

# CONCHA Y TORO

**Annual Report**

2006







## Reaching a milestone

Chilean wine enters a new category and is ranked among the finest in the world.

DON MELCHOR 2000  
94 points  
N° 26 Top 100 wines of 2004

DON MELCHOR 2001  
95 points  
N° 4 Top 10 wines of 2005

DON MELCHOR 2003  
96 points

N°  
4

Top 10  
wines of  
2006

*Wine Spectator*





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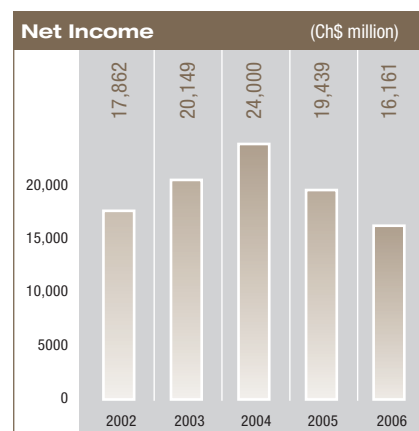
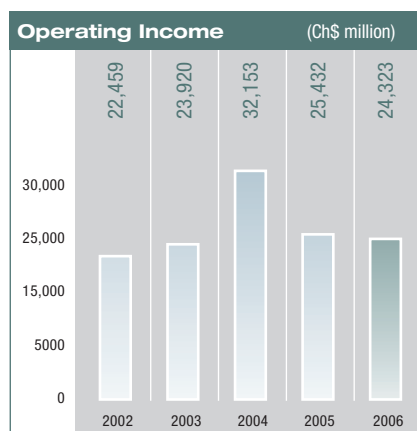
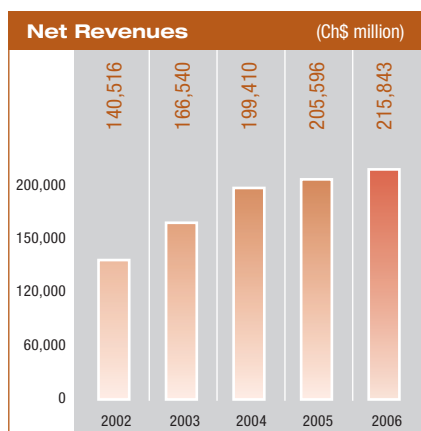
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# Financial Overview



(Consolidated figures in millions of Chilean pesos as fo December 31, 2006)

	2006	2005	2004	2003	2002
<b>Income Statement</b>					
Net Revenues	215,843	205,596	199,410	166,540	140,516
Gross Profit	74,396	71,463	77,542	64,264	54,831
Operating Income	24,323	25,432	32,153	23,920	22,459
Net Income	16,161	19,439	24,000	20,149	17,862
<b>As a percentage of revenues:</b>					
Gross Margin	34.5%	34.8%	38.9%	38.6%	39.0%
Operating Margin	11.3%	12.4%	16.1%	14.4%	16.0%
Net Income	7.5%	9.5%	12.0%	12.1%	12.7%
<b>Balance Sheet Data</b>					
Total Assets	343,276	314,430	272,825	236,760	213,836
Total Liabilities	161,120	140,706	107,779	86,963	74,118
Shareholders' Equity	182,156	173,724	165,047	149,797	139,717
Financial Debt	95,714	90,705	62,814	46,766	38,067
ROA	4.7%	6.2%	8.8%	8.5%	8.4%
ROE	8.9%	11.2%	14.5%	13.5%	12.8%
Financial Debt/Equity	0.53	0.52	0.38	0.31	0.27
Share Price (Ch\$)	800.0	770.9	837.7	552.9	541.0
Earnings per share (Ch\$)	22.47	27.03	33.37	28.02	24.84
Earnings per ADR (US\$)	0.84	1.03	1.13	0.87	0.63
<b>EBITDA</b>					
EBITDA	35,493	36,505	41,092	31,834	28,676
EBITDA Margin	16.4%	17.8%	20.6%	19.1%	20.4%
<b>SALES VOLUME ( 9 liter cases - thousand)</b>					
<b>Chile:</b>					
Export Market	11,590	10,551	9,496	7,369	6,314
Domestic Market	7,676	6,770	6,673	6,957	6,618
<b>Argentina:</b>					
Export Market	1,416	1,238	777	433	214
Domestic Market	700	548	747	641	316









## Letter from the Chairman





Our business strategy has proven to be successful and our Company has increased its share and position in key markets, with strong growth of exports from both Chile and our subsidiary in Argentina.

Dear Shareholders,

In 2006 the national wine industry once again faced challenges that have put its competitiveness, and our Company's in particular, to the test. Reduced exchange rates and an international situation of general oversupply of wine have seriously affected the profitability of the Chilean wine industry. At the end of the year, notwithstanding lower results, we look with satisfaction to the advances and achievements made by our Company.

In this context, we highly value Viña Concha y Toro's performance. Our business strategy has proven to be successful and our Company has increased its share and position in key markets, with strong growth of exports from both Chile and our subsidiary in Argentina.

Company sales amounted to Ch\$215,843 million, up 5% as compared to 2005. Operational results were down 4.4% to Ch\$24,323 million, reflecting the impact of falling exchange rates – amounting to an annual 8% – on returns in foreign currency and the high costs of winemaking raw materials. Profit for the fiscal year totaled Ch\$16,161 million, down 16.9% from 2005 figures.

In spite of this challenging scenario, our exports held to double-digit growth, 17% in terms of value and 10% in terms of volume. Exports from Chile showed returns of US \$251 million, setting a new record of 11,590,000 cases shipped abroad. These results reflect the strength of our products, market diversification and the competitive positioning of our extensive wine portfolio. To the above we have to add our strategy to focus on the premium category, which has led to a better product mix and a higher average price. The Casillero del Diablo range merits special emphasis, with 17% growth in terms of volume and sales of two million cases, achievements fueled by growing acceptance of the brand throughout the world.

In Chile we currently face a complex market situation, with reduced consumption of the massive wines segment in favor of its main substitute - beer. But even in this scenario, the Company

evidenced higher performance than the rest of the domestic industry, with a 4.3% increase in volume. This contributed to reinforce our leadership position; we ended the year with a market share of 28.6% in terms of volume and 25.7% in terms of value, the highest indexes over the last few years. However, falling prices during 2006 led to lower invoicing, an underperformance which we are obviously not happy about. We believe that the price structure we have achieved and the leadership our brands enjoy, place us in a highly-competitive position to bring invoicing back up in the short term.

The Company's expansion is fundamentally based on the quality of its wines, a hallmark that remains constant throughout our portfolio. The historical 96-point ranking for Don Melchor 2003 in Wine Spectator, the highest rating for a Chilean wine, is substantial recognition for the most important quality project undertaken by the Company over the last twenty years. Moreover, Don Melchor was ranked fourth among the Top 10 wines of the year for the second consecutive time by this influential publication, a fact we see as a new milestone in Chilean wine history: now our wines have entered a new category and stand side by side with the finest labels in the world.

Our icon's accolades are complemented by outstanding awards for the Terrunyo, Marqués de Casa Concha, Cono Sur 20 Barrels and Ocio lines. Casillero del Diablo has consolidated its position in the Best Buy category, with solid recognition for its quality and consistency. The renowned UK Decanter Magazine ranked the range's Cabernet Sauvignon 2005 as the best on the planet and Casillero del Diablo Merlot 2005 was awarded the International Trophy for Best Red Blend under £10.

Prestigious US magazine Wine & Spirits recognized the Company's performance and consistency, as well as the quality of its wines. It distinguished Concha y Toro as a "Winery of the Year" for the twelfth time. This award prompted the Company to enter this publication's Hall of Fame, a select group which includes just six vineyards in the world.

In 2006, the Company introduced groundbreaking products. The launch of icon wine Carmín de Peumo meant venturing into a superior category for Chilean Carmenere. This wine is made from grapes from Peumo Vineyard, which is recognized as the best terroir for Carmenere in Chile, and will undoubtedly strengthen the reputation and image of this variety throughout the world.

Palo Alto was launched in the premium category, an innovative red blend that boasts a very distinctive marketing profile. This product deviates from the classic Concha y Toro lines and in so doing seeks to satisfy the tastes of modern consumers.

Concha y Toro's subsidiaries have contributed significantly to Company expansion. Viña Cono Sur increased invoicing slightly above that of 2005, a positive result considering that exports to its main market, the United Kingdom, were affected by a change in distributor. Growth in Continental Europe and entry into the US market open up interesting opportunities for expansion. After five years of development, the subsidiary Concha y Toro UK made a quantum leap, adding the brands Cono Sur and Isla Negra to its distribution list. The Company is presently the undisputed market leader, with a 38% share of all Chilean wine in the UK market and with the Concha y Toro and Isla Negra brands ranked among the fifteen best selling brands.

It has now been 10 years since we began operations in Argentina and we are extremely satisfied with the expansion of Trivento Bodegas y Viñedos, our local subsidiary. In 2006, Trivento sales reached US\$33 million, which represents 8% of the Company's consolidated invoicing. With exports of US\$23 million and 1,416,000 cases shipped, the subsidiary consolidated its position as Argentina's second largest wine exporter. This vitality has led us to invest US\$50 million over the last decade, strengthening the development of our own vineyards as well as oenological and production capacity. In Argentina we have a total planted surface of 903 hectares, diversified throughout six main production zones in Mendoza. With the goal of obtaining the best quality from traditional varieties cultivated in Argentina, the Company has developed an extensive wine portfolio.

**The Company's expansion is fundamentally based on the quality of its wines, a hallmark that remains constant throughout our portfolio.**



Company investments during 2006 focused on agricultural, oenological and industrial developments, and totaled US\$46 million. Some 550 hectares were planted in Chile, mainly in vineyards purchased the year before. In the oenological sector, cellars were expanded in Chimbarongo, San Javier and Nueva Aurora, while construction and remodeling were completed for the Peumo cellar, which presently has a modern 22,000-unit capacity barrel room which handles 55% of the Company's barrel storage. The Pirque bottling plant incorporated a new 12,000-bottles-per-hour capacity line. In Argentina investments mainly focused on the development of new plantations and the expansion of cellar and bottling capacity.

The increased complexity and competition faced by our Company in 2006 required greater energy, creativity and enthusiasm from our workforce. All the Company's success and achievements reflect the commitment made by each and every one of our employees. They have been essential to the results obtained and on behalf of the Board of Directors, I sincerely thank them for their contribution.

All of the above leaves us in an excellent position to face the future with optimism. This year 2007 will certainly entail numerous challenges that will demand increased efforts to maintain our leadership and make effective headway. There is no doubt in my mind that we will meet these challenges.



**Alfonso Larrain Santa María**  
*Chairman*

## Export Markets



17%  
growth

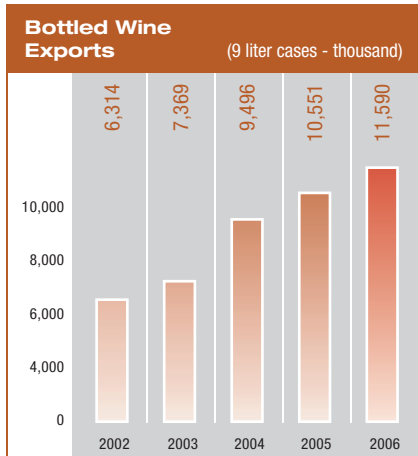
Exports by  
value

During 2006 the Chilean viticultural industry faced a highly competitive international ground. Industry growth measured in terms of bottled wine exports rose 10.5% in value and 6.6% in volume.

Viña Concha y Toro far surpassed industry performance. The value of the company's exports increased 17% with returns totaling US\$251 million; setting a new record of 11,590,000 cases, up by 10%, as compared to last year's performance.

The average export price increased 6.3% to US\$21.7 per case. This outcome is the result of a better product mix, which in turn stems from the implementation of a strategy to focus on the premium category.

Viña Concha y Toro and its subsidiaries' market share increased again in 2006 to 33% in terms of volume and 28% in terms of the value of bottled wine exported from Chile. These favorable results reflect our company's solid competitive position and well-built wine portfolio, which allowed the company to increase market share in its home markets and expand into new countries, as new opportunities arose.



**The value of the company's exports increased 17% with returns totaling US\$ 251 million; setting a new record of 11,590,000 cases, up by 10%.**

### Europe

Exports to Europe totaled 5,525,000 cases equivalent to US\$125 million. This represents an increase of 14.6% in terms of value and 7.6% in terms of volume.

In the United Kingdom, Company exports grew 5.8% in value terms and decreased 1.7% in volume, as compared to 2005. In the case of Viña Cono Sur, its performance was affected by its distributor's ownership change and subsequent transition to a new distributing partner. However, this situation was balanced out by Concha y Toro and Viña Maipo exports, which evidenced satisfactory growth.

Successive changes in the ownership structure of Western Wines, Viña Cono Sur's distributor, prompted the Company to review UK market status. Subsidiary Concha y Toro UK decided to take advantage of its already consolidated structure and took over distribution of the Cono Sur and Isla Negra brands in May 2006. This consolidation of United Kingdom sales led the Company to strengthen its commercial structure in order to strengthen the Cono Sur brand, in keeping with the successful formula used for Casillero del Diablo.

In Continental Europe, Concha y Toro repeated the successful trend of recent years with a volume increase of 17.5%. This result is in line with the healthy growth of the Eastern Europe market, led by Russia, with the Sunrise brand at the top of the sales charts.



**11,590,000 cases exported**

**10% growth**



33%  
share

**of volume  
exported  
from Chile**



## The United States

Exports to the United States totaled US\$46 million and 2,550,000 cases, up 5.4% in value and flat in terms of volume compared to 2005. The Company's price increase implemented in early 2006, primarily for the bivarietal wine category, hampered volume growth for this segment.

Growth of the superior and premium lines is highlighted here, up 6% with widespread acceptance of Marqués de Casa Concha, Don Melchor and Casillero del Diablo. Company wines have been making their presence known in the US market with quality and consistency backed by outstanding international reviews.

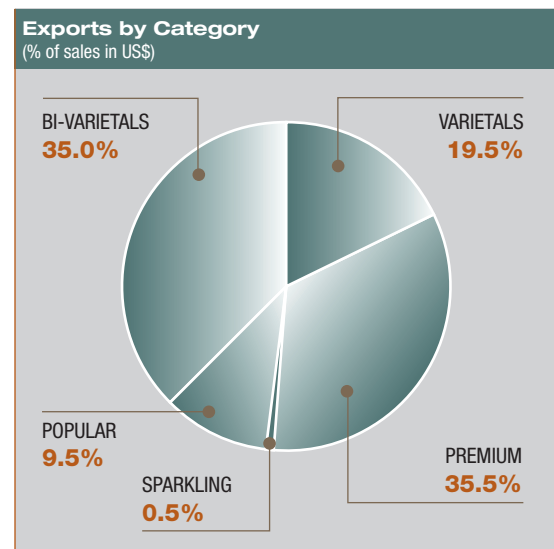
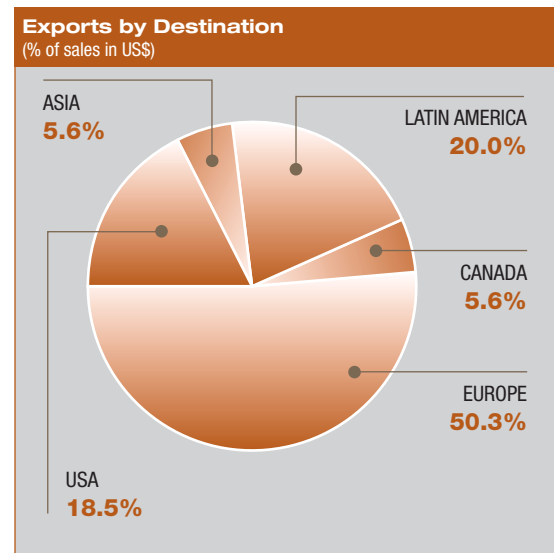
## Asia

In this region, Concha y Toro saw a 14% increase in volume terms and 14.7% growth in value. Exports to Japan, the region's number one market, rose 7.3%, encouraged by the healthy performance of Frontera. The rest of Asia showed favorable growth, in particular China and Singapore, where the Company has strengthened its commercial structure and carried out effective promotion campaigns.

## Latin America

In step with the favorable trends of recent years, Company invoicing was up 33.4% while shipments rose 24.8%, one of the main achievements of 2006.

As has been the trend in past years, Concha y Toro worked to boost its premium wines and their presence in the region's wine channels. Due notice should be given to the widespread acceptance and success of the Trio line and the strength of the Casillero del Diablo brand and its global campaign.



## Domestic Market



Wine consumption in Chile showed no signs of recovery in 2006. A.C. Nielsen's estimates indicate that volume sold decreased by 5%. The market proved hard to navigate and highly competitive, with a drop in massive wine consumption in favor of its main substitute, beer. This situation poses new challenges for the Company.

Viña Concha y Toro, with a volume increase of 4.3%, managed to attain better performance than the rest of the domestic industry. Appraised sales, however, dropped 5.8% to Ch\$44,165 million. Lower average prices reflected lower direct costs and counteracted the increase in commercialized volume.

The year's results gave Viña Concha y Toro its highest market share in recent years, 28.6% measured by volume. This performance demonstrates the Company's competitive edge, which in

conjunction with a promising new price structure and commercial strategy designed to cope with market aggressiveness will allow it to return to sustained growth in the medium term.

The Company's popular wines category increased 3.5%, which is mainly explained by sales of new products in the coolers category. In turn, increased vitality was felt in the superior and premium categories which grew 18%, primarily due to increased sales of Don Melchor, Casillero del Diablo and Trio.

In 2006, the domestic market saw the release of innovative products targeted at different consumers, following current market trends. Therefore, at the beginning of the year, the launch of Yess reinforced Concha y Toro's presence in the cooler category, which marked the Company's entry into the carbonated wine and fruit-flavored wine market, thus increasing consumption opportunities.

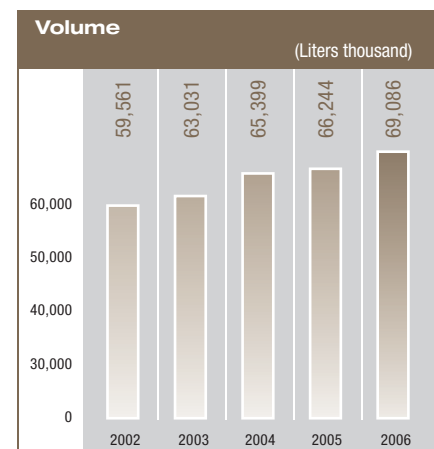
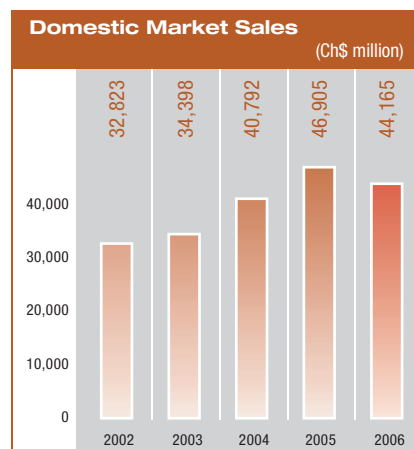
# 4.3%

## volume growth



2006 also saw the launch of Palo Alto, an ensemble of red varieties from Company's own vineyards located in Maule Valley. Its attractive image and price captivated local consumers, even in a context of growing complexity and abundant offers.

Clos de Pirque continued to innovate and incorporate new varieties into its range: 2006 saw the introduction of Carmenere to the previously existing Cabernet Sauvignon and Merlot offerings. Concha y Toro also introduced new formats and image improvements for other domestic market wines, thus consolidating Company leadership.



## Specific Origin Wines

96  
points

### Don Melchor 2003 Wine Spectator

### Maximum score for a Chilean wine

2006 was an exceptional year for all the brands in the Company's Specific Origin category. Important steps towards enhanced quality and proven consistency have empowered Concha y Toro's position as a producer of fine wines. In addition, the good performance exhibited by premium and ultra premium lines advanced Company leadership in each market segment.

Focused oenological work, part of the Concha y Toro philosophy, has made outstanding quality the hallmark of the Company's entire family of products. This, in combination with commercial efforts carried out by Company executives and distributors alike, have created a unique platform for our Specific Origin Wines.

The biggest news of the year was the historical score given by the specialized magazine Wine Spectator to Don Melchor 2003. With this score, our icon reached a new milestone in the Chilean wine industry, becoming the highest-rated Chilean wine in history. In addition, for the second consecutive year the wine was ranked fourth in the Top 100 Wines of the Year (same publication). Don Melchor 2001 had already attained this same accolade back in 2005 with a 95-point score.

The 2007 Guía de Vinos de Chile (Guide of Chilean Wines) granted double recognition to Don Melchor 2004: Best Premium Wine of the Year and Best Wine of the Year.

The Company's commitment to excellence and its ongoing search for innovation brought about the launching of Carmín de Peumo: the first Chilean Carmenere icon wine. This flagship label faithfully represents Concha y Toro's concept of a premium origin: the Peumo terroir for Carmenere grapes.

With Carmín de Peumo, Concha y Toro is inaugurating a new product category, bolstering the development of Carmenere worldwide and positioning Peumo as the best Chilean origin





Carmin de Peuplier  
CARMENERE



**Focused oenological work, part of the Concha y Toro philosophy, has made outstanding quality the hallmark of the Company's entire family of products.**

for the production of this French variety. By means of its ongoing research and development, the Company has been able to showcase Carmenere development in Chile.

Carmín de Peumo attracted the attention of the international wine press; US magazine Wine & Spirits awarded the wine 95 points and also chose it among the best wines of the year. Wine Spectator also covered the release and deemed it "an impressive debut", awarding the wine 92 points.

The entire Terrunyo line has also received noteworthy recognitions. Terrunyo Cabernet Sauvignon 2003 was awarded 92 points by Wine Spectator; Terrunyo Shiraz 2004, 92 points and Terrunyo Sauvignon Blanc 2005, 90 points in this same publication. Wine & Spirits Magazine, on the other hand, gave 92 points to Terrunyo Carmenere 2003.

The Marqués de Casa Concha line continued to convey its exceptional quality, born of the fruit of the Company's traditional vineyards. This range's consistency in recent years and its outstanding results over time have been widely appreciated by international reviews. In 2006 Marqués de Casa Concha Syrah 2004 received the Decanter Award and was awarded 91 points by Wine Spectator; Cabernet Sauvignon 2004 was rated with 90 points in Wine Spectator and Marqués de Casa Concha Merlot 2005 was awarded Best Merlot and gold medal by the Annual Wines of Chile Awards (January 2007).

Also on the road, Trio continued to appear in presentations around the world, shining in Asia and Latin America at launches which brought together consumers, journalists and restaurant owners.



## Global Brands

The Casillero del Diablo global brand set a new record in 2006 with the sale of two million cases and 17% growth, as compared to the previous year. Once again, Casillero del Diablo's success was due to its solid positioning as a worldwide best value and to widespread quality recognition for the complete line.

In 2006, a worldwide campaign was implemented in over twenty-one countries of Europe, Latin America, the United States and Canada, with the main purpose of communicating the outstanding features of Casillero del Diablo Cabernet Sauvignon 2005, ranked by oenologists as the best in history. This was backed by important acclaim by the British magazine Decanter, which ranked Casillero del Diablo Cabernet Sauvignon 2005 as "The Best Value Cabernet Sauvignon on the Planet". Promotional campaigns led by Casillero del Diablo winemakers enabled customers and consumers in each of the countries to attend wine tasting sessions, training activities and wine pairing dinners, among others.

These campaigns were supported worldwide by cinema and public thoroughfare advertising in Latin America, Europe and Asia.

Another important recognition for Casillero del Diablo Merlot 2005 was the International Trophy for Best Red Blend Under £10 at the 2006 Decanter World Wine Awards. This qualification marks Casillero del Diablo as the best competing Merlot in its category.

The Sunrise line showed positive performance with 12% growth in terms of sales volume. Advertising campaigns were carried out in key markets, including Sweden, Denmark and Russia, in order to promote consumption and strengthen brand recognition. Audiovisual material and

contests were used to reach consumers in the German market. Every Sunrise bottle included a promotional DVD with information about Chile, Concha y Toro and Sunrise, and the concept of 300 days of sun was reinforced on a more emotional level using elements associated with outdoor living.

**2 million cases**

**Casillero del Diablo up 17%**

**Casillero del Diablo merlot 2005**

**International Trophy Decanter**







The Frontera range grew 8% worldwide, fueled by greater coverage reaching 100 countries and 26% growth in markets other than the United States, with strong performances in Japan, Russia and Angola. In the United States, Frontera exports were down 1.5%. The 2006 advertising campaign included graphic and television ads focused on communicating the slogan “Chile in a glass”.

# Vineyards and Oenology

During 2006 the main investments in the agricultural area concentrated on the development and planting of vineyards, in estates purchased in 2005. Planted surface increased 10% to 6,285 hectares in Chile. In Argentina, vineyard plantation rose 15% to 903 hectares. Concha y Toro continued its strategy of increasing its own production to ensure a supply of optimum quality grapes for winemaking. According to Viniflor's\* 2004-2005 ranking of the main groups' own vineyards on a worldwide scale, Concha y Toro was ranked fourth among the viticulture companies featuring the largest vineyard surfaces for their own production, representing an important strength for the company.

This year Concha y Toro added 380 hectares of new land in the Limarí, Maipo and Cachapoal valleys. This line of action has led the Company to consolidate its presence in the 7 most important viticultural origins in the country, therefore establishing a strong foothold in each of the most significant valleys in Chile. This enables the production

of grape varieties originating from an ample array of homelands, which in turn leads to high quality and diversity of the wines.

In parallel, the Company has continued its technological advances. Eighty-six percent of all vineyards are now equipped with drip irrigation, which facilitates the efficient management of hydric balance and irrigation. On another front, Concha y Toro has reinforced the use of state-of-the-art mechanical harvesters and currently owns 31 of these machines, providing greater efficiency and speed in the harvesting process.

Environmental care is one of the Company's most relevant concerns. In keeping with this, in 2006 Concha y Toro received Clean Development Mechanism (CDM) certification for 22 vineyards and nine cellars, which included CDM consulting and auditing; basic infrastructure and personnel training. Positive changes have come about as the result of the Company's environmental concerns, including a significant reduction in water consumption.

In 2006, the Company continued to invest in its Chilean winemaking and storage facilities, raising the capacity by 9% from the previous year, to 252 million liters. The construction of new aging vats in the Chimbarongo cellar and the installation of white wine fermentation tanks and aging vats at the San Javier cellar are two important achievements. The Company owns a total number of 40,000 barrels, up 16% from 2005.

At the Nueva Aurora winery in Limarí, vinification capacity increased from 4 million to 9.3 million kilograms, with built in flexibility in order to process grapes with different qualities, enabling absorption of present and future production in a region which promises intensive development.

Construction at the Cachapoal cellar, in Peumo, was completed, incorporating a barrel emptying, washing and filling machine capable of servicing 120 barrels per hour.

(\*) VINIFLHOR: The French Inter-professional Office for Fruits, Vegetables, Wines, and Horticulture.



### Land Distribution as of December 31, 2006

Valley	Vineyards in Production	Vineyards Planted 2003-2006	Total Vineyards Planted	Fallow	Orchards	Total
<b>Chile:</b>						
Limarí	288	150	437	234	-	671
Casablanca	346	46	391	-	-	391
Leyda	-	130	130	-	-	130
Maipo	758	51	810	3	-	813
Cachapoal	581	512	1,093	551	102	1,746
Colchagua	630	448	1,078	-	-	1,078
Curicó	442	106	548	2	-	550
Maule	1,606	192	1,798	6	-	1,804
<b>Total Chile</b>	<b>4,651</b>	<b>1,634</b>	<b>6,285</b>	<b>796</b>	<b>102</b>	<b>7,183</b>
<b>Argentina:</b>						
Maipú	133	3	136	-	-	136
Rivadavia	154	84	238	-	-	238
Tupungato	144	-	144	-	-	144
La Consulta	-	128	128	-	-	128
San Martín	9	81	90	-	-	90
Luján de Cuyo	-	167	167	-	-	167
<b>Total Argentina</b>	<b>440</b>	<b>463</b>	<b>903</b>	<b>-</b>	<b>-</b>	<b>903</b>
<b>TOTAL</b>	<b>5,091</b>	<b>2,097</b>	<b>7,188</b>	<b>796</b>	<b>102</b>	<b>8,086</b>

Note: The total agricultural area does not consider unworkable land such as hills or roads.





The new Reserva line is inspired in the bicycle icon, a symbol of excellence for Viña Cono Sur. The renewed image brings an interesting oenological proposal and a complete selection of ten varieties.

2006 was a period of growth and development for Viña Cono Sur. The Company optimized its structure and operations to create an excellent base for future challenges.

Overall turnover in pesos amounted to Ch\$26,819 million, up 3.6%. Exports were US\$41 million, with two million cases shipped, leading to an increase of 6% in terms of value and a slight reduction of 1% in terms of volume. Viña Cono Sur's vitality in Continental Europe is highlighted by a 32% growth, based on spectacular performances in Russia, Finland, The Netherlands and Ireland, among other countries. This marks a significant increase in the diversification of Viña Cono Sur markets.

In May 2006 Concha y Toro UK took over the distribution of Cono Sur in the United Kingdom, replacing Western Wines. This transition was successful and although the change did influence immediate results, repositioning was achieved and this was fundamental to secure a solid platform for the winery in the competitive UK market. The key objectives of this new stage are to increase distribution channels, strengthen the brand image of Cono Sur and Isla Negra and to tap synergies generated by closely-coordinated and focused work with Concha y Toro UK.

One of the most important milestones for Cono Sur during 2006 was its entry into the US market. Vineyard Brands, an important company specializing in the sale of premium wines with widespread coverage throughout the country started distributing the brand and the first few months have been very encouraging. The first exports arrived in August 2006 and during the year 56,000 cases were distributed with an average price amounting to over US\$32 per case. Positive market reaction and excellent Cono Sur wine reviews mean a bright future for brand performance in 2007.

In commercial terms, increased diversification, the development of different growth poles and area restructuring have led to the consolidation of a solid distribution base for North America, Latin America, Europe, Asia and Oceania, which supports the company's independence in terms of the performance of specific markets and strengthens its future expansion.

The agricultural sector successfully completed the planting of two new vineyards: Las Lomas de Peralillo, 180 hectares of red varieties in the Colchagua Valley, and Campo Lindo in the newly-developed San Antonio Valley, Leyda, whose 130 hectares are used for the production of premium wines including white varieties and Pinot Noir. In turn, at the Santa Elisa vineyard, 20 hectares were re-converted with the planting of Viognier and Pinot Noir vines, continuing the focus on this red variety as the vineyard's flagship variety. In keeping with this, 70 new hectares of Pinot Noir were planted at San Antonio and Chimbarongo.

One of the greatest achievements in 2006 was the consolidation of a first-rate professional team with a clear focus on innovation and quality, a spirit which is evidenced by important recognition for Viña Cono Sur during the year: Decanter World Wine Award rated 20 Barrels Sauvignon Blanc 2005 as the best international wine in its category and Ocio 2004 as the best Chilean Pinot Noir in its category. In the specialized press, Wine Spectator magazine awarded 91 points to 20 Barrels Chardonnay 2005 and 90 points to 20 Barrels Merlot 2004. In turn, Wine & Spirits awarded 20 Barrels Sauvignon Blanc 2005 with 93 points, Visión Sauvignon Blanc 2005 with 91 points and 20 Barrels Cabernet Sauvignon 2004 with 90 points.





2006 was another successful year for Viña Maipo. This subsidiary's exports reached US\$21 million, up 27.3% on the year-ago period. Shipping volume increased 24% to 1.2 million cases, surpassing the goal of one million cases set three years ago.

This growth is explained by the brand's consolidation in key markets such as the United Kingdom, Sweden, a successful re-launch in Japan and the incorporation of new countries mainly in Eastern Europe and the Caribbean. Viña Maipo is currently present in over 45 countries.

In 2006 the new corporate image was unveiled together with renewed displays for the entire portfolio of Viña Maipo products. The new image centers on a new streamlined design and brand iconization using the image of the town church in Maipo, the area behind its name.

2006 was also the first year that Viña Maipo made advertising investments including a television commercial aired in key markets - generating brand presence and exposure.





Almaviva 2003 was the market leader in 2006, receiving widespread acclaim and positive comments from the international specialty press. The renowned wine critic Robert Parker rated the 2003 vintage as the finest Chilean Cabernet Sauvignon-based wine he had ever tasted.

The same vintage was awarded 95 points in the prestigious US magazine Wine Spectator, included in the Classic category for the second time in this publication (the 2001 vintage had been listed the year before.) This rating opened the door for the 2003 vintage to be ranked number 24 in Wine Spectator's Top 100 Wines of 2006.

In addition, the 2003 vintage was featured in the US magazine Wine Enthusiast, which highlighted it as one of the seven best Cabernet Sauvignon wines in the world as of September 2006.

Almaviva sales in 2006 amounted to Ch\$2,947 million, up 29% compared to 2005. Sales volume came to 14,500 cases, representing a 20% year-on-year increase.





In 1996, Concha y Toro began operations in Argentina with the founding of Trivento Bodegas y Viñedos. Over the last ten years the subsidiary has experienced booming growth and has become Argentina's second largest export winery in terms of volume, with a 10% market share of all bottled wine exported from Argentina.

Throughout 2006 the subsidiary exported 1,416,000 cases, with returns amounting to US\$23 million, evidencing growth of 14.4% in terms of volume and 20% in terms of value compared to 2005. In the domestic market, sales totaled 700,000 cases, generating income of US\$11 million, which meant an increase of 20% in terms of value and 28% in terms of volume, as compared to the year before.

Trivento has sought to strengthen its premium portfolio and therefore in 2006 undertook projects and investments which led to an 80% volume increase for the premium category. Trivento launched Amado Sur, a premium wine whose concept symbolizes the close union of the south with Argentina's flagship variety, Malbec. Amado Sur 2005 is a Malbec ensemble with touches of Bonarda and Syrah, matured for eight months in oak barrels and six months in the bottle.

The Company planted 120 new hectares at the Cruz del Alto vineyard – more than 1,000 meters above sea level - in Ugarteche, Luján de Cuyo. All together, Trivento added a total of 903 hectares of own plantations, a 15% surface increase compared to 2005.

In 2006 Trivento completed construction of a storage cellar at its Maipú winery, with humidity and temperature control and a storage capacity of 3,500 barrels. The beginning of operations of an automated fractioning line with a ten thousand-bottle per hour capacity and two decanters for the Maipú and Tres Porteñas cellars made Trivento a pioneer in the use of this technology in Argentina.

Trivento was conferred important medals and awards in 2006. Trivento Golden Reserve 2003 received the gold medal in the China Wine & Spirits Competition and was rated with 91 points by the US magazine Wine Enthusiast. Trivento Reserve Syrah 2005 merited a silver medal at the London International Wine Challenge 2006, while Trivento Reserve Cabernet Malbec 2004 and Trivento Reserve Syrah 2004 won gold and silver medals respectively at the China Wine & Spirits Competition.

**Trivento launched Amado Sur, a premium wine whose concept symbolizes the close union of the south with Argentina's flagship variety, Malbec.**

**1,416,000**  
cases  
exported

**14.4%**  
growth



## General Background Information



### Company Registraton Details

Trading Name: Viña Concha y Toro S.A.

Tax-Role Identification Number: 90.227.000 - 0

Type of company: Open Stock Company

Legal Domicile: Santiago

Address of headquarters: Avda. Nueva Tajamar 481,  
Torre Norte, Piso N° 15. Las Condes, Santiago, Chile

Telephone: (56-2) 476-5000

Fax: (56-2) 203-6740

PO Box: 213, Correo Central, Santiago

Email: [webmaster@conchaytoro.cl](mailto:webmaster@conchaytoro.cl)

Website: [www.conchaytoro.com](http://www.conchaytoro.com)

Chilean Stock Exchange Mnemonic: Conchatoro

New York Stock Exchange Ticker: VCO

### Constitutive Documents

Written to Public Deed in the presence of Santiago Notary Pedro N. Cruz, Viña Concha y Toro S.A. became a stock company on December 31, 1921. The mandatory abstract was published in issue 13,420 of the Official Gazette on November 6, 1922. The Company's Decree of Authorization, No. 1,556, was recorded on October 18, 1922.

The Company was registered in the Santiago Commerce Register on folio 1,058 N° 877, on November 6, 1922; and in the Register of the Securities and Insurance Regulator, under N° 0043.



## History: 1883-2006

Viña Concha y Toro was founded by Don Melchor Concha y Toro in 1883. In 1922 the Company became a public limited corporation, expanding its corporate purpose to viticultural production in general. The corporation's first shares were traded on the Santiago Stock Market in 1933, the same year the Company's first exports were shipped to The Netherlands.

During the second half of the twentieth century, Concha y Toro implemented a thorough modernization process. After the arrival of Mr. Eduardo Guisasti Tagle, Company Director between 1957 and 1998, Company expansion saw its pace quickened. The 80s marked the beginning of crucial transformations with the incorporation of modern technology. In the 90s, development focused on foreign markets and an investment plan was begun –still in force today – involving vineyard expansion, increasing operating capacity and adopting state-of-the-art winemaking processes with one overarching objective: quality.

In October 1994, Concha y Toro became the first winery in the world to trade shares on the New York Stock Exchange. This made an investment plan possible including a significant increase in the company's own vineyards, the expansion of Viña Cono Sur in Chile and the founding of Trivento Bodegas y Viñedos in Argentina.

Another milestone was the signing of a joint venture between Concha y Toro and the renowned French winery Baron Philippe de Rothschild in 1997, in order to produce a category wine equivalent to the French Grands Crus Classés. Thus Viña Almaviva was founded.

Concha y Toro's passion for creating fine wines has led to steady international recognition. The excellence of Don Melchor and Amelia has been complemented by high rankings and extraordinary international reviews of its Terrunyo, Marqués de Casa Concha and Trio lines. In addition, growing preference for Casillero del Diablo - which has become a truly global brand – has translated into sales of two million cases worldwide.

Year after year, Company wines have excelled internationally due to their quality, consistently receiving rave reviews. In 2006, Don Melchor 2003 was awarded a record 96 points by the prestigious magazine Wine Spectator, becoming the highest rated Chilean wine ever. In keeping with this, for the second consecutive year Don Melchor was ranked fourth in the Wines of the Year list published by the same magazine, placing a milestone for domestic viticulture as the highest rated and awarded Chilean wine in the world.

The Company has consolidated its place among the most important quality wineries in the world. This is vouched for by the influential US magazine Wine & Spirits, which ranked the Company in the 2006 Hall of Fame, naming it Vineyard of the Year for the twelfth time.

Concha y Toro is presently the number one wine exporter in Latin America and one of the most important brands in the world, present in over 115 countries. Concha y Toro is a truly global company where tradition and innovation meet to underwrite a commitment with consumers to offer the best quality and experience in fine wines.



## Board of Directors



### EXECUTIVE CHAIRMAN

**Alfonso Larrain Santa María**

*Businessman*

Company director since 1969

General Manager from 1973 to 1989

### VICE-CHAIRMAN

**Rafael Guilisasti Gana**

*History Graduate*

Company director since 1998

**Francisco Marín Estévez**

*Agricultural Engineer*

Company director since 1982

**Mariano Fontecilla de Santiago Concha**

*Diplomat*

Company director during several periods.

The first term started in 1949 and the most

recent in 1995

**Sergio de la Cuadra Fabres**

*Commercial Engineer*

Company director since 2005

**Pablo Guilisasti Gana**

*Commercial Engineer*

Company director since 2005

**Christian Skibsted-Hansen Cortés**

*Commercial Engineer*

Company director since 2005

## PARENT COMPANY

### CHIEF EXECUTIVE OFFICER

Eduardo Guillisasti Gana  
*Civil Engineer*

### TECHNICAL DIRECTOR

Goetz Von Gersdorff  
*Oenologist*

### AGRICULTURE MANAGER

Andrés Larraín Santa María  
*Agriculturalist*

### ENGINEERING AND PROJECTS MANAGER

Carlos Saavedra Echeverría  
*Foreign Trade Specialist*

### CHIEF FINANCIAL OFFICER

Oswaldo Solar Venegas  
*Commercial Engineer*

### CORPORATE EXPORT MANAGER NORTHERN ZONE

Thomas Domeyko Cassel  
*Commercial Engineer*

### CORPORATE EXPORT MANAGER SOUTHERN ZONE

Cristián Ceppi Lewin  
*Commercial Engineer*

### OPERATIONS MANAGER

José Antonio Manasevich Gavicagogeasoa  
*Civil Engineer*

### HEAD OENOLOGIST

Carlos Halaby Riadi  
*Agricultural Engineer, Winemaking*

### HEAD OENOLOGIST DON MELCHOR

Enrique Tirado Santelices  
*Agricultural Engineer, Winemaking*

### INFORMATION TECHNOLOGY MANAGER

Daniel Durán Urizar  
*Civil Engineer*

### MARKETING MANAGER SPECIFIC ORIGIN WINES

Isabel Guillisasti Gana  
*Arts Graduate*

### MARKETING MANAGER GLOBAL BRANDS

Giancarlo Bianchetti González  
*Commercial Engineer*

## SUBSIDIARIES

### GENERAL MANAGER COMERCIAL PEUMO

Cristián Canevaro Jaramillo  
*Commercial Engineer*

### GENERAL MANAGER VIÑA CONO SUR

Adolfo Hurtado Cerda  
*Agricultural Engineer, Winemaking*

### GENERAL MANAGER TRIVENTO BODEGAS Y VIÑEDOS

Tomás Larraín León  
*Agricultural Engineer*

### GENERAL MANAGER CONCHA Y TORO UK

Cristián López Pascual  
*Publicist*



A seven-member Board of Directors, elected at the Ordinary Shareholders' Meeting, administers the Company. Directors serve a three-year term after which the entire Board is renewed, although Board members may be re-elected indefinitely. The current Board was elected at the Ordinary Shareholders' Meeting of April 26, 2005. Its three-year term will lapse in 2008.

The Board appoints a General Manager, who directs reporting managers.

### Remuneration of Directors and Senior Executives

In accordance with company statutes, the Ordinary Shareholders' Meeting set remuneration of the Board for 2006 at 1.5% of net earnings for the fiscal year. It also approved the assignment of 300 UF (indexed units) a month to cover the executive responsibilities of the Board chairman.



	<u>2006</u> ThCh\$	<u>2005</u> ThCh\$
<b>Attendance:</b>		
Alfonso Larraín Santa María	41,288	84,887
Rafael Guillisasti Gana	41,288	84,887
Francisco Marín Estévez	41,288	84,887
Mariano Fontecilla de Santiago Concha	41,288	84,887
Sergio de la Cuadra Fabres	27,525	-
Pablo Guillisasti Gana	27,525	-
Christian Skibsted-Hansen Cortés	27,525	-
Sergio Calvo Salas <sup>(1)</sup>	13,763	84,887
Eduardo Morandé Fernández <sup>(1)</sup>	13,763	84,887
Albert Cussen Mackenna <sup>(1)</sup>	13,763	84,887
<b>Remuneration for the Chairman:</b>		
Alfonso Larraín Santa María	65,465	65,933
<b>Directors Committee remuneration:</b>		
Rafael Guillisasti Gana	3,297	913
Sergio de la Cuadra Fabres	1,832	-
Christian Skibsted-Hansen Cortés	1,832	-
Francisco Marín Estévez <sup>(2)</sup>	1,096	821
Albert Cussen Mackenna <sup>(2)</sup>	1,461	913
<b>Total</b>	<b>363,999</b>	<b>662,789</b>

<sup>(1)</sup> Company Director until April 2005, receiving the corresponding proportional remuneration in year 2006.

<sup>(2)</sup> Directors Committee member until April 2005 receiving the corresponding proportional remuneration in year 2006.

Remuneration drawn by Directors in 2006 y 2005 which includes fees for the board meeting attendance and base salaries, was Ch\$363,999 thousand and Ch\$662,789 thousand, respectively. For year 2006, remuneration including bonuses drawn by senior managers, managers and managers of the Company subsidiaries, including a total of 74 executives, amounted to Ch\$4,713,134 thousand. Payments related to severance of contracts of former Company executives or managers for the fiscal year 2006 was Ch\$198,485 thousand.

All administrative personnel at the Company receive a share of a total annual bonus amounting to 4% of net income proportional to their salary.

# Committees and Corporate Governance



## Directors Committee

The Directors Committee at Viña Concha y Toro S.A. comprises Sergio de la Cuadra Fabres (chairman), Christian Skibsted-Hansen Cortés, and Rafael Guillisasti Gana. Sergio de la Cuadra Fabres and Christian Skibsted-Hansen Cortés were elected directors with votes distinct to those of the company's controlling group, as set out in article 50 (a) of the Stock Company Law.

Members of the committee were elected at the Board of Directors session No. 1,026, which was held on April 26, 2005, and who will remain in their positions as stipulated in Circular N°1.526 on February 19, 2001 of the Securities and Insurance Regulator.

The Directors Committee convened on 8 occasions in fiscal 2006. Among the issues addressed were:

- Assessment of the External Auditor's reports on the Company, the Balance Sheet and other financial statements put forward by management;
- The proposal of external auditors and credit risk rating companies that are then suggested to the shareholders;
- Examination of background information on business operations conducted during the year relating to articles 44 and 89 of the Stock Company Law, and the review of the audit report request for the committee, with the same end;
- Review of the remuneration systems and compensation plans for managers and senior executives;
- Advances of the norms implementation for the law Sarbanes-Oxley;
- Preliminary audit report for fiscal 2006;
- Contracting specialist consultants for the Directors Committee.

The Shareholders Meeting approved remuneration of 20UF per committee member for every meeting attended, to be paid in May 2007, together with board remuneration.

An annual budget of Ch\$20,000 thousand for Committee operations was approved at the Ordinary Shareholders' Meeting. In 2006, the Committee contracted services of independent consultants costing Ch\$7,930 thousand.

## Audit Committee

In accordance with the implementation period for the Sarbanes-Oxley law of the United States (2002), the Company, in the interests of formalizing good corporate governance practices, has begun to comply with the new rules. On July 28, 2005 the Board of Concha y Toro designated from among its members the persons who would form the Audit Committee required by said legislation. In accordance with Chilean law, these were the same directors who make up the Directors Committee.

## Code of Ethics

On June 17, 2004, the Board of Viña Concha y Toro approved a Code of Ethics in accordance with the requirements of the US Securities and Exchange Commission and other regulations adopted by the Board. The Company's internal Code of Ethics regulates the actions of everyone who works for Concha y Toro and includes, among other things, conflict of interest, use of property and information, privileged information, independence, communications and certificates, correct behavior, compliance with health and safety laws and rules, relations with producers, suppliers and clients, and environmental protection. The Code of Ethics is available on the Company's website.

## Ownership Structure



On December 31, 2006 the 12 largest shareholders and their holdings in the Company, expressed as a percentage, were as follows:

SHAREHOLDERS	NUMBER OF SHARES	% HOLDING
Rentas Santa Bárbara S.A.	83,418,897	11.60%
Inversiones Totihue S.A.	82,874,605	11.52%
AFP Habitat S.A. Fondo de Pensiones	46,852,576	6.51%
AFP Provida S.A. Fondo de Pensiones	41,684,468	5.80%
The Bank of New York (Según circ.1375 S.V.S)	31,168,400	4.33%
Fundación Cultura Nacional	25,954,278	3.61%
Cía. de Inversiones El Milagro S.A.	24,439,851	3.40%
AFP Summa Bansander S.A. Fondo de Pensiones	23,167,108	3.22%
AFP Cuprum S.A. Fondo de Pensiones	21,615,679	3.01%
Constructora Santa Marta Ltda.	21,457,885	2.98%
Inversiones Quivolgo S.A.	21,207,506	2.95%
AFP Santa María S.A. Fondo de Pensiones	17,115,634	2.38%
<b>Total major shareholders</b>	<b>440,956,887</b>	<b>61.31%</b>
<b>Total subscribed and paid-in shares</b>	<b>719,170,735</b>	
<b>Total shareholders</b>	<b>779</b>	

The main change in ownership has been the reduction in the holding of The Bank of New York from 5.71% on December 31, 2005 to 4.33% on December 31, 2006.

## Controlling Group

Directly and indirectly, the controlling group, which acts together in a non-formalized pact, has command of 41.93% of the Company.

The following table lists individuals representing each member of the controlling group, and significant legal institution or individuals represented by them and their respective holding, while those shareholders possessing interests of under 1% are grouped under others:

<b>GUILISASTI GANA FAMILY</b>	<b>26.69%</b>
Rentas Santa Bárbara S.A.	11.60%
Inversiones Totihue S.A.	11.52%
Others	3.57%

Rentas Santa Bárbara S.A. and Inversiones Totihue S.A. are closed stock companies, 100% controlled, directly or indirectly, by the Guilisasti Gana family, which is comprised of the siblings Eduardo Guilisasti Gana (RUT 6.290.361-9), Rafael Guilisasti Gana (RUT 6.067.826-K), Pablo Guilisasti Gana (RUT 7.010.277-3), José Guilisasti Gana (RUT 7.010.293-3), Isabel Guilisasti Gana (RUT 7.010.269-2), Sara Guilisasti Gana (RUT 7.010.280-3) and Josefina Guilisasti Gana (RUT 7.010.278-1). The members of the Guilisasti Gana family, including Mrs. Isabel Gana Morandé (RUT 2.556.021-3), exert their rights as individuals or through investment companies, which belong in their entirety to the same family. "Others" includes companies and individuals that are 100% owned, directly or indirectly, by the Guilisasti Gana family.

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<b>LARRAÍN SANTA MARÍA, ALFONSO</b>	<b>6.88%</b>
Inversiones Quivolgo S.A.	2.95%
La Gloria S.A.	2.18%
Inversiones Maquegua Ltda.	0.80%
Others	0.95%

Inversiones Quivolgo S.A. and Inversiones Maquegua Ltda. are 100% owned by Mr. Alfonso Larraín Santa María (RUT 3.632.569-0) and Larraín Vial family. La Gloria S.A. is fully controlled by the Larraín Santa María family.

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<b>FONTECILLA DE SANTIAGO CONCHA, MARIANO</b>	<b>3.78%</b>
Cía. de Inversiones El Milagro S.A.	3.40%
Mariano Fontecilla de Santiago Concha	0.38%

Compañía de Inversiones El Milagro S.A. is 95% owned by Mariano Fontecilla de Santiago Concha (RUT 1.882.762-K) and the remaining 5% is under the control of his sons Mariano Fontecilla Lira (RUT 6.495.101-7), Rodrigo Fontecilla Lira (RUT 8.404.996-4), Enrique Fontecilla Lira (RUT 6.613.074-6) and Francisco Antonio Fontecilla Lira (RUT 8.671.675-5).

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<b>CALVO SALAS, SERGIO</b>	<b>2.49%</b>
Inversiones El Maitén S.A.	1.82%
Others	0.67%

Inversiones El Maitén S.A. is 100% the property of Sergio Calvo Salas, RUT 1.869.956-7 and the Calvo Rodríguez family.

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<b>MORANDÉ FERNÁNDEZ, EDUARDO</b>	<b>2.09%</b>
Inversiones Bretaña S.A.	1.58%
Others	0.51%

Inversiones Bretaña S.A. is entirely owned by Eduardo Morandé Fernández, RUT 1.848.987-2 and the Morandé Montt family.

No legal entities or individuals, other than in the Controlling Group, possess shares or rights amounting to 10% or more of the Company's equity, nor are there any individuals that own less than 10% and that acting together with a spouse or family members command such a percentage.



## Profit and Dividend Policy

Net income for fiscal 2006 amounted to Ch\$16,161 million. It was agreed at the Ordinary Shareholders' Meeting, held on April 25, 2006, to disburse, against profit of fiscal year 2006, interim dividends Nos. 224, 225 and 226 of Ch\$2.50 per share, payable on September 29 and December 29, 2006 and on March 30, 2007, respectively.

The Board of Directors will propose at the Meeting payment of a final dividend, No. 227 of Ch\$1.50 per share, subject to approval, on May 18, 2007 against the profits of fiscal year 2006.

Profit distribution depends on the net income for the fiscal year. Dividends charged against earnings for fiscal 2006 amount to 40.05% of the profit that year.

### Dividend Policy

Company policy entails disbursing 40% of the net income of each business year through a series of quarterly interim dividends and a final dividend and that is paid the following May. It is the intention of the Board to continue pursuing this policy for the foreseeable future.

It is the intention of the Board of Directors to pay three provisional dividends of Ch\$2.50 per share, charged against the profits for the fiscal year 2007. These should be paid on September 28, 2007, December 28, 2007 and March 31, 2008, while the remaining profits up to the ceiling of 40% of the earnings shall be disbursed as a final dividend in May 2008, once the amount is known and the results of the business year are approved at the Ordinary Shareholders' Meeting.

Dividends paid per share over the past three years, in nominal values, are as follows:

Date	N°/Type	Per share	Against year
March 31, 2004	N°214 Interim	\$1.70	2003
May 28, 2004	N°215 Final	\$5.24	2003
September 30, 2004	N°216 Interim	\$2.00	2004
December 30, 2004	N°217 Interim	\$2.00	2004
March 31, 2005	N°218 Interim	\$2.00	2004
May 26, 2005	N°219 Final	\$6.62	2004
September 30, 2005	N°220 Interim	\$2.50	2005
December 30, 2005	N°221 Interim	\$2.50	2005
March 31, 2006	N°222 Interim	\$2.50	2005
May 25, 2006	N°223 Final	\$3.10	2005
September 29, 2006	N°224 Interim	\$2.50	2006
December 29, 2006	N°225 Interim	\$2.50	2006
March 30, 2007	N°226 Interim	\$2.50	2006

## Human Resources

As of December 31, 2006, full-time staff at Viña Concha y Toro numbered 1,311 in the parent company, 431 personnel employed by Chilean subsidiaries and 293 in foreign subsidiaries, such that the Company workforce comprises 2,035 personnel.

Staff breakdown:

	Parent	Chilean Subsidiaries	Foreign Subsidiaries	Consolidated
Managers and executives	44	16	14	74
Professionals and technicians	324	105	112	541
Sales, administration and laborers	943	310	167	1,420
Total	1,311	431	293	2,035



## Business Related Information

Viña Concha y Toro is the largest producer and exporter of wines in Chile. It is a vertically integrated company that is involved at every stage of the production and marketing of wine. It manages its own vineyards, wine making and bottling plants and has the most extensive own distribution network for wine in Chile. The company also operates in Argentina through Trivento Bodegas y Viñedos, where it occupies second position in the wine export rankings of that country.

The Company conducts its business directly and through a number of subsidiaries. Distribution is handled by its affiliates Comercial Peumo Ltda., Transportes Viconto Ltda. and Concha y Toro UK Limited. The business operations of each of the Company's subsidiaries are detailed in "Subsidiaries and Affiliates".

Information relating to business development follows.

### Suppliers

Principal suppliers to the Company are:

Cristalerías de Chile S.A. (bottles), Tetra Pak de Chile Comercial Ltda. (TetraBrik packaging), Industria Corchera S.A. (corks), Envases Roble Alto S.A. (cases), and Cameo Marinetti, Artica and Etripak (Labels).

In addition, the Company relies on some 500 independent producers that provide grapes and bulk wine.

Clients or suppliers that are directly or indirectly related to directors, shareholders and/or managers and senior executives are detailed in Note 6 of the Consolidated Financial Statements.

### Property

Concha y Toro's main assets are its vineyards, cellars and bottling plants. In Chile, the Company owns 12,163 hectares of land, distributed throughout the seven main wine-growing valleys, and holds long-term leases on 716 hectares. Of this total, 7,183 hectares correspond to arable land, with 6,285 hectares planted.

In Argentina, the company owns 981 hectares with a planted surface of 903 hectares.

### Equipment, Vinification and Cellar Capacity

The Company's principal assets in equipment include harvesting machinery, grape crushers, concrete and stainless steel tanks, and barrels. As of December 31, 2006, wine making and aging capacity in Chile totaled 252 million liters and 40,000 barrels.

In the Mendoza area, Trivento winery has two wine making cellars as well as a storing cellar and bottling plant with a total capacity of 28 million liters.

In addition, an affiliate, Transportes Viconto Ltda., has a fleet of trucks for transporting a percentage of grape, bulk wine and finished products.



## Insurance

Viña Concha y Toro and its subsidiaries hold contracts with first-class insurers. The Company has an all-risk insurance policy covering its key assets.

## Brand Names

Concha y Toro markets its products under several existing brand names that have been duly registered, and include: Concha y Toro, Don Melchor, Amelia, Terrunyo, Trio, Casillero del Diablo, Sunrise, Frontera, Tocornal and Maipo. Trademarks registered by subsidiaries include Cono Sur, Isla Negra and Trivento.

## Financial Activities

Company financial activity is geared at covering the working capital requirements of its business as well as investment in fixed assets. Debt is taken on or settled according to cash flow requirements. Amounts and currency needed determine the Company's borrowing requirement. Another significant financial activity is the liquidation of export revenues received in foreign currency and the taking out of futures to hedge currency exposure, which is conducted through the money desks of the leading banks in Chile.

One of the company's main financial objectives in 2006 was to manage the financial resources more efficiently in order to be able to satisfy the needs of working capital and investments in fixed assets.

Furthermore given the currency portfolio the company manages, the future operations, as well as derivatives and the permanent control of positions, have allowed the company to deal effectively with exchange rate fluctuations.

## Research and Development

Research and development activities do not involve significant expenses, since, to a large extent, the Company relies on agreements with domestic and foreign firms and institutes for technical assistance and technology transfer.

From 2006 Concha y Toro has been part of the "Consortio Tecnológico Empresarial de la Vid y el Vino, Vinnova", comprised of others companies in the industry associated with "Viñas de Chile" and local universities, Universidad Católica de Chile (Santiago) and Universidad de Concepción. Through these institutions the Company has channeled investigations into the fields of agriculture and enology. Also, Conicyt's Fondef project "Water management technologies for sustainable intensive agriculture" remains up to date. The initiative aims to improve current irrigation practices by taking corrective measures to optimize water and energy usage and thus develop advanced, sustainable and efficient management of agriculture.

## Risk Factors

Viña Concha y Toro's business is not devoid of risk as the Company is involved at every stage of the production and marketing of its wines.

Climatic phenomena such as drought and frost, and disease and fungus can adversely affect the quantity, quality and cost of grape supplies available to the Company both from its own vineyards and from independent suppliers.

Wine packaging is sourced mainly from two large suppliers – one of bottles and the other of Tetra Brik. If the supply of these primary materials was disrupted it could have a short-term adverse effect on the Company.

Concha y Toro's products are sold in Chile as well as abroad and, consequently, face market risks that largely comprise exchange rate and interest rate risks when servicing debt.

Company exports are mostly denominated in United States dollars, although some are set in Canadian dollars, Pounds sterling or Euros. In addition, operations in the domestic Argentine market are conducted in Argentine pesos. Given such transactions, financial results could be adversely affected by unfavorable exchange rates or weak economic environments where the Company sells its products, although market diversification mitigates this risk.

The Company also has foreign subsidiaries in Argentina and the United Kingdom, such that political or economic events in either country may affect subsidiary performance.



## Credit Risk Raters

The credit risk classification of two independent raters regarding Concha y Toro's financial instruments as of December 2006 is as follows:

Instrument	Humphreys Ltda.	Feller - Rate
Shares	1st class Level 1	1st class Level 2
Number 407 bonds	AA	AA-

## Investment and Financing Policy

The Company invests to reposition its operating assets, to modernize, to provide new facilities for expanding and improving production capacity and to acquire land for vineyards. Investment in fixed assets in 2006 totaled Ch\$24,531 million (US\$46 million).

Investment was financed through company cash flow and an increase in debt.

## External Auditor

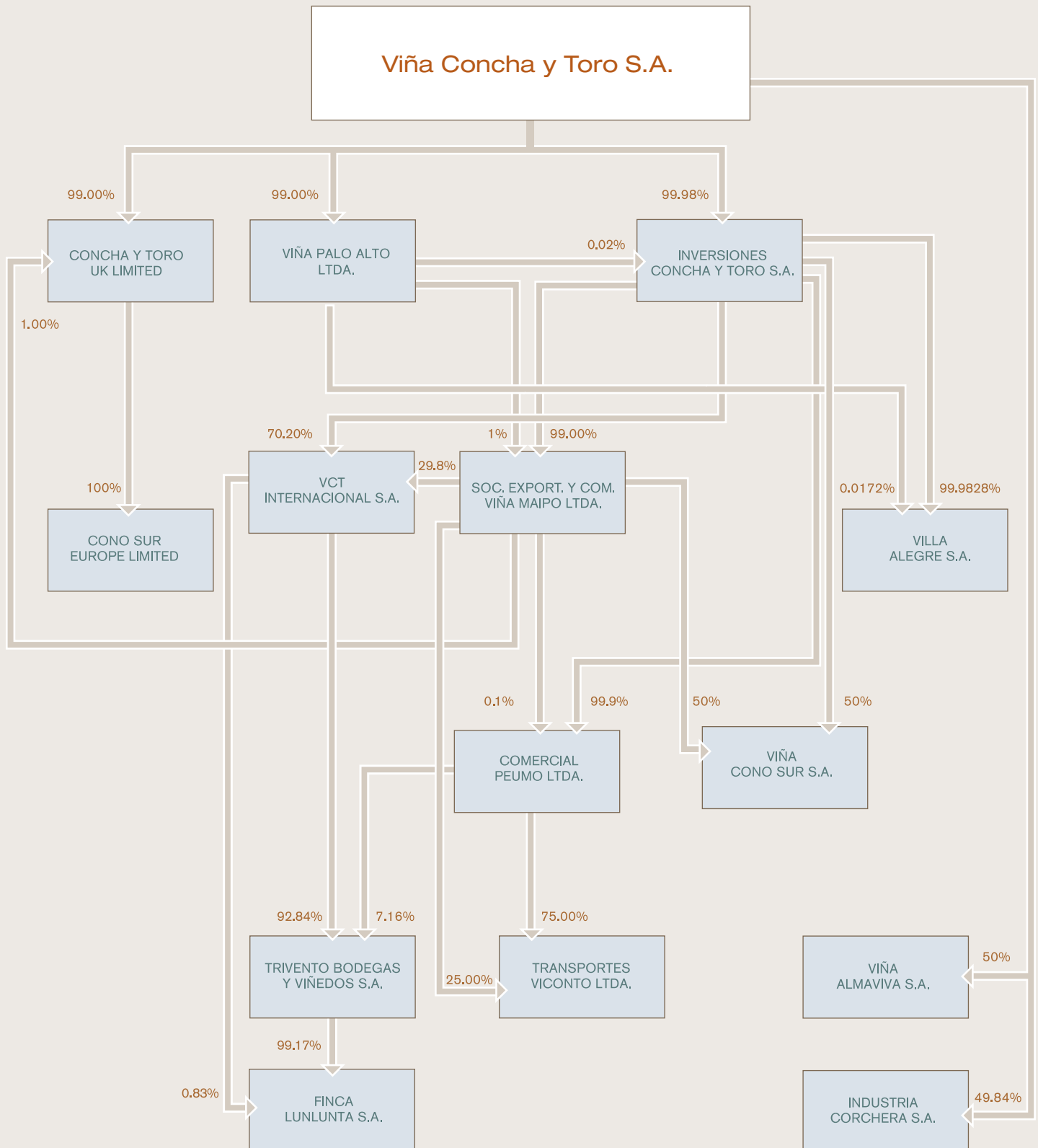
KPMG Auditores Consultores Limitada

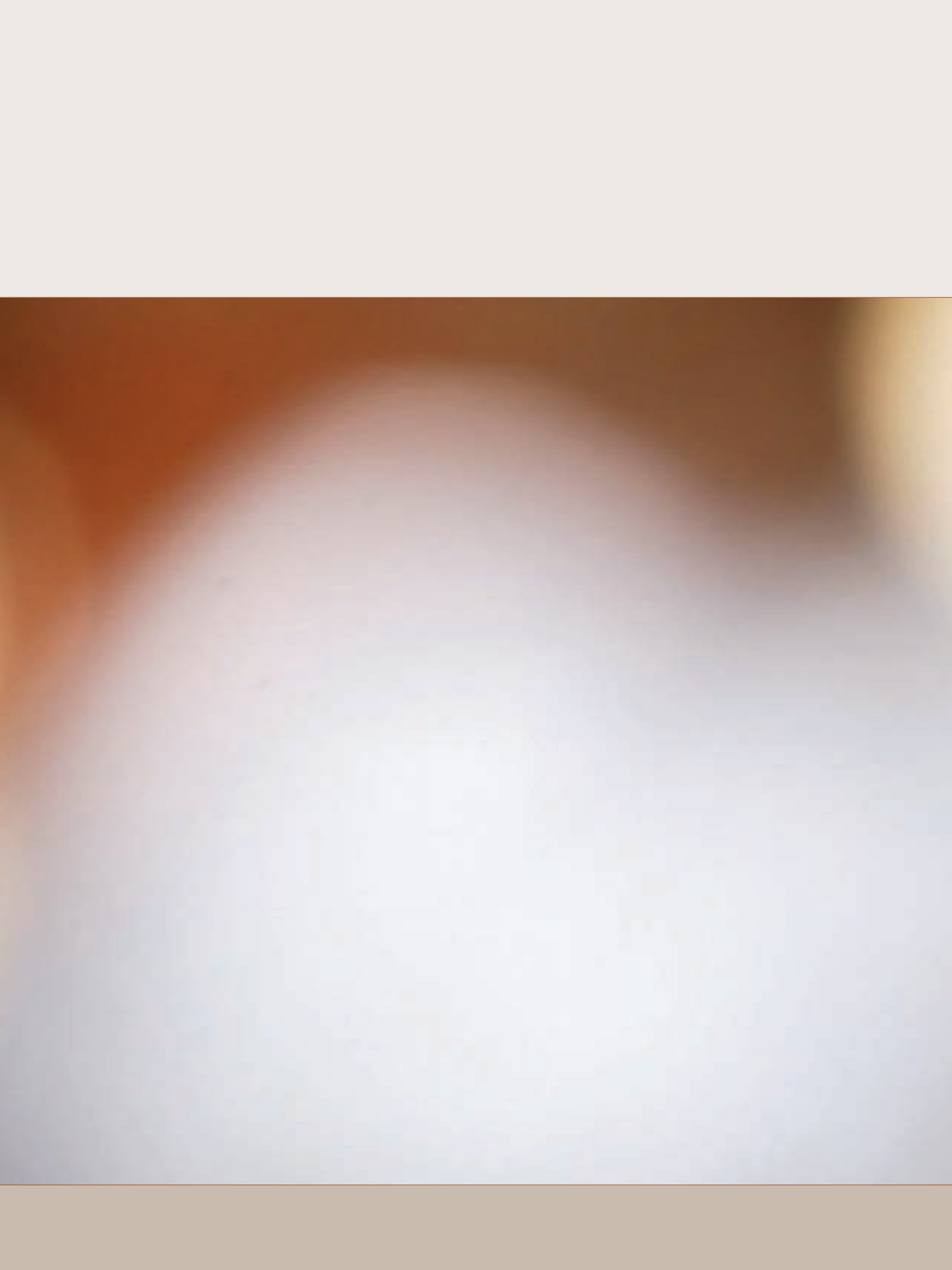
## Legal Counsel

- Uribe, Hübner & Canales
- Cruzat, Ortúzar & Mackenna - Baker & McKenzie
- Luis Felipe Cruzat Larraín
- Latham & Watkins
- Sargent & Krahn
- José Luis Santa María



# Structure of the Holding Company





## **Consolidated Financial Statements**

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## INDEPENDENT AUDITORS' REPORT



The Board of Directors and Stockholders  
Viña Concha y Toro S.A.:

We have audited the accompanying consolidated balance sheet of Viña Concha y Toro S.A. and subsidiaries as of December 31, 2006, and the related consolidated statements of operations and cash flows for the year then ended. These financial statements (including accompanying notes) are the responsibility of the Company's management. The Analysis of the Balance Sheet and Relevant Events, enclosed, are not an integral part of these financial statements and, therefore, our auditors' report does not cover them. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Viña Concha y Toro S.A. and subsidiaries as of December 31, 2005, were audited by other auditors whose report dated February 17, 2006, expressed an unqualified opinion on those statements.

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

In our opinion, the consolidated financial statements as of December 31, 2006 present fairly, in all material respects, the financial position of Viña Concha y Toro S.A. and subsidiaries as of December 31, 2006, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Chile.

This report is a free translation from Spanish (original) into English. Such translation has been solely made for the convenience of the readers outside Chile.



Benedicto Vásquez Córdova  
KPMG Ltda.

Santiago, February 23, 2007

# CONSOLIDATED BALANCE SHEETS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

ASSETS	As of December 31,		
	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$ Note 2(x)
<b>Current assets:</b>			
<b>CASH</b>	1,477,524	1,990,828	3,739
Accounts receivable, net	49,665,129	68,085,216	127,886
Notes receivable, net	3,232,018	2,207,734	4,147
Other accounts receivable, net	2,000,313	2,263,828	4,252
Amounts due from related companies	131,117	317,139	596
Inventories, net	74,884,620	75,368,716	141,567
Income taxes recoverable	7,273,556	6,978,286	13,107
Prepaid expenses	9,486,901	10,115,515	19,000
Deferred income taxes	1,569,736	2,124,256	3,990
Other current assets	302,602	1,764	4
<b>TOTAL CURRENT ASSETS</b>	<b>150,023,516</b>	<b>169,453,282</b>	<b>318,288</b>
Property, plant and equipment:			
Land	32,831,632	33,381,753	62,702
Buildings and infrastructure	126,047,287	142,873,857	268,363
Machinery and equipment	49,407,287	49,180,573	92,377
Other fixed assets	10,974,046	11,792,400	22,150
Revaluation from fixed asset technical appraisal	3,460,645	3,403,409	6,392
Less: Accumulated depreciation	(70,522,670)	(81,624,613)	(153,317)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, NET</b>	<b>152,198,227</b>	<b>159,007,379</b>	<b>298,667</b>
Other assets:			
Investments in related companies	6,815,149	7,162,034	13,453
Investments in other companies	311,318	311,319	585
Goodwill, net	1,095,081	1,021,667	1,919
Intangibles	3,374,912	4,356,795	8,183
Accumulated amortization	(284,438)	(454,378)	(853)
Other assets	896,244	2,417,779	4,541
<b>TOTAL OTHER ASSETS</b>	<b>12,208,266</b>	<b>14,815,216</b>	<b>27,828</b>
<b>TOTAL ASSETS</b>	<b>314,430,009</b>	<b>343,275,877</b>	<b>644,783</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,		
	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$ Note 2(x)
<b>Current liabilities:</b>			
<b>Short-term debt due to banks and financial institutions</b>	16,065,266	24,580,620	46,170
Current portion of long-term debt due to banks and financial institutions	12,603,341	8,617,952	16,187
Current portion of bonds payable	299,087	298,828	561
Long-term liabilities with maturities within one year	197,653	185,359	348
Dividends payable	1,846,718	1,809,112	3,398
Accounts payable	14,418,366	22,343,111	41,968
Notes payable	2,951,074	2,167,916	4,072
Other payables	2,175,188	906,250	1,702
Amounts payable to related companies	1,314,473	3,269,458	6,141
Accrued expenses	15,441,980	18,369,335	34,504
Withholdings	3,475,960	2,839,621	5,334
Income taxes payable	-	891,841	1,675
Deferred revenue	350,351	866,329	1,627
Other current liabilities	24,610	364,935	686
<b>TOTAL CURRENT LIABILITIES</b>	<b>71,164,067</b>	<b>87,510,667</b>	<b>164,373</b>
<b>Long-term liabilities:</b>			
Due to banks and financial institutions	24,261,847	24,971,246	46,904
Long-term obligations with the public (bonds)	36,704,562	36,672,760	68,883
Notes payable	-	87,289	164
Miscellaneous payables	573,064	387,208	727
Amounts payable to related companies	-	1,733,877	3,257
Accrued expenses	916,003	1,006,318	1,890
Deferred income taxes	7,076,356	8,739,504	16,416
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>69,531,832</b>	<b>73,598,202</b>	<b>138,241</b>
Minority interest	9,724	11,397	22
<b>Shareholders' equity:</b>			
<b>Paid-in capital, no par value, 719,170,735 shares issued and outstanding as of 2005 and 2006</b>	<b>45,666,894</b>	<b>45,666,894</b>	<b>85,777</b>
Additional paid-in capital – share premium	5,328,736	5,328,736	10,009
Other reserves	7,343,907	7,382,670	13,867
Reserve for future dividends	101,662,198	113,113,060	212,463
Net income for the year	19,438,969	16,160,513	30,355
Less: Provisional Dividends	(5,716,318)	(5,496,262)	(10,324)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>173,724,386</b>	<b>182,155,611</b>	<b>342,147</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>314,430,009</b>	<b>343,275,877</b>	<b>644,783</b>



# CONSOLIDATED STATEMENTS OF INCOME

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

	Year ended December 31,		
	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$ Note 2(x)
<b>Operating income:</b>			
Sales	205,595,709	215,842,797	405,422
Cost of sales	(134,132,298)	(141,447,262)	(265,684)
Gross profit	71,463,411	74,395,535	139,739
Administrative and selling expenses	(46,031,636)	(50,072,271)	(94,051)
<b>Operating income</b>	<b>25,431,775</b>	<b>24,323,264</b>	<b>45,687</b>
<b>Non-operating income and expenses:</b>			
Interest income	160,558	162,276	305
Equity participation in net income of related companies	409,275	483,235	908
Other non-operating income	2,902,248	310,300	583
Goodwill amortization	(73,412)	(73,415)	(138)
Interest expense	(3,640,097)	(4,294,001)	(8,066)
Other non-operating expenses	(2,055,745)	(376,586)	(707)
Price-level restatement, net	(179,463)	(358,750)	(674)
Foreign exchange gains (losses), net	31,893	260,956	490
<b>NON-OPERATING EXPENSES, NET</b>	<b>(2,444,743)</b>	<b>(3,885,985)</b>	<b>(7,299)</b>
<b>Income before income taxes and minority interest</b>	<b>22,987,032</b>	<b>20,437,279</b>	<b>38,388</b>
Income taxes	(3,548,236)	(4,275,096)	(8,030)
<b>Income before minority interest</b>	<b>19,438,796</b>	<b>16,162,183</b>	<b>30,358</b>
Minority interest	173	(1,670)	(3)
<b>Income before amortization of negative goodwill</b>	<b>19,438,969</b>	<b>16,160,513</b>	<b>30,355</b>
Negative goodwill	-	-	-
<b>NET INCOME FOR THE YEAR</b>	<b>19,438,969</b>	<b>16,160,513</b>	<b>30,355</b>

# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

	Paid-in Capital ThCh\$	Additional paid-in capital ThCh\$	Other Reserves ThCh\$	Reserves for future dividends ThCh\$	Provisional Dividends ThCh\$	Net income for the year ThCh\$	Total ThCh\$
Balance as of January 1, 2005	43,173,373	5,037,774	6,942,891	82,594,002	(4,402,188)	22,689,487	156,035,339
2004 net income distribution	-	-	-	18,287,299	4,402,188	(22,689,487)	-
Dividends declared	-	-	-	(4,760,910)	-	-	(4,760,910)
Foreign currency translation adjustment	-	-	23	-	-	-	23
Price-level restatement	1,554,241	181,360	249,943	3,450,812	(204,963)	-	5,231,393
Net income for the year	-	-	-	-	-	19,039,147	19,039,147
Interim Dividends	-	-	-	-	(5,393,781)	-	(5,393,781)
Balance as of December 31, 2005	44,727,614	5,219,134	7,192,857	99,571,203	(5,598,744)	19,039,147	170,151,211
Balance as of December 31, 2005 restated to constant Chilean Pesos as of December 31, 2006	45,666,894	5,328,736	7,343,907	101,662,198	(5,716,318)	19,438,969	173,724,386
Balance as of January 1, 2006	44,727,614	5,219,134	7,192,857	99,571,203	(5,598,744)	19,039,147	170,151,211
2005 net income distribution	-	-	-	13,440,403	5,598,744	(19,039,147)	-
Dividends declared	-	-	-	(2,229,429)	-	-	(2,229,429)
Foreign currency translation adjustment	-	-	38,763	-	-	-	38,763
Price-level restatement	939,280	109,602	151,050	2,330,883	(102,481)	-	3,428,334
Net income for the year	-	-	-	-	-	16,160,513	16,160,513
Interim Dividends	-	-	-	-	(5,393,781)	-	(5,393,781)
Balance as of December 31, 2006	45,666,894	5,328,736	7,382,670	113,113,060	(5,496,262)	16,160,513	182,155,611

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

	Year ended December 31,		
	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$ Note 2(x)
<b>Cash flows from operating activities:</b>			
Received from customers	215,008,290	199,725,047	375,148
Interest received	897,199	162,276	305
Dividends and other distributions received	175,623	190,019	357
Other income received	22,327,628	20,007,707	37,581
Payments to suppliers and personnel	(206,060,719)	(173,086,459)	(325,112)
Interest paid	(3,030,828)	(3,514,737)	(6,602)
Income taxes paid	(4,301,638)	(2,762,649)	(5,189)
Payment of other expenses	(65,558)	(672,168)	(1,263)
V.A.T. and others taxes paid	(11,941,894)	(11,672,356)	(21,924)
Net cash provided by operating activities	13,008,103	28,376,680	53,301
<b>Cash flows from financing activities:</b>			
Bank financing	35,203,492	59,030,015	110,877
Bonds payable	36,704,562	-	-
Dividends paid	(10,228,413)	(7,687,719)	(14,440)
Payment of bank financing	(40,593,741)	(53,190,658)	(99,909)
Payment of loans obtained from related companies	-	-	-
Payment of expenses related to the issuance of bonds	(635,690)	-	-
Net cash provided by (used in) financing activities	20,450,210	(1,848,362)	(3,472)
<b>Cash flows from investing activities:</b>			
Proceeds from sales of property, plant and equipment	63,912	2,900	5
Additions to property, plant and equipment	(31,072,589)	(24,531,012)	(46,077)
Payment of capitalized interest	(305,428)	(372,573)	(700)
Permanent investments	(853,793)	-	-
Other investment income	-	-	-
Other investment disbursements	(1,466,547)	(1,024,262)	(1,924)
Net cash used in investing activities	(33,634,445)	(25,924,947)	(48,696)
Positive (negative) net cash flow for the year	(176,132)	603,371	1,133
Effect of price-level restatement on cash and cash equivalents	(249,099)	(90,067)	(169)
Net increase (decrease) in cash and cash equivalents	(425,231)	513,304	964
Cash and cash equivalents beginning of year	1,902,755	1,477,524	2,775
Cash and cash equivalents end of year	1,477,524	1,990,828	3,739

	Year ended December 31,		
	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$ Note 2(x)
<b>Reconciliation of net income to net cash provided by operating activities:</b>			
Net income for the year	19,438,969	16,160,513	30,355
Net gain on sales of property, plant and equipment	(33,644)	(31,883)	(60)
<b>Charges (credits) to income which do not represent cash flows:</b>			
Depreciation	10,981,793	11,060,585	20,775
Amortization of intangibles	91,147	109,217	205
Provisions and write-offs	2,035,409	1,101,108	2,068
Equity participation in income of related companies	(409,275)	(483,235)	(908)
Amortization of goodwill	73,412	73,415	138
Amortization of negative goodwill	-	-	-
Price-level restatement, net	179,463	358,750	674
Foreign currency translation, net	(31,893)	(260,956)	(490)
Other credits to income which do not represent cash flows	(62)	(65,727)	(123)
Other charges to income which do not represent cash flows	-	1,049	2
<b>Changes in assets which affect cash flows:</b>			
Decrease (increase) in trade receivables	(240,109)	(15,315,231)	(28,767)
Decrease (increase) in inventory	(25,818,760)	(2,695,397)	(5,063)
Decrease (increase) in other current assets	1,944,343	3,425,743	6,435
<b>Changes in liabilities which affect cash flows:</b>			
Increase (decrease) in accounts payable associated with operating results	2,294,554	8,451,264	15,874
Increase ( decrease ) in interest payable	278,496	162,779	306
Increase (decrease) in income tax payable	(1,175,816)	1,003,747	1,885
Increase in other accounts payable associated with non-operating results	2,675,884	4,944,632	9,288
Net increase in value added tax and other accounts payable	724,365	374,637	704
Gain (loss) attributable to minority interest	(173)	1,670	3
<b>Net cash flows provided by operating activities</b>	<b>13,008,103</b>	<b>28,376,680</b>	<b>53,301</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 1 - Registration of Securities

Viña Concha y Toro S.A. is a corporation organized under the laws of the Republic of Chile registered under No. 0043 of the Chilean Superintendency of Securities and Insurance and in the New York Stock Exchange (“NYSE”) and is therefore subject to the supervision of the Chilean Superintendency of Securities and Insurance (“SVS”) and the Securities and Exchange Commission (“SEC”) of the United States of America. The Company is a producer and exporter of wines. It is a vertically integrated company that is involved at every stage of the production and marketing of wine. It manages its own vineyards, vinification and bottling plants and has an extensive distribution network for wines.

## Note 2 - Summary of Significant Accounting Policies

### a) Periods covered

These financial statements reflect the Company's financial position as of December 31, 2005 and 2006, and the results of its operations, the changes in its shareholders' equity, and its cash flows for the years ended December 31, 2005, and 2006, respectively.

The consolidated financial statements for the years 2005 and 2006 include the following subsidiaries:

### b) Basis for consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Chile and the accounting regulations of the SVS (collectively “Chilean GAAP”). Should any discrepancy exist between generally accepted accounting principles and the regulations issued by the Chilean SVS the latter shall prevail. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The consolidated financial statements include the accounts of Viña Concha y Toro S.A. (the “Parent Company”) and subsidiaries. The Parent Company and its subsidiaries are referred to as the “Company”. All intercompany balances and transactions have been eliminated in consolidation. In addition, the participation of minority shareholders has been recognized and shown as minority interest.

	Ownership interest As of December 31,					
	Direct %	2005 Indirect %	Total %	Direct %	2006 Indirect %	Total %
Comercial Peumo Ltda.	0.00	100.00	100.00	0.00	100.00	100.00
Palo Alto Ltda.	99.00	0.00	99.00	99.00	0.00	99.00
Sociedad Exportadora y Comercial Viña Maipo Ltda.	0.00	100.00	100.00	0.00	100.00	100.00
Transportes Viconto Ltda.	0.00	100.00	100.00	0.00	100.00	100.00
Viña Cono Sur S.A.	0.00	100.00	100.00	0.00	100.00	100.00
Trivento Bodegas y Viñedos S.A.	0.00	100.00	100.00	0.00	100.00	100.00
Concha y Toro UK Limited	99.00	1.00	100.00	99.00	1.00	100.00
Villa Alegre S.A.	0.00	100.00	100.00	0.00	100.00	100.00
Finca Lunlunta S.A.	0.00	100.00	100.00	0.00	100.00	100.00
Conosur Europe Limited	0.00	100.00	100.00	0.00	100.00	100.00
Inversiones Concha y Toro S.A.	99.98	0.02	100.00	99.98	0.02	100.00
VCT Internacional S.A.	0.00	100.00	100.00	0.00	100.00	100.00

### c) Translation of foreign currency financial statements

Financial statements of consolidated foreign subsidiaries have been converted into Chilean pesos in accordance with Technical Bulletin No. 64, "Accounting for Investments Abroad" ("BT 64"), of the Chilean Association of Accountants, as follows:

Financial statements of foreign operations with the Chilean peso as the functional currency are those whose activities are considered an extension of the Chilean operations, and are remeasured as follows:

- Monetary assets and liabilities are translated at the year-end exchange rate.
- Non-monetary items, primarily property, plant and equipment and shareholders' equity, are measured using historical exchange rates in effect at the time of the transactions adjusted by changes in the Chilean CPI during the year.
- The statement of operations is translated into Chilean pesos at the average exchange rate of the month in which the transactions occur, except for those expenses related to assets and liabilities that have been measured at historical exchange rates.
- Exchange differences resulting from the above translation are recorded in the statement of operations.

Financial statements of foreign subsidiaries whose activities do not constitute an extension of the Chilean operations, or which operate in countries that are exposed to significant risks, restrictions or inflation/exchange fluctuations, are measured using the US dollar as the functional currency and then translated into Chilean pesos at the year end exchange rate. Measurement into US dollars is performed as follows:

- Monetary assets and liabilities are translated at year-end rates of exchange between the US dollar and the local currency.
- All non-monetary assets and liabilities and shareholders' equity are translated at historical rates of exchange between the US dollar and the local currency.
- Income and expense accounts are translated at the average exchange rate of the month in which the transactions occur, except for those expenses related to assets and liabilities that have been measured at historical exchange rates.
- Any exchange differences are included in the results of operations for the period.

On the Parent Company's books, price-level restatements based on Chilean inflation are applied to the beginning balance of the investment account and then the participation in the net income of the subsidiary (determined as described above) is recorded. The Parent Company then compares this value to its participation in the equity of the investee as measured in US dollars and translated into Chilean pesos. The difference is recorded as an adjustment to the investment account with a corresponding adjustment to the foreign currency translation account in shareholders' equity.

### d) Price-level restatement

The consolidated financial statements are prepared on the basis of general price-level accounting in order to reflect the effect of changes in the purchasing power of the Chilean peso during each year. At the end of each reporting period, the consolidated financial statements are stated in terms of the general purchasing power of the Chilean peso using changes in the Chilean consumer price index (CPI) as follows:

- Non-monetary assets, liabilities, and shareholders' equity accounts are restated in terms of year-end purchasing power.
- Monetary items are not restated as such items are, by their nature, stated in terms of current purchasing power in the financial statements.
- The price-level restatement credit or charge in the income statement represents the monetary gain or loss in purchasing power from holding monetary assets and liabilities exposed to the effects of inflation.
- All the accompanying consolidated financial statements have been restated in constant Chilean pesos of general purchasing power of December 31, 2006 ("constant pesos") applied under the "prior month rule", as described below, to reflect changes in the CPI from the financial statement dates to December 31, 2006. This updating does not change the prior years' statements or information in any way except to update the amounts to constant pesos of similar purchasing power.

The general price-level restatements are calculated using the official consumer price index of the Chilean Instituto Nacional de Estadísticas (National Statistics Institute) and are based on the prior month rule, in which the inflation adjustments are based on the consumer price index at the close of the month preceding the close of the respective period or transaction. The CPI index is considered by the business community, the accounting profession and the Chilean government to be the index which most closely complies with the technical requirement to reflect the variation in the general level of prices in the country and, consequently, is widely used for financial reporting purposes in Chile.

The values of the Chilean CPI used for price-level restatement purposes are as follows:

Year	December 31, Index *	Change in index
2001	110.10	-
2002	113.40	3.0%
2003	114.44	1.0%
2004	117.28	2.5%
2005	121.53	3.6%
2006	121.53	2.1%

\* Index as of November 30 of each year, under prior month rule described above

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

The price-level restated consolidated financial statements do not purport to represent appraised values, replacement cost, or any other current value of assets at which transactions would take place currently and are only intended to restate all non-monetary financial statement components in terms of local currency of a single purchasing power and to include in the net result for each year the gain or loss in purchasing power arising from the holding of monetary assets and liabilities exposed to the effects of inflation.

Assets and liabilities denominated in "unidades de fomento" (UF - an inflation-indexed, Chilean peso-denominated monetary unit) are presented in Chilean pesos at the following year-end rates (stated in Chilean pesos per foreign currency):

Year	Index *	December 31, Change in index
UF	17,974.81	18,336.38

## e) Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are presented in Chilean pesos at the exchange rate at the end of each year published by the Central Bank of Chile. The detail of exchange rates for foreign currencies is as follows:

	As of December 31,	
	2005 Ch\$	2006 Ch\$
U.S. dollar	512.50	532.39
Canadian dollar	440.78	457.10
Argentine peso	169.42	173.93
Euros	606.08	702.08
Australian dollar	375.87	419.37
British pounds	880.43	1.041.86
Swedish Krone	64.49	77.75
Japanese yen	4.34	4.47

## f) Time deposits

Time deposits are presented at price-level restated principal plus accrued interest. The original maturity dates are less than 90 days.

## g) Inventories

Inventories of raw materials, materials and supplies are presented at price-level restated cost. These values do not exceed net realizable value.

Bulk wine inventory is stated at weighted average cost plus price level restatement in accordance with Technical Bulletin No. 3 of the

Chilean Association of Accountants, which does not exceed net realizable value. Cost of bulk wine is calculated using the absorption costing method, which includes indirect costs incurred during the production process plus direct acquisition or grape production costs.

Finished goods and in-process wine inventories are stated at cost plus price level restatement. Finished goods and in process wine inventories include the cost of purchased grapes and agricultural costs, including overhead for the production of grapes, as well as all direct and indirect costs associated with the wine-making process, including the bottling process.

The Company records a provision for obsolescence based on inventory turnover and/or the evaluation of inventory use.

## h) Prepaid expenses

Prepaid expenses include prepaid rent, prepaid insurance, deferred harvest costs and other prepaid expenses. Deferred harvest costs consist of direct material, labour, and an allocation of indirect costs for incurred for the period April/May through December which relate to the harvest of April/May of the following year. These costs are charged to the cost of wine once the harvest is completed in the following period.

## i) Property, plant and equipment

Property, plant and equipment are presented at acquisition and/or building or development cost plus price-level restatement. This cost includes applicable financing costs incurred by the Company until the asset is ready for use. The carrying value of property, plant and equipment was adjusted in 1979 in accordance with regulations of the SVS.

Fixed asset maintenance costs are charged to income as incurred.

In accordance with Chilean GAAP, the Company has evaluated the recovery of the value of its investments abroad (Argentina) in consideration of the guidelines established in Technical Bulletins Nos. 33 and 72 issued by the Chilean Association of Accountants. As a result of this evaluation, no impairment adjustments were recorded.

## j) Leased assets

Assets acquired through lease agreements that are classified as capital leases are recorded at the present value of future minimum lease payments, which is calculated by discounting regular instalments and any related purchase option at the interest rate implied or stated in the respective agreement. Leases payables are recorded net of unaccrued future interest in the short and long-term portion.

#### k) Depreciation

Depreciation is calculated according to the straight-line method based on the estimated useful lives of the different classes of assets, and includes depreciation pertaining to fixed asset technical appraisals.

#### l) Intangible assets

Intangible assets represent rights or privileges acquired that will benefit the Company's operations beyond the period in which they were acquired. These refer primarily to water rights and industrial brand name rights, which are amortized over 40 and 10-year periods, respectively. These assets are presented at restated cost and include other acquisition related costs, except for the cost of financing.

#### m) Investments in related companies

Investments in shares of public and private companies in which the Company exercises significant influence are valued according to the equity method whereby the investment is carried at acquisition cost, plus the Company's equity in undistributed earnings or losses since acquisition, including the elimination of unrealized gains or losses. Investments in foreign companies have been valued in accordance with the provisions of Technical Bulletin No. 64 issued by the Chilean Association of Accountants.

#### n) Investments in other companies

Investments in equity shares traded in the Chilean Stock Market in which the Company cannot exercise significant influence are valued at the lower of restated cost and quoted market value of the portfolio at the date of the financial statements.

#### o) Goodwill

Goodwill represents the excess of the acquisition cost of shares of related companies over the book value of these investments at the date of the acquisition. These differences are amortized over 5 to 20 years, using the straight-line method. Goodwill for acquisitions that occurred after December 31, 2004 have been recorded in accordance with Technical Bulletin No. 72 of the Chilean Association of Accountants.

#### p) Income and deferred taxes

The Company determines and records its income taxes on an accrual basis based on the net taxable income in conformity with current Chilean tax regulations.

Deferred income taxes are recorded in accordance with Technical Bulletin No. 60 and the complementary technical bulletins thereto Nos. 68, 69, 71 and 73 issued by the Chilean Association of Accountants. Deferred taxes are recorded based on the total

amount of temporary differences between the book and tax basis of assets and liabilities. The effects of deferred income taxes at January 1, 2000 that were not previously recorded, were recognized, in accordance with the transitional period provided by Technical Bulletin No. 60, against a contra assets and liability account (Complementary accounts) and were recorded to offset the effects of the deferred tax and liabilities not recorded prior to January 1, 2000. Complementary accounts are amortized to income over the estimated average reversal periods corresponding to underlying temporary differences to which the deferred tax asset or liability relate. Deferred taxes at January 1, 2000 are recorded based on the total amount of temporary differences between the book and tax basis of assets and liabilities. The effects on deferred taxes generated by the absorption of tax losses against current year taxable income are recorded against deferred tax expense in the associated year.

#### q) Staff severance indemnities

Severance benefits payable to employees are stated at the present value of the projected obligation attributable to each employee for his/her accumulated years of service. The liability considers an annual discount rate of 6.00% and an average remaining service period of 11 years.

#### r) Vacations

The cost of employees' vacations is recorded on an accrual basis.

#### s) Statement of cash flows

The Company prepares the statement of cash flows using the direct method. The Company classifies as cash equivalents all highly liquid investments purchased with a maturity date of three months or less. Cash flows provided by operating activities include all cash flows related to the Company, also including interest paid, financial income and, in general, all cash flows which are not defined as being part of investing or financial activities. It should be noted that the concept of operations applied in the preparation of this statement is broader than that used in the statement of income.

#### t) Revenue recognition

Revenues from the sale of goods and services related to the Company's line of business are recognized in income when there is certainty that there has been an increase in the Company's equity as the significant risks and benefits related to the ownership of those goods have been transferred to the buyer, the determination of the amount of revenue and cost is reliable, and there is certainty that the economical benefits from the transaction will flow to the Company.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## u) Derivative contracts

The Company has foreign exchange forward contracts that have been designated as hedge instruments against variations in the foreign exchange rate of specific items, and are recorded in accordance with Technical Bulletin No. 57 issued by the Chilean Association of Accountants.

Derivative instruments are accounted for as follows:

Contracts to cover existing transactions hedge against the risk of a change in the fair value of a hedged item. The differences resulting from the changes in the fair value of both the hedged item and the derivative instrument should be accounted for as follows:

- If the net effect is a loss, it should be recognized in earnings in the period of change.
- If the net effect is a gain, it should be recognized when the contract is closed and accordingly deferred on the balance sheet.
- If the net effect is a gain and net losses were recorded on the transaction in prior years, a gain should be recognized in earnings in the current period up to the amount of net losses recorded previously.
- If the effect is a net loss and net gains were recorded (as a deferred revenue) on the transaction in prior years, the gain should be utilized to offset the net loss before recording the remaining loss in the results of operations for the year.

Hedges of forecasted transactions are recorded at the estimated fair value, with the corresponding gains or losses deferred and recorded as offsetting assets or liabilities until settlement, at which time they are recognized in earnings.

## v) Computer software

Investments in computer programs relate principally to capitalized costs incurred in the implementation of the SAP R/3 system and

## Note 5 - Short-term Receivables

Description	2005		2006	
	ThCh\$	%	ThCh\$	%
Trade accounts receivable – export sales, net	38,542,474	77.60%	55,505,335	81.52%
Trade accounts receivable – domestic sales, net	11,122,655	22.40%	12,579,881	18.48%
Total trade accounts receivable, net	49,665,129	100.00%	68,085,216	100.00%

Notes Receivable:

Description	As of December 31,	
	2005 ThCh\$	2006 ThCh\$
Postdated checks, net	2,192,521	1,911,925
Notes receivable denominated in foreign currencies	1,039,497	295,809
Total notes receivable, net	3,232,018	2,207,734

other complementary or additional programs, which are presented under other fixed assets which are being amortized, using the straight-line method over their estimated useful lives.

## w) Allowance for doubtful accounts

The Company and its subsidiaries have recorded allowances for doubtful accounts based on a case-by-case assessment of debtors, reserving for buckets whose overdue balance exceeds five months. In addition, the Company considers its historical experience with write-offs, which has not been significant.

## x) Convenience translation to U.S. dollars

The Company maintains its accounting records and prepares its financial statements in Chilean pesos. The United States dollar amounts disclosed in the accompanying financial statements are presented solely for the convenience of the reader at the December 31, 2006 closing exchange Ch\$532.39 per US\$1. This translation should not be construed as a representation that the Chilean peso amounts actually represent or have been, or could be, converted into United States dollars at this or any other rate.

## Note 3 - Changes in Accounting Principles

During the year January 1 and December 31, 2006, there were no changes in the application of accounting principles compared to the prior year.

## Note 4 – Investments in Debt and Equity Securities

There were no marketable securities as of December 31, 2006 and 2005. The Company holds certain equity securities which have been classified as long-term investments; see Note 12.

## Note 5 - Short-term Receivables, continued

Other Accounts Receivable:

Description	As of December 31,	
	2005 ThCh\$	2006 ThCh\$
Receivable from employees	714,429	331,548
Advances to employees	29,350	29,501
Other accounts receivable	1,256,534	1,902,779
Total other accounts receivable	2,000,313	2,263,828

Maturities of short-term receivables are as follows:

	More than 90 days		Up to 90 Days up to 1 year		Total	
	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$
Trade accounts receivable	47,023,324	63,357,131	3,269,817	5,199,217	50,293,141	68,556,348
Allowance for doubtful accounts	-	-	-	-	(628,012)	(471,132)
Trade accounts receivable. net					49,665,129	68,085,216
Notes receivable	3,280,621	2,270,437	15,418	-	3,296,039	2,270,437
Allowance for doubtful accounts	-	-	-	-	(64,021)	(62,703)
Notes receivable. net					3,232,018	2,207,734
Other accounts receivable	2,129,658	2,605,594	-	-	2,129,658	2,605,594
Allowance for doubtful accounts	-	-	-	-	(129,345)	(341,766)
Other accounts receivable. net					2,000,313	2,263,828

## Note 6 - Balances and Transactions with Related Parties

Balances and transactions with related parties represent all those transactions realized with affiliates or related persons. In addition, this note discloses all those significant transactions with related companies whose total amount exceeds 1% of the Company's results, as well as operations related to the sale and purchase of shares.

These transactions and loans accrue no interest and loans are adjusted using the variation in the exchange rate for foreign currency, which is mainly, U.S. dollars.

### a) Notes and accounts receivable:

Company	As of December 31,	
	2005 ThCh\$	2006 ThCh\$
Bodegas y Viñedos Sta. Emilianita S.A.	122,959	130,853
Viña Almaviva S.A.	-	166,314
María Inés Cerda Fernández	8,158	-
Comercial Greenwich Ltda..	-	19,972
Total	131,117	317,139

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## b) Notes and accounts payable:

Company	As of December 31,			
	Short-term 2005 ThCh\$	Short-term 2006 ThCh\$	Long-term 2005 ThCh\$	Long-term 2006 ThCh\$
FRUTÍCOLA VICONTO S.A.	24,992	7,060	-	-
VIÑEDOS EMILIANA S.A.	216,644	417,949	-	1,733,877
VIÑA ALMAVIVA S.A.	-	578,881	-	-
COMERCIAL GREENWICH LTDA.	571	-	-	-
AGRÍCOLA ALTO DE QUITRALMAN LTDA.	-	37,248	-	-
INDUSTRIA CORCHERA S.A.	1,024,256	2,146,388	-	-
IMPORTADORA Y COMERCIAL HUASCO S.A.	8,001	68,888	-	-
METROGAS S.A.	8	-	-	-
FORESTAL QUIVOLGO S.A.	-	13,044	-	-
AGRÍCOLA GRANADEROS LTDA.	1,743	-	-	-
SPRING WIRELESS	6,763	-	-	-
MARÍA INÉS CERDA FERNÁNDEZ	-	-	-	-
GASCO S.A.	16,292	-	-	-
CIA. NAC. DE FUERZA ELÉCTRICA S.A.	15,024	-	-	-
ASESORIAS E INVERSIONES TRICAHUE LTDA.	179	-	-	-
<b>Total</b>	<b>1,314,473</b>	<b>3,269,458</b>	<b>-</b>	<b>1,733,877</b>

Transacciones

Company	Taxpayer I.D.	Relationship	Transaction description	12/31/05	Effect	31-12-2006	Effect
				Amount ThCh\$	on income (charge)/ credit ThCh\$	Amount ThCh\$	on income (charge)/ credit ThCh\$
FRUTÍCOLA VICONTO S.A.	96512190-0	COMMON SHAREHOLDER	SALE OF FRUIT AND PRODUCTS	246,346	19,721	73,341	5,867
FRUTÍCOLA VICONTO S.A.	96512190-0	COMMON SHAREHOLDER	SALE OF SERVICES AND OTHER	16,497	7,070	7,086	7,086
FRUTÍCOLA VICONTO S.A.	96512190-0	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS AND OTHER	623,286	-	57,189	-
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	SALE OF RAW MATERIALS AND PRODUCTS	111,760	5,670	13,738	2,733
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	SALE OF SERVICES AND OTHER	2,428,086	297,162	1,795,372	355,312
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS AND PRODUCTS	1,154,582	-	964,328	-
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	PURCHASE OF SERVICES AND OTHER	628,182	(282,732)	277,921	(277,921)
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	SUBLEASE OF VINEYARD	-	-	1,531,214	-
INDUSTRIA CORCHERA S.A.	90950000-1	AFFILIATE	PURCHASE OF RAW MATERIALS	5,694,583	-	6,079,664	-
INDUSTRIA CORCHERA S.A.	90950000-1	AFFILIATE	PURCHASE OF SERVICES AND OTHER	14,254	(14,254)	-	-
VIÑA ALMAVIVA S.A.	96824300-4	AFFILIATE	SALE OF RAW MATERIALS AND PRODUCTS	69,703	37,375	89,600	52,131
VIÑA ALMAVIVA S.A.	96824300-4	AFFILIATE	SALE OF SERVICES AND OTHER	12,600	10,394	3,393	3,393
VIÑA ALMAVIVA S.A.	96824300-4	AFFILIATE	PURCHASE OF RAW MATERIALS AND PRODUCTS	930,480	-	444,947	-
VIÑA ALMAVIVA S.A.	96824300-4	AFFILIATE	PURCHASE OF RAW MATERIALS AND PRODUCTS	-	-	1,794	(1,794)
IMPORTADORA Y COMERCIAL HUASCO LTDA.	84990200-8	AFFILIATE	PURCHASE OF MATERIALS AND SPARE-PARTS	14,916	-	85,760	-
AGRÍCOLA ALTO DE QUITRALMAN LTDA.	85201700-7	COMMON SHAREHOLDER	SALE OF RAW MATERIALS AND PRODUCTS	-	-	168	-
AGRÍCOLA ALTO DE QUITRALMAN LTDA.	85201700-7	COMMON SHAREHOLDER	SALE OF SERVICES AND OTHER	-	-	3	3
AGRÍCOLA ALTO DE QUITRALMAN LTDA.	85201700-7	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS	462,060	-	386,172	-
COMERCIAL GREENVIC S.A.	78335990-1	COMMON SHAREHOLDER	SALE OF PRODUCTS	911	118	26,816	3,486
COMERCIAL GREENVIC S.A.	78335990-1	COMMON SHAREHOLDER	SALE OF SERVICES AND OTHER	27	-	52,002	6,760
COMERCIAL GREENVIC S.A.	78335990-1	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS	211,562	-	572,056	-
COMERCIAL GREENVIC S.A.	78335990-1	COMMON SHAREHOLDER	PURCHASE OF SERVICES AND OTHER	4,504	(2,341)	4,789	(4,789)
FORESTAL QUIVOLGO	2479374-5	COMMON SHAREHOLDER	SALE OF RAW MATERIALS AND PRODUCTS	5,454	-	-	-
FORESTAL QUIVOLGO	2479374-5	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS	324,294	-	135,182	-
FORESTAL QUIVOLGO	2479374-5	COMMON SHAREHOLDER	PURCHASE OF SERVICES AND OTHER	-	-	2,241	(2,241)
MARIA INES CERDA FERNANDEZ CIA. NAC. DE FZA. ELECTRICA S.A.	3909463-0 90310000-1	MANAGER COMMON	PURCHASE OF RAW MATERIALS	-	-	164,548	-
CIA. NAC. DE FZA. ELECTRICA S.A.	90310000-1	DIRECTOR COMMON	SALE OF RAW MATERIALS AND PRODUCTS	-	-	280	36
CIA. NAC. DE FZA. ELECTRICA S.A.	90310000-1	DIRECTOR COMMON	SALE OF SERVICES AND OTHER	265,210	(265,210)	2	-
CIA. NAC. DE FZA. ELECTRICA S.A.	90310000-1	DIRECTOR COMMON	PURCHASE OF SERVICES AND OTHER	-	-	212,127	(212,127)
AGRÍCOLA SEXTAFRUT S.A. QUINTA DE VILUCO S.A.	2479374-5 99581660-1	MANAGER COMMON	PURCHASE OF RAW MATERIALS	-	-	109,904	-
AGRÍCOLA GRANADEROS LTDA.	95097000-6	SHAREHOLDER MANAGER	PURCHASE OF RAW MATERIALS	-	-	248,019	-
			PURCHASE OF RAW MATERIALS	-	-	70,700	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 7 - Inventories

Inventories, stated as described in Note 2 g), are summarized as follows:

	As of December 31.	
	2005 ThCh\$	2006 ThCh\$
Wine, bottled and bulk	63,832,284	61,258,689
In process wine	2,612,792	2,995,413
Liquors	582,805	643,692
Materials and supplies	7,776,613	10,259,881
Other products	530,230	357,012
Inventories-in-transit	848,707	1,409,123
Allowance for obsolescence	(1,298,811)	(1,555,094)
<b>Total</b>	<b>74,884,620</b>	<b>75,368,716</b>

## Note 8 - Income and Deferred Taxes

### a) Income taxes payable

The detail of consolidated income taxes payable is as follows:

	As of December 31.	
	2005 ThCh\$	2006 ThCh\$
Provision for income tax	1,386,126	1,003,214
Provision for income tax subsidiary	359,024	1,915,095
Unique article 21 tax	11,533	27,548
Less:		
Monthly tax provisional payments	(4,350,545)	(2,037,884)
Other credits	(219,948)	(16,132)
<b>Income taxes payable (recoverable)</b>	<b>(2,813,810)</b>	<b>891,841</b>

b) Recoverable taxes are included within the Income tax receivable line in 8e.)

Individual net taxable income as of December 31, 2006 amounts to approximately ThCh\$5.901.259 and ThCh\$8.153.682 in 2005.

As of December 31, 2006, Comercial Peumo Ltda. and VCT Internacional S.A. have a loss for tax purposes for an amount of ThCh\$3,977,000 and ThCh\$5,063,000, respectively (approximately ThCh\$ 2,113,000 and ThCh\$ 4,757,000 as of December 31, 2005).

c) The detail of the balance of net undistributed taxed earnings for which tax credits will be passed through to the shareholders of the Company at December 31, 2005 and 2006 is the following:

### Taxed earnings

	As of December 31.	
	2005 ThCh\$	2006 ThCh\$
Earning taxed at 17%	22,009,930	28,369,687
Earning taxed at 16,5%	11,399,694	4,427,560
Earning taxed at 16%	652,174	-
Earning taxed at 15%	105,522	122,705
As per Article No. 17 of the Income Tax Law	2,655,266	2,658,119
Earnings with no pass-through	1,417,878	1,004,685
<b>Balance of taxed earnings</b>	<b>38,240,464</b>	<b>36,582,756</b>

Net undistributed taxed earning have been accumulated in accordance with tax law since 2001 year and the above table presents the accumulation since that date.

d) Two subsidiaries, Viña Cono Sur S.A. and Viña Maipo Ltda. of the Company have undistributed tax earnings of ThCh\$34,912,000 and ThCh\$30,552,000 as of December 31, 2006 and 2005, respectively. The companies Comercial Peumo Ltda. and VCT Internacional S.A. have tax loss carryforward of ThCh\$3,977,0000 and ThCh\$5,063,000 in 2006, respectively (ThCh\$2,113,000 and ThCh\$ 4,757,000 in 2005). These tax loss carryforwards have no expiration dates. For 2006 the Argentineans and United Kingdom subsidiaries have no tax loss carryforwards.

e) The detail of recoverable taxes is as follows:

	As of December 31.	
	2005 ThCh\$	2006 ThCh\$
Value-added tax	2,418,760	2,967,903
IABA fiscal credit	473,549	511,377
Income tax receivable	3,351,734	2,997,660
Other credits	1,029,513	501,346
<b>Total</b>	<b>7,273,556</b>	<b>6,978,286</b>

## f) Deferred taxes

Changes in the Chilean Income Tax Law, effective beginning on January 1, 2001, required that income tax rates increase gradually between 2001 and 2006 from 15% to 17%. Consequently, deferred tax balances as of December 31, 2006 were calculated based on 17%.

The detail of deferred taxes is as follows:

	As of December 31,							
	2005				2006			
	Deferred tax asset		Deferred tax liability		Deferred tax asset		Deferred tax liability	
Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Allowance for doubtful accounts	141,671	-	-	-	137,281	-	-	-
Deferred revenue	-	-	-	-	105,562	-	-	-
Allowance for obsolescence	220,798	-	-	-	277,451	-	-	-
Provision for vacations	242,631	-	-	-	214,254	-	-	-
Amortization of intangibles	-	46,220	-	2,073	734	-	-	59,488
Financial lease agreements	18,529	-	-	48,768	98,828	-	-	-
Overhead expenses	-	-	104,243	2,276,320	-	-	-	2,744,790
Fixed assets depreciation	-	-	-	7,461,061	693	-	-	8,358,742
Staff severance indemnities	-	155,719	-	-	-	171,074	-	-
Other events	-	-	-	-	-	-	-	-
Inventories	59,220	-	356,999	-	110	-	-	388,675
Unrealized gains for inventories	87,902	27,875	-	-	80,385	149,286	-	-
Forwards	-	-	52,665	-	375	-	-	-
Tax losses	808,897	366,396	-	-	870,362	676,139	-	-
Recoverable tax	60,143	-	-	-	60,580	-	-	-
Expenses related to the issuance of bonds	-	102,321	-	-	-	-	-	100,090
Other provisions	443,852	-	-	-	277,641	-	-	-
Complementary accounts, net of amortization	-	-	-	(2,013,335)	-	-	-	(1,915,782)
<b>Total</b>	<b>2,083,643</b>	<b>698,531</b>	<b>513,907</b>	<b>7,774,887</b>	<b>2,124,256</b>	<b>996,499</b>	<b>-</b>	<b>9,736,003</b>

g) The detail of income tax expense as presented in the consolidated statement of income for the years 2005 and 2006 is summarized as follows:

	As of December 31,	
	2005 ThCh\$	2006 ThCh\$
Current tax expense		
(provision for income taxes)	(1,745,150)	(2,918,309)
Tax expense adjustment (prior year)	178,232	(93,814)
Effect of changes in deferred tax assets and liabilities for the year	(1,883,504)	(1,011,075)
Tax benefit provided by tax loss	217,888	-
Effect of amortization of complementary deferred tax asset or liability accounts	(176,018)	(97,554)
Other charges or credits to the account	(139,684)	(154,344)
<b>Total</b>	<b>(3,548,236)</b>	<b>(4,275,096)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 9 - Property, Plant and Equipment

a) The following is a summary of property, plant and equipment as of December 31, 2005 and 2006:

	2005		2006	
	Gross Fixed Assets ThCh\$	Accumulated Depreciation ThCh\$	Gross Fixed Assets ThCh\$	Accumulated Depreciation ThCh\$
Land	32,831,632	-	33,381,753	-
	32,831,632	-	33,381,753	-
Plantations	36,303,047	(7,364,004)	40,919,008	(8,803,505)
Buildings and facilities	54,762,560	(15,090,793)	64,091,057	(18,006,371)
Wine storage equipment	34,981,680	(16,114,800)	37,863,792	(18,681,411)
	126,047,287	(38,569,597)	142,873,857	(45,491,287)
Machinery and equipment	46,899,967	(22,525,275)	46,608,149	(25,402,712)
Transportation equipment	2,507,320	(1,643,072)	2,572,424	(1,748,802)
	49,407,287	(24,168,347)	49,180,573	(27,151,514)
Supplies ( Containers - shipping and reusable storage )	1,228,478	(933,767)	1,285,501	(1,047,989)
Other fixed assets	8,116,528	(4,882,396)	8,877,937	(5,900,454)
Leased fixed assets	1,629,040	(549,425)	1,628,962	(655,610)
	10,974,046	(6,365,588)	11,792,400	(7,604,053)
Revaluation from fixed asset technical appraisal	3,460,645	(1,419,138)	3,403,409	(1,377,759)
	3,460,645	(1,419,138)	3,403,409	(1,377,759)
Net property, plant and equipment	222,720,897	(70,522,670)	240,631,992	(81,624,613)

b) Depreciation for each period presented is as follows:

	For the years ended December 31.	
	2005 ThCh\$	2006 ThCh\$
Depreciation (selling and administrative expenses)	(1,251,334)	(1,173,496)
Depreciation (Cost of sales)	(3,541,158)	(3,141,482)
Depreciation capitalized to deferred costs (*)	(8,979,333)	(8,148,425)
<b>Total</b>	<b>(13,771,825)</b>	<b>(12,463,403)</b>

(\*) This amount includes depreciation related to next harvest, barrels and cost of wine processing.

Depreciation charged to income as of December 31, 2005 and 2006: in addition to depreciation of administrative and selling expenses and depreciation of operating expenses, considers depreciation included under cost of sales for an amount of ThCh\$6,189,301 in 2005 and ThCh\$6,745,607 in 2006.

Note 10 - Property, Plant and Equipment. continued

c) The detail of interest capitalized is as follows:

	For the years ended December 31.	
	2005 ThCh\$	2006 ThCh\$
Vineyards under development	153,540	231,509
Construction in-progress	158,825	144,117
<b>Total</b>	<b>312,365</b>	<b>375,626</b>

d) Technical revaluation: in accordance with Circular 1529 of the Superintendency of Securities and Insurance, the Company recorded the increase in value resulting from a technical appraisal of its principal fixed assets as of December 31, 1979. As of December 31, 2005 and 2006, this higher value consisted of the following restated amounts:

	As of December 31.			
	2005		2006	
	Asset Value ThCh\$	Accumulated Depreciation ThCh\$	Asset Value ThCh\$	Accumulated Depreciation ThCh\$
Land	1,860,877	-	1,860,876	-
Plantations	262,436	(243,546)	262,436	(248,164)
Buildings and facilities	1,224,214	(1,062,474)	1,169,214	(1,018,712)
Machinery and equipment	113,118	(113,118)	110,883	(110,883)
<b>Total</b>	<b>3,460,645</b>	<b>(1,419,138)</b>	<b>3,403,409</b>	<b>(1,377,759)</b>

e) Leased assets are accounted for in conformity with Technical Bulletin No. 22 of the Chilean Association of Accountants. Leased assets are floor No. 15 and office 1602 Tower South of the World Trade Center Building (whose contract stipulates an average interest rate of 5.88%, with 14 instalments outstanding as of December 31, 2006), in addition to telephony power station and the switchboard (with an average interest rate of 4.98% and 8 instalments outstanding as of December 31, 2005) as follows:

	As of December 31.	
	2005 ThCh\$	2006 ThCh\$
Leased fixed assets	1,629,040	1,628,962
Accumulated depreciation	(549,425)	(655,610)
<b>Total</b>	<b>1,079,615</b>	<b>973,352</b>

The Company does not legally own leased assets and therefore it cannot freely dispose of them until it exercises the related purchase option.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## f) Operating leases:

The Company has entered into long-term lease agreements for land where it has developed vineyards for wine production. These agreements are expressed in US dollars and/or UF and are restated each year in consideration of changes in these monetary units in accordance with each related agreement. As of December 31, 2005 and 2006, future minimum payments related to these operating lease agreements are as follows:

	Years ended December 31.	
	2005 ThCh\$	2006 ThCh\$
Short-term	398,151	381,461
2008	399,875	376,871
2009	805,531	789,592
2010	400,451	377,446
2011	400,451	377,446
2012 and thereafter	2,101,806	2,452,393
<b>Total</b>	<b>4,506,265</b>	<b>4,755,209</b>

a. Accrued income of Industria Corchera S.A. recognized as of December 31, 2006 is shown netted against unrealized gain for an amount of ThCh\$ 31,532 (ThCh\$ 19,639 in 2005). This amount is presented net of material inventories acquired from this company.

In March 2006, the Company received a dividend from Industria Corchera S. A. for a sum of ThCh\$178,811 (ThCh\$158,792 in 2005).

b. The investment in Almaviva S. A. is presented netted by 50% against unrealized gain generated in the sale 2001 land transaction with Almaviva S. A.; as this is an unrealized gain for Concha y Toro S. A. The amount of the rebate is ThCh\$ 549.074 (ThCh\$ 549.074 in 2005). This gain will be realized when this land is sold to a third party other than a Group member company.

Accrued income of Almaviva S.A. recognized as of December 31, 2006 is shown netted against unrealized gain of ThCh\$27.040. In 2005, there were no unrealized gains or losses with Almaviva S. A. This amount is netted against the balance of inventories of products acquired from this related company.

## g) Investments in computer programs

There were no significant investments in computer programs during 2005 and 2006.

## Note 10 - Investments in Related Companies

### Significant Events

1) Investments in related companies and the related direct participation in equity of investees, as well as the recognition of unrealized gains and losses related to purchase and sale transactions between related companies, as of the closing dates of the respective periods are detailed in the attached chart.

### Detail of investments

Company Year ended December 31,	Equity of investments		Income (loss)		Unrealized Income		Equity Method value	
	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$
Industria Corchera S.A.	7,637,307	7,770,568	258,243	302,886	-	-	3,765,724	3,873,689
Viña Almaviva S.A.	7,196,998	7,674,839	170,671	238,921	(549,075)	(549,074)	3,049,425	3,288,345
			428,914	541,807	(549,075)	(549,074)	6,815,149	7,162,034

## Note 11 - Investments in Other Companies

2006 and 2005:

a) During 2006 and 2005, there are no transactions for the purchase or sales of investments in other companies.

Company	Number of shares	Ownership Percentage	Book Value	
			Year ended December 31,	
			2005	2006
			ThCh\$	ThCh\$
Sociedad Agrícola La Rosa Sofruco S.A.	252,119	2.2920	277,977	277,977
Cía. General de Electricidad Industrial S.A.	13,483	0.00	8,299	8,299
Cámara de Comercio de Santiago (Santiago Chamber of Commerce)	1	0.00	1,468	1,468
Termas de Puyehue S.A.	2,000	0.00	122	123
Compañía de Telecomunicaciones de Chile S.A.	463	0.00	20,368	20,368
Acciones Unión Sede Oriente S.A.	3	0.00	422	422
Cía. Agropecuaria Copeval S.A.	78,899	0.00	2,662	2,662
<b>Total</b>			<b>311,318</b>	<b>311,319</b>

## Note 12 - Goodwill

The detail of goodwill is as follows:

	For the year ended December 31			
	As of December 31		As of December 31	
	Amortization		Net Balance	
	2005	2006	2005	2006
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Villa Alegre S.A.	-	-	-	-
Industria Corchera S.A.	73,412	73,415	1,095,081	1,021,667
<b>Total</b>	<b>73,412</b>	<b>73,415</b>	<b>1,095,081</b>	<b>1,021,667</b>

## Note 13 - Intangibles

Intangible assets are as follows:

	as of December 31			
	Gross Carrying amount		Accumulated Amortization	
	2005		2006	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Industrial trademarks	1,198,447	237,154	1,572,952	338,306
Telephone line rights	14,941	7,494	17,231	9,393
Water rights (*)	2,148,923	39,615	2,754,011	106,190
Other	12,601	175	12,601	489
<b>Total</b>	<b>3,374,912</b>	<b>284,438</b>	<b>4,356,795</b>	<b>454,378</b>

The Amortization of intangible was ThCh\$109,217 in 2006 and ThCh\$91,147 in 2005

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 14 - Other Assets

The composition of other assets is as follows:

	Years ended December 31.	
	2005 ThCh\$	2006 ThCh\$
Prepaid rent	253,001	1,805,242
Prepaid rent Community property rights	12,146	11,324
Guarantees leases	11,745	12,447
Deferred expenses, Series C bonds	619,352	588,766
<b>Total</b>	<b>896,244</b>	<b>2,417,779</b>

The deferred expenses for the issuance of the series C bond are amortized using the straight-line method ( which approximates effective yield method ) over the life of bonds.

## Note 15 - Short-term Bank Debt

Registration N°	Bank or financial institution	U.S. dollars		Euros		Other foreign currencies		UF		Non adjustable Ch\$		Total		
		2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	
<b>Short-Term portion</b>														
97030000-7	BANCO DEL ESTADO DE CHILE	-	-	-	-	-	-	-	-	2,762,945	-	-	2,762,945	-
Foreign Bank	RABOBANK	-	-	443,643	-	904,309	1,048,314	-	-	-	-	-	1,347,952	1,048,314
97004000-5	BANCO DE CHILE	-	1,747,276	-	-	-	-	-	-	1,760,750	-	709,184	1,760,750	2,456,460
97039000-6	BANCO SANTANDER	148,051	-	1,033,409	10,882	-	-	-	-	-	-	-	1,181,460	10,882
97008000-7	BANCO CITIBANK	3,719,549	3,261,258	-	1,078,203	-	-	-	-	-	-	-	3,719,549	4,339,461
97032000-8	BANCO BBVA	-	1,127,710	-	-	176,106	-	-	-	-	-	-	176,106	1,127,710
97006000-6	BANCO DE CRÉDITO E INVERSIONES	2,259,794	831,058	-	-	-	-	-	-	-	-	804,611	2,259,794	1,635,669
97041000-7	BANKBOSTON	2,269,608	2,259,299	-	-	78,833	-	-	-	-	-	-	2,348,441	2,259,299
97023000-9	CORPBANCA	-	2,368,599	-	-	-	-	-	-	-	-	4,116,420	-	6,485,019
Foreign Bank	BANCO RIO	-	92,331	-	-	316,684	128,357	-	-	-	-	-	316,684	220,688
Foreign Bank	BANCO FRANCES	-	2,709,880	-	-	61,260	125,143	-	-	-	-	-	61,260	2,835,023
Foreign Bank	BANCO PATAGONIA	-	-	-	-	130,325	-	-	-	-	-	-	130,325	-
Foreign Bank	BANCO CREDICOOP	-	1,065,492	-	-	-	-	-	-	-	-	-	-	1,065,492
Foreign Bank	BANCO REGIONAL	-	-	-	-	-	28,117	-	-	-	-	-	-	28,117
97951000-4	HSBC BANK	-	1,068,486	-	-	-	-	-	-	-	-	-	-	1,068,486
<b>Total</b>		<b>8,397,002</b>	<b>16,531,389</b>	<b>1,477,052</b>	<b>1,089,085</b>	<b>1,667,517</b>	<b>1,329,931</b>	<b>4,523,695</b>	<b>-</b>	<b>-</b>	<b>5,630,215</b>	<b>16,065,266</b>	<b>24,580,620</b>	
<b>Principal owed</b>		<b>8,321,412</b>	<b>16,260,986</b>	<b>1,477,052</b>	<b>1,064,002</b>	<b>1,660,097</b>	<b>1,323,476</b>	<b>4,501,081</b>	<b>-</b>	<b>-</b>	<b>4,060,000</b>	<b>15,959,642</b>	<b>22,708,464</b>	
<b>Weighted average interest rate</b>		<b>4.78%</b>	<b>5.09%</b>	<b>2.82%</b>	<b>3.64%</b>	<b>6.23%</b>	<b>6.31%</b>	<b>1.66%</b>	<b>-</b>	<b>-</b>	<b>5.9%</b>			
<b>Current portion of long-term debt</b>														
97032000-8	BANCO BBVA	1,135,499	1,170,257	-	-	357,188	-	-	-	-	592	1,106,720	1,493,279	2,276,977
Foreign Bank	RABOBANK	-	-	891,929	1,009,177	454,668	263,619	-	-	-	-	-	1,346,597	1,272,796
97004000-5	BANCO DE CHILE	-	-	-	-	-	-	804,566	102,172	-	-	-	804,566	102,172
97023000-9	CORPBANCA	1,578,997	1,827,539	-	-	-	-	-	-	-	-	9,215	1,578,997	1,836,754
97951000-4	HSBC BANK	1,058,547	-	-	-	-	-	-	-	-	-	-	1,058,547	-
97039000-6	BANCO SANTANDER	-	3,491	-	-	-	-	-	-	-	91,048	89,175	91,048	92,666
97030000-7	BANCO DEL ESTADO DE CHILE	2,131,300	-	-	-	-	-	-	-	-	-	-	2,131,300	-
97006000-6	BANCO DE CRÉDITO E INVERSIONES	1,284	-	-	-	-	-	-	-	-	-	-	1,284	-
97008000-7	BANCO CITIBANK	-	2,431	-	-	-	-	-	-	-	-	-	-	2,431
97041000-7	BANKBOSTON	-	161,006	-	-	1,197,669	-	-	-	-	-	-	1,197,669	161,006
Foreign Bank	BANCO RIO DE LA PLATA	-	-	-	-	1,464,239	1,870,815	-	-	-	-	-	1,464,239	1,870,815
Foreign Bank	BANCO FRANCES	-	-	-	-	722,373	177,115	-	-	-	-	-	722,373	177,115
Foreign Bank	BANCO PATAGONIA	-	825,220	-	-	20,553	-	-	-	-	-	-	20,553	825,220
Foreign Bank	BANCO CREDICOOP	-	-	-	-	692,889	-	-	-	-	-	-	692,889	-
<b>Total</b>		<b>5,905,627</b>	<b>3,989,944</b>	<b>891,929</b>	<b>1,009,177</b>	<b>4,909,579</b>	<b>2,311,549</b>	<b>804,566</b>	<b>102,172</b>	<b>91,640</b>	<b>1,205,110</b>	<b>12,603,341</b>	<b>8,617,952</b>	
<b>Principal owed</b>		<b>5,808,214</b>	<b>3,954,550</b>	<b>884,029</b>	<b>1,002,921</b>	<b>4,707,391</b>	<b>2,223,914</b>	<b>695,989</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>12,095,623</b>	<b>8,181,385</b>	
<b>Weighted average interest rate</b>		<b>3.54%</b>	<b>5.72%</b>	<b>3.42%</b>	<b>3.42%</b>	<b>8.61%</b>	<b>9.50%</b>	<b>1.65%</b>	<b>0.00%</b>	<b>5.22%</b>	<b>5.22%</b>			

Percentage of short-term and current portion of long-term bank debt denominated in foreign currency (%) 76.39

Percentage of short-term and current portion of long-term bank debt denominated in local currency (%) 23.61



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 16 – Long-term Bank Debt

No.	Institution	Currency or Adjustment index	As of December 31, 2005					Total long-term portion at year-end	Weighted average Interest rate	Total long-Term
			1 to 2	2 to 3	3 to 5	5 to 10	More than 10			
97004000-5	Banco de Chile	UF	-	1,421,069	5,913,483	-	-	7,334,552	4.85%	7,340,912
Foreign bank	Rabobank	Euro	-	-	-	-	-	-	-	883,966
Foreign bank	Rabobank	Other currencies	-	-	-	-	-	-	-	224,730
97030000-7	BancoEstado	US\$	-	-	-	-	-	-	-	1,569,787
Foreign bank	Banco Río de la Plata S.A.	Other currencies	-	-	-	-	-	-	-	2,082,026
Foreign bank	Banco Frances	Other currencies	-	-	-	-	-	-	-	296,948
97039000-7	Banco Santander	US\$	1,490,692	-	-	-	-	1,490,692	5.35%	-
97039000-7	Banco Santander	Ch\$	2,500,000	2,500,000	-	-	-	5,000,000	5.22%	5,105,000
97008000-7	Banco Citibank	US\$	4,525,315	-	-	-	-	4,525,315	5.39%	-
Foreign bank	Banco Boston	Other currencies	-	-	-	-	-	-	-	235,468
Foreign bank	Banco Credicorp	Other currencies	-	-	-	-	-	-	-	345,959
97041000-7	Banco Boston	US\$	1,144,639	-	-	-	-	1,144,639	5.47%	-
97023000-9	Corpbanca	Ch\$	1,500,000	-	-	-	-	1,500,000	5.82%	-
97039000-6	Banco BHIF	US\$	976,048	-	-	-	-	976,048	5.24%	-
97039000-6	Banco BHIF	Ch\$	2,000,000	1,000,000	-	-	-	3,000,000	5.22%	4,084,000
97039000-6	Banco BHIF	Other currencies	-	-	-	-	-	-	-	523,263
97006000-6	Banco de Crédito e Inversiones	US\$	-	-	-	-	-	-	-	784,894
Foreign bank	Banco Patagonia	Other currencies	-	-	-	-	-	-	-	784,894
<b>Total</b>			14,136,694	4,921,069	5,913,483	-	-	24,971,246		24,261,847

Long-term bank debt denominated in foreign currency 32.58%

Long-term bank debt denominated in Chilean pesos and UF 67.42%

None of the short or long term obligations of the Company are secured by collateral, nor do they impose financial covenants or restrictions. Most of the obligations outstanding as of December 31, 2006 accrue interest based on fixed interest rates.

## Note 17 – Short and Long-term Bonds Payable

On April 26, 2005, Series C bonds were placed for an amount of UF 2,000,000 at a rate of 3.9% per annum. 100% of the par value was placed.

As of December 31, 2005, the short-term portion includes ThCh\$ 299,087, of accrued interest. The long-term portion of ThCh\$36,704,562 relate exclusively to the principal of the Series C bonds.

As of December 31, 2006, the short-term portion includes ThCh\$ 298,828, of accrued interest. The long-term portion of ThCh\$36,672,760 relate exclusively to the principal of the Series C bonds

No. OF REGISTRATION IDENTIFICATION OF THE INSTRUMENT	SERIES	NOMINAL AMOUNT PLACED OR IN FORCE	ADJUSTMENT UNIT FOR BONDS	FREQUENCY INTEREST RATE	PAR VALUE			ThCh\$ 12-31-2006	ThCh\$ 12-31-2005	PLACEMENT IN CHILE OR ABROAD
					FINAL PERIOD	PAYMENT OF INTEREST	PAYMENT OF AMORTIZATION			
Short and Long-term Bonds Payable 407	C	2,000,000	UF	3.9%	15-04-2026	SEMI-ANNUAL	SEMI-ANNUAL	298,828	299,087	National
Total short-term portion								298,828	299,087	
Bonos largo plazo 407	C	2,000,000	UF	3.9%	15-04-2026	SEMI-ANNUAL	SEMI-ANNUAL	36,672,760	36,704,562	National
Total short-term portion								36,672,760	36,704,562	

## Note 18 – Accruals and certain charge-offs

The detail is as follows:  
Short-term

	As of December 31.	
	2005 ThCh\$	2006 ThCh\$
Advertising expenses	8,249,373	12,090,998
Employee legal bonus and profit participation	912,257	1,735,999
Directors' compensation	291,279	242,408
Provision for vacations	1,485,907	1,336,518
Provision for reorganization expenses	662,196	327,729
Provision for wine extraordinary appraisal	906,061	-
Provision for accrued costs and expenses	1,236,722	1,588,735
Grape harvest costs	139,137	77,762
Other provisions	1,559,048	969,186
<b>Total accruals</b>	<b>15,441,980</b>	<b>18,369,335</b>

Long-term

	As of December 31.	
	2005 ThCh\$	2006 ThCh\$
Staff severance indemnities	916,003	1,006,318
<b>Total accruals</b>	<b>916,003</b>	<b>1,006,318</b>

The most significant direct charge-offs to related to inventory are as follows:

	For the years ending December 31.	
	2005 ThCh\$	2006 ThCh\$
Label write-offs	1,307	-
Degradation of wines	37,265	-
Reprocessing	423,594	512,704

As of December 31, 2005 and 2006, there are provisions recorded which are presented deducted from the related asset accounts as per the following detail:

	As of December 31.	
	2005 ThCh\$	2006 ThCh\$
Doubtful accounts	(628,012)	(471,132)
Uncollectible notes	(64,020)	(62,703)
Income taxes recoverable	(353,784)	(356,351)
Miscellaneous receivables	(186,061)	(341,766)
Obsolescence of inventories	(1,298,811)	(1,555,094)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 19 – Accrued Expenses

Accrued expenses consists of staff severance indemnities and are recorded at the present value of the total liability according to the accrued cost of the benefit considering an interest rate of 6.00% per annum and an average service life period of 11 years. Changes during each year were as follows:

	2005 ThCh\$	2006 ThCh\$
Balance at the beginning of the year	684,536	897,163
Increase during the year	553,807	240,130
Payments during the year	(322,340)	(130,975)
Provision for Staff Severance Indemnities	916,003	1,006,318

## Note 20 - Minority interest

The detail of minority interest is as follows:

Taxpayer I.D.	Related Company	Year ended December 31, 2005		Year ended December 31, 2006	
		Liability ThCh\$	Income ThCh\$	Liability ThCh\$	Income ThCh\$
84.712.500-4	VIÑA PALO ALTO LIMITADA	9,724	173	11,397	(1,670)
	Total	9,724	173	11,397	(1,670)

## Note 21 - Shareholders' Equity

The Company's paid in capital as of December 31, 2006 is as follows:

Number of shares			
Series	No. of subscribed shares	No. of paid shares	No. of voting right shares
-	719,170,735	719,170,735	719,170,735

Paid in Capital and Par Value		
Series	Subscribed capital	Paid-in capital
-	45,666,894	45,666,894

## a) Other Reserves

	As of December 31,	
	2005 ThCh\$	2006 ThCh\$
Additional paid in capital price-level restatement	1,863,698	1,863,698
Revaluation from fixed asset technical appraisal	4,236,377	4,236,377
Adjustment to property, plant and equipment value	535,564	535,564
Revaluation from fixed asset technical appraisal in subsidiaries	1,119,084	1,119,083
Revaluation of inventory (1973)	737,963	737,962
Revaluation of marketable securities (1980)	570,837	570,836
Cumulative translation adjustment	(1,719,615)	(1,680,851)
Total other reserves	7,343,907	7,382,670

## b) Cumulative translation adjustment

This account relates to the effects of the foreign exchange gains or losses between the Chilean peso and the U.S. dollar on the price-level restated foreign investment measured in U.S. dollars, in accordance with Technical Bulletin No. 64 issued by the Chilean Association of Accountants. The detail of the adjustment by subsidiary is included below:

The detail of this reserve is as follows:

2005				
Company	Opening Balance	Exchange Difference Liability	Exchange Difference Investment	Balance as 2005 of December 31,
Trivento Bodegas y Viñedos	(1,719,639)	(734,768)	734,791	(1,719,615)
<b>Total</b>	<b>(1,719,639)</b>	<b>(734,768)</b>	<b>734,791</b>	<b>(1,719,615)</b>

2006				
Company	Opening Balance	Exchange Difference Liability	Exchange Difference Investment	Balance as 2006 of December 31,
Trivento Bodegas y Viñedos	(1,719,615)	117,710	(78,947)	(1,680,851)
<b>Total</b>	<b>(1,719,615)</b>	<b>117,710</b>	<b>(78,947)</b>	<b>(1,680,851)</b>

## c) Dividends

The Company's dividend policy proposed by the Board of Directors for 2006 consists of the distribution of up to 40% of net income for the year divided into three provisional dividends payable in September 2006, December 2006 and March 2007 and the payment of a final dividend in May 2007.

2005			
Dividend No.	Amount ThCh\$	Month of payment	Type of dividend
218	1,438,341	March 2005	Provisional
219	4,760,910	May-05	Final
220	1,797,927	September 2005	Provisional
221	1,797,927	December 2006	Provisional

2006			
Dividend No.	Amount ThCh\$	Month of payment	Type of dividend
222	1,797,927	March 2006	Provisional
223	2,229,429	May-06	Final
224	1,797,927	September 2006	Provisional
225	1,797,927	December 2006	Provisional

Supplemental information to the Change in Shareholders' equity statement (page F-5)

Interim dividends are recorded in the "interim dividends" column of the stockholders' equity note when they are provisionally declared by the Board of Directors during any given fiscal year. They are recorded as a debit in the interim dividend column of the stockholders' equity note in the line item "Net income for the year". The offsetting credit is against dividends payable as a liability. These provisional interim dividends are approved formally by the annual Shareholders' Meeting in April of the subsequent year. The final dividends, of which the interim dividends are a portion, may differ from the provisionally declared interim dividends. Once the final dividend is approved and paid to shareholders, a credit is recorded for the amount of interim dividends preliminarily approved in the prior year in the "interim dividends" column of the stockholders' equity note and the final declared dividend is shown as a reduction in the retained earnings column. This treatment is mandated by Circular 1501 of the Chilean Superintendency of Securities and Insurance.

There are no restrictions on the payment of dividends out of the retained earnings of the Company.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 22 - Other Non-Operating Income and Expenses

The detail is as follows:

### Other Non-operating income

Series	For the year ended December 31,	
	2005	2006
Dividends received	16,889	11,707
Gain on sale of fixed assets	54,284	31,883
Leasing	27,219	2,335
Administrative services	14,140	14,373
Tax Recoveries	-	17,996
Gain (loss) from land expropriation	2,492	51,772
Insurance recoveries	75,178	8,292
Result from investments in forward contracts (1)	2,572,920	-
Sale of other products	39,114	33,586
Other	100,012	138,356
<b>Total</b>	<b>2,902,248</b>	<b>310,300</b>

(1) : In December, 2005 the Company realized gains of ThCh\$ 2,572,920 on the settlement of foreign currency forward contracts. Realized gains or losses related to the early termination of derivative contracts are included in other non-operating income or expense.

### Other Non-operating expenses

	For the year ended December 31,	
	2005	2006
Amortization of intangible assets	4,619	7,376
Loss on sale of fixed assets	20,640	-
Fixed asset disposals	73,812	92,371
Prior year expenses	5,441	5,884
Wine extraordinary appraisal	906,061	-
Reorganization expenses	662,196	-
Lost of Vat	25,815	38,343
Other assets written-off	139,578	-
Argentine competitiveness law	180,779	189,790
Other expenses	36,804	42,822
<b>Total</b>	<b>2,055,745</b>	<b>376,586</b>

Note 23 - Price-level Restatement

	Restatement index	Year ended December 31,	
		2005	2006
		ThCh\$	ThCh\$
<b>Assets (Charges) / Credits</b>			
Inventories	CPI	2,232,227	994,541
Property, plant and equipment	CPI	5,071,567	2,987,749
Investment in related companies	CPI	448,577	274,613
Other accounts receivable	UF	2,783	605
Recoverable taxes	CPI	119,765	108,209
Prepaid expenses	UF	6,541	3,714
Prepaid expenses	CPI	64	30
Other long-term assets	CPI	18,129	13,059
Long-term other accounts receivable	UF	18,661	23,516
Other non-monetary assets	CPI	141,248	112,060
Cost and expense accounts	CPI	5,397,827	2,068,742
<b>Total credits</b>		<b>13,457,389</b>	<b>6,586,838</b>
<b>Liabilities (Charges) / Credits</b>			
Shareholders' equity	CPI	(5,341,252)	(3,428,335)
Minority interest	CPI	(348)	(199)
Bank and financial institutions-liabilities	UF	(226,958)	-
Bank and financial institutions-liabilities	CPI	(135,443)	(309,041)
Current portion of long-term bank liabilities	UF	(27,096)	(7,665)
Bonds payable	UF	(9,273)	(6,199)
Long-term obligations with maturity within one year	UF	(10,247)	(6,573)
Accounts payable	UF	(290)	(148,054)
Notes payable	UF	(19,416)	117
Other accounts payable	UF	(112,799)	3,444
Accrued expenses	UF	(302)	(170)
Long-term bank and financial institution liabilities	UF	(268,629)	(144,627)
Bonds payable long-term	UF	(1,475,631)	(723,140)
Other long-term accounts payable	UF	(19,959)	(6,420)
Income accounts	CPI	(5,989,209)	(2,168,724)
<b>Total (charges)</b>		<b>(13,636,852)</b>	<b>(6,945,586)</b>
<b>Net (loss) gain from price-level restatement</b>		<b>(179,463)</b>	<b>(358,750)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 24 – Foreign Exchange Differences

The following represents the detail of foreign exchange gains and losses recognized in income for each of the respective years for accounts denominated in foreign currencies:

	Currency	Year ended December 31,	
		2005 ThCh\$	2006 ThCh\$
<b>Assets (Charges) / Credits</b>			
Cash	CAD	(6,443)	(5,281)
Cash	EUR	(51,505)	32,442
Cash	GBP	(29,652)	(43,456)
Cash	US\$	(94,655)	(22,650)
Time deposits	US\$	-	(346)
Trade accounts receivable	CAD	(81,916)	33,497
Trade accounts receivable	EUR	(1,675,371)	916,341
Trade accounts receivable	US\$	(1,362,053)	604,766
Trade accounts receivable	GBP	(641,878)	392,032
Other accounts receivable	CAD	(844)	602
Other accounts receivable	EUR	(15,188)	5,437
Other accounts receivable	US\$	162	19,105
Accounts receivable from related companies	CAD	940	(351)
Accounts receivable from related companies	EUR	614	(1,490)
Accounts receivable from related companies	US\$	(1,118,541)	405,676
Accounts receivable from related companies	GBP	(145,546)	864,540
Prepaid expenses	US\$	-	8,783
Prepaid expenses	EUR	(23,685)	(366)
Other current assets	US\$	(1,112,688)	(246,605)
Other current assets	CAD	573,902	(123,779)
Other current assets	EUR	1,339,277	(85,496)
Other current assets	GBP	1,916,776	(671,465)
Other assets	US\$	(55,428)	23,707
<b>Total (charges) credits</b>		<b>(2,583,722)</b>	<b>2,105,643</b>
<b>Liabilities (Charges) / Credits</b>			
Bank debt	EUR	7,988	(238,489)
Bank debt	US\$	709,001	(307,741)
Bank debt	GBP	198,592	(154,030)
Long-term bank debt, short-term portion	Euro	188,340	(155,307)
Long-term bank debt, short-term portion	US\$	457,894	(293,643)
Long-term bank debt, short-term portion	GBP	99,337	(93,849)
Long-term obligations with maturity within one year	US\$	(237)	29
Accounts payable	CHF	-	7
Accounts payable	EUR	33,310	(71,322)
Accounts payable	US\$	210,308	(139,065)
Accounts payable	GBP	(1,030)	94
Notes payable	EUR	112,190	(19,879)
Notes payable	US\$	1,639	(15,677)
Notes payable	GBP	651	(497)
Notes payable	SEK	-	(313)
Accounts payable to related companies	US\$	31,278	46,488
Other accounts payable	US\$	2,817	(5,283)
Other accounts payable	GBP	1	(124)
Other accounts payable	EUR	490	(217)
Accrued expenses	CAD	17,737	7
Accrued expenses	EUR	323,144	(158)
Accrued expenses	US\$	274,346	(2,962)
Accrued expenses	GBP	66,342	(9,003)
Accrued expenses	JPY	(16)	-
Prepaid expenses	UD\$	-	(581)
Other current liabilities	CAD	-	(4,422)
Other current liabilities	EUR	-	(207,928)
Other current liabilities	USD	-	(112,438)
Other current liabilities	GBP	-	(34,821)
Long-term bank debt	EUR	364,285	(76,645)
Long-term bank debt	US\$	(49,099)	103,561
Long-term bank debt	GBP	92,467	-
Long-term accounts payable to related companies	US\$	24,234	(44,755)
Adjustment for financial statement translation	US\$	(153,728)	(60,016)
Adjustment for financial statement translation	GBP	(396,672)	54,292
<b>Total (Charges) / credits</b>		<b>2,615,615</b>	<b>(1,844,687)</b>
<b>Net (loss) from exchange difference</b>		<b>31,893</b>	<b>260,956</b>

### Note 25 – Expenses in the Issuance and Placement of Shares and Debt Certificates

Expenses in the issuance and placement of bonds are presented in Other long-term assets, which are amortized using the straight-line method which approximates the effective yield method, in accordance with the term for the issuance of documents. This amortization is presented as Interest Expenses. Issuance expenses net of amortization, at the end of the period amount to ThCh\$ 588,766. Issuance expenses include disbursements due to reports from risk classifiers, legal and financial advisories, taxes, printing and placement fees. Amortization for the year 2006 was ThCh\$ 30,856.

### Note 26 - Statement of Cash Flows

Future cash flows contractually committed to investment and operating activities:

	Currency of adjustment index	Short-term portion ThCh\$	2007 ThCh\$	2008 ThCh\$	Years to Maturity				Total owed ThCh\$
					2009 ThCh\$	2010 ThCh\$	2011 ThCh\$	More than 6 years ThCh\$	
Lease payable	U.F.	220,752	165,815	165,814	82,907	-	-	-	635,288
Lease farms	U.F.	228,490	223,900	224,475	224,475	224,475	224,475	2,023,956	3,374,246
Lease farms	US\$	152,971	152,971	565,118	152,971	152,971	152,971	50,990	1,380,963
Payables for additions to fixed assets	EUR	-	-	-	-	-	-	-	-
Payables for additions to fixed assets	US\$	32,034	-	-	-	-	-	-	32,034
Payables for additions to fixed assets	U	1,307,737	-	-	-	-	-	-	1,307,737
Payables for additions to fixed assets	Ch\$	11,644	-	-	-	-	-	-	11,644
<b>Total</b>		<b>1,953,628</b>	<b>542,686</b>	<b>955,407</b>	<b>460,353</b>	<b>377,446</b>	<b>377,446</b>	<b>2,074,946</b>	<b>6,741,912</b>

During the years ended 2005 and 2006, there were no other investing activities which commit future cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 27 - Derivative Contracts

Type of Derivative	Type of Agreements	Amount of the contract nominal	Date of expiration	Description of the contract			Accounts affected Value of Asset / Liabilities					
				Currency	Purchase / Sales	Hedged Item	Contract value		Account Name	Mark to market adjustment	Amount (1)	Amount (2)
							at December 31, 2006 at spot rate	at December 31, 2006 forward exchange rate				
FR	CCTE	206,280	1st. Quarter of 2007	CAN	S	Export customers	205,695	206,042	Other current assets	526	873	(2,732)
FR	CCTE	213,583	1st. Quarter of 2007	CAN	S	Export customers	205,695	206,217	Other current assets	6,268	6,791	6,790
FR	CCTE	213,181	2nd. Quarter of 2007	CAN	S	Export customers	205,695	206,395	Other current assets	6,090	-	6,090
FR	CCTE	212,572	2nd. Quarter of 2007	CAN	S	Export customers	205,695	206,566	Other current assets	5,920	-	5,920
FR	CCTE	211,726	2nd. Quarter of 2007	CAN	S	Export customers	205,695	206,735	Other current assets	5,751	-	5,751
FR	CCTE	211,795	3rd. Quarter of 2007	CAN	S	Export customers	205,695	206,907	Other current assets	5,579	-	5,579
FR	CCTE	211,846	3rd. Quarter of 2007	CAN	S	Export customers	205,695	207,077	Other current assets	5,408	-	5,408
FR	CCTE	211,881	3rd. Quarter of 2007	CAN	S	Export customers	205,695	207,234	Other current assets	5,251	-	5,251
FR	CCPE	688,800	1st. Quarter of 2007	EUR	S	Export customers	702,080	702,399	Other current liabilities	-	(13,280)	27,660
FR	CCPE	341,345	1st. Quarter of 2007	EUR	S	Export customers	351,040	351,221	Other current liabilities	-	(9,695)	8,865
FR	CCPE	341,695	1st. Quarter of 2007	EUR	S	Export customers	351,040	352,323	Other current liabilities	-	(9,345)	(5,810)
FR	CCTE	342,530	1st. Quarter of 2007	EUR	S	Export customers	351,040	352,920	Other current liabilities	-	(8,510)	(5,410)
FR	CCTE	342,720	2nd. Quarter of 2007	EUR	S	Export customers	351,040	353,536	Other current liabilities	-	-	(10,816)
FR	CCTE	528,600	1st. Quarter of 2007	US\$	S	Export customers	532,390	532,638	Other current liabilities	-	(3,790)	4,480
OE	CCTE	528,900	1st. Quarter of 2007	US\$	S	Export customers	532,390	532,959	Other current liabilities	-	(3,490)	(700)
OE	CCTE	528,900	1st. Quarter of 2007	US\$	S	Export customers	532,390	533,243	Other current liabilities	-	(3,490)	(1,570)
FR	CCPE	528,950	2nd. Quarter of 2007	US\$	S	Export customers	532,390	533,550	Other current liabilities	-	-	(4,600)
FR	CCTE	315,734	2nd. Quarter of 2007	EUR	S	Export customers	315,936	318,715	Other current liabilities	-	-	(2,982)
FR	CCTE	348,670	2nd. Quarter of 2007	EUR	S	Export customers	351,040	353,835	Other current liabilities	-	-	(5,165)
FR	CCTE	349,600	2nd. Quarter of 2007	EUR	S	Export customers	351,040	354,715	Other current liabilities	-	-	(5,115)
FR	CCTE	350,280	3rd. Quarter of 2007	EUR	S	Export customers	351,040	355,259	Other current liabilities	-	-	(4,979)
FR	CCTE	350,980	3rd. Quarter of 2007	EUR	S	Export customers	351,040	355,832	Other current liabilities	-	-	(4,852)
FR	CCTE	532,700	2nd. Quarter of 2007	US\$	S	Export customers	532,390	533,767	Other current liabilities	-	-	(1,067)
FR	CCTE	494,785	1st. Quarter of 2007	GBP	S	Export customers	520,930	521,198	Other current liabilities	-	(26,145)	(415)
FR	CCTE	495,135	1st. Quarter of 2007	GBP	S	Export customers	520,930	521,519	Other current liabilities	-	(25,795)	(17,845)
FR	CCTE	494,680	1st. Quarter of 2007	GBP	S	Export customers	520,930	521,780	Other current liabilities	-	(26,250)	(24,170)
FR	CCPE	494,860	2nd. Quarter of 2007	GBP	S	Export customers	520,930	522,039	Other current liabilities	-	-	(27,179)
FR	CCPE	454,631	2nd. Quarter of 2007	GBP	S	Export customers	468,837	470,049	Other current liabilities	-	-	(15,419)
FR	CCTE	501,780	2nd. Quarter of 2007	GBP	S	Export customers	520,930	522,160	Other current liabilities	-	-	(20,380)
FR	CCTE	502,165	2nd. Quarter of 2007	GBP	S	Export customers	520,930	522,510	Other current liabilities	-	-	(20,345)
FR	CCTE	502,505	3rd. Quarter of 2007	GBP	S	Export customers	520,930	522,701	Other current liabilities	-	-	(20,196)
FR	CCTE	531,510	1st. Quarter of 2007	US\$	S	Export customers	532,390	532,489	Other current liabilities	-	(880)	(4,950)
FR	CCTE	531,700	1st. Quarter of 2007	US\$	S	Export customers	532,390	532,818	Other current liabilities	-	(690)	4,660
FR	CCTE	281,472	2nd. Quarter of 2007	EUR	S	Export customers	280,832	282,618	Other current liabilities	-	-	(1,146)
FR	CCTE	302,205	2nd. Quarter of 2007	GBP	S	Export customers	312,558	313,157	Other current liabilities	-	-	(10,952)
FR	CCTE	302,013	1st. Quarter of 2007	GBP	S	Export customers	312,558	312,991	Other current liabilities	-	(10,545)	(6,351)
FR	CCTE	301,809	1st. Quarter of 2007	GBP	S	Export customers	312,558	312,829	Other current liabilities	-	(10,749)	1,386
FR	CCPE	301,662	1st. Quarter of 2007	GBP	S	Export customers	312,558	312,656	Other current liabilities	-	(10,896)	5,340
FR	CCPE	274,125	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,220	Other current assets	7,905	7,930	5,310
FR	CCPE	544,050	1st. Quarter of 2007	US\$	S	Export customers	532,390	532,788	Other current assets	11,262	11,660	18,810
FR	CCPE	505,865	3rd. Quarter of 2007	GBP	S	Export customers	520,930	522,881	Other current liabilities	-	-	(17,016)
FR	CCPE	202,400	1st. Quarter of 2007	GBP	S	Export customers	208,372	208,557	Other current liabilities	-	(5,972)	2,404
FR	CCPE	202,218	1st. Quarter of 2007	GBP	S	Export customers	208,372	208,424	Other current liabilities	-	(6,154)	4,686
FR	CCPE	202,480	1st. Quarter of 2007	GBP	S	Export customers	208,372	208,664	Other current liabilities	-	(5,892)	(4,440)
FR	CCPE	203,544	2nd. Quarter of 2007	GBP	S	Export customers	208,372	208,792	Other current liabilities	-	-	(5,248)
FR	CCPE	270,900	2nd. Quarter of 2007	US\$	S	Export customers	266,195	266,770	Other current assets	4,130	-	4,130
OE	CCTE	525,600	1st. Quarter of 2007	US\$	S	Export customers	532,390	532,390	Other current liabilities	-	(6,790)	-
OE	CCTE	525,600	1st. Quarter of 2007	US\$	S	Export customers	532,390	532,390	Other current liabilities	-	(6,790)	-
OE	CCTE	524,700	1st. Quarter of 2007	US\$	S	Export customers	532,390	532,390	Other current liabilities	-	(7,690)	-
FR	CCTE	92,960	1st. Quarter of 2007	CAN	S	Export customers	91,420	91,486	Other current assets	1,474	1,540	-
FR	CCTE	116,105	1st. Quarter of 2007	CAN	S	Export customers	114,275	114,358	Other current assets	1,747	1,830	-
FR	CCTE	116,283	1st. Quarter of 2007	CAN	S	Export customers	114,275	114,513	Other current assets	1,769	2,008	-
FR	CCTE	238,483	1st. Quarter of 2007	EUR	S	Export customers	245,728	246,193	Other current liabilities	-	(7,245)	-
FR	CCTE	238,557	1st. Quarter of 2007	EUR	S	Export customers	245,728	246,349	Other current liabilities	-	(7,172)	-
FR	CCTE	251,185	1st. Quarter of 2007	GBP	S	Export customers	260,465	260,481	Other current liabilities	-	(9,280)	-
FR	CCPE	251,485	1st. Quarter of 2007	GBP	S	Export customers	260,465	260,661	Other current liabilities	-	(8,980)	-
FR	CCPE	304,077	1st. Quarter of 2007	GBP	S	Export customers	312,558	312,876	Other current liabilities	-	(8,481)	-
FR	CCPE	264,600	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,309	Other current liabilities	-	(1,595)	-
FR	CCPE	264,375	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,424	Other current liabilities	-	(1,820)	-
FR	CCPE	512,105	1st. Quarter of 2007	GBP	S	Export customers	520,930	521,480	Other current liabilities	-	(8,825)	-



Type of Derivative	Type of Agreement	Amount of the contract nominal	Date of expiration	Description of the contract			Accounts affected Value of Asset / Liabilities					
				Currency	Purchase / Sales	Hedged Item	Contract value		Account Name	Mark to market adjustment	Amount (1)	Amount (2)
							at December 31, 2006 at spot rate	at December 31, 2006 forward exchange rate				
FR	CCPE	512,265	2nd. Quarter of 2007	GBP	S	Export customers	520,930	522,047	Other current liabilities	-	-	(9,782)
FR	CCPE	512,085	1st. Quarter of 2007	GBP	S	Export customers	520,930	521,470	Other current liabilities	-	(8,845)	-
FR	CCPE	512,025	1st. Quarter of 2007	GBP	S	Export customers	520,930	521,797	Other current liabilities	-	(8,905)	(10,150)
FR	CCTE	409,932	1st. Quarter of 2007	GBP	S	Export customers	416,744	416,950	Other current liabilities	-	(6,812)	-
FR	CCPE	410,060	1st. Quarter of 2007	GBP	S	Export customers	416,744	417,121	Other current liabilities	-	(6,684)	-
FR	CCPE	516,520	1st. Quarter of 2007	GBP	S	Export customers	520,930	521,260	Other current liabilities	-	(4,410)	-
FR	CCPE	517,165	1st. Quarter of 2007	GBP	S	Export customers	520,930	521,250	Other current liabilities	-	(3,765)	-
FR	CCPE	257,848	1st. Quarter of 2007	GBP	S	Export customers	260,465	260,711	Other current liabilities	-	(2,617)	-
FR	CCTE	257,885	1st. Quarter of 2007	GBP	S	Export customers	260,465	260,764	Other current liabilities	-	(2,580)	-
FR	CCTE	310,386	1st. Quarter of 2007	GBP	S	Export customers	312,558	312,870	Other current liabilities	-	(2,172)	-
FR	CCTE	263,735	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,490	Other current liabilities	-	(2,460)	-
FR	CCPE	185,172	1st. Quarter of 2007	CAN	S	Export customers	182,840	183,171	Other current assets	2,001	2,332	-
FR	CCPE	115,413	1st. Quarter of 2007	CAN	S	Export customers	114,275	114,602	Other current assets	811	1,138	-
FR	CCTE	114,825	1st. Quarter of 2007	CAN	S	Export customers	114,275	114,471	Other current assets	354	550	-
FR	CCPE	137,670	1st. Quarter of 2007	CAN	S	Export customers	137,130	137,555	Other current assets	115	540	-
FR	CCPE	136,686	1st. Quarter of 2007	CAN	S	Export customers	137,130	137,568	Other current liabilities	-	(444)	-
FR	CCPE	136,701	1st. Quarter of 2007	CAN	S	Export customers	137,130	137,607	Other current liabilities	-	(429)	-
FR	CCPE	78,944	1st. Quarter of 2007	US\$	S	Export customers	79,859	79,968	Other current liabilities	-	(915)	-
FR	CCPE	263,100	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,565	Other current liabilities	-	(3,095)	-
FR	CCPE	114,190	1st. Quarter of 2007	CAN	S	Export customers	114,275	114,678	Other current liabilities	-	(85)	-
FR	CCPE	263,475	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,485	Other current liabilities	-	(2,720)	-
FR	CCTE	263,565	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,565	Other current liabilities	-	(2,630)	-
FR	CCTE	263,540	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,530	Other current liabilities	-	(2,655)	-
FR	CCPE	264,225	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,495	Other current liabilities	-	(1,970)	-
FR	CCTE	264,350	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,596	Other current liabilities	-	(1,845)	-
FR	CCPE	265,225	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,520	Other current liabilities	-	(970)	-
FR	CCPE	265,260	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,601	Other current liabilities	-	(935)	-
FR	CCPE	265,700	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,550	Other current liabilities	-	(495)	-
FR	CCTE	353,795	3rd. Quarter of 2007	EUR	S	Export customers	351,040	355,116	Other current liabilities	-	-	(1,321)
FR	CCTE	353,080	2nd. Quarter of 2007	EUR	S	Export customers	351,040	354,472	Other current liabilities	-	-	(1,392)
FR	CCPE	352,230	1st. Quarter of 2007	EUR	S	Export customers	351,040	352,836	Other current liabilities	-	1,190	-
FR	CCPE	351,815	1st. Quarter of 2007	EUR	S	Export customers	351,040	352,258	Other current liabilities	-	775	-
FR	CCPE	418,568	2nd. Quarter of 2007	GBP	S	Export customers	416,744	417,803	Other current assets	765	-	765
FR	CCPE	418,552	2nd. Quarter of 2007	GBP	S	Export customers	416,744	417,858	Other current assets	694	-	694
FR	CCPE	418,000	2nd. Quarter of 2007	GBP	S	Export customers	416,744	417,577	Other current assets	423	-	423
FR	CCPE	418,416	2nd. Quarter of 2007	GBP	S	Export customers	416,744	417,760	Other current assets	656	-	656
FR	CCPE	138,573	1st. Quarter of 2007	CAN	S	Export customers	137,130	137,646	Other current assets	927	1,443	-
FR	CCPE	138,501	1st. Quarter of 2007	CAN	S	Export customers	137,130	137,561	Other current assets	940	1,371	-
FR	CCPE	138,606	1st. Quarter of 2007	CAN	S	Export customers	137,130	137,692	Other current assets	914	1,476	-
FR	CCPE	354,820	3rd. Quarter of 2007	EUR	S	Export customers	351,040	355,966	Other current liabilities	-	-	(1,146)
FR	CCPE	267,320	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,525	Other current assets	795	1,125	-
FR	CCPE	267,345	1st. Quarter of 2007	US\$	S	Export customers	266,195	266,626	Other current assets	719	1,150	-

Note: FR: Forward  
CCPE: Hedge of an existing transaction  
CCTE: Hedge of a forecasted transaction

(1) CCPE - Deferred gain representing difference between nominal value and spot value at contract initiation date

(2) CCPE - deferred gain for difference between spot value at contract initiation date and spot value at December 31, 2006 CCTE - Mark to market adjustment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 28 - Contingencies and Restrictions

1) Wine contracts: The Company has entered long-term contracts for the acquisition of grape and wines, which have different expiration dates, the last of them expiring in 2017.

2) On December 15, 2000, the Official Gazette published Decrees Nos. 3.692, 3.693 and 3.694 issued by Ministry of Public Works (MOP) dated August 2008, 2000, in which MOP authorizes the expropriation of lots 481 owned by Viña Concha y Toro S.A., 480-A and 480-B owned by Viña Concha y Toro S.A. and Viña Cono Sur S.A. The total compensation established for these lots amounts to Ch\$ 2,080,314,000 (historical value).

On July 9, 2001, Viña Concha y Toro S. A. and its subsidiary Viña Cono Sur S. A. presented before the Second Civil Court of San Miguel a complaint against the Chilean Treasury for the provisional sum of compensations established by the expropriation of the three lots referred to above.

At the first instance sentence dated October 6, 2003, this Court accepted in all its parts the complaint filed and established a higher compensation of Ch\$1,043,953,230 (historical value) plus the restatement in accordance with the variation in the CPI beginning on March 1, 2000 date in which the provisional appraisal was conducted. This sentence was subject to an appeal by the Chilean Treasury before the Court of Appeals of San Miguel. Through Resolution dated January 17, 2006, this Court of Appeals deducted the amount of the compensation resulting in a difference in favor of Viña Concha y Toro S. A. of Ch\$571,504,275. The Company is in the process of filing an appeal in cassation before the Supreme Court to modify the amount of the compensation established.

In respect to compensations for the expropriation of the aforementioned lots, Viña Concha y Toro and Viña Cono Sur S.A. received the total sum of these in 2001 and 2002. The effect on income, was reflected under Other non-operating income within Non-Operating Income and Expense.

3) Restrictions and Limits for the issuance of Public Offering Bonds.

Restrictions or limits to which the Company is subject are generated by covenants associated with issuances of public offering bonds, detailed as follows:

a) Maintain assets free of liens or prohibitions for an amount equivalent to at least 1.5 times the total sum of placements of bonds outstanding performed with a charge to the line agreed in the Agreement. This obligation will be required for payment solely at the closing dates of the financial statements.

b) The issuer is obliged not to sell, cede or transfer Essential assets which may pose in danger the continuance of its current social line of business.

c) Send the to the representative of the bondholder together with the quarterly information indicated in the bond issuance agreement, background information on any reduction of its participation in the capital of its significant subsidiaries, greater than ten per cent of this capital, as well as any reduction which implies losing control of this subsidiary within the five business days following the transaction date.

d) Maintain indebtedness ratio no greater than one point four times;

e) Maintain, at all times, during the life of the current bond issuance, minimum equity of five million UF;

f) Maintain, at all times, minimum financial expense coverage ratio of two point five times. The financial expense coverage ratio will have to be calculated on the twelve-month period prior to the date of the FECU format report;

g) Not to make investments in instruments issued by related parties or grant loans to these or make any other operations with them under conditions which are more unfavorable for the issuer compared to market conditions, as established in Article No. eighty-nine of the Shareholders' Corporation Law. Likewise, the issuer shall supervise that its subsidiaries act in conformity with this restriction. For the purpose of this clause, related parties shall be understood as those indicated in Article No. one-hundred of Law No. eighteen thousand and forty-five;

h) Make provisions for any adverse contingency which may unfavorably affect its businesses, financial situation or its operating results, which will have to be reflected in the issuer's financial statements, where applicable, in accordance with generally accepted accounting principles in Chile. The issuer will supervise that its subsidiaries act in accordance with this condition;

i) Contract and maintain insurance policies which reasonably protect the Issuer's operating assets, in accordance with usual practices in the industry where the Issuer operates. The issuer will, in its turn, supervise that its subsidiaries act in accordance with this condition; and ;

j) The issuer and any of its subsidiaries could not make any voluntary prepayments of any existing obligation, should the issuer be in delinquency or simple delay in the full, total and timely payment of bonds which are the subject of this public deed. The information which accredits compliance with matters indicated in letters a) to j) of this number and calculations made which validate its compliance, will have to be subscribed by the Issuer's Manager of Finance and Administration or its representative and, annually, by its External Auditors, where applicable and will have to be sent to the Representative of Bondholders through registered mail or letter with reception stamp within a term of five business days from the occurrence of the event which motivates it, save in the case in which it refers to information which has to be delivered to the Chilean Superintendency of Securities and Insurance (SVS), in which case it will have to be sent in the same term in which it has to

be delivered to the SVS. In the event that the information provided to the Representative of Bondholders in conformity with this number two be qualified by the issuer as confidential, this Representative of Bondholders will have to maintain strict reservation for this information in respect to third parties.

#### Causes for Acceleration

a) Should the Issuer be in delinquency or simple delay in the payment of any installment related to Bonds' principal and interest.

b) Should any declaration performed by the Issuer in the instruments granted or subscribed due to the information obligation derived from this agreement, be or be found to be fraudulently incomplete or false.

c) Should the Issuer breach any of the obligations assumed by virtue of the bond issuance agreement, number two of the clause on "Rules for the Protection of Bondholders" and it has not resolved this breach within thirty days following the date in which it has been required in written for these purposes by the Representative of Bondholders through registered mail.

d) Should the Issuer breach any of the obligations assumed by virtue of the bond issuance agreement, number four of the clause on "Rules for the Protection of Bondholders" and such breach has not been resolved within the next sixty days following the date in which it has been required in written for these purposes by the Representative of Bondholders through registered mail.

e) Should the Issuer breach any of the obligations assumed by virtue of the seventh clause of this agreement and in complementary public deeds which are subscribed in conformity with number four of the aforementioned clause.

f) Should the Issuer or any of its significant subsidiaries incur in cessation of payments or recognizes in written the impossibility of paying its debt obligations or provides a general cession or abandons its assets for the benefit of its creditors or it requests its own bankruptcy.

g) Should the Issuer or any significant subsidiary fall in delinquency or simple delay related to the payment of any sum of money owed to banks or to any other creditor, from one or more past due obligations or obligations required earlier, which, individually exceeds an amount equivalent to one hundred thousand UF at the date of the respective calculation and the Issuer or significant subsidiary, as the case may be, did not resolve this within the period of thirty days following the date of falling in delinquency or simple delay and/or at the date of payment of this obligation it had not been expressly postponed.

h) Should any obligation of the Issuer or any significant subsidiary becomes payable earlier provided that it is not related to prepayment normally foreseen prior to the stipulated expiration date.

i) Should in the future, the Issuer or any subsidiary grant actual guarantees to new bond issuances or any financial loan, money loan operation or other existing loans, except for those specified in the issuance agreement.

j) Should any governmental authority decree any action for the requisition, confiscation, embargo, expropriation, appropriation of, or assumption of the custody or control of the total sum or a significant part of the Issuer's or any significant subsidiary's assets.

k) In the event of Issuer's dissolution or liquidation or in the event of a decrease in the term of its life to a period lower than the final term for the amortization and payment of bonds related to this agreement;

l) Should the Issuer or any significant subsidiary be declared in bankruptcy by legal sentence executed; and,

m) Should the Issuer sell, cede or transfer Essential assets as defined in the first clause of this Agreement, except in the event of contributions or transfers of essential transfers to subsidiaries, save for the prior and written authorization by the Representative of Bondholders.

As of December 31, 2006, the company meets all the aforementioned covenants.

4) Viña Concha y Toro S. A. has been involved and will probably continue to participate in a usual manner and as plaintiff in certain legal proceedings through which it mainly seeks receiving the amounts claimed which have a total nominal amount of approximately ThCh\$350,000.

In a conservative manner, the Company has made provisions to cover possible losses derived from any of these cases.

5) As of December 31, 2006, there are no other lawsuits or possible legal or off-legal lawsuits, tax matters such as liens of any nature which have actual probability of affecting the financial statements of Viña Concha y Toro S. A.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 28 - Contingencies and Restrictions, continued

### Direct guarantees

Beneficiary	Debtor	Type of guarantee	Assets Affected		Outstanding balances financial statement closing date		Guarantee release					
			Type	Book value	2005	2006	2006	Assets	2007	Assets	2008	Assets
Santander		Promissory note	OCT0105-1019 - 1010	-	-	15,500	-	-	-	-	-	-
Security		Draft	OCT0106-0724 - 0726	-	-	56,778	-	-	-	-	-	-
Security		Draft	OCT0106-0724 - 0728	-	-	6,500	-	-	-	-	-	-

### Indirect guarantees

Beneficiary	Debtor	Relationship	Type of guarantee	Assets Affected		Outstanding balances at financial statement's closing date		Guarantee release		
				Type	Book value	2005	2006	2006	2007	2008
BBVA FRANCÉS	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	872,104	840,000	-	-	-
SANTANDER RIO DE LA PLATA	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	3,139,575	3,500,000	-	-	-
SANTANDER PATAGONIA	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	1,046,525	1,500,000	-	-	-
SANTANDER FRANCÉS	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	366,284	370,000	-	-	-
SANTANDER CREDICOOP	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	-	2,000,000	-	-	-
BANKBOSTON	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	1,046,525	-	-	-	-
BBVA FRANCÉS	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	-	4,000,000	-	-	-
BBVA FRANCÉS	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	-	2,000,000	-	-	-
BANCO SANTANDERSANTIAGO	CONCHA Y TORO U.K. LIMITED	Subsidiary	Debt Banks	-	-	784,894	800,000	-	-	-
BANCO SANTANDERSANTIAGO	CONCHA Y TORO U.K. LIMITED	Subsidiary	Debt Banks	-	-	-	1,735,000	-	-	-
BANCO BBVA	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	559,368	-	-	-	-
DELLA TOFFOLA										
SUD. AG. ARGENTINA	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt - Supplier	-	-	87,358	-	-	-	-
BANCO BBVA	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	523,263	-	-	-	-
BANCO BBVA	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	174,421	-	-	-	-
BANKBOSTON	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	470,436	-	-	-	-
VELO SPA(ITALY)	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt - Supplier	-	-	114,517	-	-	-	-
BANCO CITIBANK	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	719,135	-	-	-	-
BANCO BBVA	TRIVENTO BODEGAS Y VIÑEDOS S.A.	Subsidiary	Debt Banks	-	-	1,000,000	1,000,000	-	-	-

## Note 29 – SURETIES OBTAINED FROM THIRD PARTIES

Type of guarantee	Original guarantee operation	Issuer of guarantee	Amount of guarantee	Relationship	Person who grants the guarantee	Currency	Beginning date	Expiration date
Certificate of deposit	Agreement for the extension of the San Javier Warehouse	Banco de Chile	9,863,797	Service supplier	Constructora Quezada y Boetsch	Ch\$	8/16/06	1/2/07
Certificate of deposit	Agreement for the extension of the San Javier Warehouse	Banco de Chile	9,863,797	Service supplier	Constructora Quezada y Boetsch	Ch\$	8/16/06	1/31/07
Certificate of deposit	Agreement for the extension of the Chimbarongo Warehouse	Corp Banca	16,119,142	Service supplier	Constructora Parthenon S.A.	Ch\$	8/1/06	1/30/07
Warrant	Agreement for the manufacturing and assembly of the metallic structure of the San Javier Warehouse	Asegurador Magallanes S.A.	7,902,980	Service supplier	Duramet S.A.	UF	9/15/06	1/20/07
Warrant	Agreement for the manufacturing and assembly of fermentation pools in the Puente Alto Warehouse	Cía. Seguros Crédito Continental S.A.	18,341,698	Service supplier	TPI Chile S.A.	UF	9/25/06	7/31/07
<b>Total</b>			<b>62,091,413</b>					

### Note 30 - Foreign and Domestic Currency

The following tables include the Company's asset and liability accounts broken out by their currency denominations:

	Currency	31-12-2005 ThCh\$	Amount, 31-12-2006 ThCh\$
<b>Current Assets</b>			
Cash	Ch\$	658,895	955,571
Cash	USD	202,553	34,572
Cash	CAD	3,791	53,694
Cash	EUR	18,493	59,337
Cash	GBP	449,700	803,669
Cash	ARS	144,091	83,985
Trade accounts receivable	Ch\$	11,116,023	11,117,535
Trade accounts receivable	USD	20,377,157	27,871,266
Trade accounts receivable	EUR	6,513,619	8,091,860
Trade accounts receivable	GBP	8,543,277	16,851,245
Trade accounts receivable	CAD	1,927,743	2,694,563
Trade accounts receivable	ARS	1,187,312	1,458,747
Notes receivable	Ch\$	2,192,521	1,877,432
Notes receivable	ARS	1,039,497	359
Notes receivable	UF	-	34,494
Notes receivable	USD	-	295,449
Other accounts receivable	Ch\$	1,712,108	1,815,752
Other accounts receivable	USD	33,260	49,166
Other accounts receivable	EUR	1,832	101,474
Other accounts receivable	CAD	16,599	16,860
Other accounts receivable	UF	68,038	80,437
Other accounts receivable	GBP	15,032	23,187
Other accounts receivable	ARS	153,443	176,952
Accounts receivable from related companies	Ch\$	131,117	317,139
Recoverable taxes	Ch\$	3,305,281	1,951,932
Recoverable taxes	USD	1,908,933	2,563,383
Recoverable taxes	UF	30,782	40,983
Recoverable taxes	EUR	1,543	2,172
Recoverable taxes	GBP	239,928	496,038
Recoverable taxes	ARS	1,787,089	1,923,778
Inventories	Ch\$	68,460,264	70,188,441
Inventories	USD	1,548,473	-
Inventories	GBP	2,387	-
Inventories	ARS	4,873,496	5,180,275
Prepaid expenses	Ch\$	8,171,948	6,383,759
Prepaid expenses	USD	304,332	232,217
Prepaid expenses	UF	376,801	2,644,885
Prepaid expenses	ARS	633,820	854,654
Deferred taxes	Ch\$	1,508,178	2,008,475
Deferred taxes	ARS	61,558	115,781
Other current assets	Ch\$	2,286	1,764
Other current assets	USD	28,182	-
Other current assets	CAD	6,374	-
Other current assets	EUR	86,430	-
Other current assets	GBP	179,330	-
Property, Plant and Equipment			
Net property, plant and equipment	Ch\$	141,014,944	142,778,096
Net property, plant and equipment	USD	11,155,391	16,189,729
Net property, plant and equipment	GBP	27,892	39,554
Other assets			
Other assets	Ch\$	11,933,891	13,235,944
Other assets	USD	236,297	1,488,471
Other assets	CAD	846	3,814
Other assets	EUR	-	35,994
Other assets	UF	16,348	-
Other assets	GBP	497	20,137
Other assets	ARS	20,387	30,856
<b>Total Assets</b>			
	Ch\$	250,207,456	252,631,840
	USD	35,794,578	48,724,253
	CAD	1,955,353	2,768,931
	EUR	6,621,917	8,290,837
	GBP	9,458,043	18,233,830
	ARS	9,900,693	9,825,387
	UF	491,969	2,800,799



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 30 - Foreign and Domestic Currency, continued

### Current liabilities

	Currency	UP TO 90 DAYS				91 DAYS TO 1 YEAR			
		31-12-2005		31-12-2006		31-12-2005		31-12-2006	
		Amount	Annual average interest rate	Amount	Annual average interest rate	Amount	Annual average interest rate	Amount	Annual average interest rate
Short-term bank debt	Ch\$	0	0,00%	0	0,00%	0	0,00%	5.630.215	5,70%
Short-term bank debt	US\$	148,051	LIBOR+0,55%	1,745,523	5,01%	8.248.950	4,78%	14.785.867	5,13%
Short-term bank debt	UF	0	0,00%	0	0,00%	4.523.696	1,66%	0	0,00%
Short-term bank debt	EUR	0	0,00%	10882	0,00%	1.477.052	0,00%	1.078.203	0,00%
Short-term bank debt	ARS	904,309	5,02%	281,616	EURIBOR + 0,50	0	0,00%	0	0,00%
Short-term bank debt	GBP	763,208	0,00%	0	0,00%	0	0,00%	1.048.314	5,58%
Current maturities of long-term bank debt	UF	102,262	4,85%	102,172	0,00%	702.304	1,65%	0	0,00%
Current maturities of long-term bank debt	Ch\$	91,048	5,22%	195,895	0,00%	592	0,00%	1.009.215	4,85%
Current maturities of long-term bank debt	ARS	1,398,427	7,50%	0	0,00%	3.056.484	8,34%	2.047.930	5,22%
Current maturities of long-term bank debt	US\$	903,426	3,63%	0	3,42%	5.002.201	3,63%	3.989.944	3,42%
Current maturities of long-term bank debt	EUR	0	0,00%	0	0,00%	0	0,00%	1.009.177	0,00%
Current maturities of long-term bank debt	GBP	0	0,00%	263,619	0,00%	0	0,00%	0	0,00%
Current maturities of long-term bank debt	GBP	229,614	4,83%	0	0,00%	225.054	0,00%	0	0,00%
Current maturities of long-term bank debt	EUR	0	0,00%	0	0,00%	891.929	3,42%	0	0,00%
Bonds payable	UF	0	0,00%	0	0,00%	299.087	0,00%	298.828	0,00%
Current portion of long-term debt due to banks and financial institutions	UF	49,355	7,09%	84,264	3,90%	148.298	6,93%	101.095	0,00%
Dividends payable	Ch\$	1,846,718	0,00%	1,809,112	0,00%	0	0,00%	0	0,00%
Accounts payable	Ch\$	12,608,457	0,00%	21,610,494	0,00%	0	0,00%	0	0,00%
Accounts payable	ARS	449,356	0,00%	313,674	0,00%	0	0,00%	0	0,00%
Accounts payable	US\$	883,637	0,00%	380,393	0,00%	0	0,00%	0	0,00%
Accounts payable	EUR	60,905	0,00%	38,420	0,00%	0	0,00%	0	0,00%
Accounts payable	GBP	415,718	0,00%	130	0,00%	0	0,00%	0	0,00%
Accounts payable	UF	293	0,00%	0	0,00%	0	0,00%	0	0,00%
Notes payable	Ch\$	16,114	0,00%	0	0,00%	0	0,00%	0	0,00%
Notes payable	US\$	434,339	0,00%	228,625	0,00%	0	0,00%	0	0,00%
Notes payable	UF	405,121	0,00%	408,218	0,00%	0	0,00%	0	0,00%
Notes payable	EUR	1,374,707	0,00%	611,394	0,00%	0	0,00%	0	0,00%
Notes payable	SEK	0	0,00%	6,059	0,00%	0	0,00%	0	0,00%
Notes payable	ARS	720,793	0,00%	913,620	0,00%	0	0,00%	0	0,00%
Notes and accounts payable to related companies	Ch\$	1,314,473	0,00%	3,269,458	0,00%	0	0,00%	0	0,00%
Other accounts payable	Ch\$	341,841	0,00%	459,814	0,00%	0	0,00%	0	0,00%
Other accounts payable	US\$	80,646	0,00%	269,698	0,00%	0	0,00%	0	0,00%
Other accounts payable	CAD	35,426	0,00%	75,278	0,00%	0	0,00%	0	0,00%
Other accounts payable	EUR	142,295	0,00%	81,811	0,00%	0	0,00%	0	0,00%
Other accounts payable	UF	1,562,794	0,00%	248	0,00%	0	0,00%	0	0,00%
Other accounts payable	GBP	12,186	0,00%	19,401	0,00%	0	0,00%	0	0,00%
Accrued expenses	Ch\$	7,074,808	0,00%	5,688,532	0,00%	0	0,00%	0	0,00%
Accrued expenses	CAD	370,738	0,00%	478,232	0,00%	0	0,00%	0	0,00%
Accrued expenses	US\$	4,157,747	0,00%	4,824,692	0,00%	0	0,00%	0	0,00%
Accrued expenses	GBP	2,089,876	0,00%	4,574,859	0,00%	0	0,00%	0	0,00%
Accrued expenses	EUR	1,255,080	0,00%	1,518,530	0,00%	0	0,00%	0	0,00%
Accrued expenses	UF	24,268	0,00%	57,564	0,00%	0	0,00%	0	0,00%
Accrued expenses	ARS	469,463	0,00%	1,226,928	0,00%	0	0,00%	0	0,00%
Withholdings	UF	4,603	0,00%	6,454	0,00%	0	0,00%	0	0,00%
Withholdings	Ch\$	2,257,536	0,00%	863,958	0,00%	0	0,00%	0	0,00%
Withholdings	CAD	3,284	0,00%	4,551	0,00%	0	0,00%	0	0,00%
Withholdings	US\$	549,269	0,00%	659,652	0,00%	0	0,00%	0	0,00%
Withholdings	EUR	47,253	0,00%	64,647	0,00%	0	0,00%	0	0,00%
Withholdings	GBP	353,960	0,00%	522,561	0,00%	0	0,00%	0	0,00%
Withholdings	ARS	260,055	0,00%	717,798	0,00%	0	0,00%	0	0,00%
Income taxes payable	Ch\$	0	0,00%	713,203	0,00%	0	0,00%	0	0,00%
Income taxes payable	GBP	0	0,00%	178,638	0,00%	0	0,00%	0	0,00%
Deferred revenue	Ch\$	347,050	0,00%	629,094	0,00%	0	0,00%	0	0,00%

	Currency	UP TO 90 DAYS				91 DAYS TO 1 YEAR			
		31-12-2005		31-12-2006		31-12-2005		31-12-2006	
		Amount	Annual average interest rate	Amount	Annual average interest rate	Amount	Annual average interest rate	Amount	Annual average interest rate
Deferred revenue	US\$	0	0,00%	237,235	0,00%	0	0,00%	0	0,00%
Deferred revenue	GBP	3,301	0,00%	0	0,00%	0	0,00%	0	0,00%
Other current liabilities	Ch\$	0	0,00%	0	0,00%	0	0,00%	0	0,00%
Other current liabilities	US\$	6,482	0,00%	364,935	0,00%	0	0,00%	0	0,00%
Other current liabilities	EUR	8,751	0,00%	0	0,00%	0	0,00%	0	0,00%
Other current liabilities	GBP	6,602	0,00%	0	0,00%	0	0,00%	0	0,00%
Other current liabilities	CAD	2,775	0,00%	0	0,00%	0	0,00%	0	0,00%
<b>Total current liabilities</b>									
	Ch\$	25.898.045		35,239,560		592		6.639.430	
	US\$	7,163,597		8,710,753		13,251,151		18.775.811	
	UF	2,148,696		658,920		5,673,385		399.923	
	EUR	2,888,991		2,325,684		2,368,981		2.087.380	
	ARS	4,202,403		3,453,636		3,056,484		2.047.930	
	GBP	3,874,465		5,559,208		225,054		1.048.314	
	SEK	-		6,059		-		-	
	CAD	412,223		558,061		-		-	

#### Note 30 - Foreign and Domestic Currency, continued

	Currency	Long-term liabilities as of December 31, 2006							
		1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Annual average interest rate	Amount	Annual average interest rate	Amount	Annual average interest rate	Amount	Annual average interest rate
Long-term bank debt	UF	1,421,069	4,85%	5,913,483	4,85%	0	0,00%	0	0,00%
Long-term bank debt	US\$	8,136,694	5,36%	0	0,00%	0	0,00%	0	0,00%
Long-term bank debt	Ch\$	9,500,000	5,31%	0	0,00%	0	0,00%	0	0,00%
Other long-term accounts payable	UF	1,078,611	0,00%	4,314,442	3,90%	10,786,106	3,90%	20,493,601	3,90%
Long-term accrued expenses	UF	306,057	5,75%	81,151	5,75%	0	0,00%	0	0,00%
Amount payable to related companies	Ch\$	1,733,877	0,00%	0	0,00%	0	0,00%	0	0,00%
Amount payable to related companies	Ch\$	87,289	0,00%	0	0,00%	0	0,00%	0	0,00%
Long-term accrued expenses	Ch\$	1,006,318	0,00%	0	0,00%	0	0,00%	0	0,00%
Long-term deferred taxes	Ch\$	8,739,504	0	0					
<b>Total long-term liabilities</b>									
	UF	2,805,737		10,309,076		10,786,106		20,493,601	
	US\$	8,136,694		-		-		-	
	EUR	-		-		-		-	
	Ch\$	21,066,988		-		-		-	
	GBP	-		-		-		-	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

## Note 31 - Sanctions

As of December 31, 2006, the Company and its subsidiaries, directors and/or administrators have not been subject to fines or sanctions from the Superintendency of Securities and Insurance or any other Chilean regulating agency.

## Note 32 - Subsequent Events

Between December 31, 2006 and the date of issuance of these financial statements, no subsequent events have occurred, which might affect the presentation and/or presentation of these financial statements.

## Note 33 - Environment

During 2005 and 2006, the Company invested and disbursed funds destined, directly or indirectly, to the improvement of environmental conditions in compliance with certain local water use regulations. The detail of these disbursements is as follows:

## Note 34 - Prepaid Expenses

Other Non-operating expenses	as of December 31,	
	2005 ThCh\$	2006 ThCh\$
Next harvest expenses	8,604,093	9,214,897
Prepaid rent	20,381	68,656
Prepaid insurance	443,012	448,009
Other prepaid expenses	419,415	383,953
<b>Total</b>	<b>9,486,901</b>	<b>10,115,515</b>

## Note 35 - Sales

The detail of these is as follows:

	as of December 31,	
	2005 ThCh\$	2006 ThCh\$
Sale of wine	196,529,824	208,332,510
Sale of bottling services	2,423,914	1,783,433
Sale of other products	6,641,971	5,726,854
<b>Total sales</b>	<b>205,595,709</b>	<b>215,842,797</b>

## SIGNIFICANT EVENTS

March 24, 2006

The Company communicated to the Chilean Superintendency of Securities and Insurance (SVS) and Chilean Stock Exchanges of the call to a General Ordinary Shareholders' Meeting to be held on April 25, 2006 with the purpose of discussing the following matters:

1. Approval of the Annual report, Balance Sheet, Financial Statements and Report of External Auditors for the year between January 1 and December 31, 2005.
2. Income distribution and dividend policy.
3. Appointment of External Auditors for the year 2006.
4. Set Board of Directors' remuneration.
5. Set remuneration of the directors who are members of the Committee referred to in Article No. 50 bis of Law No. 18,046; and set the expense budget for this Committee for the year 2006.
6. Determine the newspaper in which the call for the next Shareholders' Meeting will be published.
7. Inform of the operations performed by the Company in accordance with Article No. 44 of Law No. 18,046.
8. Other matters which are the competence of the Shareholders' Ordinary Meeting.

March 24, 2006

The Company informed to the SVS and Stock Exchanges of the following dividend policy proposed to the shareholders at the General Ordinary Shareholders' Meeting:

Distribute with a charge to net income for the year 2005, the last final dividend No. 223 of Ch\$ 3.10 per share which will be paid on May 25, 2006. This amount is added to dividends distributed as provisional dividends with a charge to net income for 2005, namely, dividends Nos. 220 and 221 both for the amount of Ch\$ 2.50 per share paid on September 30 and December 30, 2005, respectively, and dividend No. 222 of Ch\$ 2.50 which will be paid on March 31, 2006.

Maintain as dividend policy the payment of 40% of net income. Thus, it is the Board of directors' intention to distribute, with a charge to net income obtained during 2006, three dividends Nos. 224, 225 and 226 for a sum of Ch\$2.50 each per share, which will be paid as provisional dividends on September 29 and December 29, 2006 and March 30, 2007, respectively. Additionally, a fourth dividend will be paid for the amount necessary to complete 40% of net income for the year 2006, which will be paid in May 2007, upon being cognizant and approving net income for the year by shareholders at the respective Ordinary Shareholders' Meeting.

Compliance with the dividend policy indicated herein will be dependant on cash availability generated and therefore the Board of Directors will be able to modify both amounts and payment dates, if necessary.

April 26, 2006

The Company informed the SVS and Stock Exchanges of the following dividend policy proposed to the shareholders at the General Ordinary Shareholders' Meeting held on April 25, 2006:

Distribute with a charge to net income for the year 2005, the last final dividend No. 223 of Ch\$ 3.10 per share which will be paid on May 25, 2006. This amount is added to dividends distributed as provisional dividends with a charge to net income for 2005, which were dividends Nos. 220 and 221 both for the amount of Ch\$ 2.50 per share paid on September 30 and December 30, 2005, respectively, and dividend No. 222 of Ch\$ 2.50 which was paid on March 31, 2006.

Maintain as dividend policy the payment of 40% of net income. Thus, it was informed that it is the Board of directors' intention to distribute, with a charge to net income obtained during 2006, three dividends Nos. 224, 225 and 226 for a sum of Ch\$2.50 each per share, which will be paid as provisional dividends on September 30 and December 29, 2006 and March 31, 2007, respectively. The payment of these dividends will depend on the Company's cash availability. In addition, a fourth dividend would be paid for the amount necessary to complete 40% of net income for the year 2006, on the date determined by the shareholders at the General Ordinary Shareholders' Meeting that will be held in the year 2007.

## Subsidiaries and Affiliates

### **Inversiones Concha y Toro S.A.**

**Tax ID** 96.921.850-K

**Address**

Avda. Santa Rosa 0837, Paradero 43, Puente Alto, Santiago

**Direct and indirect equity interest**  
100%

**Paid-in Capital**

ThCh\$12,784,925

**Business Purpose**

To engage in all kinds of trade operations and, in particular, the import, export, purchase, selling, distribution, acquisition and general disposal of all kinds of merchandise within Chile or abroad. Carry out all forms of the business. Constitute, form a part thereof or acquire voting rights or shares in any kind of company in Chile or abroad.

**Business Relationship with Parent**

Controls the companies Comercial Peumo Limitada, Sociedad Exportadora y Comercial Viña Maipo Limitada, Villa Alegre S.A., and VCT Internacional S.A.. In addition, Inversiones Concha y Toro S.A. owns 50% of Viña Cono Sur S.A. All of these companies are subsidiaries of the Parent Company.

**Directors**

Eduardo Guilisasti Gana (M)  
Thomas Domeyko Cassel (M)  
Osvaldo Solar Venegas (M)  
Rafael Guilisasti Gana (D)  
Cristián Ceppi Lewin (M)

**General Manager**

Eduardo Guilisasti Gana (M)

### **VCT Internacional S.A.**

**Tax ID** 99.513.110-2

**Address**

Nueva Tajamar N°481, Torre Norte, piso 15. Las Condes, Santiago

**Direct and indirect equity interest**  
100%

**Paid-in Capital**

ThCh\$ 14,063,075

**Business Purpose**

To effect, preferably abroad, long-term or short-term investment in any class of asset pertaining to the business interests of the Parent, as well as forming and participating in any kind of company, preferably abroad.

**Business Relationship with Parent**

The company controls the Parent's financial interests in its Argentine subsidiary, Trivento Bodegas y Viñedos S.A.

**Directors**

Alfonso Larraín Santa María (Chairman) (D)  
Eduardo Guilisasti Gana (M)  
Osvaldo Solar Venegas (M)

### **Sociedad Exportadora y Comercial Viña Maipo Ltda.**

**Tax ID** 82.117.400-7

**Address**

Nueva Tajamar 481, Torre Norte, Oficina 505. Las Condes, Santiago

**Direct and indirect equity interest**  
100%

**Paid-in Capital**

ThCh\$ 20,060

**Business Purpose**

The manufacture, packaging, bottling, distribution, purchase, sale, export, import and trade in whatever form of wines and sparkling wines.

**Business Relationship with Parent**

The company holds financial interests in the Parent's subsidiaries Transportes Viconto Ltda., Concha y Toro UK Limited, Comercial Peumo Limitada, Viña Cono Sur S.A. and VCT Internacional S.A.



## Comercial Peumo Ltda.

**Tax ID** 85.037.900-9

### Address

Avda. Santa Rosa 0837, Paradero 43, Puente Alto, Santiago

**Direct and indirect equity interest**  
100%

### Paid-in Capital

ThCh\$ 2,290,732

### Business Purpose

To engage in all kinds of trade operations and, in particular, the import, export, purchase, selling, distribution, acquisition and general disposal of all kinds of merchandise within Chile and abroad. Execute any form of trade operation or other business activities that the partners agree upon.

### Business Relationship with Parent

The company holds a stake in the Parent's subsidiaries Transportes Viconto Limitada, and Trivento Bodegas y Viñedos S.A.

It sells, distributes and markets products in Chile made by the Parent and its subsidiaries. A specially trained sales force at Comercial Peumo Limitada handles wholesale and retail trade and sales via Internet.

### General Manager

Cristián Canevaro Jaramillo

### Principal Contracts with the Parent

Buying and selling of wine and other products of the Parent, its subsidiaries and associated companies.

## Viña Cono Sur S.A.

**Tax ID** 86.326.300-K

### Address

Nueva Tajamar 481, Torre Sur, Oficina 1602. Las Condes, Santiago

**Direct and indirect equity interest**  
100%

### Paid-in Capital

ThCh\$ 435,090

### Business Purpose

The manufacture, packaging, distribution, purchase, sale, export, import and trade in whatever form of wines, champagne and liquors.

### Business Relationship with Parent

Production and sale of grapes and wines under its own labels.

### Directors

Eduardo Guillisasti Gana (Chairman) (M)  
Isabel Guillisasti Gana (M)  
Osvaldo Solar Venegas (M)  
J. Antonio Manasevich G. (M)  
José Guillisasti Gana

### General Manager

Adolfo Hurtado Cerda

### Principal Contracts with the Parent

Buying and selling of grapes and other products with the Parent and the company Comercial Peumo Limitada. Bottling contract with the Parent company.

## Villa Alegre S.A.

**Tax ID** 96.585.740-0

### Address

Avda. Santa Rosa 0837, Paradero 43. Puente Alto, Santiago

**Direct and indirect equity interest**  
100%

### Paid-in Capital

ThCh\$ 154.828

### Business Purpose

The production, development, distribution and trade of mineral waters, as well as the production, development, distribution and trade of all types of natural soft drinks, agricultural or livestock products and by-products and others related to this line of business.

The company ended its productive operations in October 2004. During 2006, there were no movements.

## Subsidiaries and Affiliates

### Trivento Bodegas y Viñedos S.A.

**Tax ID** 3368989817-9

**Address**

Canal Pescara 9347, Russell C.P.5517, Maipú. Mendoza, Argentina

**Direct and indirect equity interest**  
100%

**Paid-in Capital**

ThCh\$ 6,583,056

**Business Purpose**

The production, trade, bottling of wine and alcoholic beverages and importing and exporting of wine and products related to its objective.

**Business Relationship with Parent**

Production, in Argentina, and sale of grapes and wines under its own labels.

**Directors**

Alfonso Larraín Santa María (Chairman) (D)  
Rafael Guilisasti Gana (D)  
Tomás Larraín León (SM)

**General Manager**

Tomás Larraín León

### Finca Lunlunta S.A.

**Tax ID** 30-70913379-5

**Address**

Canal Pescara 9347, Russell C.P.5517, Maipú. Mendoza, Argentina

**Direct and indirect equity interest**  
100%

**Paid-in Capital**

ThCh\$ 2,214

**Business Purpose**

Production, sale and fractionation of wine and alcoholic beverages, as well as importation and exportation of wine and related products.

**Business Relationship with Parent**

Trade in grapes and wine under its own brands

**Directors**

Tomás Larraín León  
María Elena Molina (deputy)

**General Manager**

Tomás Larraín León

### Concha y Toro UK Limited

**Company Number**

4131411

Registered in England and Wales

**Address**

MWB Business Exchange Oxford  
John Eccles House  
Robert Robinson Avenue  
Oxford Science Park  
Oxford OX4 4GP

**Direct and indirect equity interest**  
100%

**Paid-in Capital**

ThCh\$ 663

**Business Purpose**

Import, distribution, sale and trade in any way whatsoever of wine or sparkling wine.

**Business Relationship with Parent**

The company distributes products of the Parent and the latter's subsidiary and affiliated companies in the United Kingdom

**Directors**

Osvaldo Solar Venegas (M)  
Thomas Domeyko Cassel (M)

**General Manager**

Cristián López Pascual

**Principal Contracts with the Parent**

Trade in products with the Parent and the latter's subsidiary and affiliated companies.

## Cono Sur Europe Limited

### Company number

5231308

Registered in England and Wales

### Address

Amberley Place, 107-111 Peascod Street,  
Windsor, Berkshire

SL4 1TE

Great Britain

### Direct and indirect equity interest

100%

### Paid –in Capital

ThCh\$ 114

### Business Purpose

Wine importation and distribution in Europe.

## Transportes Viconto Ltda.

### Tax ID 85.687.300-5

### Address

Nueva Tajamar 481, Torre Sur, Piso 15.

Las Condes, Santiago

### Direct and indirect equity interest

100%

### Paid –in Capital

ThCh\$ 30,696

### Business Purpose

Provide all manner of freight and transport-services related, both within and outside Chile, using trucks and other means of transport, as well as any other business or activity agreed upon by the partners.

### Business Relationship with Parent

The company ships wine produced by the Parent and its subsidiaries to various points of sale or distribution. It is equipped with its own as well as leased vehicles.

### Principal Contracts with the Parent

Freight of bulk wine and finished products.

## Viña Palo Alto Limitada

(former Sociedad Exportadora y Comercial Oneworldwines Ltda.)

### Tax ID 84.712.500-4

### Address

Nueva Tajamar 481, Torre Norte, Piso 15.

Las Condes, Santiago

### Direct and indirect equity interest

99%

### Paid-in Capital

ThCh\$ 24,469

### Business Purpose

Production, packaging, fractionation, distribution, buying, selling, import, export and trade of wine and champagne in any way whatsoever.

### Business Relationship with Parent

The company holds a stake in the Parent's subsidiaries Inversiones Concha y Toro S.A., Sociedad Exportadora y Comercial Viña Maipo Limitada.

## Subsidiaries and Affiliates

### Viña Almaviva S.A.

**Tax ID** 96.824.300-4

**Address**

Avda. Santa Rosa 821, Paradero 45,  
Casilla 274. Puente Alto, Santiago

**Direct and indirect equity interest**  
50%

**Paid-in Capital**

ThCh\$ 2,073,199

**Business Purpose**

This company's main objective is to produce and trade (including the export and distribution) of distinctive, Super Premium quality wines.

**Directors**

Rafael Guilisasti Gana (D)  
Eduardo Guilisasti Gana (M)  
Enrique Tirado S. (M)  
Xavier de Eizaguirre (Chairman)  
Philippe Dhalluin  
Pierre Guinchard

**General Manager**

Felipe Larraín Vial

**Principal Contracts with the Parent**

Trade in products.

### Industria Corchera S.A.

**Tax ID** 90.950.000-1

**Address**

Jorge Cáceres 220. La Cisterna, Santiago

**Direct and indirect equity interest**  
49.84%

**Paid-in Capital**

ThCh\$ 5,072,318

**Business Purpose**

Production, manufacture, import, export, distribution and trade of cork, its derivatives and substitutes, as well as stoppers and caps. Representation of machinery and other input, provision of wine industry services, real-estate investment and execution of any other business related to the purpose.

**Business Relationship with Parent**

The company supplies the Parent and the latter's subsidiary and affiliated companies with corks and other material related to bottling.

**Directors**

Eduardo Morandé Fernández (Chairman)  
Antonio Ataíde Pereira  
Agostinho Henriques  
José Antonio Manasevich G. (M)  
Christophe Fouquet  
Osvaldo Solar Venegas (M)

**General Manager**

Juan de Magalhaes-Calvet

**Principal Contracts with the Parent**

Contract for supplying corks and other material for bottling (caps, stoppers, capsules and the like).

## Share Transactions

The following tables show share transactions in 2006 and 2005, all of which are considered financial investments, effected by the chairman, directors, general manager, senior management and major shareholders.

### Share Transactions/2006

	Relationship	Av Price	Shares Bought	Ch\$	Shares Sold	Ch\$
Rentas Santa Bárbara S.A.	Major S.	760.00	11,375	8,645,000		
Inversiones Totihue S.A.	Major S.	796.05	10,000	7,960,490		
Pablo Guillisasti Urrutia	Major S.	776.87			21,375	16,605,490
Teresa Vial de Larrain	Chairman	800.00			5,737,500	4,590,000,000
Rodrigo Vial Larrain	Chairman	760.00	637	484,120		
Inversiones Maquegua Ltda.	Chairman	800.00	5,737,500	4,590,000,000		
Foger Soc. Patrimonial	Director	755.01	40,000	30,200,400		
Marín y Cía.	Director	700.00	57,000	39,900,000		
Fontecilla Concha Mariano	Director	755.00			40,000	30,200,000
Cía. De Inversiones El Milagro	Director	750.09	32,900	24,678,077		
Christian Skibsted Cortés	Director	683.00	17,500	11,952,500		
Leonor Calvo de Rodriguez	Controlling G.	802.00			110,000	88,220,000
Ases. Inv. Bonbini y Cía Ltda.	Manager	725.50	9,350	6,783,425		
Ases. Inv. CML y Cía Ltda.	Manager	770.10			18,572	14,302,297

### Share Transactions/2005

	Relationship	Av Price	Shares Bought	Ch\$	Shares Sold	Ch\$
Rentas Santa Bárbara S.A.	Major S.	890.00	190,593	169,627,770		
Inversiones Totihue S.A.	Major S.	889.79	105,161	93,571,980		
Pablo Guillisasti Urrutia	Major S.	890.00			25,000	22,250,000
Inversiones Quivolgo S.A.	Chairman	786.47	1,508,791	1,186,619,890		
La Gloria S.A.	Chairman	754.82	56,594	42,718,470		
Cía. De Inversiones El Milagro	Director	728.38	168,143	122,472,777		
Adriana Fontecilla Jaramillo	Director	790.00			3,791	2,994,890
Rodrigo Fontecilla Jaramillo	Director	1,045.00			3,791	3,961,595
Francisco Fontecilla Lira	Director	903.00	545	492,135		
Francisco Fontecilla Lira	Director	900.00			545	490,500
El Mayorazgo S.A.	Director	698.89	90,000	62,900,000		
Sergio Calvo Salas	Controlling G.	715.00			475,913	340,277,795
Cristián Canevaro Jaramillo	Manager	893.01	11,100	9,912,411		
Ases. Inv. CML y Cía Ltda.	Manager	700.00	18,572	13,000,400		



## Stock Market Information

	Number of shares traded	Traded Volume ThCh\$)	Average Price (Ch\$)
<b>2004</b>			
I Quarter	29,213,599	15,022,438	514
II Quarter	19,731,640	11,186,930	567
III Quarter	10,984,926	7,230,991	658
IV Quarter	16,692,224	13,378,698	801
<b>2005</b>			
I Quarter	19,569,677	16,582,982	847
II Quarter	20,529,123	18,269,548	890
III Quarter	26,416,634	24,791,545	938
IV Quarter	32,650,125	24,572,495	753
<b>2006</b>			
I Quarter	35,612,423	27,019,198	759
II Quarter	22,112,907	15,510,717	701
III Quarter	30,533,850	23,475,058	769
IV Quarter	41,182,474	33,200,928	806

Includes transactions on the Santiago Stock Exchange, the Valparaiso Stock Exchange and the Electronic Exchange. Does not include transactions in the New York Stock Exchange.



