) due to higher prices, partially offset by a 6.9% decline in sales volumes.

Sales of the wire and cable business unit (whose principal operation is Ficap Brazil) accounted for 67.8% of total sales, followed by brass mills (12.9%), flexible packaging (13.6%) and aluminum profiles (5.7%).

Operating income rose by Ch\$957 million (US\$1.8 million) or 9.8% to Ch\$10,725 million (US\$19.9 million), mainly due to the increase in operating income associated with the cable business unit, the effect of which was partially offset by a decline in operating income of the brass mills unit. The increase in operating income



of the cable business unit (+Ch\$3,396 million or US\$6.3 million) was a direct result of the higher sales level, although it was partially offset by 18.1% higher SG&A expenses. In spite of a reduction in SG&A expenses, operating income of the brass mills unit fell by Ch\$2,609 million (US\$4.8 million) as a result of the aforementioned decline in sales.

Non-operating losses rose from Ch\$912 million (US\$1.7 million) to Ch\$2,145 million (US\$4.0 million) in 1Q 2007. The increase in non-operating losses was mainly attributable to a reduction in exchange rate gains as the Brazilian real and Peruvian sol lost ground to the US dollar, higher price-level restatement losses and an increase in interest expense associated with greater indebtedness and higher financial costs.

In spite of the reported increase in operating profits, Madeco reported a net profit of Ch\$6,564 million (US\$12.2 million) for the first quarter of 2007, slightly down from the Ch\$6,625 million (US\$12.3 million) reported in 1Q 2006. The decline in net quarterly earnings was attributable to the higher non-operating losses, partially offset by a lower income tax burden for the quarter compared to the same period of 2006.

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All of Quiñenco's Earnings 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**  
**www. quinencogroup.com**