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**QUIÑENCO S.A. ANNOUNCES CONSOLIDATED  
RESULTS FOR THE THIRD QUARTER OF 2002**

(Santiago, Chile, November 14, 2002) Quiñenco S.A. (NYSE:LQ), a leading Chilean business conglomerate, announced today its consolidated financial results in Chilean GAAP, for the third quarter ended September 30, 2002.

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 (2.2% year-over-year). Figures in US\$ have been converted from Chilean pesos (Ch\$) at the observed exchange rate on September 30, 2002 (Ch\$748.73 = US\$1.00) and are only provided for the reader's convenience.

**3Q 2002 HIGHLIGHTS**

- **Consolidated revenues fell by 14.9% to Ch\$106,411 million (US\$142.1 million) in 3Q 2002, attributable to Madeco's operations.**
- **In spite of the decline in consolidated sales, operating profit increased by 14.2% to Ch\$2,624 million (US\$3.5 million).**
- **Quiñenco registered non-operating losses of Ch\$25,132 million (US\$33.6 million), compared to non-operating profit of Ch\$3,335 million (US\$4.5 million) in 3Q 2001. The variation is mainly explained by extraordinary gains on the sale of Entel shares and Quiñenco's stake in Plava Laguna which contributed Ch\$28,337 million (US\$37.8 million) to non-operating results in 3Q 2001.**
- **Quiñenco reported a net loss for the third quarter of 2002 of Ch\$17,325 million (US\$23.1 million).**



## GROUP HIGHLIGHTS – THIRD QUARTER 2002 AND SUBSEQUENT EVENTS

### **Banco de Chile**

Banco de Chile's shares were listed on the Madrid Stock Exchange (LATIBEX) in October 2002. Shares were incorporated to the European exchange as part of the Bank's strategy to strengthen its presence in international markets.

### **Madeco**

On October 1, 2002, Tiberio Dall O'lio assumed Madeco's CEO position in order to lead the company in a new phase oriented towards recovering market share and strengthening the commercial and production areas of the company. Jorge Tagle was incorporated as Madeco's new Chief Financial Officer as of the same date. Albert Cussen, Madeco's former CEO and Santiago Edwards, its former CFO, continue to work as advisors to Madeco in its financial restructuring process, currently underway.

On October 22, 2002, Madeco's Board of Directors proposed a capital increase of US\$137 million, which will be carried out following approval by shareholders on November 14<sup>th</sup> and the Superintendency of Securities and Insurance (SVS). It is expected that the capital increase will occur in the beginning of 2003. The capital injection is part of an integral financial restructuring plan oriented towards improving Madeco's capital structure, the proceeds of which will be used towards debt pay-down. In addition to the planned capital increase, the restructuring includes the reprogramming of bank and bond liabilities.

### **Lucchetti**

Lucchetti Peru continues to defend its legitimate right to operate its pasta plant on the outskirts of Lima. Plant facilities, which were scheduled to be shut down by August 23, 2002 in accordance with an order issued by the Consejo Municipal de Lima one year ago, remain operating, pending a final resolution. Lucchetti has solicited an extension until March 31, 2003 in order to negotiate an amicable solution, however, to date the Consejo Municipal de Lima has not replied to Lucchetti's request.

Lucchetti and its legal advisors maintain that the Municipalidad of Lima is not authorized to close the plant facilities. As a consequence, since October 2001, Lucchetti has sought protection under an existing treaty between Peru and Chile with respect to the investments rights of each country when operating in one another's territory. The treaty establishes that unsettled conflicts will be subject to arbitration proceedings in Washington D.C. (ICSID).



**Net Income Contribution (in millions of Ch\$ as of 9/30/2002)**

Sector/Company	Quiñenco's ownership % at 9/30/2002	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
<b>Financial Services:</b>						
Banco de Chile (1)(2)	52.2%	4,622	4,233	4,882	13,055	12,887
Banco Edwards (2)	-	1,172	-	-	7,498	-
<b>Food &amp; Beverage:</b>						
CCU (1)	30.8%	(371)	(847)	771	8,329	3,259
Lucchetti (1)	93.7%	(1,925)	(425)	(2,012)	(3,394)	(3,705)
<b>Telecommunications:</b>						
Telsur (1)	73.6%	1,548	1,354	597	4,245	3,120
Entel (3)	5.7%	252	373	170	2,528	1,271
<b>Manufacturing:</b>						
Madeco (1)	55.6%	(7,696)	(3,854)	(10,034)	(12,837)	(19,720)
<b>Real estate/hotel admin.:</b>						
Carrera (1)	89.9%	(373)	(442)	(277)	(788)	(1,012)
Habitaria (1)	50.0%	184	211	147	(233)	191
<b>Total operating companies</b>		(2,587)	603	(5,756)	18,403	(3,709)
<b>Quiñenco &amp; holding companies</b>		18,140	(9,866)	(11,569)	20,676	(31,755)
<b>Total</b>		<b>15,553</b>	<b>(9,263)</b>	<b>(17,325)</b>	<b>39,079</b>	<b>(35,464)</b>

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) Banco Edwards was merged with Banco de Chile on January 1, 2002.
- (3) Operating company in which Quiñenco holds a minority interest.

**Net Loss – 3Q 2002**

Quiñenco reported a net loss for the third quarter of 2002 of Ch\$17,325 million (US\$23.1 million), compared to a net profit of Ch\$15,553 million (US\$20.8 million) in the third quarter of 2001. The variation in earnings between the two quarters is mostly attributable to the absence of extraordinary gains. In the third quarter of 2001, Quiñenco reported a gain on the sale of shares of Entel and the divestment of its stake in Plava Laguna of Ch\$28,337 million (US\$37.8 million), significantly impacting non-operating results in that period. In addition, Quiñenco's main operating companies contributed losses of Ch\$5,756 million (US\$7.7) million) in the third quarter of 2002, which also served to reduce the quarterly results.



**Consolidated Income Statement Breakdown (in millions of Ch\$ as of 9/30/2002)**

	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
<b>Revenues</b>					
Madeco	88,137	64,754	69,625	284,481	198,806
Lucchetti	22,770	22,989	23,241	68,754	64,929
Telsur	11,804	11,169	11,547	33,776	33,861
Carrera	1,532	1,665	1,439	5,458	4,860
Quiñenco & holding	755	632	559	2,023	1,794
<b>Total</b>	<b>124,998</b>	<b>101,209</b>	<b>106,411</b>	<b>394,492</b>	<b>304,250</b>
<b>Operating income (loss)</b>					
Madeco	715	1,761	948	12,062	4,878
Lucchetti	751	1,755	757	3,770	3,104
Telsur	3,388	3,226	3,461	9,783	9,520
Carrera	(294)	(205)	(228)	(446)	(624)
Quiñenco & holding	(2,263)	(2,174)	(2,314)	(6,450)	(6,619)
<b>Total</b>	<b>2,297</b>	<b>4,363</b>	<b>2,624</b>	<b>18,719</b>	<b>10,259</b>
<b>Non-operating income (loss)</b>					
Interest income	2,536	1,948	1,822	7,051	5,485
Share of net income/loss from related co:					
CCU	(371)	(847)	771	8,329	3,259
Banco Edwards	1,172	-	-	7,498	-
Habitaria	184	211	147	(233)	191
Entel	252	373	170	2,528	1,271
Banco de Chile	4,622	4,233	4,882	13,055	12,887
Other equity inv.	217	(127)	187	(304)	(4)
Other non-op income	29,652	3,705	558	59,384	4,783
Amort. of GW expense	(10,685)	(5,040)	(5,154)	(23,338)	(15,365)
Interest expense	(16,140)	(13,512)	(12,258)	(45,745)	(39,978)
Other non-op expenses	(4,429)	(3,649)	(5,373)	(11,625)	(13,116)
Price-level restatement	(3,675)	(4,400)	(10,884)	(10,588)	(20,649)
<b>Total</b>	<b>3,335</b>	<b>(17,105)</b>	<b>(25,132)</b>	<b>6,012</b>	<b>(61,236)</b>
Income Tax	(157)	(627)	(1,628)	(2,320)	(874)
Extraordinary items	-	-	(1,396)	(86)	(1,396)
Minority Interest	5,952	3,900	7,986	7,884	17,123
Amort. of neg. GW	4,149	206	221	8,870	660
<b>Net income (loss)</b>	<b>15,576</b>	<b>(9,263)</b>	<b>(17,325)</b>	<b>39,079</b>	<b>(35,464)</b>



#### Revenues – 3Q 2002

Consolidated revenues for the third quarter of 2002 were Ch\$106,411 million (US\$142.1 million), 14.9% lower than the Ch\$124,998 million (US\$166.9 million) registered in the third quarter of 2001, mainly due to a decrease of 21.0% in Madeco's sales level during the period. Consolidated sales can be broken down as follows: Madeco (65.4%), Lucchetti (21.8%), Telsur (10.9%), Carrera (1.4%) and others (0.5%).

#### Operating Income - 3Q 2002

Operating income for the third quarter of 2002 was Ch\$2,624 million (US\$3.5 million), up by 14.2% from the Ch\$2,297 million (US\$3.1 million) reported in the third quarter of 2001. Consolidated operating income increased mainly as a result of higher operating profit attributable to Madeco's and to a lesser extent, Telsur's operations.

#### EBITDA – 3Q 2002

EBITDA reached Ch\$8,844 million (US\$11.8 million) in 3Q 2002, compared to Ch\$11,100 million (US\$14.8 million) in 3Q 2001.

#### Non-Operating Results –3Q 2002

Quiñenco reported a non-operating loss of Ch\$25,132 million (US\$33.6 million) in the third quarter of 2002, compared to non-operating income of Ch\$3,335 million (US\$4.5 million) in the same quarter of 2001. The main items included in non-operating results are discussed below:

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

Quiñenco's proportionate share of net income from equity method investments, which includes the results from Banco de Chile and CCU, two of Quiñenco's most significant investments, reached Ch\$6,157 million (US\$8.2 million), compared to Ch\$6,076 million (US\$8.1 million) in 3Q 2001. The increase in the third quarter of 2002 was mainly attributable to a higher level of proportionate share of net income corresponding to Quiñenco's investment in CCU, which reverted its 3Q 2001 loss of Ch\$371 million (US\$0.5 million) to a gain of Ch\$771 million (US\$1.0 million). The improvement in CCU's quarterly profit was due to higher results from operations, lower non-operating losses and lower income tax provisions. Quiñenco's increase in net income from equity method investments was partially offset by a decline in banking sector income (Banco de Chile in 2002, Banco de Chile and Banco Edwards in 2001), which fell by Ch\$912 million (US\$1.2 million) to Ch\$4,882 million (US\$6.5 million), mainly as a result of merger costs, losses from foreign exchange transactions and losses on sales of financial instruments related to Banco de Chile's Argentine portfolio. Quiñenco's proportionate share of net income from Entel (5.7% of Entel's net earnings) decreased from Ch\$252 million (US\$0.3 million) to Ch\$170 million (US\$0.2 million), reflecting Entel's lower net results obtained during the third quarter of 2002. Entel's net profit decreased by 35.2% to Ch\$2,981 million (US\$4.0 million) due to non-operating charges related to a reduction in personnel.



- **Other non-operating income**

Other non-operating income was Ch\$558 million (US\$0.7 million), compared to Ch\$29,652 million (US\$39.6 million) in the third quarter of 2001. The variation is explained by the absence of gains on the sale of shares of Entel and Quiñenco's 39% stake in Plava Laguna, which amounted to Ch\$28,337 million (US\$37.8 million) in 3Q 2001.

- **Amortization of goodwill expense (net)**

Amortization of goodwill expense (net) amounted to Ch\$4,933 million (US\$6.6 million) in the third quarter of 2002, down from the Ch\$6,536 million (US\$8.7 million) reported in the same period in 2001. The reduction in goodwill amortization expense is attributable to the disposal of a 4% interest in Entel during the third quarter of 2001. In 3Q 2002, 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 (following the merger, this is now kept on the books as Bank of Chile). The balance of goodwill (net) amounted to Ch\$307,094 million (US\$410.2 million) as of September 30, 2002.

- **Interest Expense**

Interest expense for the third quarter of 2002 amounted to Ch\$12,258 million (US\$16.4 million), a decrease of 24.1% compared to the same period in 2001. The decrease is primarily associated with a reduction in the level of consolidated indebtedness mainly related to Lucchetti's operations, as well as lower prevailing interest rates during the period.

- **Other non-operating expenses**

Other non-operating expenses amounted to Ch\$5,373 million (US\$7.2 million), compared to Ch\$4,429 million (US\$5.9 million) reported in the same quarter in 2001. At the consolidated level, nearly 71% of total non-operating expenses was attributable to Madeco and Lucchetti's operation. Madeco's other non-operating expenses amounted to Ch\$2,540 million (US\$3.4 million) and included depreciation on unused assets, an allowance for uncollectible accounts receivable in Argentina, provisions for pending lawsuits and severance indemnities. Lucchetti reported other non-operating expenses of Ch\$1,267 million (US\$1.7 million), the main item of which was legal expenses incurred in connection with the defense of the Peruvian plant facilities.

- **Price-level restatement and foreign currency translation losses**

Price-level restatement and foreign currency translation losses reached Ch\$10,884 million (US\$14.5 million) in the third quarter of 2002, compared to losses of Ch\$3,675 million (US\$4.9 million) in the same period in 2001. The losses are mainly attributable to Madeco's operations and mostly result from the devaluation of the Brazilian real and the Argentine peso during the period. See Balance Sheet analysis for further information on effect of exchange rate differences on foreign investments (page 7/16).

#### **Income Taxes – 3Q 2002**

Quiñenco reported income taxes of Ch\$1,628 million (US\$2.2 million), compared to income taxes of Ch\$157 million (US\$0.2 million) during the same period of 2001.



**Minority Interest – 3Q 2002**

In the third quarter of 2002, Quinenco reported an add-back to income of Ch\$7,986 million (US\$10.7 million). The amount is mainly related to minority shareholders' proportionate share of Madeco's third quarter 2002 loss.

<b>Condensed Consolidated Balance Sheet</b> (in millions of Ch\$ as of 9/30/2002)			
Quiñenco	As of 9/30/01	As of 9/30/02	As of 6/30/02
Current assets	315,668	289,282	295,414
Fixed assets	449,543	435,717	428,918
Other assets	903,708	860,906	845,965
<b>Total</b>	<b>1,668,919</b>	<b>1,585,905</b>	<b>1,570,297</b>
Current liabilities	334,952	307,535	266,669
Long-term liabilities	500,302	525,569	553,221
Minority interest	112,358	84,821	84,846
Shareholders' equity	721,307	667,980	665,561
<b>Total</b>	<b>1,668,919</b>	<b>1,585,905</b>	<b>1,570,297</b>



## CONSOLIDATED BALANCE SHEET ANALYSIS (vis-à-vis the 2nd quarter of 2002)

### Current Assets

Current assets did not vary significantly compared to the second quarter of 2002.

### Fixed Assets and Other Assets

Fixed assets and other assets did not vary significantly compared to the second quarter of 2002.

### Current Liabilities

Current liabilities increased 15.3% compared to the second quarter of 2002. The increase in current liabilities mainly reflects an increase in Madeco's short term portion of long term debt in accordance with debt maturity schedules.

### Long-term Liabilities

Long-term liabilities decreased 5.0% compared to the second quarter of 2002. The variation in the quarter mainly corresponds to the reclassification of Madeco's long term debt to the short term in accordance with debt maturity schedules.

### Minority Interest

Minority interest did not vary significantly compared to the second quarter of 2002.

### Equity

Shareholders' equity did not vary significantly compared to the second quarter of 2002. Worth noting is that adjustments made under Technical Bulletin 64 with respect to foreign investments are included in Shareholders' Equity as Other Reserves. The adjustment reflects exchange rate differences arising from the revaluation or devaluation of the Chilean peso vis-à-vis the US dollar on foreign investments in a given period. In 3Q 2002, the devaluation of the Chilean peso vis-à-vis the US dollar resulted in a credit to Shareholders' Equity of Ch\$19,991 million (US\$26.7 million), the majority of which corresponded to Madeco's operations.



### Quiñenco Corporate Level

As of September 30, 2002, financial debt at the corporate level was Ch\$401,536 million (US\$536.3 million). As of the same date, cash and cash equivalents amounted to approximately Ch\$89,041 million (US\$118.9 million), of which Ch\$29,501 million (US\$39.4 million) was reserved as Quiñenco's capital contribution to Madeco's capital increase as of September 30, 2002. The debt to total capitalization ratio at the corporate level was 37.5%.

### 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 (excluding Banco de Chile):

Operating Company	ROCE (1) (%)
Madeco	-0.1%
Telsur	10.0%
Lucchetti	2.0%
Carrera	-4.0%
CCU	9.2%
Habitaria	6.8%

(1) Adjusted operating return over capital employed for the last 12 months.



## 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 2001 and 2002:

(in millions of Ch\$ as of 9/30/2002)

Sector	FINANCIAL SERVICES						
	Company	Ownership %	3Q 2001	YTD 2001	2Q 2002	3Q 2002	YTD 2002
Banco de Chile (1)		52.2%	4,622	13,055	4,233	4,882	12,887
Banco Edwards (2)		-	1,172	7,498	-	-	-

- 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 (20.2%) and SM Chile (51.4%).
- 2) Banco Edwards was merged with Banco de Chile on January 1, 2002.

### BANCO DE CHILE

(in millions of Ch\$ as of 9/30/2002)

	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
Operating revenues	116,417	114,312	93,164	327,101	305,547
Provision for loan losses	(25,896)	(33,629)	(5,009)	(70,328)	(72,047)
Operating expenses	(63,366)	(59,984)	(65,050)	(173,689)	(182,623)
Net Income (loss)	28,685	14,368	16,967	87,456	43,888
Loan portfolio	6,308,107	5,818,288	6,006,702		
Total assets	9,542,407	9,005,268	9,237,750		
Shareholders' equity	633,526	569,586	598,104		
Net interest margin	5.0%	5.3%	5.2%		
Efficiency ratio	54.4%	52.5%	69.8%		
ROAE	19.2%	10.3%	11.9%		
ROAA	1.20%	0.63%	0.74%		

### Restatement on prior period figures on a pro forma basis

Banco de Chile and Banco Edwards were merged on January 1, 2002. For purposes of comparison, figures for periods prior to September 30, 2002 have been restated on a pro forma basis, based on the combined historical financial results of each bank.

### 3Q 2002 Results

Operating revenues were Ch\$93,164 million (US\$124.4 million) in the third quarter of 2002, a decrease of 20% compared to the third quarter of 2001. The reduction in operating revenues was primarily attributable to losses on financial instruments related to Argentine securities and foreign exchange transactions which amounted to Ch\$40,370 million (US\$53.9 million). Net interest revenue, the main component of operating



revenues, fell by 0.5% to Ch\$108,536 million (US\$145.0 million) as a result of a lower level of average interest earning assets, partially offset by higher lending spreads (+26 b.p.). Fee income, another component of operating revenues, registered growth of more than 28%, reaching Ch\$24,998 million (US\$33.4 million). The jump in fee income is partly due to the incorporation of a bank subsidiary as well as higher fee income associated with current accounts, credit lines, credit cards, mutual fund and financial advisory services.

Provisions for loan losses amounted to Ch\$18,528 million (US\$24.7 million), down from the Ch\$30,089 million (US\$40.2 million) reported in the third quarter of 2001 when Banco Edwards set aside heavy allowances for loan losses related to a specific client in the telecom sector. Current period loan loss provisions were concentrated in clients in the construction, manufacturing and agricultural sectors.

Operating expenses increased by 2.7% to Ch\$65,050 million (US\$86.9 million) in 3Q 2002. The increase in operating expenses was mainly attributable to non-recurring expenses associated with the bank's merger process (Ch\$5,820 million, US\$7.8 million), and to a lesser extent, the incorporation of a bank subsidiary. Isolating the effect of the merger expenses, total operating expenses would have otherwise decreased by 12.9% in the third quarter of the year.

Net income was Ch\$16,967 million (US\$22.7 million), a decrease of 40.9% from the Ch\$28,685 million (US\$38.3 million) reported in the third quarter of 2001. The decrease in net earnings was mainly the result of merger related expenses, marked to market losses on Argentine financial securities and exchange transaction losses, partially offset by a release of voluntary provisions amounting to Ch\$13,519 million (US\$18.0 million).

As of September 2002, the Bank's loan portfolio had shown a reduction of 4.8% over the last twelve month period, mostly related to commercial loans (-13.5%) and mortgage loans (-4.8%). The reduction in commercial loans mainly corresponded to the bank's policy to minimize exposure in Latin America, namely in Argentina and Brazil.

Banco de Chile was the second ranked private bank in the country with a market share of 18.6% according to information published by the Chilean Superintendency of Banks for the period ended September 30, 2002. Its return on capital and reserves (annualized for the twelve-month period) was 10.6%, compared to 16.6% for the local financial system, according to the same source.



**FOOD & BEVERAGE SECTOR**

The following table details Quiñenco's proportional share of income (loss) from investments in the Food & Beverage sector during 2001 and 2002:

(in millions of Ch\$ as of 9/30/2002)

Sector	FOOD & BEVERAGE					
Company	Ownership %	3Q 2001	YTD 2001	2Q 2002	3Q 2002	YTD 2002
CCU	30.8%	(371)	8,329	(847)	771	3,259
Lucchetti	93.7%	(1,925)	(3,394)	(425)	(2,012)	(3,705)

**CCU**

(in millions of Ch\$ as of 9/30/2002)

	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
Sales	83,971	67,885	77,399	256,864	239,112
Operating income (loss)	4,871	926	5,119	24,861	22,787
Net Income (loss)	(1,205)	(2,751)	2,505	27,050	10,583
Total assets	650,265	608,750	648,188		
Shareholders' equity	423,529	418,520	427,680		

**3Q 2002 Results**

CCU's third quarter consolidated sales decreased by 7.8% compared to the third quarter of 2001 due to a decline in average prices of 11.8%, the effect of which was partially offset by an increase of 3.6% in volume sold. The reduction in average prices mainly corresponded to lower average beer prices in Argentina, which fell by 64.3% as a result of the currency devaluation. Average domestic and export wine prices declined by 2.8% and mineral water by 6.7% compared to the same quarter of 2001, also impacting average prices during the period. The increase in volume sold in 3Q 2002 was attributable to higher sales of Argentine beer (14.2%), fruit nectars (28.4%), domestic wine (12.9%), export wine (1.3%) and mineral water (9.6%). Chilean beer volume was down slightly by 0.2% during the quarter.

Operating income rose by 5.1% to Ch\$5,119 million (US\$6.8 million) in spite of the decline in sales as a consequence of lower SG&A expenses during the period which fell by 9.5%. The operating margin as a percentage of sales increased from 5.8% to 6.6%.

CCU reported net income of Ch\$2,505 million (US\$3.3 million) in the third quarter of 2002, a significant improvement over the Ch\$1,205 million (US\$1.6 million) net loss reported in the third quarter of 2001. The increase in CCU's net income in 3Q 2002 was the result of an improvement in both the company's operating and non-operating results as well as lower income tax provisions made during the quarter.



## LUCCHETTI

(in millions of Ch\$ as of 9/30/2002)

	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
Sales	22,770	22,989	23,241	68,754	64,929
Operating income (loss)	750	1,755	757	3,770	3,104
Net Income (loss)	(2,215)	(453)	(2,148)	(3,903)	(3,955)
Total assets	143,354	123,501	123,668		
Shareholders' equity	34,603	50,069	50,566		

### 3Q 2002 Results

Lucchetti reported sales of Ch\$23,241 million (US\$31.0 million) in the third quarter of 2002, up 2.1% compared to the same period in 2001. The increase in sales corresponded to Lucchetti Chile's operations which grew by 12.5% during the quarter, mainly due to higher average prices and volumes of pasta products and higher sales of soups, creams and broths. The overall increase in sales was partially offset by the decline in sales of 22.4% experienced in Lucchetti Peru's operations in both the pasta and edible oil food lines due to lower average sales volume. The Chilean operations made up 69.7% of 3Q 2002 sales and the remaining 30.3% corresponded to sales made in Peru.

Operating profit for the third quarter of 2002 was Ch\$757 million (US\$1.0 million), practically unchanged from the Ch\$750 million (US\$1.0 million) reported in the same period in 2001. Operating profit was entirely attributable to Lucchetti Chile's performance which increased its operating profit by Ch\$218 million (US\$0.3 million) to Ch\$1,100 million (US\$1.5 million), directly related with the higher sales level and a reduction in SG&A expenses of nearly 4%. The Peruvian operations reported operating losses in the third quarter of Ch\$131 million (US\$0.2 million) as a result of the aforementioned reduction in sales.

Non-operating losses amounted to Ch\$3,014 million (US\$4.0 million), up from the Ch\$2,799 million (US\$3.7 million) reported in 3Q 2001. The increase in non-operating losses during the third quarter was mainly attributable to exchange rate losses which amounted to Ch\$1,373 million (US\$1.8 million), compared to exchange rate gains of Ch\$546 million (US\$0.7 million) in 3Q 2001. Interest expense showed a significant decrease in the third quarter of 2002, down by 46.7% to Ch\$1,116 million (US\$1.5 million). Lucchetti continued to report a net loss in the third quarter of 2002 of Ch\$2,148 million (US\$2.9 million) in spite of the improvements experienced by the Chilean operations, mainly as a result of the poor performance of the Peruvian operations and significant non-operating losses.



## TELECOMMUNICATIONS SECTOR

The following table details Quiñenco's proportional share of income from investments in the Telecommunications sector during 2001 and 2002:

(in millions of Ch\$ as of 9/30/2002)

Sector	TELECOMMUNICATIONS					
Company	Ownership %	3Q 2001	YTD 2001	2Q 2002	3Q 2002	YTD 2002
Telsur	73.6%	1,548	4,245	1,354	597	3,120
Entel (1)	5.7%	252	2,528	373	170	1,271

(1) Non-controlling interest.

## TELSUR

(in millions of Ch\$ as of 9/30/2002)

	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
Sales	11,804	11,169	11,547	33,776	33,861
Operating income (loss)	3,388	3,226	3,460	9,783	9,520
Net Income (loss)	2,108	1,840	812	5,770	4,242
Total assets	129,440	133,436	133,462		
Shareholders' equity	54,966	56,187	55,233		

### 3Q 2002 Results

Telsur's sales in the third quarter of 2002 were Ch\$11,547 million (US\$15.3 million), a decrease of 2.2% from the Ch\$11,804 million (US\$15.8 million) reported during the same period in 2001. The decrease in sales during the third quarter mainly corresponded to a lower level of revenue earned in connection with basic telephony services as a consequence of the current weak economic environment in the south of Chile, as well as the effects of substitution from fixed telephony to mobile technology alternatives.

In spite of the slight reduction in sales during the third quarter, operating profit rose by Ch\$72 million (US\$0.1 million) to Ch\$3,460 million (US\$4.6 million). The increase was attributable to a higher gross margin which reached 60.5% of sales, more than offsetting the 2.6% increase SG&A expenses during 3Q 2002. Telsur reported non-operating losses of Ch\$900 million (US\$1.2 million), up from the Ch\$788 million (US\$1.1 million) reported in the third quarter of 2001. The increase in non-operating losses was mainly attributable to an increase in other non-operating expenses. The increase in non-operating expenses was partially offset by a reduction in interest expense due to lower prevailing interest rates during the period.

During the third quarter of 2002, Telsur initiated a reorganization oriented towards the achievement of greater cost efficiencies in a weak economic environment. This reorganization involved the reduction of approximately 10% of Telsur's workforce, among other measures. The costs associated with carrying out the plan amounted to Ch\$1,396 million (US\$1.9 million) in 3Q 2002. The effect of the reorganization as well as the weaker operating performance of the company was seen in its net profit for the period, which suffered a decline from Ch\$2,108 million (US\$2.8 million) in the third quarter of 2001 to Ch\$812 million (US\$1.1 million) in the same period in 2002.



**MANUFACTURING SECTOR**

The following table details Quiñenco's proportional share of income (loss) from investments in the Manufacturing sector during 2001 and 2002:

(in millions of Ch\$ as of 9/30/2002)

Sector	<b>MANUFACTURING</b>					
Company	Ownership %	3Q 2001	YTD 2001	2Q 2002	3Q 2002	YTD 2002
Madeco	55.6%	(7,696)	(12,837)	(3,854)	(10,034)	(19,720)

**MADECO**

(in millions of Ch\$ as of 9/30/2002)

	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
Sales	88,137	64,754	69,625	284,481	198,806
Operating income (loss)	715	1,761	948	12,062	4,878
Net Income (loss)	(13,725)	(6,869)	(18,060)	(22,877)	(35,322)
Total assets	469,058	404,226	402,653		
Shareholders' equity	164,467	115,498	112,587		

**3Q 2002 Results**

Madeco's sales level in the third quarter of 2002 fell by 21.0% from Ch\$88,137 million (US\$117.7 million) to Ch\$69,625 million (US\$93.0 million). The decrease was primarily attributable to lower sales corresponding to the wire and cable business unit. The sales of the wire and cable business unit, which accounted for 76.3% of the total decrease in consolidated sales for 3Q 2002, decreased by 27.4% from Ch\$51,050 million (US\$68.2 million) in the third quarter of 2001 to Ch\$37,048 million (US\$49.5 million), mainly as a result of a 19.1% decrease in the volume sold of metallic cable products and a 15.8% decline in the volume sold of fiber optic cables. The decline in sales in the wire and cable unit was mostly attributable to the Brazilian operations in both metallic cable products and fiber optic cables and the shutdown of the Argentine operations, which are temporarily closed as a consequence of the ongoing economic crisis in that country. The Brazilian operations, Madeco's principal business unit, continues to suffer from the sharp downturn in investment by the telecommunications sector, which dropped off abruptly in the second half of 2001.

In addition, sales across Madeco's other three business units continued to be affected by the overall slowdown in regional and export activity, accounting for the remaining decline in sales for the period. Sales of the wire and cable business unit (whose principal operation is Ficap Brazil) accounted for 53.2% of total sales, followed by brass mills (21.9%), flexible packaging (15.8%) and aluminum profiles (9.1%).

In spite of the decline in consolidated sales revenues experienced during the third quarter of 2002, operating income increased by 32.6% from Ch\$715 million (US\$1.0 million) to Ch\$948 million (US\$1.3 million). The increase was attributable to a sharp rise in the amount of operating income earned by the flexible packaging business unit, which increased from Ch\$245 million (US\$0.3 million) in 3Q 2001 to Ch\$929 million (US\$1.2 million) in 3Q 2002. The improvement in performance was associated with the Chilean flexible packaging business unit, both in terms of higher sales and lower costs. In addition, the aluminum profiles and brass mills business units also showed significant improvement at the operating profit level. The brass mills business unit



reverted 3Q 2001 operating losses (from a loss of Ch\$428 million (US\$0.6 million) in 3Q 2001 to income of Ch\$3 million (US\$0 million) in 3Q 2002) due to stronger performance in the Chilean and Argentine pipes, bars and sheets (PB&S) units, and the aluminum profiles business units increased its operating profits from Ch\$74 million (US\$0.1 million) to Ch\$619 million (US\$0.8 million) as a result of higher sales and significant reductions in SG&A expense during the third quarter of the year. The increase in operating profit at the consolidated level was partially offset by a sharp decrease in the operating profit from the wire and cable business unit which fell from Ch\$815 million (US\$1.1 million) in 3Q 2001 to a loss of Ch\$603 million (US\$0.8 million) in 3Q 2002 due to the aforementioned slowdown in the Brazilian operations and the economic crisis in Argentina.

Madeco reported heavy non-operating losses in 3Q 2002 which amounted to Ch\$18,103 million (US\$24.2 million), compared to Ch\$13,669 million (US\$18.3 million) in 3Q 2001. Non-operating losses in 3Q 2002 included price-level restatements and foreign currency translation losses which amounted to Ch\$10,104 million (US\$13.5 million) and were mainly related to the devaluation of the Brazilian real and, to a lesser extent, the Argentine peso during the third quarter of the year. Interest expense, the other main component of non-operating losses, amounted to Ch\$5,527 million (US\$7.4 million), down from Ch\$6,248 million (US\$8.3 million) in the same period of 2001, due to lower prevailing interest rates. Madeco reported a net loss for the third quarter of 2002 of Ch\$18,060 million (US\$24.1 million).

#### REAL ESTATE/HOTEL ADMINISTRATION

The following table details Quinenco's proportional share of income from investments in the Real Estate/Hotel Administration sector during 2001 and 2002:

(in millions of Ch\$ as of 9/30/2002)

Sector	REAL ESTATE/HOTEL ADMINISTRATION					
	Ownership %	3Q 2001	YTD 2001	2Q 2002	3Q 2002	YTD 2002
Hoteles Carrera	89.9%	(373)	(788)	(442)	(277)	(1,012)
Habitaria	50.0%	184	(233)	211	147	191

#### HOTELES CARRERA

(in millions of Ch\$ as of 9/30/2002)

	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
Sales	1,532	1,665	1,439	5,458	4,860
Operating income (loss)	(294)	(205)	(228)	(446)	(624)
Net Income (loss)	(428)	(492)	(308)	(904)	(1,126)
Total assets	24,075	23,261	22,683		
Shareholders' equity	13,221	14,445	14,136		

#### 3Q 2002 Results

Carrera reported sales revenues of Ch\$1,439 million (US\$1.9 million) in the third quarter of 2002, a decrease of 6.1% compared to the third quarter of 2001. The decrease is primarily attributable to a reduction in average occupancy rates across the chain of 5 hotels. The decrease in occupancy rates was marginally offset by higher average room rates. Sales revenues corresponding to the main hotel, Hotel Carrera of Santiago accounted for



60% of the hotel chain's sales in the quarter. Its sales fell by 1.3% during the quarter as a consequence of continuing weak demand for five star hotels in the metropolitan area as well as an increase in the number of hotels in this category. The hotels in the north of Chile suffered from a downturn in the number of Argentine tourists visiting the region, especially the La Serena establishment.

Hoteles Carrera reported an operating loss during the third quarter of 2002 of Ch\$228 million (US\$0.3 million), down from the Ch\$294 (US\$0.4 million) reported in the same period in 2001. The reduction in the operating loss for the quarter was achieved in spite of the decline in the sales revenue level as a result of lower SG&A expenses. The hotel chain registered a net loss for the period of Ch\$308 million (US\$0.4 million). The improvement vis-à-vis the third quarter of 2001 was mainly due to a lower level of non-operating losses as well as the aforementioned reduction in operating losses experienced during 3Q 2002.

### HABITARIA

(in millions of Ch\$ as of 9/30/2002)

	3Q 2001	2Q 2002	3Q 2002	YTD 2001	YTD 2002
Sales	6,476	6,655	5,630	9,748	14,887
Operating income (loss)	448	528	401	(167)	786
Net Income (loss)	360	421	294	(466)	381
Total assets	50,354	48,291	46,316		
Shareholders' equity	15,351	16,324	16,618		

### 3Q 2002 Results

During the third quarter of 2002, Habitaria registered sales of Ch\$5,630 million (US\$7.5 million), corresponding to 101 units of 8 projects. This represented a decrease of 13.1% from the Ch\$6,476 million (US\$8.6 million) reported in the same period in 2001. An additional 106 units were pre-sold during the quarter and the corresponding revenue will be reflected in future periods in the final phase of the sales process. In spite of the lower sales level, Habitaria reported operating profit of Ch\$401 million (US\$0.5 million) and net profit of Ch\$294 million (0.4 million). Habitaria's inventory as of September 30th amounted to 620 units, corresponding to 9 projects.

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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**