As filed with the Securities and Exchange Commission on July 2, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F
ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006 Commission File number 001-13358

Viña Concha y Toro S.A.
(Exact name of Registrant as specified in its charter)

Concha y Toro Winery Inc.
(Translation of Registrant's name into English)

Republic of Chile
(Jurisdiction of incorporation or organization)

Casilla 213
Nueva Tajamar 481
Torre Norte, Piso 15
Santiago, Chile
(562) 476-5000
(Address and telephone number of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares ("ADS"), each representing 20 Shares of common stock	New York Stock Exchange
Shares of common stock ("Shares" or "Common Stock"), without nominal (par) value, of Viña Concha y Toro S.A.	New York Stock Exchange*

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:
Shares of common stock without nominal (par) value 719,170,735

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

If this is an annual or transition report, indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the Registrant is large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer ☐ Accelerated Filer ☒ Non-accelerated Filer ☐

If this is an annual report, indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate by check mark which financial statement item the Registrant has elected to follow.
Item 17 ☐ Item 18 ☒

* Not for trading, but only in connection with the registration of ADS.

* Omitted because the item is not applicable

** The Registrant has responded to Item 18 in lieu of this Item.

CERTAIN DEFINED TERMS

Unless otherwise specified, all references to "U.S. dollars," "dollars" or "US$" are to United States dollars and all references to "Chilean pesos," "pesos" or "Ch$" are to Chilean pesos. Viña Concha y Toro S.A. ("Concha y Toro" or the "Company"), a corporation (*sociedad anónima abierta*) formed under the laws of the Republic of Chile ("Chile"), publishes its consolidated financial statements in Chilean pesos, adjusted to reflect changes in purchasing power due to inflation. See Notes 2(d), 23 and 37 to the audited consolidated balance sheets of the Company and its subsidiaries as of December 31, 2005 and 2006 and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2004, 2005 and 2006 (the "Consolidated Financial Statements") contained in Item 18. Unless otherwise specified, financial information regarding the Company is presented in constant Chilean pesos as of December 31, 2006 and in accordance with generally accepted accounting principles in the Republic of Chile ("Chilean GAAP"). Chilean GAAP varies in certain important respects from generally accepted accounting principles in the United States ("U.S. GAAP"). See Note 37 to the Consolidated Financial Statements contained in Item 18. Amounts in tables appearing in this Annual Report may not total due to rounding.

Glossary of Special Terms

Lees: Sediment composed of dead yeast cells and other particles remaining in wine after fermentation. Red wine is transferred off this sediment. Some white wines are left on their lees (*sur lie*) to add flavor and complexity.

Maceration: Refers to period during which the must or wine remains in contact with the grape skins. Alcohol acts as a solvent, extracting color, tannin and aroma from the skins.

Malic Acid: Component of wine. Accounts for green and sour taste of wine made from unripe grapes. See "malolactic fermentation."

Malolactic fermentation: Conversion by bacteria (not yeast) of malic acid into lactic acid. Softens wine and reduces overall acidity. A process now applied to all red wines, but not all white wines.

Must: Freshly crushed grape juice (with or without skins), pre-fermentation.

Table Wines: Non-sparkling wines with at least 11.5% alcohol by volume, which are traditionally consumed with food.

Vinífera: Of, relating to or being derived from premium grapes used in wine making.

Viniculture/Viticulture: The cultivation of grapes.

Units of Measure

1 Case	=	9 Liters
Centigrade	=	5/9 (Fahrenheit° - 32)
1 Hectare	=	2.47 Acres
1 Kilogram	=	2.2 Pounds
1 Kilometer	=	.62 Miles
1 Liter	=	1.057 Quarts
1 Milliliter	=	1/1000 Liter
1 U.S. Ton	=	2,000 Pounds or 907 Kilograms

The Company's principal trademarks used in its business are registered in Chile, including Concha y Toro, Tocornal, Maipo, Fressco, San José, Sunrise, Frontera, Casillero del Diablo, Trio, Terrunyo, Don Melchor, Amelia, Cono Sur, Isla Negra and Trivento. While the Company also registers these trademarks in most of its principal foreign export markets, it does not have registrations for all of its trademarks in all of its foreign export markets.

FORWARD-LOOKING STATEMENTS

This Annual Report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the Company with respect to these items. Forward-looking statements contained in this Annual Report may be identified by the use of forward-looking terminology, such as "anticipate," "continue," "estimate," "expect," "intend," "may," or the negative thereof or other variations thereon or comparable terminology. In particular, among other statements, certain statements in Item 4 — "Information on the Company — Business Overview" with regard to management objectives, trends in market shares, market standing and product volumes, and the statements in Item 5 — "Operating and Financial Review and Prospects" and Item 11 — "Quantitative and Qualitative Disclosures About Market Risk," with regard to trends in results of operations, margins, overall market trends, interest rates, and exchange rates are forward-looking in nature. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances which will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the risk factors identified in Item 3 — "Key Information — Risk Factors" of this Annual Report and in the Company's Registration Statement on Form F-1, filed with the Securities and Exchange Commission on October 13, 1994 (No. 33-84298), levels of consumer spending in major economies, changes in consumer tastes and preferences, the levels of marketing and promotional expenditures by the Company and its competitors, raw materials and employee costs, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2: OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3: KEY INFORMATION

Selected Historical Financial Data

The following table presents selected consolidated financial data, under the captions "Consolidated Income Statement Data — Chilean GAAP," and "Consolidated Balance Sheet Data — Chilean GAAP," as of December 31, 2005 and 2006 and for each of the years in the three-year period ended December 31, 2006 derived from the Consolidated Financial Statements included elsewhere herein and from the Consolidated Financial Statements as of December 31, 2002, 2003, and 2004 and for each of the years in the two-year period ended December 31, 2003, not included in this Annual Report. The Consolidated Financial Statements of the Company as of and for December 31, 2006 have been audited by KPMG Auditores Consultores Limitada, an independent registered public accounting firm. The Consolidated Financial Statements as of December 31, 2004 and 2005 and for each of the years in the three-year period ended December 31, 2005 have been audited by Deloitte & Touche, Sociedad de Auditores y Consultores Ltda., an independent registered public accounting firm. This information should be read in conjunction with the Consolidated Financial Statements. The Consolidated Financial Statements are prepared in accordance with Chilean GAAP, which differs in certain important respects from U.S. GAAP. Note 37 to the Consolidated Financial Statements provides a description of the principal differences between Chilean GAAP and U.S. GAAP that affect the financial statements of the Company, the effects of such differences on the calculation of shareholders' equity and net income, and a reconciliation to U.S. GAAP of shareholders' equity at December 31, 2005 and 2006 and of net income for each of the years in the three-year period ended December 31, 2006. All information expressed in Chilean pesos, except dividends, is presented in constant Chilean pesos at December 31, 2006 purchasing power based on the Chilean Consumer Price Index ("CPI").

	As of and for the Year Ended December 31,				
	2002	2003	2004	2005	2006
	Ch$	Ch$	Ch$	Ch$	Ch$
	(Expressed in millions of constant Ch$, except financial ratios and dividends per share)				
Consolidated Statement of Income Data					
Chilean GAAP:					
Revenue from sales	140,516	166,540	199,410	205,596	215,843
Operating income	22,459	23,920	32,153	25,432	24,323
Non-operating income (expense), net	(1,323)	(115)	(3,046)	(2,445)	(3,886)
Net income	17,862	20,148	24,000	19,439	16,161
Net income per share	24.8	28.0	33.4	27.0	22.5
Net income per ADS(1)	496	560	668	540	450
Dividend declared per share	9.08	10.34	12.62	10.60	9.0
Weighted average number of shares outstanding (2)	719,170,735	719,170,735	719,170,735	719,170,735	719,170,735
U.S. GAAP:					
Revenues from sales	140,516	166,540	199,410	205,596	215,843
Operating income	22,519	23,522	32,185	25,158	24,205
Net income	18,235	20,475	24,233	21,339	16,111
Basic and diluted earnings per share	25.4	28.5	33.7	29.7	22.4
Weighted average number of shares outstanding (2)	719,170,735	719,170,735	719,170,735	719,170,735	719,170,735
Consolidated Balance Sheet Data					
Chilean GAAP:					
Total assets	213,836	236,760	272,825	314,430	343,276
Long-term debt	14,992	20,653	32,747	61,540	62,031
Shareholders' equity	139,717	149,796	165,047	173,724	182,156
Capital stock	45,667	45,667	45,667	45,667	45,667
Addition paid-in-capital - share premium	5,329	5,329	5,329	5,329	5,329
U.S. GAAP:					
Total assets	212,646	233,161	271,753	312,443	342,322
Long-term debt	14,992	20,653	31,956	61,540	62,031
Shareholders' equity	134,065	144,102	159,116	170,933	179,482
Selected Financial Ratios (3)					
Chilean GAAP:					
Operating margin	16.0%	14.4%	16.1%	12.4%	11.3%
Net Margin	12.7%	12.1%	12.0%	9.5%	7.5%
Debt to equity	27.4%	31.2%	38.1%	52.2%	52.5%
Debt to capitalization	21.5%	23.8%	27.6%	34.3%	34.4%
U.S. GAAP:					
Operating margin	16.0%	14.1%	16.1%	12.2%	11.2%
Net Margin	13.0%	12.3%	12.2%	10.4%	7.5%
Debt to equity	28.5%	32.5%	39.5%	53.1%	53.3%
Debt to capitalization	22.2%	24.5%	28.3%	34.7%	34.8%
Consumer Price Index(4)	3.0%	1.0%	2.5%	3.6%	2.1%

(1) Determined by multiplying per share amounts by 20 (1 ADS = 20 Shares), unaudited.

(2) Calculated on the basis of the number of shares outstanding and fully paid together with the pro-rata portion of the number of shares outstanding but not yet fully paid for each period.

(3) These ratios, which are expressed as percentages, were calculated as follows: Operating margin = (Operating income)/(Revenues from sales); Net margin = (Net income)/(Revenues from sales); Debt to equity = (Short and long-term borrowing)/(Total shareholders' equity); Debt to capitalization = (Short and long-term borrowing)/(Short and long-term borrowing plus Total shareholders' equity). Ratios presented have been rounded.

(4) Based on Chile's Consumer Price Index ("CPI") for the period December 1 to November 30 of each year required to be used for price-level restatement purposes under Chilean GAAP.

Unless otherwise indicated, U.S. dollar equivalent information, except export figures, for information in Chilean pesos, is based on the Observed Exchange Rate for December 31, 2006, which was Ch$532.39 per U.S. dollar. No representation is made that the Chilean peso or U.S. dollar amounts shown herein could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at any particular exchange rate or at all.

Exchange Rates

Banco Central de Chile (the "Central Bank of Chile") authorizes three types of exchange rates in Chile: (i) a reference rate set by the Central Bank of Chile, (ii) a rate set in the formal institutional market for foreign exchange currency, and (iii) a rate set in a less regulated informal market for foreign exchange.

Pursuant to Law 18840, the Central Bank of Chile sets the *dólar acuerdo*, which is a forecast of exchange rates used as a reference exchange rate (the "Reference Exchange Rate"). The Reference Exchange Rate is published by the Central Bank of Chile for each day of the next month based on the following considerations: (i) the previous month's domestic inflation rate, (ii) a factor for international inflation and (iii) a formula pegged to the U.S. dollar, the Japanese yen and the Euro. These three currencies were chosen because they are the currencies of Chile's principal trading partners.

The Central Bank of Chile also authorizes commercial banks and certain other entities to conduct foreign exchange transactions on a free market basis (the "Formal Exchange Market"). The daily average exchange rate (the "Observed Exchange Rate") at which transactions are carried out in the Formal Exchange Market is published daily in Chilean newspapers. Prior to September 2, 1999, participants of the Formal Exchange Market were authorized to carry out their transactions within a specified range above or below the Reference Exchange Rate (the "Exchange Band"). As of September 2, 1999, the Central Bank of Chile eliminated the Exchange Band, allowing the exchange rate to fluctuate freely. The Central Bank of Chile has announced a policy to intervene in the Formal Exchange Market only in certain exceptional cases, which interventions will be publicly disclosed.

The *Mercado Cambiario Informal* (the "Informal Exchange Market") is a currency market comprised of exchange houses and money changers in Chile. The Informal Exchange Market reflects the supply and demand for foreign currency and the rate of exchange in the Informal Exchange Market can fluctuate freely, above or below the Observed Exchange Rate. Since 1990, the rate of exchange for pesos into U.S. dollars in the Informal Exchange Market has been similar to that in the Formal Exchange Market. The Observed Exchange Rate as of May 31, 2007 was Ch$525.1 per U.S. dollar.

The following table sets forth the annual high, low, average and year-end Observed Exchange Rates for U.S. dollars for each year indicated, and for each month during the six previous six months, as reported by the Central Bank of Chile. The Federal Reserve Bank of New York does not report any buying rate for Chilean pesos.

Annual High, Low, Average and Year-End
Observed Exchange Rate

	Ch$ per US$			
Year	**High**(1)	**Low**(1)	**Average**(2)	**Period-end**
2002	756.56	641.75	689.24	718.61
2003	758.21	593.10	691.54	593.80
2004	649.45	559.21	609.55	557.40
2005	592.75	509.70	559.86	512.50
2006	549.63	511.44	530.26	532.39
December, 2006	534.43	524.78	527.58	532.39
January, 2007	545.18	532.39	540.51	544.49
February, 2007	548.67	535.29	542.27	540.07
March, 2007	541.95	535.36	538.49	539.21
April, 2007	539.69	527.08	532.30	525.96
May, 2007	527.52	517.64	522.02	525.10

(1) Exchange rates are the actual high and low, on a day-by-day basis, for each period.
(2) The average of the daily rates during the period.

Source: Central Bank of Chile.

Risk Factors

Risks Relating to the Company

Agricultural Risks. Wine-making and grape-growing are subject to a variety of agricultural risks. Diseases, pests, drought, frosts and certain other weather conditions can materially and adversely affect the quality, quantity and cost of grapes available to the Company from its own vineyards and from outside suppliers, thereby materially and adversely affecting the supply of the Company's products and its profitability.

The last severe freeze occurred in October 1991, and mainly affected the vineyards located in the Maipo region. From 1996 to 1998, Chile experienced drought conditions which had an impact on the quality and yields of the grapes. Future freezes or drought conditions in Chile could severely affect the quantity or quality of the production of wine by the Company. See Item 4 — "Information on the Company — Chilean Wine Industry Overview."

Phylloxera, a pest which attacks the roots of grapevines, has widely infested vineyards outside of Chile but to date has never been found in Chilean vineyards. The Company, like most Chilean wine grape growers, still uses the French root varieties which are susceptible to phylloxera. While the Company carefully screens new root stock for signs of infestation, and regulations imposed by the *Servicio Agrícola y Ganadero* (the "Chilean Agriculture Service") require that all vegetation introduced into Chile be isolated under observation for a period of two years, there can be no assurance that the Company's vineyards and other Chilean vineyards will continue to be phylloxera-free. Infestation could have a material adverse effect on the Company while vineyards are being replanted and as they come into full production. See Item 4 — "Information on the Company — Chilean Wine Industry Overview — Phylloxera."

Risks Associated with Higher Taxes, Tariffs. In 2006, the Company's export sales to third parties and sales of its foreign subsidiaries represented 76.9% of total revenues. Wines are subject to a number of taxes and tariffs, including excise taxes in the United States, in the UK and the Company's other principal export markets. Additional increases in such taxes and tariffs could depress wine consumption in those markets and could adversely affect the Company's sales.

In addition, there is a risk that other countries could impose or threaten to impose restrictions on imports of certain countries' wines in connection with trade negotiations with such countries. Although Chile has not been the specific target of such actions or threats from the United States, the European Union or other countries, if restrictions were imposed on Chilean wines, they could have a material adverse effect on the Company.

Increases in Chilean taxes on wine could adversely affect the Company's wine sales in Chile.

Government Regulation. The production and sale of wine is subject to extensive regulation within and outside of Chile. Those regulations control matters such as licensing requirements, trade and pricing practices, permitted and required labeling, advertising and relations with wholesalers and retailers. For example, it is the current policy of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives that any statements made by a wine producer promoting the potential health benefits of wine must be balanced and must include appropriate statements regarding the established harmful effects of alcohol use. In recent years, U.S. federal and state regulators have required warning labels and signage. Currently the Chilean Congress is discussing a new law that will regulate labeling of alcoholic beverages in Chile. There can be no assurance that new or revised regulations or increased licensing fees and related requirements will not have a material adverse effect on the Company's business and its results of operations. See Item 4 — "Information on the Company — Government Regulation." Future expansion of the Company's existing facilities and development of new vineyards and wineries may be limited by present and future zoning ordinances and other legal requirements. Availability of water and requirements for handling waste water can limit the Company's growth. While the Company believes that it will continue to be in compliance with all applicable environmental regulations, there can be no assurance that future legislative or regulatory developments will not impose restrictions which would have a material adverse effect on the Company. See Item 4 — "Information on the Company — Government Regulation."

Dependence on Distributors. The Company relies on distributors to sell its products in export markets. Sales to the Company's largest distributor, Banfi Products Corporation ("Banfi") in the United States represented 15.0% of the Company's total export revenues in 2006, and 23.4% of total export revenues in 2005. Sales to the Company's five largest distributors, including Banfi, represented 26.5% and 44.3% of total export revenues in 2006 and 2005, respectively, and are expected to continue to represent a substantial majority of the Company's total export revenues in the future. The Company has written agreements with most of its distributors – usually 2 to 3 year terms, automatically renewable. In addition, the Company's strategy to expand sales in major export markets is to a large extent dependent on the performance of its distributors. See Item 4 — "Information on the Company — Business Overview — Company Sales — Export Markets — Distribution in Export Markets."

Distributors and retailers of the Company's products often offer wines which compete directly with the Company's products for shelf space and consumers. Accordingly, there is a risk that these distributors or retailers may give higher priority to products of the Company's competitors. There can be no assurance that the Company's distributors and retailers will continue to purchase the Company's products or provide the Company's products with adequate levels of promotional support. See Item 4 — "Information on the Company — Business Overview — Company Sales — Export Markets — Distribution in Export Markets."

Dependence on Suppliers. The Company relies on *Cristalerías de Chile S.A.* ("Cristalerías") to supply almost all of its bottle requirements. Cristalerías is a principal shareholder of one of the Company's main competitors, *Viña Santa Rita S.A.* ("Santa Rita"). Although the Company believes that alternate suppliers are available, an interruption in the supply of bottles from Cristalerías to the Company for any reason could result in a short-term material adverse effect on the Company's operations.

The Company has a license from *Tetra Pak de Chile Comercial Ltda.* ("Tetra Pak Chile") to package wine in Tetra Brik packages, and purchases these unassembled pre-printed packages from Tetra Pak Chile. Wine sold in Tetra Brik packages accounted for approximately 71.2% and 56.0% of the Company's domestic sales by volume and value, respectively, in 2006 and 72.3% and 60.3%, respectively, in 2005. Although the Company believes that alternate suppliers are available, an interruption in the supply of Tetra Brik packages to the Company for any reason could result in a short-term material adverse effect on the Company's operations. See Item 4 — "Information on the Company — Business Overview — Bottling."

The Company currently relies on approximately 650 outside vineyards for supplies of grapes and approximately 50 producers for bulk wine. In 2006 and 2005, approximately 72%, of the grapes used in the production of its premium, varietal, bi-varietal and sparkling wines were purchased by the Company from independent growers in Chile. Additionally, in 2006, the Company purchased grapes and bulk wine required to produce approximately 100% of the popular wines sold by the Company. Most of the Company's agreements with growers only cover one year's production and are renewed from year to year. In 2006, the Company had long-term contracts with up to approximately 22% of its growers.

Disruptions of supplies of grapes or wine or increases in prices from these outside suppliers could have a material adverse effect on the Company's results of operations.

Competition. The wine industry in Chile and in the Company's export markets is intensely competitive. In Chile and in approximately 115 other countries, the Company's wines compete with wines and other beverages from Chile and other countries. Chilean wines, in general, compete with wines produced in the United States, Europe, Australia, South Africa, South America and New Zealand. In addition, the Company's wines compete with other beverages including soft drinks, liquors, beer and, in Chile, pisco (a Chilean grape spirit). Many of the Company's competitors in Chile and abroad have significantly greater financial resources than the Company.

Due to competitive factors, the Company may not be able to increase prices of its wines in line with rising farming, vinification, selling and promotional costs. See Item 5 — "Operating and Financial Review and Prospects." There can be no assurance that in the future the Company will be able to compete successfully with its current competitors or that it will not face greater competition from other wineries and beverage manufacturers. See Item 4 — "Information on the Company — Company Sales — Chilean Markets — Local Competition" and " — Company Sales — Export Markets — Export Sales and Competition."

Dependence on Consumer Spending. The success of the Company's business depends on a number of factors which may affect the level of consumer spending and consumer spending patterns in Chile and in the Company's export markets, including the general state of the economy, tax rates, the deductibility of business entertainment expenses under applicable tax laws, and consumer preferences, confidence and income. Changes in consumer spending in Chile and in the Company's export markets can affect the quantity and price of wines that customers are willing to purchase. Such changes may result in reduced demand and lower prices for the Company's products, limitations on the Company's ability to pass through increased taxes and higher product costs to price-sensitive consumers, increased levels of selling and promotional expenses and decreased sales of the Company's higher-priced premium and varietal wines. Consequently, changes in consumer spending could have a material adverse effect on the Company. See Item 5 — "Operating and Financial Review and Prospects."

Difficulty of Enforcing Judgments Under U.S. Federal Securities Laws. The ability of a purchaser of American Depository Shares ("ADS") of the Company to enforce judgments under the U.S. federal securities laws against the Company or its directors and executive officers may be limited by several factors.

The Company is a *sociedad anónima abierta* (an "open stock corporation") organized under the laws of Chile. All of the company's directors and officers and many of its advisors reside outside of the United States (principally in Chile). All or a substantial portion of the assets of the Company and of these persons are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States on the Company or its officer, directors or advisors, or to enforce against them in United States courts judgments obtained in United States courts predicated upon the civil liability provisions of the U.S. federal securities laws.

The Company's *Estatutos* (the "By-Laws") provide that all legal actions brought by shareholders in their capacity as such, or among shareholders and the Company or its directors and executive officers, must be submitted to arbitration in Chile by an arbitrator chosen by mutual consent of both parties. If the parties cannot select an arbitrator acceptable to both, an arbitrator will be appointed by the ordinary courts of Chile which, the Company believes, would likely appoint a Chilean arbitrator. The By-Laws also provide that the arbitrator would act as an *árbitro arbitrador*, who under Chilean law would not be required to apply any particular body of law or procedures and would be authorized to decide the matter in accordance with his or her view of what is just and equitable. Although the *Ley de Sociedades Anónimas* ("Chilean Corporation Law") grants shareholders the right to bring actions against a Chilean company in the ordinary courts of Chile in certain cases, the Chilean Supreme Court has held in one case that a shareholder may not submit a claim against a corporation to the ordinary courts where, as in the case of the Company, the By-Laws provide only for arbitration. This case, however, would not be controlling precedent in a subsequent case under Chilean law. Therefore, a Chilean court could interpret Chilean law and the By-Laws to require that a claim brought by a holder of ADS predicated upon U.S. federal securities laws be submitted in Chile to arbitration. Moreover, because an arbitrator is not required to apply any particular body of law or procedure to decide a matter, it is not clear that an arbitrator would consider a claim predicated upon U.S. federal securities laws. Under Chilean law, therefore, there is doubt as to the ability of ADS holders to bring actions against the Company or its officers, directors or advisors based upon U.S. federal securities laws whether in Chilean courts or arbitration proceedings.

In addition, a court in the United States might require that a claim predicated upon the U.S. federal securities laws be submitted to arbitration in accordance with the By-Laws. In that event, a purchaser of ADS would be effectively precluded from pursuing remedies under the U.S. federal securities laws in U.S. courts.

The Company has been advised by its Chilean counsel, Cruzat, Ortúzar & Mackenna Ltda. – Baker & McKenzie Abogados, that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments. Chilean courts, however, have enforced judgments rendered by United States courts by virtue of the legal principle of reciprocity and comity, consisting of the review in Chile of the United States judgment in order to ascertain whether certain basic principles of due process and public policy have been respected without reviewing the merits of the subject matter in the case. Nevertheless, the Company has been advised by Cruzat, Ortúzar & Mackenna Ltda. – Baker & McKenzie Abogados that there is doubt as to the enforceability in Chile of judgments rendered by United States courts in actions predicated upon the civil liability of the U.S. federal securities laws.

Seasonality. The wine industry in general, and the Company in particular, have historically experienced, and are expected to continue to experience, seasonal fluctuations in revenues and net income. In the past, the Company has had lower sales and net income during the first quarter and higher sales and net income during the third and fourth quarters. The Company expects this trend to continue. Sales can fluctuate significantly between quarters, depending on the timing of certain holidays and promotional periods, and on the rate at which distributor inventories are depleted through sales to wine retailers. Sales volume tends to decrease if distributors begin a quarter with larger inventory levels, which is typically the case in the first quarter of each year. See Item 4 — "Information on the Company — Business Overview — Seasonality."

Risks Relating to Chile

Dependence on the Chilean Economy. As of December 2006, 92% of the Company's assets were located in Chile. In 2006 and 2005, sales in the Chilean market accounted for approximately 23.1% and 26.2%, respectively, of the Company's total revenues. Historically, domestic wine sales show a high degree of correlation with the economic situation prevailing in a country. Accordingly, the Company's financial condition and results of operations are dependent to a significant extent upon economic conditions prevailing in Chile. The main Chilean indicators for 2005 and 2006 were:

- GDP grew 5.7% in 2005 and 4.0% in 2006.
- Private consumption grew 7.9% in 2005 and 7.1% in 2006.
- The unemployment rate was 7.9% and 6.0% in December 2005 and 2006, respectively. As of April 2007, the unemployment rate was 6.8% compared to 8.6% in April 2006.
- Levels of investment increased 21.9% in 2005 and 4.0% in 2006. As a percentage of GDP, investment stood at 24.1% in 2005 and 2006.

Source: Central Bank of Chile.

The Company's financial condition and results of operations could also be adversely affected by changes which the Company has no control over, including:

- the economic or other policies of the Chilean government, which has a substantial influence on many aspects of the private sector;
- other political or economic developments in or affecting Chile; and
- regulatory changes or administrative practices of Chilean authorities.

The Company's financial condition and results of operations also depend to some extent on the level of economic activity in both Latin American and other countries. Although economic conditions are different in each country, investors' reactions to developments in one country may affect the securities of issuers in other countries, including Chile.

Volatile and Illiquid Nature of the Market for the Common Stock in Chile. The Common Stock of the Company is traded on the *Bolsa de Comercio de Santiago* (the "Santiago Stock Exchange"), the *Bolsa Electrónica de Chile* and the *Bolsa de Corredores — Bolsa de Valores* (collectively, the "Chilean Exchanges"). The Chilean securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United States. The Santiago Stock Exchange, which is Chile's principal exchange and which accounted for over 86% of Chile's equity trading volume in 2006, had a market capitalization of approximately US$174 billion as of December 31, 2006, and an average monthly trading of US$2,419 million. The ten largest companies in terms of market capitalization represented approximately 48.3% of the aggregate market capitalization of the Santiago Stock Exchange as of December 31, 2006. Daily share trading volumes on the Santiago Stock Exchange are on average substantially lower than those on the principal national securities exchanges in the United States. The ten most widely-traded stocks in terms of trading volume accounted for approximately 50.2% of all trading volume on the Santiago Stock Exchange in 2006. During 2006, approximately 22% of the securities listed on the Santiago Stock Exchange traded an average of 85% or more of the trading days.

In addition, the Chilean securities markets may be affected by developments in other emerging markets, particularly other countries in Latin America.

Currency Fluctuations. The Chilean peso has been subject to large fluctuations in value in the past, most recently during 2004, 2005 and 2006, and may be subject to significant fluctuations in the future. See "Exchange Rates." Fluctuations in the exchange rate between the Chilean peso and other currencies affect the performance of the Company's ADS, as well as its financial condition and results of operation in a variety of ways.

Because the ADS are denominated in U.S. dollars, a decrease in the value of the Chilean peso relative to the U.S. dollar may adversely affect the value of the Company and its Common Stock underlying the ADS. Whether a depreciation of the Chilean peso would adversely affect the value of the Company and its assets would depend on a variety of factors, including the ability of the Company and investors to access the foreign exchange markets in Chile, the timing, volume and execution of the Company's treasury functions to convert foreign currency into Chilean pesos, the value of revenues denominated in foreign currency relative to Chilean pesos, the relative balances of Chilean pesos and foreign currency owned by the Company at any time, and market perceptions of the severity of the impact of such events on the Company. If these and other factors, which may influence the value of the Company and its assets in either direction, have an aggregate negative effect on the value of the Company and its assets, a depreciation of the value of the Chilean peso would result in a decrease of the valuation of the assets underlying the ADS in U.S. dollar terms, thereby resulting in a decrease in the value of the ADS.

Because the Company's export sales are primarily denominated in foreign currencies, changes in these foreign currencies to the Chilean peso may adversely affect the financial condition and results of operations of the Company. Over 76.9% of the Company's revenues are related to foreign sales that are denominated in U.S. dollars, Euros, Sterling Pounds, Canadian dollars, and Argentine pesos (sales of the Argentine subsidiaries). Changes in these foreign currencies relative to the Chilean peso may result in operating losses for the Company and its subsidiaries. In order to mitigate the short-term effect of changes in currency exchange rates, the Company enters into, from time to time, forward exchange agreements. See Item 5 — "Operating and Financial Review and Prospects."

The Company holds assets in Argentine pesos through its Argentine subsidiaries, whose assets are subject to currency fluctuation. Since 2004, the Company has used financial instruments to minimize this effect. For 2006, 2005 and 2004, the Company recognized Ch$122 million, Ch$106 million and Ch$290 million, respectively, of losses due to the conversion of the financial statements and the depreciation of the Argentine peso.

Because the Company purchases some of its supplies at prices set at U.S. dollars and sells the products in other currencies, the Company is exposed to foreign exchange risks that may adversely affect its financial condition and results of operations. Most notably, the Company purchases bottles, corks and Tetra Brik packages at prices set in U.S. dollars. To the extent that the Company sells products with these components for pesos or other non-U.S. currencies, changes in the exchange rate of the U.S. dollar relative to these other currencies may result in losses and adversely affect the Company's financial and operating results. See Item 5 — "Operating and Financial Review and Prospects."

In addition, cash distributions with respect to shares of Common Stock underlying the ADS are paid by the Company to the Depositary on behalf of shareholders in Chilean pesos. The Depositary then converts the pesos to U.S. dollars at the then prevailing exchange rate to pay the dividend on the ADS in U.S. dollars. If the value of the Chilean peso falls relative to the U.S. dollar between the declaration of dividends and the distribution of such dividends by the Depositary, the amount of U.S. dollars distributed to holders of ADS will decrease. See "Exchange Rates."

Restrictions on Foreign Investment and Repatriation. The Law of the Central Bank of Chile authorizes the Central Bank of Chile to regulate foreign exchange transactions, including those relating to ADS facilities. At the time the ADS facility was issued, the Central Bank had issued certain regulations (the "Former Regulations") imposing the obligation to obtain the previous authorization from the Central Bank of Chile and the execution of an agreement with such bank in order to proceed with an ADS facility.

Due to the above, the ADS facility is subject to a contract between the Depositary, the Company and the Central Bank of Chile (the "Foreign Investment Contract") that grants the Depositary and the holders of the ADS access to Chile's Formal Exchange Market and permits the Depositary to remit dividends received from the Company to holders of ADS without restriction. See Item 10 — "Additional Information — Exchange Controls" for a more detailed description of the new regulations and the Foreign Investment Contract.

Under the Foreign Investment Contract, transferees of shares withdrawn from the ADS facility will not be entitled to access Chile's Formal Exchange Market unless the withdrawn shares are redeposited with the Depositary. Cash and property dividends paid by the Company with respect to ADS held by a non-Chilean resident holder are subject to a 35% Chilean withholding tax, which is withheld by the Company. However, stock dividends are deemed a non-taxable event pursuant to Chilean Income Tax Law, and, thus, are not subject to Chilean taxation. See Item 10 — "Additional Information — Taxation."

The Foreign Investment Contract is currently in force and will continue to govern the ADS facility until all parties agree to terminate it. If the Foreign Investment Contract is terminated, the ADS facility would then become subject to the New Regulations (as defined below). Under Chilean legislation, a Foreign Investment Contract may not be altered or affected adversely by actions of the Central Bank of Chile.

The Central Bank of Chile relaxed foreign exchange restrictions in year 2002, allowing entities and individuals to purchase, sell, keep and remit abroad foreign currency without restrictions, although the Central Bank of Chile still imposes obligations to file reports of such transactions with it.

The Central Bank of Chile adopted a new Foreign Exchange Regulations Compendium (the "New Regulations") published in the Official Gazette on January 23, 2002 and effective as of March 1, 2002. The New Regulations impose only three levels of restrictions or obligations on foreign exchange transactions in Chile: (i) certain transactions requiring exchange of foreign currency must be conducted through the Formal Exchange Market (i.e., a commercial bank) and reported to the Central Bank of Chile (e.g., investments, loans, deposits and certain other transactions in excess of US$10,000); (ii) certain transactions requiring exchange of foreign currency to be remitted abroad must be conducted through the Formal Exchange Market without any reporting obligation (e.g., all license and royalty payments to be remitted abroad); and (iii) certain transactions requiring exchange of foreign currency must only be reported to the Central Bank of Chile (i.e., payments regarding import and export transactions, etc.).

Because the Law of the Central Bank of Chile authorizes the Central Bank of Chile to regulate foreign exchange transactions, including those relating to ADS facilities, it may re-establish more restrictive regulations on foreign exchange affecting ADS holders of the Company at any time. Therefore in the event the Foreign Investment Contract were terminated, an amendment to the New Regulations could, among other things, restrict the ability of ADS holders to dispose of the underlying shares of Common Stock of the ADS or to repatriate proceeds of the Common Stock. The duration or impact of any such restrictions would be difficult to assess.

Differences in Corporate Disclosure and Accounting-Taxation Standards. The principal objective of Chile's securities laws that govern publicly traded companies, such as the Company, is to promote disclosure of all material corporate information to investors. In addition, Chilean law imposes restrictions on insider trading and price manipulation. However, the Chilean securities markets are not as highly regulated and supervised as the U.S. securities markets, and Chilean disclosure requirements differ from those in the United States. These differences may result in fewer protections for holders of ADS than if United States securities laws governed the company's domestic securities transactions.

There are also important differences between Chilean and U.S. accounting principles and reporting standards. As a result, Chilean financial statements and reported earnings may differ from those reported based on U.S. accounting and reporting standards. Dividends can be paid only from the Company's income determined in accordance with Chilean GAAP.

Differences in Shareholders' Rights. The corporate affairs of the Company are governed by Chilean law and the By-Laws. The By-Laws perform functions similar to those performed by both the certificate of incorporation and the bylaws of a corporation incorporated in the United States. See Item 10 — "Additional Information — Estatutos (By-Laws)." Principles of law applicable to the Company and its shareholders, however, differ from those that would apply if the Company were incorporated in the United States. In addition, the shareholders of the Company may have fewer or less well-defined rights protecting their interests under Chilean law than they would have as shareholders of a corporation governed by the laws of a U.S. jurisdiction.

Inflation. Although inflation in Chile has moderated in recent years, historically Chile has experienced high levels of inflation. High levels of inflation in Chile could adversely affect the Chilean economy and have a material adverse effect on the Company's financial condition and results of operations. The annual rates of inflation for 2006, 2005 and 2004 were 2.1%, 3.6% and 2.5%, respectively.

The Company believes that moderate inflation will not materially affect its business in Chile. Notwithstanding the foregoing, there can be no assurance that inflation in Chile will not increase significantly from its current levels and that the operating results of the Company or the value of the ADS will not be affected adversely by a continuation of or an increase in the level of inflation.

ITEM 4: INFORMATION ON THE COMPANY

History and Development of the Company

Concha y Toro is a corporation (*sociedad anónima abierta*) organized under the laws of Chile. The Company's deed of incorporation was executed on December 31, 1921 and the Company was registered in the Registro de Comercio de Santiago on November 6, 1922. The Company's principal executive offices are located at Nueva Tajamar 481, Torre Norte, Piso 15, Santiago. The Company's telephone number at that location is (562) 476-5000 and the Internet address is www.conchaytoro.com. The complete legal name of the Company is Viña Concha y Toro S.A.

The Company is the largest Chilean producer and exporter of wines in terms of both volume and value, with total wine sales in 2006 of 194 million liters and Ch$208,333 million, respectively, representing 97% of 2006 total revenues which totaled Ch$215,843 million.

The Company was founded in 1883 by Don Melchor Concha y Toro and Don Ramón Subercaseaux Mercado. Don Melchor was the grandson of Don Mateo de Toro y Zambrano, who presided over the first government following Chile's independence from Spain in 1810. The family had received the title of Marqués de Casa Concha from King Philip V of Spain in 1718. The winery was established in the Pirque region, on the border of the Maipo River, on land which belonged to Don Melchor's wife, Doña Emiliana Subercaseaux. The vines used came from Bordeaux, France and were the traditional varieties of that area: Cabernet Sauvignon, Merlot, Sauvignon Blanc and Semillon. These varieties were brought to Chile before phylloxera devastated French vineyards. M. de Labouchère, a French oenologist, came to Chile to oversee the planting and the first harvest. The Company remained a family business until 1921, when the Concha family decided to convert it into a limited liability stock company and issued shares to all of its family members. In 1933, these shares began trading on the Santiago Stock Exchange.

The Company owns and operates vineyards that grow grapes for use in the Company's wine-making operations, vinification plants (which convert grapes into wine), bottling plants and its wine distribution network. Within Chile, the Company owns and operates vineyards, located in Chile's eight principal wine growing regions. In addition to its properties in Chile, the Company owns 981 hectares of arable land near Mendoza, Argentina.

In domestic and export markets, the Company's bottled wines are sold in the premium, varietal, bi-varietal and sparkling wine segments. In the domestic and export markets, the Company sells popular wines, packaged primarily in one liter, 1.5, and 2.0 liter Tetra Brik packages. A small quantity of wine, 0.2% of total revenues, was sold in bulk form in domestic and export markets.

The Company sells its premium wines under brand names including: Don Melchor, Carmín de Peumo, Amelia, Terrunyo, Marqués de Casa Concha, Casillero del Diablo, Trio and Late Harvest. The Company sells its varietal and bi-varietal wines under the brand names Sunrise, Concha y Toro and Frontera. In addition, the subsidiaries, Viña Cono Sur,Viña Maipo and Trivento, market their wines under the brand names Cono Sur, Isla Negra, Maipo and Trivento. The Company sells popular wines under the brand names Tocornal, Clos de Pirque, Exportación and Fressco. See Item 4 — "Information on the Company — Chilean Wine Industry Overview — Wine Classifications," "— Business Overview — Company Sales — Chilean Markets" and " — Company Sales — Export Markets."

The Company's first initiative toward the development of more complex wines was the launching of Casillero del Diablo in 1965. Casillero del Diablo was made from selected grapes and aged two years longer than the standard Cabernet Sauvignon then being produced. Today, Casillero del Diablo is the largest seller among the Company's premium wines. In the past four years, the Company's marketing efforts have been focused on its Casillero del Diablo brand. Through a global marketing campaign that started in August 2001 and with a new packaging launched in 2002, the Company's target is to transform Casillero del Diablo into a global brand. In 2006, sales of Casillero del Diablo totaled 2 million cases.

The Company has produced sustained growth in recent years in all areas of its business, maintaining its position as the undisputed leader in the Chilean wine industry. Concha y Toro has strongly penetrated the principal external markets, where the brand enjoys high recognition and growing brand preference. Different factors have contributed to the Company's strength in both the domestic and external markets. Most notable are its investments in the latest technologies and production techniques for producing premium and super-premium wines, the growth of and constant innovation in its own production,and the launching of new products in the premium segment. In addition, it has a solid distribution network that complements an export strategy based on the market diversification and the constant search for new ones.

The Company also believes that it has competitive advantages in export markets due to the lower production costs in Chile compared to its competitors in other principal wine-making countries such as the United States.

The Company conducts its operations directly and through subsidiaries. The Company's distribution business in Chile is conducted through its wholly-owned subsidiaries *Comercial Peumo Ltda.* ("Comercial Peumo") and *Transportes Viconto Ltda.* ("Transportes Viconto"). In December 2000, the Company formed a fully-owned sales and distribution subsidiary in the United Kingdom, Concha y Toro UK Limited. This subsidiary commenced operations in March 2001. See Item 4 — "Information on the Company — Business Overview — Other Businesses."

The Company's wholly-owned subsidiary, *Sociedad Exportadora y Comercial Viña Maipo Ltda.* ("Viña Maipo"), currently exports Viña Maipo brand wines and holds investments in affiliated companies. The Company's wholly-owned subsidiary, *Viña Cono Sur S.A.*, is involved in the sale, both in the local and export market, of Cono Sur and Isla Negra brand wines. In 1996, the Company, through Comercial Peumo and Viña Maipo, acquired *Viña Patagonia S.A.* ("Viña Patagonia"), the Company's first non-Chilean subsidiary. In 2001, Viña Patagonia changed its trading name to Trivento Bodegas y Viñedos S.A. ("Viña Trivento", "Trivento") to reinforce the marketability of Trivento, its main brand and range of wines. Viña Trivento is located near Mendoza, Argentina. In 1997, Viña Trivento obtained its first harvest and commenced exporting activities during the fourth quarter of 1997. The operating assets of Viña Trivento primarily include a total of 981 hectares of land, with 903 hectares corresponding to arable land, cellars with a capacity of 27.3 million liters and other wine-making equipment.

In 1997, the Company and *Baron Philippe de Rothschild S.A.* ("Rothschild S.A.") formed a joint venture company organized under the laws of Chile, named "*Baron Philippe de Rothschild - Concha y Toro S.A.*" The joint venture company changed its name to *Viña Almaviva S.A.* in June 1998 ("Viña Almaviva"). The Company contributed approximately 40 hectares of producing vineyards located at Puente Alto to, and controls 50% of the capital of, Viña Almaviva. Viña Almaviva is expected to produce a "*Primer Orden*," or first-growth wine, the first of its kind ever produced in Chile. "*Primer Orden*" wines are regarded to be the equivalent of *Grand Cru Classé* wines from the Bordeaux region of France. In 1998, Viña Almaviva launched its first "*Primer Orden*" wines from its 1996 harvest under the name "Almaviva." Worldwide distribution of Almaviva, in all countries except for Chile, is handled by select "French traders" of Bordeaux, France. Distribution of Almaviva in Chile is handled by the Company.

In connection with Viña Almaviva, the Company and Rothschild S.A. entered into certain agreements for the distribution of their respective products in selected regions. Rothschild S.A. will oversee the marketing and distribution of the wines of the Company in France and in several markets in Asia (excluding Japan), and the Company will oversee the marketing and distribution of Rothschild S.A.'s wines throughout Latin America.

In addition, the Company, Rothschild S.A., and a former subsidiary of the Company *Bodegas y Viñedos*, *Santa Emiliana S.A.* ("Viñedos Emiliana") that licenses the Company to sell wine under its brand name as described further below, have agreed that during the life of Viña Almaviva (i) each party will not produce a Chilean wine similar to and in the same price range as the "*Primer Orden*" wines to be produced by Viña Almaviva, (ii) Rothschild S.A. will not produce and sell any Chilean wine, and the Company and Viñedos Emiliana will not produce and sell any French wine, without the other party's prior consent, and (iii) Rothschild S.A. will not sell or purchase any wine or grapes in Chile, and the Company and Viñedos Emiliana will not sell or purchase any wine or grapes in France, without the other party's prior consent.

In November 2000, the Company purchased 49.6% of *Industria Corchera S.A.* ("Industria" or "Industria Corchera"), a cork manufacturer. In connection with the acquisition, the Company and *Amorim & Irmaos S.G.P.S. S.A.* ("Amorim"), a Portuguese company that produces and distributes cork worldwide, entered into a shareholders' agreement providing for the transfer of shares and the administration of Industria Corchera. An English translation of the shareholders' agreement between the Company and Amorim is filed as Exhibit 4.2 to this Annual Report. The Company and Amorim jointly own 99.68% of the capital stock of Industria Corchera.

In addition to producing and bottling wine under its own labels, the Company has a license from Viñedos Emiliana to use Viñedos Emiliana's brand name in Chile. The Company bottles and sells in Chile for its own account a portion of its varietal wine production under Viñedos Emiliana's labels, paying royalties in exchange for such rights. In addition, under a contract with Viñedos Emiliana, the Company also bottles for a fee, wine produced by Viñedos Emiliana which is sold by Viñedos Emiliana for its own account under Viñedos Emiliana's labels in export markets. The Company and Viñedos Emiliana have a number of directors in common, as well as a significant percentage of common share ownership. See Item 7 — "Major Shareholders and Related Party Transactions — Related Party Transactions."

In March 2007, Concha y Toro signed an agreement with Viña Cánepa. The contract included the rent by Concha y Toro of Viña Cánepa's production facilities in Lo Espejo, Región Metropolitana, a plant consisting of a vinification and aging cellar and a warehouse for finished products, and a brand license agreement, in virtue of which Viña Concha y Toro will commercialize Cánepa and Mapocho brands in the domestic and international markets. Viña Canepa has a long tradition as a producer of premium wines in Chile; sales of Viña Canepa in 2006 totaled 4.8 million liters in the domestic market and in the export market Cánepa sold 118,700 cases of bottled wine and 1.9 million liters of bulk wine.

Business Strategy

Concha y Toro's business strategy seeks to sustain attractive growth rates and achieve an even greater brand penetration and visibility in the different markets. The Company has therefore developed a wide range of products with which to participate in all market segments, offering high-quality wines at competitive prices.

Concha y Toro has focused especially on growth in the premium category, a very attractive segment due to its growth potential and prices, which have enabled it to improve the sales mix and increase its average sales price.

Following this strategy, the Company has invested around Ch$175 billion over the last ten years in land, vineyards, infrastructure and other wine business, in order to increase its own production. It has also introduced the highest level technology to its production methods in the wine-making area, always with the objective of improving the quality of its wines. There has also been a constant development of new products, investigation into new grape varieties and incorporation of new grape-producing valleys.

In the commercial area, the global distribution network has been strengthened with the opening of the Company's own distribution offices in key markets.

At the same time, it has developed in Argentina the same business model as used in the Chilean strategy. Viña Trivento seeks sustained growth for its exports, reflecting the acceptance of Argentine wines in the principal markets.

In 2006, the Company made approximately Ch$19,883 million (approximately US$37 million) of capital investments, which included increasing its vinification and cellar capacity, planting new vineyards, increasing bottling capacity and buying new agriculture machinery, among others. The Company has established a capital expenditure budget of approximately Ch$26,000 million (approximately US$50 million) for 2007 to support expected future growth in sales, and the corresponding increase in demand for grapes and production capacity. Investments mainly comprise planting new vineyards, the construction of storage and vinification facilities, expansion of the bottling plant and acquisition of French and American oak barrels, for the production of all wines with an emphasis on premium and varietal wines. The Company expects to continue planting wine vines, and developing the corresponding infrastructure needed on certain properties owned by the Company in Chile, as well as in Argentina.

The Company believes that a key factor in its past success and in any future success is its ability to maintain competitive prices while improving the quality of its wines. In order to increase its market share in the domestic market, the Company has maintained price competitiveness with beer and wine from other producers, introduced new wines targeted at different consumer segments, and increased marketing and advertising support for its products. In export markets, the Company believes that it can continue to consistently offer high-quality wines at competitive prices in the premium, varietal and bi-varietal segments and that such wines can successfully compete with the best European, Australian, South African and U.S. wines. See Item 4 — "Information on the Company — Business Overview — Domestic Marketing Strategies" and " — Export Marketing Strategy."

Chilean Wine Industry Overview

Wine Producing Regions - Chile. Chile is a country well-suited for growing fruit, including grapes. Geographically, Chile is a strip of land running north to south approximately 4,345 kilometers (2,650 miles) long but only 400 kilometers (244 miles) at its widest point. It is bordered by the Andes Mountains to the east and the Pacific Ocean to the west. The area located between the town of La Serena in the north and the Bio-Bio River in the south, generally known as the Central Zone, is where vinífera grapes are grown.

The Central Zone stretches for approximately 500 kilometers (309 miles) and is located between 32° and 38° latitude south. This location coincides with the latitude band of 30° to 50°, in which virtually all of the world's wine-producing areas are located. For instance, California's vineyards are located at approximately 34° to 38° latitude north and Australia's vineyards at 32° to 40° latitude south. France's vineyards are farther north between 40° and 51° latitude north.

The climate of Chile's Central Zone is defined as temperate Mediterranean with an extended dry season. Rainfall mainly occurs during wintertime, with annual averages of 300 mm to 700 mm. Rainfall is strongly influenced by the El Niño and La Niña phenomenons. If El Niño brings rainier and warmer conditions, La Niña brings dry and colder weather. Springs are usually mild, albeit not completely frost-free; when they do hit, frosts strongly affect the production of grapes. The dry season spans from summertime to the early days of fall, a pattern which favors the ripening of both red and white grapes.

The Company owns or leases vineyards in the eight principal wine-growing regions in Chile. These regions include, from north to south: Limarí, Casablanca, Leyda, Maipo, Rapel, Cachapoal, Colchagua, Curicó and Maule. Most of these regions possess distinct weather and soil characteristics. However, they share the important characteristics of cool nights and hot days with daily temperature variations of 12°C to 20°C (54°F to 68°F) in the summer. This type of climatic condition is essential for the growing of "wine quality" grapes. See Item 4 — "Information on the Company — Business Overview — Vineyards."

Limarí Valley. Limarí is a transversal valley that runs from east to west, from the Andes to the Pacific, and is sited 400 kilometers (250 miles) north of Santiago. It is a fairly narrow valley limited by small mountainous chains to the north and south; its main features are sedimentary and mineral soils and a semi-arid climate with strong maritime influence, especially in the area closer to the Pacific Ocean. The absence of rainfall during ripening season, in addition to the extreme luminosity of the skies, makes for concentrated grapes with enhanced color and aromas. The varieties that benefit the most from this privileged setting are Chardonnay, Sauvignon Blanc and Syrah.

Casablanca Valley. The Casablanca Valley is located 100 kilometers (62 miles) northwest of Santiago and has deep, sandy, permeable soils and a cool climate. The Company believes that this region represents an exceptional microzone to produce premium white wines, such as Chardonnay and Sauvignon Blanc, due to its climatic conditions, especially its heavy maritime influence and morning fog during spring and summer.

Leyda Valley. One of the most recently created Chilean denominations, this small valley was only defined as a controlled origin in 2002. Leyda stretches to the very edge of the Pacific Ocean, and its characteristic lack of significantly high relief allows for the free entry of the strong oceanic influence. The ensuing frequent breezes, fresh temperatures and clayish soils make it a favorite spot for cold-climate white varieties and Pinot Noir.

Maipo Valley. The Maipo Valley, located just west of the Andes Mountains and south of Santiago, is renowned worldwide for the excellence of its red wines. The Maipo Valley has a Mediterranean-type climate, with a dry summer and high daily temperature variations due to a climatic combination of oceanic and Andean influences. Its soils are alluvial and colluvial, organically poor and abundant in gravel. They are irrigated with glacial waters flowing from the Andes mountain range.

Rapel Valley. The Rapel Valley is located 100 to 180 kilometers (62 to 112 miles) south of Santiago, between the cities of Rancagua and San Fernando. It has a warm climate and deep, rich alluvial soils, irrigated by water from the Rapel and Cachapoal Rivers. This region's production is oriented towards red wines.

Cachapoal Valley. Part of the greater Rapel Valley, Cachapoal is located 100 to 180 kilometers south of Santiago and covers the 80-kilometer long stretch (62 to 112 miles south of Santiago), between the cities of Rancagua and San Fernando. Its benign weather, normally lacking in frosts and warm summers, suits varieties which call for a delayed harvest, such as Carmenere. Irrigated by the Rapel and Cachpoal rivers, its soils have an alluvial origin and are deep and rich. Most of this valley's production is geared towards red wines.

Colchagua Valley. This valley is part of the grand Rapel Valley. Its soils vary from the deep and fertile sandy-clay loam organically rich soils to sandy soils. Its soils are irrigated by the water from the Tingiririca River. The valley is renowned for growing a wide range of grape varieties, where the Cabernet Sauvignon and Carmenere varieties stand out.

Curicó Valley. The Curicó Valley is similar to the Rapel Valley in terms of its geographic features, soil and climatic conditions. It is located between the Rapel and Maule Valleys, and its main commercial center is the city of Curicó.

Maule Valley. The Maule Valley is located to the south of Curicó Valley, 200 to 400 kilometers (124 to 248 miles) south of Santiago. This region has a warm climate, generous winter rains and organically rich soils. Wines produced from grapes grown in the Maule Valley typically have higher alcohol content.

Non-irrigated areas in the Maule Valley are planted with a rustic grape called País, which is used to produce table wine for the popular wines segment of the domestic market.

The Company believes that Chilean land suitable for grape cultivation is cheaper than comparable land in most of the other wine-producing areas of the world. Chilean vineyards take typically three to four years after planting to produce grapes that can be used for wine making. A vineyard can produce grapes suitable for vinification for up to 40 years or more. The annual growing season starts in September and lasts until March or April. Harvest occurs between March and April, depending on the location of the vineyard and the variety of the grape being grown.

Wine Producing Regions - Argentina. The Company believes that the wine growing regions surrounding Mendoza, Argentina are capable of producing world class wines and will complement the export products currently being made in Chile.

Maipú Region. The Maipú region is located in the upper part of the Mendoza River, 18 kilometers (11 miles) to the southeast of the city of Mendoza. This region has a temperate, dry climate. Its soil is alluvial and sandy, somewhat organically poor but with very good drainage characteristics. Day and nighttime temperatures vary by approximately 14ºC (57°F), which favors the production of red wines.

Tupungato Region. The Tupungato region is located 90 kilometers (56 miles) southwest of Mendoza and rises to approximately 1,100 meters (3,600 feet) above sea level. Its soils are similar to those found in the Maipú region. Because of the altitude and proximity to the Andes, the Tupungato Valley has a cooler climate than the Maipú region, which makes this region oriented towards the production of white wines.

Rivadavia Region. The Rivadavia region is located 80 kilometers (49 miles) southeast of Mendoza, and is part of East Mendocino region. Its altitude is 660 meters above sea level in a zone of sandy soil with very good drainage characteristics. The average temperature is higher than in the Maipú and Tupungato regions which, together with the availability of water from the Tunuyán River, allows for the optimal development of different varieties of grapes, the most important of which are the Malbec and Syrah varieties.

La Consulta-San Carlos Region. San Carlos region is located 110 kilometers (68 miles) southwest of Mendoza, in the region known as Valle de Uco, at the foot of the Andes Mountains. The altitude in this area ranges from 1000 m to 1200 m (from 3,280 to 3,937 feet) above sea level. Its soils are stony, sandy and very permeable, lacking in drainage or salinity problems, and are irrigated by the Tunuyán and Tupungato rivers. Daily temperature variation is 15ºC (27°F) of day-to-night fluctuation, an ideal scope for the development of optimum color and tannins in the grapes.

San Martín Region. San Martín is located 50 kilometers (31 miles) to the southeast of Mendoza. Altitudes in this zone sore up to 640 m to 750 m (2100 to 2460 feet) above sea level. Its sandy-loam and sandy-lime soils are irrigated by the Tunuyán and Mendoza rivers. The climate is temperate and is characterized by a pronounced annual temperature variation, a feature that favors the vine’s vegetative rest period.

Phylloxera. Phylloxera, a pest which attacks the roots of grapevines, has widely infested vineyards outside of Chile. The pest generally renders a vine unproductive within a few years following initial infestation. Although an infestation of phylloxera over time decreases the amount of fruit that a vine produces, it does not directly impair the quality of the fruit and poses no known human health hazards. Since no pesticide has been proven to be effective in stopping the spread of phylloxera, the only known solution is to replant infested vineyards with resistant root stock.

Chile is one of the few countries where pre-phylloxera Bordeaux cuttings are widely used, and as such, phylloxera has not been found in Chile to date. The Company still uses the original French root varieties, introduced from France approximately 120 years ago, which remain free of this pest. To protect itself from the possibility of phylloxera infestation, the Company carefully screens all cuttings before planting. Regulations imposed by the Chilean Agriculture Service require that all vegetation introduced into the country be isolated under observation for a period of two years. There can, however, be no assurance that the Company's and other Chilean producers' vineyards will remain free of phylloxera infestation. Infestation would have a material adverse effect on the Company and its production of grape crops.

Wine Classifications. Wines are classified by Chilean wine producers as either sparkling wines or table (still) wines. Sparkling wines are wines which obtain effervescence through a second alcoholic fermentation process. With the exception of popular wines, Chilean table wines are generally classified according to (i) the variety or varieties of vinífera grape from which they are made, (ii) region of origin and (iii) vintage. Table wines are also classified as either premium, varietal, bi-varietal or popular wines.

Premium wines are wines made from selected grapes of a single variety and aged in barrels. These wines receive extra care throughout the production process and command higher prices. Varietal wines can be made either of a single variety of grape or of a selective blend of varieties of grapes (known as bi-varietals). Popular wines are inexpensive wines which are not aged and are not made from a specific variety of grapes.

In 1995, the Ministry of Agriculture implemented a decree to regulate wine bottle labeling, which included the use of grape varieties, vintage years and regional denominations of origin. The decree was drafted by a committee (which included representatives of the Company) designated by the *Asociación de Viñas de Chile A.G.* (the "Exporters' Association"). The decree ordered that Chilean premium and varietal wines must contain at least 75% of the variety of grapes specified on the label. This decree enhanced the image of the Chilean wine industry, by providing for better information, quality, and transparency for the consumer. The Company has adopted most of the controls set forth in the decree and continues to benefit from the enhanced image of the Chilean wine industry.

Business Overview

Vineyards

In order to decrease its dependence on purchased grapes and wines and to gain greater control over the cost and quality of its principal raw material, the Company initiated a capital investment program in the beginning of the 1990s. During these years the Company has purchased land and planted vines for the production of grapes for its premium, varietal and bi-varietal wines in order to maintain its production of grapes in proportion to the growth in demand of its premium wines. Over the past few years the Company has acquired land in other wine regions in order to diversify the agricultural risk.

As of December 2006, the Company had approximately 7,983.5 arable hectares (approximately 19,719 acres) on thirty owned and six leased vineyards, located in the Limarí, Casablanca, Leyda, Maipo, Cachapoal, Colchagua, Curicó and Maule Valleys of the Central Zone in Chile and in seven vineyards in the Maipú, Tupungato, Rivadavia, San Carlos, Luján de Cuyo and San Martín regions in Argentina. As of December 2006 approximately 90% of the arable land owned or leased by the Company is planted with wine-producing grapes in various stages of maturity. Approximately 4,947 hectares (12,219 acres), or 79% of the Company's planted hectares in Chile, are planted primarily with five types of noble grapes: Cabernet Sauvignon, Merlot, Carmenere, Chardonnay and Sauvignon Blanc. In recent years, the Company has increased the planting of these five varieties of grapes in response to increasing consumer demand in the United States, Europe and Asia for premium and varietal wines. The Company believes that with the plantings of these noble grape varieties, it should be able to respond to the shift in consumer demand for premium and varietal wines made from these varieties of grapes. There can be no assurance, however, that consumer demand for these wines will increase in absolute terms or that consumption of wines produced by the Company from these varieties of grapes, as opposed to those produced by its competitors, will increase. In addition, there can be no assurance that competitors of the Company, either singly or in the aggregate, will not be in a better position to take advantage of changing consumer demand patterns for premium and varietal wines, by reason of planted acreage or otherwise.

The Company's remaining land under cultivation is planted mainly with Syrah, Pinot Noir, Malbec, Viognier, Pinot Blanc, Pinot Gris, Chenin Blanc, Riesling, Gewurztraminer and Sangiovese grapes.

The Company expects that the vines planted in 2003 will be in full production in 2007.

The table below shows the Company's currently-producing and newly-planted vineyards by valley as of December 2006.

Vineyards	Currently Producing[1]	Plantings 2003 - 2006	Fallow	Total Arable
	(in hectares)			
Chile				
Owned – Chile:				
Limarí Valley	287.5	149.6	234.2	671.3
Casablanca Valley	126.0	18.9	—	144.9
Leyda Valley	—	130.5	—	130.5
Maipo Valley	472.1	51.4	3.0	526.5
Cachapoal Valley – Rapel Valley[2]	581.3	511.5	550.8	1,643.6
Colchagua Valley – Rapel Valley	630.4	447.9	—	1,078.2
Curicó Valley	442.1	106.1	1.5	549.7
Maule Valley	1,605.9	191.6	6.1	1,803.6
Total Owned – Chile	4,145.2	1,607.5	795.5	6,548.2
Leased – Chile:				
Casablanca Valley[3]:	219.5	27.0	—	246.5
Maipo Valley[4]:	286.2	—	—	286.2
Total leased	505.7	27.0	—	532.7
Total Chile	**4,650.9**	**1,634.5**	**795.5**	**7,080.9**
Owned - Argentina				
Maipú	133.0	2.7	—	135.7
Rivadavia	154.0	83.7	—	237.7
Tupungato	143.7	—	—	143.7
La Consulta	—	127.9	—	127.9
San Martín	9.5	81.4	—	90.9
Luján de Cuyo	—	166.7	—	166.7
Total Argentina	**440.2**	**462.4**	**—**	**902.6**
Total	**5,091.1**	**2,096.9**	**795.5**	**7,983.5**

(1) The Company's current producing vineyards have an average age of approximately 12 years.

(2) These hectares do not include 102.1 hectares of fruit trees planted on the Company's Peumo and Idahue vineyards. This land can be returned to grape production.

(3) The Company leases three vineyards in the Casablanca Valley (93.73, 125.79 and 27 arable hectares) with leases expiring in 2023, 2028 and 2036, respectively.

(4) The Company leases this vineyard with 94 arable hectares in 1993 from *Sociedad Protectora de la Infancia* ("Protectora"), an unaffiliated, non-profit institution. The lease of the land expires in 2013; however, the lease is cancelable by Protectora beginning in 2004, with one year's notice and payment of a penalty. In 2004 the Company leased a vineyard in production, 80.6 hectares, from Viñedos Emiliana, this lease expires in 2013. In 2006, the Company leased another vineyard from Viñedos Emiliana with approximately 112 hectares in production; this lease expires in 2018.

The Company believes that the diverse microclimates and soils of the areas in which its vineyards are located, as well as the trellis systems used in its vineyards, allow it to grow a wide variety of grapes and thereby offer a broad range of wines. In addition, the Company believes that this diversity helps to minimize the agricultural risks inherent in its operations.

Although Chilean winters are relatively mild, Chilean vineyards have suffered frost damage; however, the last severe frost occurred in October 1991. Generally, September and October are the most likely periods for frost damage, especially in areas closest to the Andes Mountains. The Company tries to protect its grapes against risk from frost through various preventive techniques, including the use of helicopters and stationary propellers to raise the temperature of the air by hovering over vineyards. The Company has also taken steps to protect soil erosion and other ecological damage by using special irrigation methods.

Wine Production Methods

Wine production methods vary by type and quality of wine. The Company uses the following production methods (certain wine industry terms used in the following discussion are defined in "Certain Defined Terms — Glossary of Special Terms"):

Premium Reds. The company's premium red wines are primarily made from select Cabernet Sauvignon, Merlot, Carmenere, Syrah, Pinot Noir and Malbec grapes grown in vineyards in the Maipo, Rapel and Maule valleys. The wines are made in the Company's Puente Alto, Cachapoal and Lourdes plants. As part of its capital expenditure program, the Company has installed the most advanced stainless steel fermentation tanks available that incorporate refrigeration and heating systems. Grapes are crushed, separated from their stems, and the must is fermented with the skins and pulp in stainless steel tanks at temperatures of 28°C to 30°C (82°F to 86°F), to obtain color and develop body. The resulting wine is left in contact with the skin for longer periods in the case of premium red wines than for red varietal or bi-varietal wines. Contact with the skin and solids (the maceration process) give the wine body, color and complexity. After separation and pressing of the solids to extract press wine, the wine is subjected to a malolactic fermentation process. The malolactic fermentation uses either introduced or normally present bacteria to transform the malic acid with a lower Ph to lactic acid of higher Ph, producing a smoother and more biologically stable wine with enhanced aroma and bouquet. The wines are then aged in French and American oak barrels for a period of eight to eighteen months, depending on wine type, brand and kind of barrel, in order to obtain additional body and complexity. Once bottled, the wine is aged further in the Company's wine cellars at Pirque for two to twelve months, depending on the brand.

Premium Whites. Grapes selected from the noblest varieties, such as Chardonnay, Sauvignon Blanc, Viognier, Riesling and Gewurztraminer from the Company's Casablanca, Maipo, Curicó and Maule vineyards are crushed, separated from their stems and introduced into pneumatic presses in order to extract clean juice. Unlike red wines, white wines are generally fermented without their skins and seeds. In order to convert the sugar into alcohol, this juice is then fermented, in the presence of yeast, in French and American oak barrels or temperature-controlled stainless steel tanks, depending on variety, vineyard and brand. Lower temperatures between 12°C and 18°C (53°F and 64°F) are considered optimal for quality during this process. The resulting wine is aged on the fine lees in the same tanks as used in fermentation for at least six to eight months in order to obtain fruitiness, body and complexity. Once bottled, premium white wines are aged from two to twelve months in the Company's wine cellars, depending on the brand.

Late Harvest is a sweet, aromatic dessert wine made from Sauvignon Blanc and Riesling grapes which have been left on the vine to over-ripen, resulting in a high concentration of sugar and a reduction in acidity. The vinification process for Late Harvest is similar to that for the Company's other premium white wines.

Red Varietals and Bi-varietals. The production process for red varietal and bi-varietal wines is similar to that of premium red wines and involves grapes from the Company's Rapel, Curicó and Maule vineyards. These wines are macerated for a shorter period of time and are stored in stainless steel tanks and non-reactive epoxy-lined cement tanks until bottling. Bottling normally begins approximately six months later.

White Varietals and Bi-varietals. Grapes from the Company's Rapel, Curicó, Maule and Casablanca vineyards are crushed and separated from their stems before they are pressed to extract the grape juice. The juice is then fermented in temperature-controlled stainless steel tanks. The wines are stored in stainless steel tanks or in inert epoxy-lined cement tanks for three months before bottling.

Sparkling Wine. Sparkling wines are the product of a second alcoholic fermentation of wine with yeasts in isobaric tanks for a period from two to eight months, depending on the type of sparkling wine. This second fermentation allows for the retention of the characteristic effervescence. The Company produces four types of sparkling wine in its Pirque plant. The finest of the four, Brut Royal, is made from Chardonnay, Pinot Noir and Riesling wines fermented first in the Puente Alto plant. The Company's most popular seller in Chile, Demi-Sec, is made with Company-grown Chenin Blanc grapes and is produced in the Cachapoal plant. Finally, Moscato is made from Moscatel grapes produced in San Ignacio.

Popular Wine. The Company produced approximately 100% of its popular wine from grapes and bulk wine purchased from independent growers. These grapes are vinified at four locations using a process similar to that used for varietal wines. Popular wines are not aged; instead, they are bottled or packaged promptly.

Bulk Wine. Almost all the bulk wine sold by the Company is purchased from outside suppliers.

Sources of Grapes and Purchased Wine

Grapes are the main raw material in the wine making process. In 2006 and 2005, approximately 72% of the grapes used in the production of premium, varietal, bi-varietal and sparkling wines were purchased from third parties. In addition, the Company purchased grapes and bulk wine required to produce approximately 100% of its popular wines. Prevailing prices for grapes at harvest time reflect market conditions.

Company Vineyards. In 2006, approximately 28% of the Company's production of premium, varietal, bi-varietal and sparkling wines were from grapes grown on the Company's owned and leased vineyards in Chile. The Company believes that production of its own grapes offers greater control over costs and quality and improves reliability of supply. To that end, the Company continues to expand its grape production. The Company's policy is that, to the extent possible, only grapes grown in the Company's own vineyards are to be used to produce the Company's premium wines.

Outside Suppliers. In order to satisfy its need for grapes for the production of premium, varietal, bi-varietal and sparkling wine not otherwise met by its own vineyards, as well as its requirements for grapes and bulk wine for 100% of its popular wines, the Company buys grapes from approximately 650 independent growers in Chile. The identity of such growers, as well as the amounts purchased from them, does not change significantly from year to year, and most of these growers have been selling to the Company for many years. The main criteria used to select independent growers are geographic location, the variety of grapes grown and the grower's farming methods. With the objective of assuring quality production, the Company offers its suppliers technical assistance based on rigorous criteria similar to that which is applied within its own wineries. The Company also purchases small quantities of grapes from entities in which several of its directors, executive officers or members of their families have an interest. See Item 7 — "Major Shareholders and Related Party Transactions — Related Party Transactions."

In accordance with Chilean wine industry practice, most of the Company's agreements with growers only cover one year's production and are renewed from year to year. This renewal is not compulsory and depends on the Company's demand and seasonal market prices. In order to minimize the risk of crop loss, the agreements are entered into between January and April each year, after the grapes have begun to mature and the size of the crop can be more accurately estimated. Delivery schedules are agreed upon according to the degree of ripeness of each grape variety. The management of these outside vineyards is directed by the Company's own technical personnel, and the Company establishes standards regarding the use of pesticides, cultivation, harvest date, transportation system, sugar, acidity and Ph concentration. Selection of the grapes and approval of their quality is carried out by the Company's technical department. The price of the grapes is proportional to the estimated alcohol content over 12% in the resulting wine. Payment for grapes obtained from independent growers is made mainly in ten interest-free installments throughout the year. In 2006, the Company had long-term contracts with up to approximately 22% of its growers.

Bulk Wine Purchases. The Company purchases wine in bulk from a number of outside suppliers, for the wine used in the production of the Company's popular wines in 2006. The Company's technical department approves such wine purchases. Payments are traditionally made in ten interest-free monthly installments.

Vinification

The Company seeks to use the latest technology in all areas of vinification while maintaining the wine-making traditions of its founders. The Company has nine wine-making plants in Chile which turn grapes into premium, varietal and bi-varietal wines. The location of these plants and their production capacity in 2006 are shown below. Additionally, the Company leases six plants, mostly to vinify generic grapes for the production of popular wines.

In Argentina, Trivento owns two plants for the vinification and aging of its wines. Additional capacity to meet its vinification needs is leased from third parties.

Plant	**Valley**	**Production -2006** (in millions of kilograms)
Chile:		
Nueva Aurora	Limarí	8.5
Puente Alto	Maipo	12.3
Cachapoal	Cachapoal -Rapel	26.1
Chimbarongo	Colchagua -Rapel	50.3
Cono Sur	Colchagua -Rapel	6.9
Las Mercedes	Colchagua -Rapel	8.9
Lontué	Curicó	31.4
Lourdes	Maule	19.1
San Javier	Maule	24.0
Total Chile		**187.6**
Argentina :		
Trivento	Maipú	17.1
Tres Porteñas	San Martín	10.6
Total Argentina		**27.7**

In addition, the Company's facilities at Pirque have the capacity to produce 1.3 million bottles or 1.0 million liters of sparkling wine.

The Company uses a combination of epoxy-lined cement tanks, stainless steel tanks and French and American oak barrels to ferment, age and store its wine. As of December 2006, the Company's total storage and fermentation capacity in Chile was approximately 252.3 million liters. Total capacity in Argentina was 27.3 million liters.

The following table shows the Company's approximate fermentation and storage capacity by type of container for the years indicated:

	December,		
Type of Container	**2004**	**2005**	**2006**
		(in million liters)	
Chile:			
Epoxy-lined cement tanks	137.4	137.4	153.0
Steel tanks	80.8	85.5	89.8
French and American oak barrels	6.0	7.8	9.2
Chilean wood casks	0.3	0.3	0.3
Total Chile	**224.5**	**231.0**	**252.3**
Argentina:			
Epoxy-lined cement tanks	2.4	17.3	17.3
Steel tanks	7.9	9.6	9.6
French and American oak barrels	0.2	0.3	0.4
Total Argentina	**10.5**	**27.2**	**27.3**

Since 1987, the Company has been acquiring American and French oak barrels for use in the production of all its premium wines, except Late Harvest. Although the use of oak barrels increases the Company's production costs, the Company is certain that it enhances the quality of its premium wines. Oak barrels are purchased in several sizes and are treated prior to delivery in accordance with the Company's needs. Oak barrels are used for up to two years to produce the highest quality premium wines, such as Don Melchor, and are then used for another five years to enhance other wines. As of December 2006, the Company had approximately 40,000 French and American oak barrels.

French oak barrels are used to make the Company's premium Don Melchor, Amelia, Terrunyo, Marqués de Casa Concha and Trio brand wines, while American oak barrels are used for its premium Casillero del Diablo brand wine. The Company has increased its stainless steel storage capacity to approximately 89.8 million liters in 2006. Most of the Company's stainless steel tanks are fitted with cooling systems to prevent wine from losing quality at higher temperatures. All of the Company's stainless steel tanks for use during fermentation are equipped with heating and cooling systems to regulate the temperature in the fermentation process.

Bottling

After vinification and, in the case of premium wines, aging, wine is ready to be bottled. The Company has bottling plants in Pirque, Limarí and Lontué. The Pirque bottling plant, located 28 kilometers from Santiago, is the Company's principal bottling plant, and all of the Company's premium, varietal, bi-varietal and sparkling wines are bottled there. The plant has five bottling lines accommodating bottles of 1,500 ml, 1 liter, 750 ml, 375 ml and 187 ml capacities. The facility in Pirque is equipped with the most advanced bottling and labeling equipment available and has an installed capacity of 11.7 million liters per month when operating three eight hour shifts per day, six days a week.

In 2005, with the acquisition of the assets of Viña Francisco de Aguirre located in Limarí, the Company added a new bottling line with a production capacity of 3,000 bottles per hour.

The Company's bottling plant in Lontué, located 200 kilometers from Santiago, bottles wine in five liter glass jugs and in .5 liter, 1 liter, 1.5 liter and 2.0 liter Tetra Brik packages which are made of several layers of paper, aluminum and polyethylene. Similar packages are used worldwide for juice, milk, wine and other products. The Tetra Brik packaging line is completely automated. The Company has a license from Tetra Pak Chile to utilize the Tetra Brik technology and purchases pre-printed unassembled packages from Tetra Pak Chile. The Lontué plant's Tetra Pak packaging machines have an installed capacity of 13.0 million liters a month based on three shifts operating eight hours a day, six days a week.

In March 2007, the Company bought a new bottling plant from Viña Cánepa. This plant has two bottling lines with a capacity of 2,430,000 liters per month when operating two eight shifts per day, six days a week. This plant is located in Lo Espejo, in Santiago.

The Company has a quality control department which controls the raw materials used in each bottling plant and tracks the product up to the point of sale through a system of computer coding for each bottle and case produced. The Company also uses electronic monitoring equipment to ensure that bottles are filled to the correct level.

All of the Company's premium and export wines are bottled in new bottles. Cristalerías, a principal shareholder of one of the Company's main competitors, Santa Rita, supplies almost all of the Company's bottles. The Company obtains the remainder of its bottles from other Chilean and Argentine manufacturers. Corks for most wines are produced in Spain and Portugal but are finished by Chilean firms. The Company owns 49.84% of the principal cork supplier, Industria Corchera. See Item 7 — "Major Shareholders and Related Party Transactions — Related Party Transactions." The Company imports champagne corks from Germany. Labels are produced in Chile, the United States and Canada. Chilean companies supply cases and capsules (the tin, plastic or aluminum covering for the neck of a wine bottle).

The Company believes that, except for bottles and Tetra Brik packages, alternative sources of supply are readily available. The Company believes that it could find alternate suppliers for bottles and Tetra Brik packages, but it could be adversely and materially affected in the short-term. New bottles and preprinted, unassembled Tetra Brik packages are priced in U.S. dollars. Changes in the Chilean peso to U.S. dollar exchange rate could increase the cost of components and have a material adverse effect on the Company.

Storage. The Pirque bottling plant has a wine cellar with storage capacity of 2.7 million bottles for aging, plus a warehouse for finished wine with a capacity of 280,000 cases. The Santa Rosa warehouse has a storage capacity of 230,000 cases, and Lo Espejo Plant has a storage capacity of 310,000 cases.

Domestic Distribution. The Company has its own direct distribution capacity through its wholly-owned subsidiary, Comercial Peumo. Comercial Peumo has a network of sixteen regional offices to service the entire Chilean national territory. Its sales force is made up of 113 salespeople, 28 supervisors, and four sales managers. Comercial Peumo serves approximately 15,000 customers throughout Chile, making it the largest wine-oriented distribution company in Chile. The two largest single customers accounted for approximately 11.9% and 11.4% of the Company's domestic sales in 2006. No other customer represented more than 10% of the Company's domestic sales.

A wholly-owned subsidiary, Transportes Viconto, transports bulk wine products between the Company's cellars, production and bottling facilities, and delivers wine products to container ships located in Chilean ports. Transportes Viconto relies on a twenty-one truck fleet, with a complement of trailers and tanks that has a total haulage capacity of 450 tons. This fleet also transports finished products to Comercial Peumo's sixteen regional offices throughout Chile. Comercial Peumo subcontracts third party transportation services to distribute its products from its regional offices to its commercial clients.

Company Sales - Chilean Markets

Domestic Wine Sales. The Company's domestic sales in liters, excluding sales of bulk wine, in 2004, 2005 and 2006 were approximately 65.4 million liters, 66.2 million liters and 69.1 million liters, respectively, resulting in gross revenues of Ch$40,792 million, Ch$46,905 million and Ch$44,165 million, respectively.

The Company's bulk wine sales fluctuate from year to year because the Company sells bulk wine in the domestic market to reduce excess inventories. In 2006, sales volume of bulk wine represented 0.3% of total wine sales in the domestic market. The Company is the largest wine producer in Chile, and according to A.C. Nielsen, in 2006, the Company had the largest share of the domestic market with a 28.6% share in terms of volume and a 25.7% share in value. The Company competes in all segments of the branded Chilean market and seeks to keep prices competitive to make its products attractive to consumers. Its variety of brands allows it to target different market segments, from its upscale premium Don Melchor to its popular wine lines, while maintaining a competitive price/quality relationship across the range.

The following tables show the Company's total domestic wine sales in constant Chilean pesos and liters by market segment, for each of the calendar years indicated:

Domestic Wine Sales

	2004		2005		2006	
	Mill. Ch$	%	Mill. Ch$	%	Mill. Ch$	%
	(in million of constant Chilean pesos as of December 31, 2006)					
Premium	4,391	10.7%	4,990	10.6%	5,509	12.4%
Varietal	3,626	8.9%	3,578	7.6%	3,716	8.4%
Bi-varietal	175	0.4%	136	0.3%	207	0.5%
Popular	32,148	78.6%	37,765	80.5%	34,150	77.1%
Sparkling	452	1.1%	436	0.9%	584	1.3%
Subtotal	40,792	99.7%	46,905	100.0%	44,165	99.7%
Bulk	114	0.3%	21	0	126	0.3%
Total	**40,906**	**100.0%**	**46,926**	**100.0%**	**44,292**	**100.0%**

Domestic Wine Sales

	2004		2005		2006	
	Liters	%	Liters	%	Liters	%
	(in thousands of liters)					
Premium	1,169	1.8%	1,341	2.0%	1,584	2.3%
Varietal	2,530	3.9%	2,408	3.6%	2,655	3.8%
Bi-varietal	137	0.2%	105	0.2%	176	0.3%
Popular	61,285	93.5%	62,119	93.8%	64,320	92.9%
Sparkling	279	0.4%	271	0.4%	351	0.5%
Subtotal	65,399	99.8%	66,244	100.0%	69,086	99.8%
Bulk	159	0.2%	12	0.0%	112	0.2%
Total	**65,559**	**100.0%**	**66,256**	**100.0%**	**69,198**	**100.0%**

The Chilean wine market can be divided into segments based on the price of a 750 ml bottle. The Company targets the following market segments: popular wines with prices ranging from Ch$500-990 per liter, bi-varietal (blend) wines with prices ranging from Ch$990-1,390, varietal wines with prices ranging from Ch$1,390-2,499, premium wines with prices ranging from Ch$2,790-5,000, super premium with prices between Ch$5,000-8,000 and ultra premium with prices over Ch$8,000.

Local Brands and Prices. The table below lists the Company's major brands by segments of the Chilean wine market and approximate retail prices for each brand per 750 ml bottle as of April, 2007. Prices do not vary by type of wine within brand category.

Segment	Brand	Approximate Retail Price (As of April 2007 Chilean pesos)
Ultra Premium	Don Melchor	45,000
	Terrunyo	13,000
	Amelia	15,000
Super Premium	Marqués de Casa Concha	7,500
Premium	Trio	3,990
	Casillero del Diablo	3,390
	Late Harvest(1)	2,390
Sparkling	Subercaseaux	1,890
Varietal	Sunrise	1,690
	Santa Emiliana(2)	1,490
Bi-varietal	Frontera	1,290
Popular(3)	Exportación	927
	Clos de Pirque	927
	Tocornal	860
	Fressco	860
	Fressco Cooler	660

(1) Late Harvest is a Sauvignon Blanc dessert wine which is only sold in 375 ml bottles.
(2) The Company has a license from Viñedos Emiliana to bottle and distribute the Company's wine domestically under Viñedos Emiliana's labels.
(3) Popular wine prices are per 1,000 ml.

Local Competition. The Company competes with a number of other Chilean wineries. The Company's competitors in the premium segment are large and medium-sized Chilean wineries, mainly Santa Rita, Viña San Pedro S.A. ("San Pedro"), Bodegas y Viñedos Santa Carolina S.A., Viña Undurraga S.A., Viña Errázuriz S.A., Cousiño Macul S.A. and Viña Tarapacá S.A. The Company also competes, to a much lesser extent, with small Chilean wineries whose production and sales of premium wines are aimed primarily at export markets. Sales in the popular wine segment are concentrated in wines packaged in Tetra Brik packages. In 2006, Tetra Brik sales represented approximately 76% of all Chilean sales by volume in the popular wine segment. The Company believes that non-Chilean wineries have negligible sales in Chile because they find it difficult to match the price-value relationship offered by Chilean wineries, especially in the popular wine segment.

Popular wines produced in Chile, including those of the Company, also compete with other beverages such as beer, pisco and soft drinks. In 2006, the ratio of popular wine prices to beer prices decreased from 1.92 in December 2005 to 1.74 in December 2006, mainly as a result of the decrease in wine prices in the local market across all popular wine categories. In the face of increased competition by other beverages and in order to continue gaining market share, the Company has intensified its marketing efforts in the popular wine segment. See Item 4 — "Information on the Company — Business Overview — Domestic Marketing Strategies."

The following table shows the relationship between popular wine and beer prices and the Company's sales for the years indicated:

Relationship Between Popular Wine and Beer Prices

	2002	2003	2004	2005	2006
Popular wine prices (1 liter)	1,087	909	1,069	1,208	1,066
Beer prices	555	614	607	630	612
Ratio of popular wine prices to beer prices	1.96	1.48	1.76	1.92	1.74
Company's volume sales in millions of liters	59.6	63.0	65.4	66.2	69.1
Percentage change from the previous year	9.4%	5.8%	3.8%	1.3%	4.3%

Source: National Institute of Statistics, Consumer price index, except for the Company's volume sales and percentage changes, which are the Company's figures.

Domestic Marketing Strategy

The Company is seeking to increase its market share in all segments of the Chilean wine market, especially in the premium and varietal wine segment. The Company believes it is well positioned within this market due to its portfolio of brands which it believes successfully competes with other wine producers in all segments of the domestic market.

In terms of distribution, the strategy of the Company is to be present in all relevant channels for wine sales in Chile, with special focus in supermarkets and the retail channel. Accordingly, the retail sector of the Company has been strengthened both in commercial and marketing terms.

Regarding the portfolio of products, the Company is permanently developing new formats and updating the presentation of its products. Advertising methods and marketing strategies differ depending on whether the targeted segment is comprised of potential consumers of the Company's premium, varietal, bi-varietal, or popular wines. During 2006, the greatest efforts in advertising were focused on strengthening Clos de Pirque and Fressco brands in the market through mass media campaigns, including television and press.

Company Sales - Export Markets

According to the Exporters' Association, exports of Chilean wine totaled US$962 million and 474 million liters in 2006, representing an increase of 9.7% and 13.4% in value and volume, respectively as compared to 2005.

Export Sales and Competition. The Company is the largest exporter of Chilean wines on both a volume and US$ value basis, with market share in 2006 of 21.9% and 25.4% (including bulk) respectively, according to the Exporters' Association. The Company's bottled wine market share by volume and US$ value was 33% and 27.9%, respectively, in 2006. The Company's closest Chilean competitor in the bottled export segment, in terms of volume and US$ value, reported the equivalent of 29.3% and 27.1% of the Company's sales, respectively.

The following table sets forth the Company's export market share among Chilean wine producers, as a percentage of both volume and US$ value for the years 2002 to 2006:

Export Market Share

	Total Wine		Bottled Wine	
	Volume	US$ Value	Volume	US$ Value
2002	16.2%	19.1%	24.9%	20.6%
2003	16.8%	21.5%	27.3%	23.5%
2004	18.5%	23.0%	29.4%	25.5%
2005	22.6%	24.3%	32.1%	26.9%
2006	21.9%	25.4%	33.0%	27.9%

Source: Viñas de Chile, Exporter's Association

Company sales in the export market are distributed among the premium, varietal, bi-varietal, sparkling and popular wine segments. The Company also sells bulk wine abroad. The Company's export sales in volume, excluding bulk sales, in 2004, 2005 and 2006 totaled 85.5 million liters, 95.0 million liters and 104.3 million liters, respectively, resulting in revenues of US$192.1 million, US$215 million and US$251.1 million in 2004, 2005 and 2006, respectively.

The following table sets forth the Company's export sales from Chile, by volume and US$ value for the period 2004 through 2006 for each market segment. It shows that the Company's premium wine export sales by volume and value from 2004 to 2006 increased 35.5% and 45.1% respectively, and its varietal and bi-varietal export sales increased 15.2% and 21.6% respectively, for the same period.

Export Sales by Market Segment (*)

	2004		2005		2006	
	Liters	US$	Liters	US$	Liters	US$
	(in thousands of liters and thousands of U.S. dollars)					
Premium	15,679	61,396	18,071	71,945	21,240	89,071
Varietal	15,416	38,840	15,285	38,579	19,117	48,943
Bi-Varietal	42,638	73,611	45,498	80,118	47,746	87,803
Popular	11,367	17,289	15,704	23,250	15,746	23,855
Sparkling	360	948	405	1,080	487	1,454
Total bottled wine	**85,460**	**192,084**	**94,963**	**214,972**	**104,335**	**251,126**
Bulk	1,746	1,128	320	253	456	351
Total	**87,206**	**193,212**	**95,283**	**215,225**	**104,791**	**251,477**

(*) Only exports from Chile, includes sales to the Company's subsidiaries abroad.

Percentage of Export Sales by Volume to Regional Export Markets
(excluding bulk wine sales)

Market	2004	2005	2006
United States	26.4%	24.1%	22.0%
Canada	4.4%	3.9%	4.3%
Europe	46.3%	48.7%	47.7%
Central America, Mexico and the Caribbean	8.9%	9.1%	10.4%
South America	9.0%	8.6%	9.6%
Asia	4.6%	5.1%	5.2%
Other	0.4%	0.5%	0.8%
Total	**100.0%**	**100.0%**	**100.0%**

Principal Export Markets. As of December 31, 2006, the Company's principal regional export markets by US$ value were Europe, the United States, Central America, South America, Canada and Asia. Each market is unique, and there are differences within markets due to variations in local regulations.

Export Sales by Value to Regional Export Markets

	2004		2005		2006	
	Th. US$	%	Th. US$	%	Th. US$	%
Europe	96,403	50.2%	109,600	51.0%	125,401	49.9%
USA	40,405	21.0%	43,698	20.3%	46,051	18.3%
Central America, Mexico and the Caribbean	17,947	9.3%	19,987	9.3%	25,576	10.2%
South America	16,098	8.4%	17,376	8.1%	24,261	9.7%
Canada	9,953	5.2%	11,047	5.1%	14,067	5.6%
Asia	9,745	5.1%	12,184	5.7%	13,972	5.6%
Other	1,533	0.8%	1,080	0.5%	1,799	0.7%
Total	**192,084**	**100.0%**	**214,972**	**100.0%**	**251,126**	**100.0%**

Europe. In 2006, sales to Europe increased by 14.4% in value terms to approximately US$125.4 million or 49.9% by US$ value of Company exports. The Company's European markets can be subdivided into three areas: Germany and non-wine-producing Western Europe, wine-producing Western Europe (except Germany) and Eastern Europe.

The Company believes that greater market opportunities exist in Germany and the non-wine-producing countries of Western and Eastern Europe. For these countries, in 2006, the order of importance by sales for the Company was as follows: the United Kingdom and the Republic of Ireland, Sweden, Russia, Denmark and Finland. Among these countries, the Nordic countries (Finland, Sweden and Norway) operate under a state controlled system where each state purchases the wine and sells it in its own stores at the retail level. The Company anticipates that in the future, the monopoly system in these countries may be replaced by a private or semi-private sales structure but believes that because its brands are well known in these areas, its sales will not be adversely affected as a result. There can be no assurance, however, that such a regulatory change would not have a material adverse effect on the Company's sales to such markets.

In the United Kingdom, the Company continues to broaden direct distribution to large supermarket chains, expand sales to retail stores, liquor outlets and independent vendors, and promote on-premise consumption (e.g., sales to restaurants), through its Concha y Toro, Viña Maipo and Cono Sur brands. Excluding bulk sales, sales in the United Kingdom increased 5.8% from 2005 to 2006, reaching US$52 million in 2006. This increase is explained by higher sales of the Concha y Toro and Viña Maipo portfolios. Sales of Viña Cono Sur were affected by its distributor's ownership change and subsequent transition to Concha y Toro UK, which undertook distribution of the Cono Sur and Isla Negra brands in May 2006.

The Company's marketing strategy in Germany and the non-wine-producing countries of Western Europe focuses on expanding the premium wine segment, particularly with the Casillero del Diablo brand, and building brand recognition. Compared to other areas of the world, the Company's involvement in this market is fairly recent, having begun in 1989. In Central and Eastern Europe, volume growth was led by Russia, Estonia and Poland. The Company foresees an important potential in this region, with the exception of important wine producing countries such as Georgia, Hungary, Bulgaria and Moldovia.

In the major wine-producing countries of Western Europe (e.g., Italy, France, Spain and Portugal), where the Company faces greater competition, the Company's marketing strategy is to shift from sales of small quantities of premium wines to higher volume sales of varietal wines in the off trade (supermarkets and wholesale chains).

United States. The U.S. market accounted for approximately US$46 million in 2006 sales, equal to 18.3% by US$ value of the Company's exports. According to the Exporters' Association, the Company was the leading Chilean exporter to the United States in 2006 and the Company maintained its market share in volume at 43.2% in 2006, of total Chilean wine exported to the US. Wine markets worldwide are divided into segments according to the price range of the wines, and competitors differ from one segment to another. According to the wine classification method generally used in the U.S. market, the Company believes that the following wine categories are a representation of the wines sold by the Company in the United States: ultra premium, super premium, premium and popular premium. The Company believes that the Company's wines would be classified within such categories as follows: Ultra premium (Don Melchor, Amelia and Terrunyo); super premium (Marqués de Casa Concha); premium (Trio, Casillero del Diablo and Xplorador); and popular premium (for the Company's varietal wines and bi-varietals, including Sunrise, Frontera and Concha y Toro, among others).

The Company and its Chilean competitors are increasing their participation in the premium segment and establishing a strong presence in the varietal and bi-varietal segments. The Company's strategy is to focus on sales within the premium and varietal categories. In the United States, the Company's greatest market strength is in the varietal and bi-varietal segments due to the Company's competitive price/value relationship. See Item 4 — "Information on the Company — Business Overview — Export Marketing Strategy."

During 2006, bi-varietals in the United States accounted for approximately 62.7% and 77.8% of the Company's sales by US$ value and volume, respectively; varietals,10.8% and 10.3%, respectively; and premium wines, 26.5% and 11.9%, respectively. During 2006, sales in the U.S. market increased 5.4% and 0.2% by US$ value and volume, respectively. Sales in the premium category increased by 6% in volume led by higher sales of Casillero del Diablo and Marqués de Casa Concha. Sales in the bivarietal category decreased 5.3% in volume, the Company's price increase implemented in early 2006, primarily for the bivarietal wine category, hampered volume growth for this segment. The Company believes that the premium and varietal segments will continue to offer opportunities for increased sales. See Item 4 — "Information on the Company — Business Overview — Export Marketing Strategy."

In the United States, the Company's products principally compete with other Chilean wines, as well as Californian wines and wines imported from Italy, France, Australia, Spain, Germany, Portugal and other wine-producing countries.

Central America, Mexico and the Caribbean. In US$ value terms, the Company's 2006 sales to Central America, Mexico and the Caribbean totaled US$25.6 million or 10.2% of the Company's exports. The primary markets for the Company's products in this region are Mexico, Costa Rica, Panama and the Dominican Republic. The Company has marketed its wines for more than twenty years in most of the countries in this region, and the Company believes it is the largest Chilean exporter of bottled wines in all of these countries. Sales in US$ value terms increased by 28% mainly as a result of stronger sales in Mexico, Panama, and the islands of the Caribbean, among others.

South America. In 2006 sales to South America increased by 39.6% in US$ value terms to approximately US$24.3 million or 9.7% of the Company's total exports by US$ value. The Company's primary markets by sales revenue were Brazil, Venezuela and Ecuador. The Company is currently the leading Chilean exporter to most of the South American countries, with the exeption of Paraguay and Venezuela. In each of these countries, the Company's products are sold through exclusive local distributors, and in some countries, the Company's secondary brands are sold by different distributors.

Historically, export sales to South America have been limited by economic conditions. Chilean wines have traditionally enjoyed favorable customs treatment in South American countries compared with wine produced by nations outside of the region. This advantage may end as these countries lower their tariffs or follow the global trend toward open market economies.

On June 25, 1996, Chile became a partner of MERCOSUR, the South American Common Market, which members and founders are Argentina, Brazil, Paraguay and Uruguay. Through this association, the Company has benefited from lower tariffs for entry of wine products into Argentina and Paraguay. The Company has also gained, through MERCOSUR, the ability to purchase finished Argentine wine products which can be sold under Concha y Toro's popular wine labels in Chile or through the Viña Trivento label in Brazil.

Canada. In 2006, the Company's sales to Canada increased 27.3% to approximately US$14 million or 5.6% by US$ value of the Company's exports. Canada is the third largest national export market and the fifth largest regional export market for the Company in US$ value terms.

The Canadian market is governed by provincial monopolies in nine of the ten provinces and the three territories. The monopolies (or liquor boards) buy and sell all imported (bottled) and locally produced liquors and wines. Each province is autonomous, and each provincial liquor board has its own regulations and policies. Each liquor board is also responsible as guarantor of payments to its suppliers. Because the Canadian market is a controlled market, the buying system is highly concentrated, and the marketing policies are strictly regulated. The Company believes that even if privatization of the provincial monopolies takes place, its sales will not be adversely affected because its brands are well known in Canada. However, there can be no assurance that privatization would not have a material adverse effect on the Company's sales to the Canadian market.

Asia. The Asian market accounted for approximately US$14 million in 2006, equal to 5.6% by US$ value of the Company's exports. In value and volume terms, in 2006 bottled sales to Asia increased 14.7% and 14%, respectively. Exports to Japan, the region's number one market, rose 7.2% to US$8.2 million, encouraged by the healthy performance of Frontera. The rest of Asia showed favorable growth (27.4%), in particular China and Singapore, where the Company has strengthened its commercial structure and carried out effective promotion campaigns.

Other. The Company's 2006 sales to other countries totaled US$1.8 million or 0.7% by US$ value of the Company's exports. Within "other" sales, the Company aggregates mainly countries in Africa.

Bulk Wine Exports. In 2006, the Company sold US$0.4 million of bulk wine overseas, primarily to the United Kingdom, representing 0.1% of its exports by US$ value. Bulk wine sales is a spot business with no long-term commitments. Sales depend on price and availability of wine in Chile and other wine growing countries. The Company purchases almost all of the bulk wine it exports from outside suppliers. The Company expects bulk wine sales to diminish in significance as it continues to promote bottled wine sales. However, bulk wine sales may continue in countries depending on price, demand and availability for such wines.

Distribution in Export Markets. The Company's products are distributed in approximately 115 countries by independent distributors, including four governmental liquor authorities. In most countries, the Company sells wine through a second and third distributor under the brand names of its subsidiaries Cono Sur and Maipo. The Company sells "F.O.B. Chilean port" to its distributors in export markets.

In 2006, the United Kingdom, the United States, Canada, Sweden and Mexico, the Company's five largest national export markets, accounted for 52.9% of the Company's exports by US$ value. The Company believes that its success in export markets is based on developing good relationships with established distributors and the good price/quality relationship of its products. The Company has written agreements with most of its distributors.

Independent Distributors. The Company's exclusive agent and importer in the United States is Banfi, which imports and re-sells the Company's products to distributors who service all 50 states. Banfi was the Company's largest single customer in 2006, purchasing approximately 2.5 million cases of wine which represented 22% and 18% of the Company's export sales by volume and value of bottled wine, respectively. The Company has a renewable 20-year contract with Banfi which expires in 2013. The contract prohibits the Company from selling to any other U.S. importer and prohibits Banfi from carrying other Chilean wines without the Company's approval. Banfi carries a number of competitors' products, including Riunite, one of the best-selling imported wines in the United States, and Viñedos Emiliana. Banfi also imports wines produced by its own wineries in Italy. The Company and Banfi share the U.S. marketing costs for the Company's wines.

In December 2000, the Company formed the subsidary Concha y Toro UK Limited (Concha y Toro UK) for the distribution of its Concha y Toro portfolio of wines in the United Kingdom. Concha y Toro UK is a wholly-owned subsidiary of the Company, and started its operations in March 2001.

Between 1994 to May 14, 2006, the Company had a contract with Western Wines Agency to distribute Viña Cono Sur wines in supermarkets and chain stores in the United Kingdom and the Republic of Ireland. As of May 15, 2006 the distribution and marketing of Cono Sur and Isla Negra brands in the United Kingdom were undertaken by the UK subsidiary, Concha y Toro UK.

Government Liquor Authorities. In Canada and the Nordic countries, the Company's wine is sold through government liquor authorities. In such countries, products may be offered as a general listing or a specialty listing. General listings are those that are purchased by liquor boards on a regular basis and require a minimum sales level per period (which varies depending on the Canadian province and from country to country in Scandinavia). Sales to government liquor authorities represented 12.2% and 14.2% of the Company's export sales by volume and US$ value, respectively, in 2006. In Canada, the Company operates with agents that work on a commission basis and are responsible for promotion and public relations. In Scandinavia, the Company sells to its importer, who then resells to the monopoly.

Export Marketing Strategy

The Company strategy is to continue developing and strengthening the Concha y Toro brand and is seeking to focus future growth in export markets on the sale of premium and varietal wines. The Company believes future growth is possible if the company is successful in the following efforts:

- improving the quality of its wines as a result of state-of-the-art technology used by the Company in the vinification process and vineyard management;
- increasing production from current and new vineyards;
- changing attitudes of consumers, especially in the United Kingdom and the United States, with respect to the quality of Chilean wines, creating a growth opportunity for the Company for its premium and higher-priced wines;
- launching new products;
- marketing efforts and upgrading packaging for all product lines with a special focus on its global brand Casillero del Diablo; and
- promotional and advertisement campaigns, including on-premise sales (e.g., sales to restaurants).

Another key part in the Company's export marketing strategy has been to diversify its export markets on a regional basis. Diversification helps protect against economic, and in some cases political, changes which may affect the market for the Company's products. In particular, the Company has expanded its sales to Asian, African, Eastern European and Middle Eastern countries, where the consumption of wine is increasing.

The Company believes that there is a trend towards the consumption of varietal wines in general, and certain varietal wines in particular, in its major export markets, principally the United States, Europe, Asia and Canada. The Company has tailored its new grape plantings to respond to this trend. See Item 4 — "Information on the Company — Business Overview — Vineyards."

Seasonality

The Company has experienced and expects to continue to experience seasonal fluctuations in its revenues and net income. Both domestic and export wine sales tend to be lower during the first quarter of the year and higher during the third quarter, in anticipation of the year-end holiday period. Sales volumes also typically decrease if distributors begin a quarter with larger-than-normal inventory levels, which is usually the case in the first quarter of the year. For these reasons, the operating results of the Company in any one quarter of the year may not be indicative of the year-end results.

The following table sets forth the average quarterly percentage of the Company's sales in the domestic and export segments for the 2004 to 2006 periods, as a percentage of sales by volume.

Average Percentage of Wine Sales by Volume in 2004 – 2006

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Domestic	19.6%	26.1%	26.9%	27.4%
Export	19.9%	25.5%	28.2%	26.4%
Bulk(1)	24.9%	32.4%	19.0%	23.7%
Weighted Average	19.8%	25.8%	27.7%	26.8%

(1) Seasonal fluctuations in bulk wine sales follow a different pattern in part because bulk wine sales are made on a spot basis. In order not to distort the data for domestic and export wine sales, seasonal fluctuations in bulk wine sales are presented separately.

Company Sales - Argentina

Argentine Business. In 1996, Concha y Toro began operations in Argentina with the founding of Trivento winery. Over the last ten years the subsidiary has experienced strong 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. Trivento winery is located near Mendoza. The operating assets of Trivento primarily include a total of 981 hectares of land, with 903 hectares planted, cellars with a capacity of 27.3 million liters and other wine-making equipment. In 2006, Trivento had revenues of Ch$17,762 million (approximately US$ 33.4 million), representing 8% of total Company sales.

The Argentine business comprises exports and domestic sales; since 2005, both areas of business, exports and the distribution in Argentina, are handled by Trivento. In 2006 Trivento export volume totaled 1,416,000 cases with returns of US$23 million representing an increase of 14.4% and 20% by volume and value respectively. The largest regional market for Trivento is Europe followed by Latin America, the US and Canada.

In 2006, sales in the local Argentine market totaled 700,000 cases with total revenue of US$11 million, representing an increase of 28% in volume and 20% by value. Sales in the domestic Argentine market are concentrated in the bi-varietal category and represent less than 1% of total Argentine domestic consumption.

	Trivento Winery - Sales by Volume	
	Export volume	Domestic volume
	(cases)	(cases)
2004	777,400	747,200
2005	1,238,000	548,200
2006	1,416,000	700,000

Affiliated Companies

Viña Almaviva. In 1997, the Company and Rothschild S.A. formed a joint venture company, Viña Almaviva, to produce a "*Primer Orden*" or first-growth wine in Chile. The Company contributed approximately 40 hectares of producing vineyards located at Puente Alto, Maipo Valley in exchange for 50% of the capital stock of Viña Almaviva.

In 2006, Viña Almaviva had revenues of Ch$2,947 million, representing an increase of 29% as compared to Ch$2,285 million in 2005. Sales volume increased 20% as compared to 2005, totaling 14,500 cases. Almaviva's main markets are France, Germany, Japan, Switzerland and the United States. In 2006 and 2005, the Company recognized income from Viña Almaviva of Ch$211.9 million and Ch$170.7 million, respectively from its equity investment.

Industria Corchera. In November 2000, the Company acquired 49.6% of Industria Corchera. In 2002 its share increased to 49.84%. In 2006, Industria Corchera's total sales amounted to Ch$10,873 million, representing a 3.9% decrease compared to Ch$11,309 million in 2005. The Company in 2006 and 2005 recognized income from Industria of Ch$271 million and Ch$238.6 million, respectively, from its equity investment.

Government Regulation

Chilean Regulation. The Company is subject to the full range of governmental regulations generally applicable to companies engaged in business in Chile, such as labor laws, social security laws, public health, consumer protection, environmental laws, securities laws and anti-trust laws, as well as regulations to ensure sanitary and safe conditions in the production, bottling and distribution of beverages. The main regulatory entity for Chilean *sociedades anónimas* is the *Superintendencia de Valores y Seguros de Chile* ("Superintendency of Securities" or "S.V.S.").

Alcoholic Beverages Regulations. The Company is subject to regulation in the production and distribution of alcoholic beverages. Chilean law regulates which beverages come within the scope of regulation as "alcoholic beverages," the type of alcohol which can be used in the manufacture of alcoholic beverages, the additional products that can be used in the production of certain alcoholic beverages, and the packaging and labeling and procedures that must be followed to import alcoholic beverages. The manufacturing and bottling of alcoholic and non-alcoholic beverages is also subject to supervision by the National Health Service, which inspects plants on a regular basis.

Chilean law requires a license for the manufacture and sale of alcoholic beverages, and the Company believes it has all the licenses necessary for its business.

There are currently no material legal or administrative proceedings pending against the Company pertaining to any Chilean regulatory matter, and the Company believes that it is in compliance in all material respects with all applicable statutory and administrative regulations relating to its business.

Environmental Regulation. The Chilean Constitution of 1980 grants all citizens the right to live in an environment free of pollution. It further provides that it is a State's duty to enforce this right and to protect the environment. The Chilean Constitution also provides that citizens can file a complaint with the corresponding Court of Appeals seeking review of government and private party actions on the grounds that such actions infringe the citizens' rights to a clean environment.

In 1994, the Chilean Congress enacted the Chilean Environmental Framework Law, Law No. 19300, which sets forth that any new project or activity or modification to an existing project or activity that may have an impact on the environment requires a favorable environmental impact assessment. Law No. 19300 also created the Environmental Impact Assessment System (EIA), implemented by the National and the Regional Environmental Commissions, which are entities that coordinate the environmental activities performed by governmental agencies and that, among other duties, approve or reject environmental impact assessments, and set environmental emission and air quality standards.

Law No. 19300 also established environmental liability standards, according to which perpetrators of environmental damage are liable to compensate the victims and restore the environment.

U.S. Regulation. The sale of wine in the United States is subject to extensive regulation covering virtually every aspect of the Company's operations, including marketing, pricing, labeling, packaging and advertising. State agencies regulate the delivery and use of all alcoholic beverages within their jurisdictions, while the federal government, through the Bureau of Alcohol, Tobacco, Firearms and Explosives, is responsible for the regulation of imports through permit requirements and label approval processes. Importers of wine to the United States are required to obtain various licenses, bonds and permits, including a federal Importer's Permit, to comply with the regulations of all such agencies.

In 1997, U.S. and Chilean news organizations announced that members of the California wine industry had petitioned the U.S. Department of Commerce to impose trade sanctions against Chilean wine producers. These rumors have been denied by the California Association of Wine Grape Growers and other industry officials and, to date, no allegations of violations of U.S. antitrust laws have been announced by any U.S. federal or state agency. There can be no assurance, however, that no U.S. federal or state agency will commence any action and/or impose any trade sanctions relating to alleged violations of U.S. antitrust laws.

The Company believes it is in compliance in all material respects with all presently applicable U.S. federal and state regulations.

Trademarks. The Company has Chilean registrations for the principal trademarks used in its business, including Concha y Toro, Don Melchor, Amelia, Terrunyo, Trio, Casillero del Diablo, Sunrise, Frontera, Tocornal, Maipo, Fressco and San José. Trademarks registered by subsidiaries include Cono Sur, Isla Negra and Trivento. While the Company also has foreign registrations for many of these trademarks in most of its principal export markets, it does not have registrations for all of its trademarks in all of its export markets. The Company believes that its brands and trademarks are important to its business and is seeking to protect them through registration in many countries where they are not currently recorded.

Organizational Structure

The following table lists the significant subsidiaries and affiliates of the Company, the percentage of direct and indirect ownership by the Company, and the respective country of incorporation:

Subsidiary	Direct and Indirect Ownership	Country of Incorporation
Inversiones Concha y Toro S.A.	100%	Chile
VCT Internacional S.A.	100%	Chile
Viña Cono Sur S.A.	100%	Chile
Sociedad Exportadora y Comercial Viña Maipo Ltda.	100%	Chile
Villa Alegre S.A.	100%	Chile
Concha y Toro UK Limited	100%	United Kingdom
Cono Sur Europe Limited	100%	United Kingdom
Trivento Bodegas y Viñedos S.A.	100%	Argentina
Finca Lunlunta S.A..	100%	Argentina
Transportes Viconto Ltda.	100%	Chile
Viña Almaviva S.A.	50%	Chile
Industria Corchera S.A.	49.84%	Chile
Comercial Peumo Ltda.	100%	Chile
Viña Palo Alto Ltda..	99%	Chile

Property, Plant and Equipment

The Company's headquarters are located at Nueva Tajamar 481, Las Condes, Santiago. To finance these new offices, the Company entered into a twelve-year lease agreement in January 1998.

In addition, the Company owns 12,163 hectares and leases 716 hectares of land throughout Chile, and owns 981 hectares of land in Argentina. Of these, approximately 8,086 hectares are suitable for planting vineyards. A majority of the remaining 5,774 hectares are comprised of roads, hills, fruit orchards and riverbanks. The remainder is used for vinification and bottling plants, cellars and other buildings. None of the Company's properties that are material to its business are mortgaged or otherwise encumbered.

As mentioned above, the Company leases 716 hectares, comprising three leases in the Maipo Valley and three leases in the Casablanca Valley. In the Maipo Valley, the Company leases 105 hectares from an unaffiliated non-profit Chilean institution, approximately 94 of which are suitable for vineyards or agricultural purposes. The lease expires in 2013. The lease may be terminated by the lessor beginning in 2004, with one year's notice and payment of a penalty. In 2004, the Company entered in a lease of 80.6 hectares in production from Viñedos Emiliana; this is a 9-year lease expiring in May 2013. In 2006, the Company leased another vineyard with approximately 112 hectares in production from Viñedos Emiliana; this lease expires in 2018. In the Casablanca Valley, the Company leases three properties of 282, 110 and 27 hectares with leases expiring in 2028, 2023 and 2036, respectively.

Comercial Peumo leases warehouses in Iquique, Antofagasta and Los Angeles for distribution. The Company leases six plants for vinification of popular wine from purchased grapes. The Company believes it would be able to obtain replacement properties at acceptable costs for its leased vineyards, warehouses and vinification plants should its leases not be renewed. See Item 4 — "Information on the Company — Business Overview — Vineyards."

Although the Company believes that it is in compliance with all applicable environmental regulations, it is still in the process of improving the water treatment systems in all of its manufacturing plants. The Company has water treatment systems, owned or contracted to third parties, in all of its plants: Puente Alto, Pirque, Lontué, San Javier, Cachapoal, Santa Elisa, Lourdes, Las Mercedes and Nueva Aurora. During 2005 and 2006, the Company invested in water treatment plants resources amounting to Ch$62 million and Ch$1,211 million, respectively.

ITEM 4A: UNRESOLVED STAFF COMMENTS

Concha y Toro is an accelerated filer, as defined in Rule 12b-2 of the Exchange Act. It is not a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. In addition, as of the date of the filing of this Annual Report, the Company does not have any unresolved comments from the Securities and Exchange Commission staff regarding its periodical reports under the Exchange Act.

ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section provides an assessment by management of the most significant trends and changes in the Company's financial condition and results of operations. Historical results are not necessarily indicative of future performance. Forward-looking statements presented in this section are subject to a number of factors that may cause future results to differ materially from those foreseen.

Overview

Concha y Toro is principally a vertically-integrated wine producer. The Company is the largest producer of wine in Chile and also owns a winery in Argentina, Viña Trivento. The Company is Chile's leading bottled wine exporter, top-selling winery in the domestic market and the number two wine exporter from Argentina.

The Company faces certain key challenges which involve an element of associated risk. Competition in strategically important markets is increasing in tandem with higher supplies of wine from producer countries. In an effort to sustain sales growth under such conditions, the Company has a product portfolio offering a highly attractive price to quality ratio. In addition, Concha y Toro has allocated further funds to the strengthening of its brand name and for the advertisement and marketing of its products in its main markets as well as expanding and fortifying its distribution channels.

Determining factors in the results of the Company include the price of its principal raw material, the cost of grapes, and exchange rates, as in 2006, 76.9% of the sales revenues were denominated in foreign currency.

In 2006, the Chilean wine industry and Concha y Toro in particular, faced important challenges. The most significant one was the unfavorable exchange rate, impacting severely an industry that exports around 60% of its production. In addition, Company results were also impacted by a higher wine cost, impacting the financial result up to the first half of 2006, as a result of increases in the price of grapes in the 2005 harvest. With an opposite trend, the 2006 harvest, presented lower grape cost, this had a positive impact in the average cost of sales, starting the third quarter of year 2006. The Company does not see significant cost pressures (grapes) during 2007, as the industry balance between production and consumption reveals an excess of supply with high stocks of wine.

In 2006, Concha y Toro sales amounted to Ch$215,843 million, up 5% as compared to 2005. We would like to highlight that this result was driven by strong growth of exports from both Chile and our subsidiary in Argentina, and reflects the strength of our brand, market diversification and the competitive positioning of our extensive wine portfolio. To the above we have to add that the Company's strategy has focused on the premium category, which has led to a better product mix and a higher average price.

We believe the Company to be highly competitive in its major markets. Concha y Toro has a high profile brand name and competitive economies of scale. The principal measure for sustaining future growth involves ongoing investment in vineyard development and cellar capacity to raise overall production capacity.

In 2006, Concha y Toro had a net income of Ch$16,161 million, representing a 16.9% decrease from 2005, this result mainly reflects the strong appreciation of the Chilean peso and its impact on revenues denominated in foreign currencies. Consolidated sales for the year increased 5%. Sales revenues totaled Ch$215,843 million, 23.1% of which were generated from sales in the domestic market, 68.7% from exports from Chile and 8.2% from the Argentine operation.

	% of Total Sales by Value		
	2004	2005	2006
Chile:			
Domestic	24.3%	26.2%	23.1%
Exports	68.0%	65.7%	68.7%
Argentina: (Domestic and export sales)	7.7%	8.1%	8.2%
Total	**100.0%**	**100.0%**	**100.0%**

A. Operating Results

The following discussion should be read in conjunction with the Consolidated Financial Statements, including the Notes thereto, included in Item 18 herein. The Consolidated Financial Statements are prepared in accordance with Chilean GAAP, which differ in certain important respects from U.S. GAAP. See Note 37 to the Consolidated Financial Statements for a discussion of (i) the principal differences between Chilean GAAP and U.S. GAAP which affect the financial statements of the Company, (ii) the effects of such differences on the calculation of net income and shareholders' equity, and (iii) a reconciliation to U.S. GAAP of net income for each of the three years in the period ended December 31, 2006 and of shareholders' equity as of December 31, 2005 and 2006. The amounts in dollars are presented for the convenience of the reader only.

The following table sets forth selected Company income statement data expressed as a percentage of revenues for the years indicated, as well as year-to-year percentage changes covering the respective periods.

	Year Ended December 31,			% Change	
	2004	2005	2006	2004-2005	2005-2006
Revenues	100.0%	100.0%	100.0%	3.1%	5.0%
Cost of sales	(61.1)	(65.2)	(65.5)	10.1	5.5
Gross profit	38.9	34.8	34.5	-7.8	4.1
Selling and administrative expenses	(22.8)	(22.4)	(23.2)	1.4	8.8
Operating income	16.1	12.4	11.3	-20.9	-4.4
Non-operating income	0.4	1.7	0.4	343.1	-72.5
Non-operating expenses	(1.2)	(2.8)	(2.2)	148.8	-17.8
Price-level restatement and foreign exchange losses, net	(0.8)	(0.1)	(0.0)	-90.2	-33.7
Income tax	(2.6)	(1.7)	(2.0)	-30.7	20.5
Net income	**12.0%**	**9.5%**	**7.5%**	**-19.0%**	**-16.9%**

Revenue Breakdown
(million Ch$)

	Year Ended December 31,			% Change	
	2004	**2005**	**2006**	**2004-2005**	**2005-2006**
Chile:					
Domestic	48,336	53,957	49,912	11.6%	-7.5%
Exports	135,657	135,048	148,169	-0.4%	9.7%
Argentina:					
Domestic	7,231	5,330	5,970	-26.3%	12.0%
Exports	8,187	11,260	11,792	37.5%	4.7%
Total revenues	**199,410**	**205,596**	**215,843**	**3.1%**	**5.0%**

Year ended December 31, 2006 compared to year ended December 31, 2005
Figures expressed in Chilean pesos (Ch$) as of December 31, 2006

Revenues. Total revenues increased 5% to Ch$ 215,843 million from Ch$205,596 million in 2005. This resulted from higher sales abroad, driven by increasing shipments across all regions and larger sales from the Argentine operation, partially compensated by a decrease in domestic sales and the impact of a lower exchange rate on the Company's foreign currency revenues.

Domestic Revenues. Sales in Chile decreased 7.5% in 2006 to Ch$49,912 million from Ch$53,957 million in 2005. Domestic revenues comprise local wine sales, which accounted for 88.7% of the revenues, and other revenues — principally fees for bottling services, sales of fruit and liquors. Wine sales decreased by 5.6%, and other income decreased 20.1%, mainly due to lower fees from bottling services to third parties.

Total domestic sales (including coolers and bulk) decreased 5.6% to Ch$44,292 million in 2006 from Ch$46,926 million in 2005. Domestic bottled wines sales (excluding bulk) for the period decreased 5.8% to Ch$44,165 million from Ch$46,905 million in 2005. The 5.8% reduction in bottled domestic sales was the result of a 4.3% increase in volume offset by a 9.7% fall in the average price. The lower price reflects price reductions in line with a lower cost for the 2006 harvest. The Company has also faced increasing domestic competition in the massive wine segment in favor of its main substitute, beer.

Export Revenues. Sales abroad, including exports to third parties and sales of Concha y Toro UK, increased 9.7% to Ch$148,169 million in 2006 from Ch$135,048 million in 2005. Stated in Chilean pesos, the sales figure includes the impact of an 8% appreciation of the peso year-on-year (a fall in the exchange rate from an average Ch$581.5 in 2005 to Ch$535.3 in 2006).

Despite a challenging scenario for the wine industry, Company exports rose 10% in terms of volume reflecting market diversification and the competitive positioning of our extensive wine portfolio. Export growth was achieved with diversified growth in most of the geographic areas to which the Company exports. The largest volume gains were obtained in Central America/Caribbean and South America, increasing by 26% and 23.6%, respectively. Volumes in the region were driven by Mexico, Venezuela and Brazil. Volumes to Europe increased 7.6%, led by a strong performance of Continental Europe. Volume in Asia increased 14% and in Canada 19.5%. Volumes to the US were flat.

Shipments by category reveal a 17.5% increase in premium wines, mainly due to the solid performance of Casillero del Diablo which grew 17% in 2006. Varietal wine sales by volume increased 25.1%, while bi-varietal and popular wines increased 4.9% and 0.3%, respectively.

The average price in Chilean pesos decreased by 0.9% as a result of the exchange rate effect (with a year-on-year appreciation of the Chilean peso against the US dollar of approximately 8%). For further information regarding the total amount of export sales, export sales and competition and principal export markets, See Item 4 — "Information of the Company — Business Overview — Company sales — Export markets" and note 37(l) to the Financial Statements.

Argentine Operations. Consolidated sales of the Company's Argentine businesses increased 7.1% to Ch$17,762 million following a 4.7% increase in exports and a 12% increase in domestic sales.

Export revenue growth is mainly explained by the increase in volume. Trivento's exports of wine by volume increased 14.4% reaching 1,416,000 cases. This result was partially compensated by the the impact of the exchange rate appreciation.

Domestic revenue growth is explained by an increase in domestic volume of 28%, totaling 700,000 cases, partially compensated by a decrease in the average price per case in Chilean pesos (-16.8%).

Cost of Sales. Total cost of sales rose 5.5% to Ch$141,447 million from Ch$134,132 million in 2005. Cost of sales as a percentage of total sales increased to 65.5% from 65.2%, mainly as a result of a higher average wine cost affecting the costing of the first half of 2006 due to higher grape costs for the 2005 vintage.

Gross Profit. Gross profit increased 4.1% to Ch$74,396 million in 2006 from Ch$71,463 million in 2005. As a percentage of sales, the gross margin decreased to 34.5% from 34.8%, mainly reflecting the higher wine cost and the impact of the Chilean peso appreciation on dollar-denominated revenues.

Selling, General and Administrative Expenses (SG&A). SG&A at Concha y Toro mainly includes advertising and promotional expenses, salaries of administrative and sales personnel, general expenses, export commissions, insurance and maintenance. SG&A increased by Ch$4,041 million, or 8.8% year over year, to Ch$50,072 million in 2006 from Ch$46,032 million in 2005. As a percentage of revenues, SG&A increased to 23.2% from 22.4% in 2005, reflecting an increase in export-related expenses in line with larger volumes and higher expenses from Concha y Toro UK and Trivento (the foreign subsidiaries), in line with their expansion in volumes and the strengthening of the commercial areas.

Operating Income. Operating income decreased 4.4% to Ch$24,323 million compared to the Ch$25,432 million in 2005. The operating margin decreased from 12.4% to 11.3%, explained by the impact of the sharp appreciation of the Chilean peso on dollar-denominated revenues, the increase on average wine costs (affecting first half costing) and the increase in SG & A as a percentage of sales.

Non-Operating Income. Non-operating income decreased to Ch$956 million from Ch$3,472 million in 2005. This result is mainly explained by the decrease in other non-operating income as compared to the 2005 figure, which included a gain corresponding to the sale in advance of forward contracts held by the company of approximately Ch$2,573 million.

Non-operating Expenses (Excluding Price Level Restatement and Foreign Exchange Differences). Non-operating expenses decreased 17.8% to Ch$4,744 million from Ch$5,769 million. This resulted mainly from a decrease in other non-operating expenses partly compensated by higher interest expenses. Other non-operating expenses decreased from Ch$2,056 million in 2005 to Ch$377 million in 2006; the 2005 figure included expenses related to extraordinary provision. Interest expense increased from Ch$3,640 million to Ch$4,294 million due to an increase in financial debt of Ch$5,009 million. The Company raised its short-term debt to banks and financial institutions to finance working capital needs.

Price level restatement and Foreign Exchange Differences. Price level restatement and foreign exchange differences produced a loss of Ch$98 million in 2006 compared to a loss of Ch$148 million in 2005. This is mainly due to a gain on foreign exchange differences of Ch$261 million in 2006 compared to a gain of Ch$32 million in 2005. For detail on Foreign Exchange Differences, see note 24 of Consolidated Financial Statements.

Net Income. Net income in 2006 of Ch$16,161 million decreased by Ch$3,278 million, 16.9%, as compared to Ch$19,439 million in 2005.

Year ended December 31, 2005 compared to year ended December 31, 2004
Figures expressed in Chilean pesos (Ch$) as of December 31, 2006

Revenues. Total revenues increased 3.1% to Ch$205,596 million from Ch$199,410 million in 2004. Revenues increased following stronger sales in the Chilean domestic market, higher sales from Concha y Toro UK and an increase in exports from Argentina. Exports from Chile to third parties decreased as a result of the strong appreciation of the Chilean peso against the US dollar and euro. Chilean peso appreciation against the US dollar was approximately 11.0% year-over-year.

Domestic Revenues. Sales in Chile increased 11.6% in 2005 to Ch$53,957 million from Ch$48,336 million in 2004. Domestic revenues comprise local wine sales, which accounted for 87% of the revenues, and other revenues — principally fees for bottling services, sales of fruit and liquors. Wine sales increased by 14.7%, and other income decreased 5.4% mainly due to lower fees from bottling services to third parties.

Domestic wine sales (including coolers and bulk) increased 14.7% to Ch$46,926 million in 2005 from Ch$40,906 million in 2004. Stronger sales were the result of a 1.3% increase in bottled volume and a 13.5% increase in the average price. Higher volume reflects a 1.4% increase in popular wines and a 14.7% rise in premium wines driven by larger sales of Casillero del Diablo and Trio. The 13.5% higher average price is the result of price increases mainly in the popular wine category following a higher wine cost in 2005.

Export Revenues. Sales abroad decreased by 0.4% to Ch$135,048 million in 2005 from Ch$135,657 million in 2004. This decrease resulted from the appreciation of the Chilean peso against the U.S. dollar, the Euro and the Sterling Pound in approximately 11.0%, 10% and 14.7%, respectively, in 2005 (average relevant exchange rates for the Company). The exchange effect offset the sales increase in U.S. dollars of 12.4%, consisting of a 10% increase in volume and a 2.4% increase in prices in U.S. dollars.

During 2005 the Company continued consolidating its brand positioning and opening new business in key markets. Sales abroad by volume grew by 10% and were achieved with diversified growth in most of the geographic areas to which the Company exports. By volume, sales in Europe, the principal market region, rose 18% as a result of the good momentum the Company is maintaining in the UK and in the rest of Europe. Shipments to Asia increased 21.6%. Central America/Caribbean grew 12.8% led by good performances in Mexico and Costa Rica among others. Volumes grew by 5.7% in South America. The volume shipped to the U.S. increased 1.7%.

The 2.4% increase in the average price in U.S. dollars mainly reflects an improvement in the product mix being offered. The average price in Chilean pesos decreased by 9.3% as a result of the exchange rate effect. For further information regarding the total amount of export sales, export sales and competition and principal export markets, See Item 4 — "Information of the Company — Business Overview — Company sales — Export markets."

Argentine Operations. Total sales by the Company's Argentine businesses increased 7.6% to Ch$16,590 million following a 37.5% increase in exports, partially compensated by a 26.3% decrease in domestic sales.

Export revenue growth is mainly explained by the increase in volume. Trivento's exports of wine by volume increased 59% reaching 1,238,000 cases. Trivento grew across all regional markets with a strong performance in European countries. Trivento consolidated its position as the second largest exporter of Argentine wines by volume in 2005. This result was partially compensated as the average price in Chilean pesos decreased 10.9%, with this decrease reflecting the impact of the exchange rate appreciation. Trivento exports in US dollars increased 61% by value to US$19.3 million, with the average price stated in US$ rising 1.4%.

The 26.3% decrease in domestic sales mainly reflects a 27% decline in volumes sold and a 1% increase in the average price in Chilean pesos. The Company's strategy has focused on improving profitability. In 2005, the average price, in Argentine peso terms, increased by 14% (1% in Chilean pesos) as compared to 2004. The higher average price had an impact on volumes, with these declining by 27% to 548,200 cases.

Cost of Sales. Total cost of sales increased by 10.1% to Ch$134,132 million in 2005 from Ch$121,868 million for fiscal year 2004. The cost of sales as a percentage of total sales increased to 65.2% from 61.1%, mainly reflecting the impact of the exchange rate on sales and a higher average cost of wine in 2005 as a result of increased grape prices for the 2005 vintage.

Cost of sales increased by Ch$12,264 million as a result of: a) an increase in volumes sold representing 66.5% of the increase or Ch$8,156 million; b) an increase in the cost of raw materials, mainly a higher wine cost representing 25.2% of the increase or Ch$3,090 million (wine cost for the period increased 21% as a result of the higher cost of grapes in the 2005 harvest); and c) an increase in the cost of the Argentine operation representing 8.3% of the increase or Ch$1,018 million.

Gross Profit. Gross profit decreased 7.8% to Ch$71,463 million in 2005 from Ch$77,542 million in 2004. As a percentage of sales, the gross margin decreased to 34.8% from 38.9%, mainly reflecting the impact of the Chilean peso appreciation on foreign currency denominated revenues and the higher wine cost mentioned above.

Selling, General and Administrative Expenses (SG&A). SG&A at Concha y Toro mainly includes advertising and promotional expenses, salaries of administrative and sales personnel, general expenses, export commissions, insurance and maintenance. SG&A increased by Ch$643 million, or 1.4% year over year, to Ch$46,032 million in 2005 from Ch$45,389 million in 2004. As a percentage of revenues, SG&A decreased to 22.4% from 22.8% recorded in 2004, reflecting a slightly lower rate of SG&A growth in Chile compared to sales and a decrease in expenses in the Argentine subsidiary.

Chilean business derived SG&A increased by Ch$940 million. Higher remunerations and higher marketing expenses mainly explain this increase as the company continues to support growth across all business areas, including stronger marketing expenses at Concha y Toro UK to develop sales in its highly competitive market.

SG&A for the Argentine business decreased by Ch$297 million, mainly reflecting a decrease in marketing expenses and other selling and administrative expenses with larger export volumes.

Operating Income. Operating income decreased 20.9% to Ch$25,432 million compared to Ch$32,153 million in 2004. The operating margin decreased from 16.1% to 12.4% following the contraction in the gross margin as a result of the strong appreciation of the Chilean peso and its impact on foreign currency revenues and a higher cost of wine for 2005.

Non-Operating Income. Non-operating income increased 343.1% to Ch$3,472 million from Ch$784 million in 2004. This result is mainly explained by the increase in other non-operating income resulting from a gain of Ch$2,573 million on the sale in advance of forward contracts held by the Company.

Non-operating Expenses (Excluding Price Level Restatement and Foreign Exchange Differences). Non-operating expenses increased 148.8% to Ch$5,769 million from Ch$2,319 million. This resulted from (1) an increase in interest expense from Ch$1,814 million to Ch$3,640 million mainly due to an increase in financial debt of Ch$27,891 million to finance the investment program and working capital; and (2) an increase in other non-operating expenses related to extraordinary provisions.

Price level restatement and Foreign Exchange Differences. Price level restatement and foreign exchange differences produced a loss of Ch$148 million in 2005 compared to a loss of Ch$1,509 million in 2004. This is mainly due to a gain on foreign exchange differences of Ch$32 million in 2005 compared to a loss of Ch$1,542 million in 2004. For detail on Foreign Exchange Differences, see note 24 of Consolidated Financial Statements.

Net Income. Net income in 2005 of Ch$19,439 million decreased by Ch$4,561 million, 19.0%, as compared to Ch$24,000 million in 2004.

U.S. GAAP Reconciliation. Net income under U.S. GAAP for 2006, 2005 and 2004 was Ch$16,111 million, Ch$21,339 million and Ch$24,233 million, respectively, whereas the amounts reported under Chilean GAAP were Ch$16,161 million, Ch$19,439 million and Ch$24,000 million, respectively. Differences result mainly from U.S. GAAP adjustments for the reversal of goodwill amortization, the reversal of the depreciation generated by technical revaluation of fixed assets under Chilean GAAP, the recording of deferred income taxes in accordance with SFAS 109 and the reversal cumulative translation adjustment.

Total shareholders' equity under U.S. GAAP for 2006, 2005 and 2004 was Ch$179,482 million, Ch$170,933 million and Ch$159,116 million, respectively, and compared to Chilean reported amounts of Ch$182,156 million, Ch$173,724 million and Ch$165,047 million, respectively. The main differences between shareholders' equity under U.S. GAAP and Chilean GAAP are the reversal of revaluation of fixed assets, the recording of deferred income taxes and capitalized interest and the accrual of a 30% minimum dividend.

For further details regarding these and other differences between Chilean GAAP and U.S. GAAP, see Note 37 to the Consolidated Financial Statements, par. 1 k) effects of conforming to US GAAP.

B. Liquidity and Capital Resources

Liquidity

In 2006, the Company's main source of liquidity was cash generated by its operating activities, which amounted to Ch$28,377 million. In 2005 the main source of liquidity was generated by financing activities, Ch$20,450 million, while in 2004, the main source of liquidity was cash generated by operating activities of Ch$14,522 million. In the Company's opinion, its working capital of Ch$81,943 million as of December 31, 2006 is sufficient for the Company's present requirements.

On December 31, 2006, the Company had Ch$1,991 million of cash, time deposits and other cash equivalents and approximately Ch$116,048 million available under undrawn bank lines of credit.

Prior to the effect of inflation in cash and cash equivalent, the Company generated positive cash flow for year 2006 of Ch$ 603 million. Net cash flows used in 2005 and 2004 was negative Ch$176 million and Ch$651 million, respectively. The effect of inflation decreased cash and cash equivalents in Ch$90 million, Ch$249 million and Ch$85 million in 2006, 2005 and 2004, respectively.

Net cash flows from operating activities were Ch$28,377 million in 2006, Ch$13,008 million in 2005 and Ch$14,522 million in 2004. Net cash flow used in financing activities was Ch$1,848 million in 2006, while net cash flows originated from financing activities were Ch$20,450 million in 2005 and Ch$10,691 million in 2004. Net cash flows used in investing activities was Ch$25,925 million in 2006, Ch$33,634 million in 2005 and Ch$25,864 million in 2004.

There are no material restrictions, either legal or economic, that would limit the ability of subsidiaries to transfer funds to the Company in the form of cash dividends, loans, or advances.

The Company's total assets increased 9.2% from Ch$314,430 million at December 31, 2005 to Ch$343,276 million at December 31, 2006. The increase in total assets is due to an increase in current assets (mainly accounts receivable) and fixed assets involving the acquisition of new vineyards, construction and infrastructure.

Current liabilities increased 23%, to Ch$87,511 million at December 31, 2006 from Ch$71,164 million at December 31, 2005, mainly as a result of an increase in short term debt to banks and financial institutions and an increase in accounts payable. Long-term liabilities increased to Ch$73,598 million at December 31, 2006 from Ch$69,532 million at December 31, 2005.

Long term liabilities increased from Ch$38,308 million in 2004 to Ch$69,532 million in 2005 , due to an increase in long term debt as a result of a 21-year bond placement. The Company will repay its debt with cash generated by its operating activities. The increase in long term financial debt results from financing the capital expenditure program and working capital in 2005.

On April 26, 2005, Concha y Toro placed a 21-year bond for Unidad de Fomento (UF) 2 million (as of December 31, 2006 Ch$36,673 million) on the local market at an interest rate of 3.9% per annum. The amortization of this bond will be done on semi-annual installments beginning October 2009, and interest payments will be done on a semi-annual basis starting April 2005. The proceeds (35%) were used to repay financial debt, mainly at short term, and the remaining (65%) to finance new investments for supporting future growth. Covenants associated with the issuance of bonds payable are detailed in Note 28 to the Financial Statements – Contingencies and Restrictions. Bond covenants require the Company to maintain certain financial ratios. Among them, the Company is required to (1) maintain an indebtedness ratio (the ratio of current and long-term liabilities to shareholders' equity plus minority interest) no greater than 1.4 times; (2) maintain, at all times, during the life of the present bond issuance, minimum equity of five million UF; and (3) maintain at all times an interest coverage ratio (the ratio of operating income plus depreciation plus operating amortization to interest expenses) of a minimum of 2.5 times. As of December 31, 2006 the Company complies with all covenants required and has a consolidated indebtedness ratio of 0.88 times, equity of Ch$182,156 million or 9.9 million UF, and the interest coverage ratio is 8.3 times.

As of December 31, 2006 the Company's total interest-bearing financial debt amounted to Ch$95,714 million of which, Ch$33,682 million was short term debt and Ch$62,032 million was long term debt with maturities to 2010 for its bank debt and 2026 for the bond debt. Of total financial debt, approximately 83.4% was fixed-rate debt and 16.6% was variable-rate debt. The fixed-rate debt of Ch$79,854 million has an average interest rate of 4.7% with maturities through 2026. The Company's floating-rate debt, which totaled Ch$15,860 million, was denominated in Pesos, Dollars, Euros, Sterling Pounds and Argentine Pesos. The Company has not used any type of financial instrument to minimize interest rate risk exposure but is considering hedging as a means to mitigate this risk.

For further detail on interest bearing debt as of December 31, 2006, see Item 11 — "Quantitative and Qualitative Disclosures About Market Risk."

Capital Expenditures

Total capital expenditures which include additions to property, plant and equipment and other permanent investments were Ch$19,883 million (US$37 million) in 2006, Ch$31,299 million in 2005 and Ch$24,085 million in 2004. Capital expenditures in 2006 in the agriculture area were oriented to the development and planting of vineyards in estates purchased in 2005. Investments in the oenology and industrial areas included the addition of vinification and cellar capacity and the expansion of the bottling plant in Pirque. In Argentina, new investment was oriented to vineyard development and cellar facilities. For 2007, the Company established a capital expenditure budget of Ch$26,000 million (approximately US$50 million), that includes the planting of new land, the construction of storage and fermentation facilities, expansion of the bottling plants and the acquisition of French and American oak barrels, for the production of all wines with an emphasis on premium and varietal wines. Also, funds will be oriented toward the expansion of the capacity of Viña Trivento in Argentina. The following table sets forth the Company's capital expenditures for the different areas for the years ended 2004-2006 and planned capital investment for 2007.

Area:	Capital Expenditures[1] (in million Chilean pesos (Ch$) as of December 31, 2006) 2004	2005	2006	2007E
Agriculture[2]	7,847	13,989	5,958	6,230
Oenology, technical and bottling facilities	9,593	12,570	10,463	13,589
Viña Trivento (Argentina)	3,623	2,100	1,899	4,927
Administration and other subsidiaries	1,948	1,799	1,562	1,254
Other permanent investments[3]	1,074	842	—	—
Total	**24,085**	**31,299**	**19,883**	**26,000**

(1) The investment figures in this table correspond to amounts net of V.A.T., while figures in the Consolidated Statements of Cash Flows include V.A.T.

(2) Agriculture expenditures consist of investments in agricultural equipment and activities in order to develop new vineyards and bring them to commercial production, and to maintain or expand production at existing vineyards.

(3) Principally correspond to the investment in the affiliated Industria Corchera.

The Company expects to continue planting wine vines and developing the corresponding infrastructure needed on certain properties owned by the Company in Chile and in Argentina. Funds will also be used to increase the capacity of the Company's vinification and storage facilities including the acquisition of French and American oak barrels. The Company has a capital expenditure budget of approximately US$25 million as of 2008.

Impact of Inflation and Foreign Currency Fluctuations

The Company is required under Chilean GAAP to restate non-monetary assets and liabilities, equity and income and expense accounts to reflect the effect of variations in the purchasing power of the Chilean peso. During inflationary periods, monetary items generate a gain or loss in purchasing power which is influenced by the currency in which they are denominated. Non-monetary assets and liabilities are restated so as to correct the effect of inflation and remain constant in real terms from period to period. See Note 2(d) and Note 23 to the Consolidated Financial Statements contained in Item 18.

The net monetary correction gain or loss each year is calculated as follows:

- Non-monetary assets and liabilities, shareholders' equity and income and expense accounts are restated using the CPI published by Chile's National Institute of Statistics.
- The CPI effect on inventories is calculated based on the turnover of inventory during the year.
- Monetary assets and liabilities denominated in foreign currency and UF are restated at the applicable year-end exchange rates.

In general, inflation has the adverse effect of diminishing the purchasing power of the Company's peso-denominated monetary assets which are not price-level indexed and has the positive effect of reducing the real value of the Company's peso-denominated monetary liabilities which are not price-level indexed.

Company exports are mostly denominated in U.S. dollars, although they are also denominated in Euros, Sterling Pounds, Canadian dollars and Argentine pesos (sales of the Argentine subsidiaries). Total revenues from exports including exports to third parties and sales of the foreign subsidiaries as a percentage of total revenues were 76.9 % in 2006, 73.8% in 2005 and 75.7% in 2004. To the extent that U.S. dollar-denominated revenues exceed U.S. dollar-denominated operating costs, the Company's results of operations will be impacted by the difference between the changes in exchange rates and the Chilean rate of inflation. The Company purchases bottles, corks and Tetra Brik containers in prices set in U.S. dollars.

To the extent that the Chilean peso depreciates against the U.S. dollar at a lower rate than the rate of Chilean inflation, the Company's export sales will increase less than inflation adjusted peso costs, and margins as reported in Chilean pesos will decrease. The reverse situation would occur with respect to domestic sales denominated in Chilean pesos and related U.S. dollar denominated costs. The rates of nominal appreciation of the Chilean peso against the U.S. dollar in 2004, 2005 and 2006 were 11.9%, 8.2% and 5.3%, respectively (average annual exchange rates). The Chilean price-level restatement factors for the same periods were 2.5%, 3.6% and 2.1% respectively.

While the Company denominates its export prices in U.S. dollars (other than to Canada, Argentina and some European countries as discussed above), retail prices in the importing countries are denominated in local currencies. Changes in the exchange rate between the U.S. dollar and the local currency can have an impact on the local currency price and thereby on the volume of the Company's wine sold in such markets. For details on Foreign Exchange Differences see Note 24 to the Consolidated Financial Statements contained in Item 18.

The Company enters into forward foreign exchange agreements to minimize its exposure to the risks of changes in foreign exchange rates. Since 1993, the Company has attempted to balance U.S. dollar-denominated assets and liabilities. See Item 11 — "Quantitative and Qualitative Disclosures About Market Risk."

Critical Accounting Policies

A summary of the Company's significant accounting policies is included in Note 2 to the Company's audited consolidated financial statements. The preparation of financial statements requires management to make estimates and assumptions and exert judgment. These actions affect the amounts reported in the consolidated financial statements. Included below are the accounting policies which the Company considers critical to its business.

a) Allowance for Doubtful Accounts:

The Company maintains allowances for doubtful accounts. Possible loss estimates are based on a case-by-case evaluation of past due amounts of more than six months. In addition to the aging of the receivable, the Company considers historical loss experience. Other factors are also considered, including general economic environment of the wine industry. Historically, bad debt write-offs have not been significant and are within the parameters for the wine industry.

The Company has contracted insurance policies which reimburse the company for non-collection of practically all accounts receivable balances related to export sales. Insurance coverage is, in general, 90% of the balances in Accounts Receivable in all geographical areas with the exception of Argentina where coverage is 65%.

The Company does not have insurance policies for accounts receivables related to sales in the domestic markets of Chile and Argentina. The Company believes that this is a critical accounting policy because of the judgment involved in accruing for possible loss estimates.

b) Income and Deferred Taxes:

Our Company and each of its subsidiaries compute and pay tax on an individual tax return basis.

Effective January 1, 2000, the effects of deferred income taxes arising from temporary differences between the basis of assets and liabilities for tax and financial statement purposes are recorded in accordance with Technical Bulletin Nº 60 issued by the Chilean Association of Accountants. The effects of deferred income taxes at January 1, 2000, which were not previously recorded, were set up as a contra-asset or liability account which is charged or credited to income over the estimated reversal period of the temporary differences. Under Technical Bulletin Nº 60, deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all the deferred tax asset will not be realized. In making this determination, the Company considers both positive and negative evidence and makes certain assumptions including projections of taxable income.

Although we believe that our estimates are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. Such differences could have a material effect on our income tax provision and net income in the period in which such determination is made.

In order for us to realize our deferred tax assets, we must be able to generate sufficient taxable income in those jurisdictions where the deferred tax assets are located. We have considered future market growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate and prudent and feasible tax planning strategies in determining the need for a valuation allowance. In the event we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to earnings in the period in which we make such determination.

The Company believes its tax positions comply with the applicable tax laws and that it is adequately provided for all tax related matters. The Company is subject to examination by taxing authorities in the various jurisdictions in which it files tax returns. Specifically, the Company is routinely under examination by the Internal Revenue Service. The current examination includes the years 2001 through 2006. Matters raised upon audit may involve substantial amounts and could result in material cash payments if resolved unfavorably; however, management does not believe that any material payments will be made related to these matters within the next year. Management considers it unlikely that the resolution of these matters will have a material adverse effect on its results of operations.

c) Inventories:

Our inventories of finished products and inventories of in-process goods are stated at standard cost and include the cost of raw materials and labor and overhead costs added to the products.

The resulting value of inventories does not exceed their estimated net realizable values. Raw materials and supplier goods acquired from third parties are stated at average cost plus monetary correction. The Company records obsolescence provisions for finished products, products in process, raw material and other materials based on reports detailing slow to no turnover, which take into consideration certain estimations and assumptions, including market conditions and consumer consumption estimates. As the Company must exercise judgment in projecting market conditions and consumer consumption, the Company believes that the Company's accounting policy for reserving inventory should be considered critical.

d) Goodwill:

Goodwill is recorded at cost plus price-level restatements and is amortized on a straight-line basis, over the estimated future periods benefited (not exceeding 20 years). Goodwill is periodically reviewed for impairment whenever events or changes occur that indicate the carrying value of the business, or assets to which they relate, may not be recoverable. As such, events or changes occur, management estimates the future cash flows expected to result from the use and, if applicable, the eventual disposition of the assets and related goodwill. The key variables which management must estimate include sales volume, prices and other economic factors. Significant management judgment is involved in estimating these variables, and they include inherent uncertainties; however, the assumptions used are consistent with our internal planning. Therefore, management periodically evaluates and updates the estimates based on the conditions that influence these variables. If the assets are considered impaired, it's written down to fair value as appropriate. We performed the impairment tests of our goodwill and concluded that no impairment charge was necessary.

e) Impairment of long-lived assets:

Property, Plant and Equipment and Amortized Intangibles: The Company depreciates property, plant and equipment and amortizes intangibles principally by the straight-line method over the estimated useful lives of these assets. Estimates of useful lives are based on the nature of the underlying assets as well as the Company's experience with similar assets and intended use. Estimates of useful lives can differ from actual useful lives due to the inherent uncertainty in making these estimates. This is particularly true for the Company's significant long-lived assets such as vineyards, buildings, farming machinery and equipment, tanks and regations sistems. Factors such as the conditions in which the assets are used, availability of capital to replace assets, and frequency of maintenance could influence the useful lives of these assets.

The Company reviews property, plant and equipment and amortizable intangibles to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an evaluation of recoverability is required, the estimated total undiscounted future cash flows directly associated with the asset are compared to the asset's carrying amount. If this comparison indicates that there is an impairment, the amount of the impairment is calculated by comparing the carrying value to the discounted expected future cash flows expected to result from the use of the asset and its eventual disposition or comparable market values, depending on the nature of the asset.

f) Investments in foreign subsidiaries:

The investments in the Argentine subsidiaries, Trivento and Finca Lunlunta, are recorded in accordance with BT 64 of the Chilean Institute of Accountants. Under this pronouncement the financial statements of foreign subsidiaries, which operate in countries that are exposed to significant risks, restrictions or inflation/exchange fluctuations must be remeasured into US dollars and translated to Chilean pesos at the year-end exchange rate. As a result, no effect is given to price level restatements based on inflation in this country and the US dollar is considered to be the functional currency of these operations. Accordingly, the financial statements of the Argentine subsidiaries are prepared in accordance with Chilean GAAP except for the application of monetary correction and then remeasured into US dollars as follows:

- Monetary assets and liabilities are translated at year-end exchange rate.
- All non-monetary assets and liabilities and shareholders' equity are expressed at historical US dollars;
- Income and expense accounts at the average exchange rate of the month in which the transactions occur;
- The resulting exchange adjustments are included in the results of operations.

The resulting US dollar amounts are then translated to Chilean pesos at the observed exchange rate of the US dollar in relation to the Chilean peso at the balance sheet date. The net equity in the foreign subsidiaries in Chilean pesos is compared to the investment valued by the equity method at the beginning of the year, as adjusted for price level changes in Chile during the year. Any difference between the Company's participation in the equity of the subsidiaries and the investment therein as adjusted for Chilean inflation, arises from exchange adjustments, which are included in the Cumulative translation adjustment account in the equity section of the balance sheet under Chilean GAAP.

C. 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.

Since 2006, Concha y Toro has been part of the "Consorcio Tecnológico Empresarial de la Vid and Vino Vinnova", composed of other 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.

D. Trend Information

The most significant trend affecting the Chilean wine industry and the Company's results currently and in the past three fiscal years has been the strong appreciation of the Chilean peso, with an important impact on an industry that exports around 60% of its production. On another front, the industry has faced increasing competition in both the domestic and the export markets as a result of a global oversupply of wine.

In the domestic market, the Company has faced a challenging market situation of increasing competition with sluggish consumption in the massive wines segment in favor of its main substitute - beer. The Company has sustained volume growth, backed by strong brands and a commercial strategy designed to cope with market aggressiveness.

In the export markets, the Company has faced increasing competition in some key markets resulting in falling prices or increasing marketing needs. However, the Company has been able to compete successfully, with export sales increasing strongly in both volume and value. The most dynamic region for the Company in the past three years has been Europe. The Company expects this trend to continue in the future and it has established a subsidiary in the United Kingdom. The Company believes it is very well established in Continental Europe.

With respect to consumption trends, the Company believes that there is a major trend towards the consumption of varietal wines in general, and certain varietal wines in particular, in its major export markets, principally the United States, Europe, Asia and Canada. The Company has tailored its new grape plantings to respond to this trend. In addition, the Company has experienced a shift towards the consumption of wines from the New World including wines from Australia, Chile, the U.S., South Africa and Argentina.

E. Off - Balance Sheet Arrangements

The Company has not entered into any transactions with unconsolidated entities whereby the Company has financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose the Company to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company.

F. Tabular Disclosure of Contractual Obligations

The table below is a summary of the Company's contractual obligations as of December 31, 2006:

	Payments due by period				
	Total	Less than 1 year	1 – 3 Years	3 – 5 Years	More than 5 Years
	(in millions of Ch$)				
Contractual Obligations					
Long Term Debt Obligations (1)	82,108	8,510	32,009	10,309	31,280
Operating Lease Obligations (2)	4,755	382	1,167	755	2,452
Capital Lease Obligations	59	28	31	—	—
Interests Payables from Banks and bonds obligations(3)	19,750	592	5,762	5,517	7,878
Purchase Obligations (4)	35,208	22,292	11,047	1,576	294
Total	**141,880**	**31,804**	**50,016**	**18,157**	**41,904**

(1) Includes Payables to Banks, bonds, leasing, related accounts, provisions and taxes.
(2) Corresponds to obligations due to the lease of country property.
(3) Corresponds to payables to banks and bonds interests, whose rate of interest is fixed and variable.
(4) Corresponds to payment obligations of investments in process and purchase obligations related to grape contracts.

As explained under Item 11 — "Quantitative and Qualitative Disclosures about Market Risk — Interest Rate Risk", 83.4% of total liabilities are subject to a fixed rate of interest.

ITEM 6: DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The Company is managed by a Board of Directors consisting of seven Directors. The entire Board of Directors is elected every three years at an annual general shareholders' meeting. Directors are not subject to term limits. If a vacancy occurs, the Board of Directors elects a temporary director to fill the vacancy until the next regularly scheduled meeting of shareholders in which Directors are elected, and at which time the entire Board of Directors will be elected for a new three-year term. The Company's By-Laws provide that directors need not be shareholders.

The following table lists each director of the Company, his current position, his age as of May 31, 2007, years with the Company and year of appointment to the Board of Directors:

Name	Position	Age at May 31, 2007	Years with the Company	Current Position Held Since
Directors:				
Alfonso Larraín Santa María	Chairman	70	37	1998
Rafael Guilisasti Gana	Vice Chairman	53	28	1998
Mariano Fontecilla de Santiago Concha	Director	82	32	1995
Francisco Marín Estévez	Director	68	24	1982
Pablo Guilisasti Gana	Director	52	2	2005
Sergio de la Cuadra Fabres	Director	65	2	2005
Christian Skibsted-Hansen Cortés	Director	43	2	2005

The following provides biographical information about the Directors of the Company.

Alfonso Larraín, Chairman
Company director since 1969. General Manager from 1973 to 1989 and Vice-Chairman from 1989 to 1998. In his long career at the winery, he has worked on implementing an aggressive policy of opening up new markets. When he became Chairman in September 1998, the Company's focus changed to one of enhancing its prestige in its major markets as a producer of fine wines. He is also director of Viñedos Emiliana and the Santiago Chamber of Commerce and is the President of Fundación Cultura Nacional.

Rafael Guilisasti Gana, Vice Chairman
Rafael Guilisasti has been a director and vice-chairman of the board of Viña Concha y Toro since September 1998. Mr. Guilisasti has a wide and outstanding experience in the Chilean wine industry. He joined Viña Concha y Toro in 1977 and became its Export Director between 1985 and 1998, a period of great expansion for the Company in the international markets. He was chairman of Viñas de Chile between 1986 and 2003, an industry association bringing together approximately 85% of the Chilean wine-producers and whose object is to promote Chilean wines in the international markets and review political and legal matters affecting the Chilean wine industry. At the present time, Rafael Guilisasti is a director of Viñas de Chile.

His experience in the financial area includes the positions of chief executive officer of Viñedos Emiliana S.A., a company mainly focused on wine exports, director of Frutícola Viconto, a fruit exporting company and director of Viña Almaviva. In April 2005, he was elected as First Vice-President of the Elective Council of Sociedad de Fomento Fabril (the Chilean manufacturers' association).

Mariano Fontecilla De Santiago Concha, Director
Law studies. Former Chilean ambassador to Norway, Spain and Italy. Direct descendant of the first Marqués de Casa Concha and of the founder of the Company, Don Melchor Concha y Toro. Made an honorary member of the Chilean Brotherhood of Wine for his contribution to Chilean wines. Director of the Company for several periods, initially in 1949 yet most recently since 1995. Former president of Viñedos Emiliana 1998-2004.

Francisco Marín Estévez, Director
Agricultural Engineer. He has served as director of the Company since 1982. Broad experience in the private sector. Director of the Company CGE Distribución (Compañía General de Electricidad) and Director of Gasco S.A. .

Pablo Guilisasti Gana, Director
Commercial Engineer. Vice Chairman of Frutícola. Between 1986 and 1999 he was General Manager of Frutícola and in 1999 elected Director. Frutícola was a former subsidiary of the Company, the shares of which were distributed to the existing shareholders of the Company in 1986. Frutícola produces, markets and exports fresh and frozen fruits and vegetables. Between 1998 and 2004 he was Director of Viñedos Emiliana. He also contributes as director of the Fundación para el Crecimiento Matrimonial (Foundation for Marriage Growth); director of the Fundación Ayuda y Esperanza (Aid and Hope Foundation) and advisor to the Fundación Juan Pablo II (John Paul II Foundation).

Sergio de la Cuadra Fabres, Director
Mr De la Cuadra is a Commercial Engineer from the Pontificia Universidad Católica de Chile, M.A. and Ph.D.© from the University of Chicago (1968). His broad and outstanding professional career includes the country's most important monetary institutions, particularly as director, vice president and president of the Banco Central de Chile (Central Bank of Chile) and as Minister of Finance in 1982. Mr. De la Cuadra has also been a director of the Chilean Electronic Stock Exchange and an international consultant to several Latin American countries.

Currently he is also a director of other well-known Chilean companies like Pesquera Itata S.A., Industrias Ceresita S.A., Nibsa S.A., Banco Monex and Petroquim S.A., and is a member of the Council of the Economics and Administrative Sciences Faculty of the Pontificia Universidad Católica de Chile.

Nils Christian Skibsted-Hansen Cortés, Director
Mr. Skibsted is a commercial engineer and MBA from the Universidad Adolfo Ibáñez. He is currently fund development manager of IM Trust, director of Mifactory Venture Capital Fund, Latin America, and former managing director of this Fund. During his professional career, he has worked in companies like Procter & Gamble, and Monsanto/Gargiulo Inc. where he was the South American Operations Director.

Senior Management
The following table lists each executive officer of the Company, his or her current position, his or her age as of May 31, 2007, years with the Company and year of appointment as an executive officer:

Name	Position	Age at May 31, 2007	Years with the Company	Current Position Held Since
Eduardo Guilisasti Gana	General Manager (Chief Executive Officer)	54	28	1989
Goetz Von Gersdorff	Technical Director	79	44	1993
Andrés Larraín Santa María	Agricultural Manager	68	33	1978
Carlos Saavedra Echeverría	Engineering and New Projects Manager	62	33	1992
Osvaldo Solar Venegas	Administration and Finance Manager (Chief Financial Officer)	45	19	1992
Cristián Ceppi Lewin	Corporate Export Manager South Zone	40	16	2001
Thomas Domeyko Cassel	Corporate Export Manager North Zone	40	13	2001
Tomás Larraín León	Corporate Export Manager USA	40	16	2007
José Antonio Manasevich G.	Operations Manager	41	14	1996
Carlos Halaby Riadi	Oenology Manager	54	17	1997
Enrique Tirado Santelices	Head Oenologist Don Melchor	40	14	2001
Daniel Duran Urízar	Technology and Information Manager	35	12	2001
Isabel Guilisasti Gana	Marketing Manager Origin Wines	49	10	2004
Giancarlo Bianchetti G.	Marketing Manager Global Brands	35	7	2004
Subsidiaries				
Cristián Canevaro Jaramillo	General Manager Comercial Peumo	46	5	2006
Adolfo Hurtado Cerda	General Manager Viña Cono Sur	36	10	2000
Andrés Izquierdo Bacarreza	General Manager Trivento	32	7	2006
Cristián López Pascual	General Manager Concha y Toro UK	35	11	2005

The following provides biographical information about the executive officers of the Company.

Eduardo Guilisasti Gana, Chief Executive Officer
Civil Engineer. Joined the Company in 1978 as Commercial Manager. Appointed CEO in 1989. Under his leadership the Company initiated a broad vineyard and cellar-oriented investment plan and expansion in the export markets. Highlights of this period include the Company's consolidation of a worldwide sales network that includes 115 countries and the strengthening of the leadership position in the sale of fine wines in each market segment and the strong growth and increase in the market value of the Company. In addition, through the adoption of viticulture research and technology, the winery has transformed into a leader in the industry. He is a director of Viña Almaviva.

Goetz Von Gersdorff, Technical Director
Oenologist. Following his studies and practical experience in Germany and oenology positions at two Chilean wineries, Goetz Von Gersdorff joined the Company in 1962 as head oenologist. Throughout his long career, he has participated in the creation of new premium and sparkling wines. He has been Technical Director since 1993 and oversees the quality control of wines as well as the technical progress and development of the Oenology Department.

Andrés Larraín Santa María, Agricultural Manager
Agriculture Manager since 1978 and responsible for advancing new grape types and plantings as well as running of every vineyard. Directs a multidisciplinary team including executives, technicians, administrative staff and skilled labor. He is the Chairman of Frutícola.

Carlos Saavedra Echeverría, Engineering and New Projects Manager
Began his career in charge of the Company's Imports Division in 1973. Appointed head of the Supply, Maintenance and Haulage Department in 1974. Contributed to the planning of the Pirque bottling plant. Appointed Production Manager in 1992. In 1997, he was appointed Engineering and Projects Manager.

Osvaldo Solar Venegas, Chief Financial Officer
Commercial Engineer. Has been in charge of financial matters since 1992, initially as Financial Manager and since September 1996, as Administration and Financial Manager. Duties include managing and developing the financial information, human resources, accounting and administrative divisions. He is a director of Industria Corchera.

Cristián Ceppi Lewin, Corporate Export Manager South Zone
Commercial Engineer. Began his career at the Company as Product Manager for the Fressco and Tocornal ranges. Assumed the position of Marketing Sub-Manager for liquors and in 1992 became Marketing Sub-Manager for popular wines. Held the position of Marketing Manager from 1994 to 1996. Commercial Manager until assuming the position of General Manager at Comercial Peumo S.A. In December 2000, he was appointed Export Manager for the South Zone, and in 2006 he was appointed Corporate Export Manager.

Thomas Domeyko Cassel, Corporate Export Manager North Zone
Commercial Engineer. Joined the Company in January 1994 as Deputy CFO. Appointed International Business Manager in 1996. Moved to Mendoza, Argentina in 1997 as General Manager of Viña Trivento. Appointed Export Manager for the North Zone in December 2000 and Corporate Export Manager in 2006.

Tomás Larraín León, Corporate Export Manager US
Agricultural Engineer. In 1991, joined Concha y Toro's agricultural area. In 1995, he was named Agricultural Deputy Manager. Between 2001 and 2006, he was General Manager of Trivento Viñedos y Bodegas in Argentina. In February 2007, was appointed Corporate Export Manager for the US market.

José Antonio Manasevich, Operations Manager
Civil Engineer. Joined the Company as financial analyst in 1992. Became Sub-Manager of Planning and Development before assuming the position of Operations Sub-Manager. Operations Manager since 1996. Responsibilities include the logistical processes of supply, bottling and client dispatch. He is a director of Industria Corchera.

Daniel Duran, Information Technology Manager
Civil Engineer. Joined the Company in 1995 as planning and development projects analyst. Sub-Manager of Logistics and Sub-Manager of Planning and Projects since 1998. Information Technology Manager since May 2001. Responsible for development and implementation of technology solutions.

Carlos Halaby, Oenology Manager
Oenologist. Distinguished by the National Association of Winemaking Agronomy Engineers in Chile for presenting the "Best Viticulture Dissertation of 1980," Carlos Halaby joined the Company in 1990. After a decade with the Company and serving as head winemaker for fine wines until March 2000, he assumed the position of Oenology Manager. Technical and administrative responsibility for the Company's Oenology Area.

Enrique Tirado, Oenologist Don Melchor
Oenologist. On joining the Company in 1993 he started working with varietal ranges, Casillero del Diablo and Marqués de Casa Concha. He rose to head winemaker in 1997, responsible for every line of premium wine, including Amelia and Don Melchor. In 1999, his extraordinary enological sensitivity led to his appointment as winemaker for Don Melchor.

Isabel Guilisasti, Marketing Manager Origin Wines
A graduate of the Catholic University with a degree in Art and with advanced studies in marketing. In 1998, she was appointed marketing manager of Viña Cono Sur and in 2000 she took over as Director of Communications of Concha y Toro. In 2001 was named assistant manager for International Marketing of Fine Wines responsible for Concha y Toro's ultra premium brands. In 2004 was named Marketing Manager Origin Wines.

Giancarlo Bianchetti, Marketing Manager Global Brands
Commercial Engineer. Joined the Company's marketing department in 2000. In 2001, he took responsibility for the brands Casillero del Diablo, Frontera and Sunrise. He has headed the promotion and global campaign for Casillero del Diablo. In 2004 named Marketing Manager Global Brands.

Subsidiaries

Cristián Canevaro Jaramillo, General Manager Comercial Peumo
Commercial Engineer. Joined the Company in 2002 as Commercial Manager of Comercial Peumo. In June 2006, was appointed General Manager of this subsidiary, responsible for the sales, marketing, administration, distribution and logistics in the domestic Chilean market.

Adolfo Hurtado Cerda, General Manager Viña Cono Sur
Agricultural Engineer, oenologist. In 1997, Adolfo Hurtado joined Viña Cono Sur, as head oenologist of this subsidiary founded in 1996. In 2000, he was appointed General Manager. Under his direction, Viña Cono Sur has experienced strong growth with the development of a portfolio of wines recognized for their quality and constant innovation.

Andrés Izquierdo Bacarreza, General Manager Trivento Bodegas y Viñedos
Commercial Engineer. Joined the Company in 1999 as Head of Finance. In December 2000, he joined the team that started the operation of Concha y Toro UK as Co-Manager of the subsidiary in the position of Finance and Logistics Director. In January 2005, he was appointed General Manager of Administration and Finance of Viñedos Emiliana. In January 2006, he was appointed General Manager of Trivento Bodegas y Viñedos, the Argentine subsidiary.

Cristián López Pascual, General Manager Concha y Toro UK
Publicist. In 1996, joined the marketing department of the export division. In December 2000 he joined the team that started the operation of Concha y Toro UK as Co-Manager of this subsidiary in the position of Commercial Director. In 2005, he was appointed General Manager of Concha y Toro UK.

B. Director and Officer Compensation

In accordance with the Company's By-Laws, directors' compensation for any given fiscal year is determined annually at the general shareholders' meeting occurring in the immediately following fiscal year. Compensation paid in 2006 in respect of 2005 equaled 1.5% of the net profits of the Company. The amount of 300 UF per month has been allocated to cover the executive responsibilities of the chairman of the Board.

The following table sets forth the compensation paid to each of the directors of the Company in 2006.

Directors' Compensation Paid in 2006

	Total Compensation (in thousands of Ch$)
Attendance:	
Alfonso Larraín Santa María	41,288
Rafael Guilisasti Gana	41,288
Francisco Marín Estévez	41,288
Mariano Fontecilla de Santiago Concha	41,288
Sergio de la Cuadra Fabres	27,525
Pablo Guilisasti Gana	27,525
Christian Skibsted-Hansen Cortés	27,525
Sergio Calvo Salas (1) 13,763	
Eduardo Morandé Fernández (1)	13,763
Albert Cussen Mackenna (1)	13,763
Remuneration:	
Alfonso Larraín Santa María	65,465
Remuneration Directors' Committee:	
Rafael Guilisasti Gana	3,297
Sergio de la Cuadra Fabres	1,832
Christian Skibsted-Hansen Cortés	1,832
Francisco Marín Estévez (2)	1,096
Albert Cussen Mackenna (2)	1,461
Total	363,999

(1) Company Director until April 2005, receiving the corresponding proportional remuneration in year 2006.
(2) Directors Committee member until April 2005 receiving the corresponding proportional remuneration in year 2006.

For the year ended December 31, 2006, the aggregate amount of compensation paid by the Company to senior managers, managers, and to managers of the Company subsidiaries, totaling 74 executives, was approximately Ch$4,713 million. Individual senior managers compensation disclosure is not required under Chilean law and it is not otherwise publicly disclosed by the Company.

C. Board Practices

Members of the current Board of Directors were elected at the annual general shareholders' meeting held on April 26, 2005, and will serve until April 2008, assuming no vacancies occur. The Company's executive officers are appointed by the Board of Directors and hold office at the discretion of the Board.

There are no service contracts between the directors of the Company and the Company or any of its subsidiaries providing for benefits upon termination of a director's employment.

In compliance with the current Chilean rules and regulations, a Directors' Committee was established at the Company on May 23, 2001. The Committee's members were renewed in April 26, 2005. The designated Directors' Committee members are Sergio de la Cuadra Fabres (president), Christian Skibsted-Hansen Cortés and Rafael Guilisasti Gana. Sergio de la Cuadra Fabres and Christian Skibsted-Hansen were elected directors with votes different from the Controlling Group. The primary functions of the Directors' Committee include:

- reviewing balance sheets and financial statements and reports from accounting oversight bodies and auditors;
- proposing outside auditors to the Board;
- examining background information regarding the Company's operations with related persons;
- reviewing managers' and executive officers' compensation plans; and
- monitoring internal control systems used at Viña Concha y Toro and its affiliated companies.

The Directors' Committee convened on eight separate occasions during the fiscal year 2006. Among the issues addressed were:

- Assessment of the External Auditor's reports on the Company, the Balance Sheet and other financial statements management put forward;
- 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, for the same purpose, review of the auditor's report commissioned by the Committee;
- Examination of the system of remuneration and the compensation plans for managers and senior management;
- Advances of the norms implementation for the law Sarbanes-Oxley;
- Preliminary audit report for fiscal year 2006; and
- Designation and hiring services of independent consultants for the Directors Committee;

An annual budget of Ch$20 million for Committee operations was approved at the Shareholders' Meeting on April 25, 2006. In 2006, the Committee also contracted services of independent consultants costing Ch$7.9 million.

The Company is subject to United States securities laws, including the Sarbanes-Oxley Act of 2002 (as implemented by rules and regulations of the SEC, "Sarbanes Oxley"), passed into law in 2002 to restore investor confidence in the wake of several unprecedented corporate scandals and collapses. Sarbanes-Oxley provisions are wide ranging and include provisions affecting disclosures by public companies and corporate governance.

In accordance with the implementation period for Sarbanes-Oxley, on July 28, 2005, the Company designated from among its members the persons who would comprise the Audit Committee required by Sarbanes-Oxley. The members of the Audit Committee are: Sergio de la Cuadra Fabres, Christian Skibsted-Hansen Cortés and Rafael Guilisasti Gana, who are the same directors who comprise the Director's Committee. Sergio de la Cuadra Fabres and Christian Skibsted-Hansen are independent directors while Rafael Guilisasti is not independent. Mr. Guilisasti is relying on an exemption of the Listing Standards relating to Audit Committees of Rule 10A-3 promulgated under the Exchange Act.

We currently do not have a separate remuneration committee; however, the Company's Directors' Committee carries out the functions usually performed by this committee. It also promotes auditor independence by prohibiting auditors from providing certain non-audit services while conducting audits. The Company's existing oversight and corporate governance practices fully honor the spirit and requirements of Sarbanes-Oxley reforms in many respects. For instance, auditor independence has been strengthened with the adoption of an auditor independence policy by the Company. See Item 16.A. — "Audit Committee Financial Expert."

The Company's Board of Directors is committed to implementing measures that will promote investor confidence and market integrity. In response to Sarbanes-Oxley Act, the Company has formalized a methodology to ensure the accuracy and completeness of information disclosed to the market. The Company is committed to complying with the laws and regulations applicable in all countries in which the Company operates. Upon enactment of new laws and regulations resulting from, or coming into force from the provisions of Sarbanes-Oxley, the Company will adjust its corporate governance structure in a way so as to ascertain full compliance.

Comparative Summary of Differences In Corporate Governance Standards

The following table provides a comparative summary of differences in corporate governance practices followed by the Company under Chilean regulations and standards applicable to U.S. domestic issuers pursuant to Section 303A of the New York Stock Exchange Listed Company Manual.

Section	NYSE Standards	Viña Concha y Toro Practices Pursuant to Chilean Regulations
303A.01	Listed companies must have a majority of independent directors.	There is no legal requirement for a majority of independent directors in Chile. The Company has a non-majority of independent directors and a Directors' Committee that includes a majority of independent directors. Their main functions include: (i) to review balance sheets and financial statements and reports from accounting oversight bodies and auditors; (ii) to propose outside auditors to the Board; (iii) to review background information regarding the Company's operations with related persons; and (iv) to review managers' and chief executive officers' compensation plans.
303A.02	Independence Test	Directors/members of the Directors' Committee are independent when he/she would have been elected even after subtracting the votes from the controlling shareholder and persons related to the controlling shareholder.
303A.03	Non-management directors must meet at regularly scheduled executive sessions without management	In light of legal inconsistency between performing the functions of director and those of general manager, these sessions are unnecessary. In compliance with local regulations, the Company has no directors with dual directorial/managerial functions.
303A.04	Listed companies must have a nominating/corporate governance committee composed entirely of independent directors, whose activities must include identifying qualified individuals to serve as board members and developing a set of corporate governance principles. A written charter is also required.	This committee is not contemplated as such in the Chilean regulations. Pursuant to Chilean regulations, the Company has a Directors' Committee. Nominations for Board members are made at the Ordinary Shareholders' Meeting, while the Board nominates the members of the Directors' Committee and of the Audit Committee.
303A.05	Listed companies must have a Compensation Committee composed entirely of independent directors, and its activities must include reviewing and approving the goals/objectives of the CEO and other officers' compensation. A written charter is also required.	This committee is not contemplated as such in the Chilean regulations, but according to Chilean law, the Directors' Committee reviews the remunerations and compensation plans of managers and chief executive officers. The Board sets the managers' objectives, evaluates their commitment and determines compensation. Per article 50bis of Law No. 18.046 on corporations, the Board reviews the aforementioned remuneration plans on an annual basis.
303A.06 303A.07	Listed companies must have an Audit Committee with a minimum of three members, certain requirements of independence and a written charter.	This committee is not contemplated as such under Chilean regulations. However, the Company has an Audit Committee as required by Sarbanes Oxley. The Audit Committee has three members. Two are independent and one is relying on the exemption at Rule 10A-3 (b) (1) (iv) (D) to the Listing Standards Relating to Audit Committees of Rule 10A-3. The Audit Committee duties include those listed under 303A.01.

Section	NYSE Standards	Viña Concha y Toro Practices Pursuant to Chilean Regulations
303A.08	Shareholders must have the opportunity to vote on all equity-compensation plans involving directors, executives, employees or other service providers.	Chilean law contemplates the option to implement compensation plans or programs for employees via stock options, but presently, the Company does not include the granting of shares within its remuneration policies. Directors, members of the Directors' Committee, managers and any other officers can obtain Company shares only at their own initiative, which in turn should be timely reported to the Chilean Securities and Insurance Supervisor and the Company.
303A.09	Listed companies must adopt and disclose corporate governance guidelines. The following subjects must be addressed: (i) director qualification standards; (ii) director responsibilities; (iii) director access to management; (iv) director compensation; (v) director orientation and continuing education; (vi) management succession; and (vii) annual performance evaluation of the Board.	Chilean law does not require that such corporate governance guidelines be adopted. Director responsibilities and access to management and independent advisors are directly provided for by applicable law. Director compensation is approved at the annual shareholders' meeting pursuant to applicable law.
303A.10	Listed companies must adopt and disclose a Code of Business Conduct and Ethics for directors, officers and employees. The Code must be printed on the Company website or otherwise available for shareholders to obtain a copy.	This code is not contemplated as such in the Chilean regulations. The Company has a code of business conduct and ethics entitled "Code of Business Conduct and Ethics of Concha y Toro," known to directors, officers and employees whose observance and compliance is regulated by the Deputy Management of the Controller and Audit-General. The Code is available on the Company website at www.conchaytoro.com. Pursuant to Chilean labor law, the Company has an Order, Health and Safety Rule of Procedure distributed to each employee and available at Human Resources. Covered topics include employee work schedules and conduct obligations/prohibitions.
303A.12	Each listed company's CEO must certify to the NYSE annually that he or she is not aware of any violation by the Company of NYSE corporate governance listing standards.	Not contemplated by the Chilean regulations. This requirement is met by the Company through the CEO certification to the effect that he is not aware of any violation by the Company of NYSE corporate governance listing standards. The Company submits Written Affirmations annually to the NYSE, as required by the NYSE.

D. Employees

As of December 31, 2004, 2005 and 2006, the Company Chilean operation had 1,611, 1,708 and 1,742 employees, respectively. Personnel employed in the foreign subsidiaries totaled 293 employees. Of the Chilean workforce at December, 2006, 714 were laborers and 1,028 held administrative and sales positions. The Company also hires temporary workers during the harvesting season, which in 2006 averaged 1,544 temporary workers.

Eight labor unions represent an aggregate of approximately 432 of the Company's employees (approximately 103 administrative employees, 60 sales employees, and 269 plant employees). Labor relations with unionized personnel are governed by collective bargaining agreements negotiated in 2005-2006 that expire in 2007- 2009. The Company believes that it currently has a good working relationship with its labor unions; however, the Company is unable to predict the outcome of any future negotiations with such labor unions.

In certain circumstances, the Company pays severance benefits equivalent to five labor days for each year of services rendered by the employee. The Company has agreed with one labor union (representing twelve of its workers) to pay such severance benefits to their members in all circumstances. Additionally, the Company has agreed with the 118 employees covered by one collective bargaining agreement to pay the equivalent of 5 days salary for each year of service in all circumstances. Under Chilean law, all employees who are terminated for reasons other than misconduct are entitled to the basic payment of one month's salary for each year worked, or a six-month portion thereof, subject to a limit of 11 months' severance pay for employees hired after August 4, 1981. Severance payments to employees hired before August 14, 1981 are not subject to this limit.

The Company does not maintain any pension or retirement programs for its employees. Workers in Chile are covered by a national pension law which establishes a system of independent pension plans administered by the *Administradoras de Fondos de Pensiones* ("Pension Fund Administrators"). The Company has no liability for the performance of the pension plans or any pension payments to be made to the employees in Chile.

All employees, including management, are entitled to a discount of 30% off the retail price on wine purchases from Company-owned facilities. Each employee may buy no more than two cases per month.

All of the Company's administrative employees participate, directly or indirectly, in an annual bonus pool equal to 4.0% of net profits in proportion to their salary.

E. Share Ownership

The following table reflects the number of shares owned indirectly by the directors and executive officers and their percentage ownership of the Company at April 30, 2007. Executive officers not listed do not own shares.

Share Ownership of Directors and Senior Management[1]

	No. of Shares Owned	% of Total Subscribed Shares[2]
Eduardo Guilisasti Gana[3]	170,579,403	23.7%
Rafael Guilisasti Gana[3]	169,165,930	23.5%
Pablo Guilisasti Gana[3]	170,071,019	23.6%
Isabel Guilisasti Gana[3]	3,334,032	0.5%
Alfonso Larraín Santa María[4]	75,439,899	10.5%
Francisco Marín Estévez[5]	61,754,356	8.6%
Mariano Fontecilla de Santiago Concha[6]	27,172,906	3.8%
Christian Skibsted-Hansen Cortés[7]	7,909,733	1.1%
Goetz Von Gersdorff[8]	234,098	—[9]
Osvaldo Solar Venegas[10]	122,940	—[9]
Thomas Domeyko C. [11]	9,350	—[9]
Directors and Executive Officers in the aggregate	353,176,662	49.11%

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(1) Shares held indirectly through investment companies and not individually owned.

(2) Calculated on the basis of 719,170,735 outstanding shares on April 30, 2007.

(3) Eduardo Guilisasti Gana, Rafael Guilisasti Gana, José Guilisasti Gana and Pablo Guilisasti Gana (collectively, the "Family Principal Shareholders") are the sons of Mr. Eduardo Guilisasti Tagle, the former Chairman of the Company. Isabel Guilisasti Gana is the sister of the Family Principal Shareholders. Mr. Eduardo Guilisasti Tagle died on August 20, 1998. The shares attributed to each Family Principal Shareholder include 82,889,605 and 83,418,897 shares held by *Inversiones Totihue S.A.* ("Totihue") and *Rentas Santa Bárbara S.A.* ("Santa Bárbara"), respectively, as well as shares held directly or indirectly by members of such Family Principal Shareholder's immediate family and affiliated entities. Totihue and Santa Bárbara are controlled by the Family Principal Shareholders pursuant to powers of attorney granted by the board of directors of Totihue and Santa Bárbara. Each power of attorney grants any two Family Principal Shareholders, acting together, the power to, among others, vote or direct the voting of, or dispose or direct the disposition of, the shares held by Totihue or Santa Bárbara, as the case may be. Mr. Eduardo Guilisasti Gana is the Company's General Manager, Mr. Rafael Guilisasti Gana is the Company's Vice Chairman and Mr. Pablo Guilisasti Gana was elected director on April 26, 2005. Mrs. Isabel Guilisasti Gana was named Marketing Manager Origin Wines on July, 2004. The address for Mr. Eduardo Guilisasti Gana and Mr. Rafael Guilisasti Gana is c/o *Viña Concha y Toro S.A.*, Casilla 213, Avenida Nueva Tajamar 481, Torre Norte, Piso 15, Santiago, Chile. The address for Mr. Pablo Guilisasti Gana is c/o *Frutícola Viconto S.A.,* Apoquindo 4775, Piso 16, oficina 1601, Las Condes, Santiago, Chile. The address for Mrs. Isabel Guilisasti Gana is *Viña Concha y Toro S.A.,* Avenida Nueva Tajamar 481, Torre Norte, Piso 15, Santiago, Chile. The other Family Principal Shareholder Mr. José Guilisasti Gana is neither director nor executive officer of the Company. The address for Mr. José Guilisasti Gana is *Frutícola Viconto S.A.,* Apoquindo 4775, Piso 16, oficina 1601, Las Condes, Santiago, Chile.

(4) Mr. Alfonso Larraín Santa María is the Company's Chairman of the Board. The number of shares attributed to Mr. Larraín includes 760,491 shares held by his brother, Andrés Larraín Santa María and 100,000 shares held by his brother in-law, Carlos Saavedra E.(manager of the Company), shares held by other members of his family and affiliated entities, and also includes 25,954,278 shares held by *Fundación Cultura Nacional* ("Cultura Nacional"). Cultura Nacional is a Chilean non-profit institution which primarily funds grade school religious education. Mr. Alfonso Larraín Santa María is the Chairman of Cultura Nacional. Mr. Larraín's address is c/o *Viña Concha y Toro S.A.,* Casilla 213, Avenida Nueva Tajamar 481, Torre Norte, Piso 15, Santiago, Chile.

(5) Mr. Francisco Marín Estévez is a director of the Company. The number of shares attributed to Mr. Marín includes shares owned by members of his family and affiliated entities. Mr. Marín's address is c/o *Viña Concha y Toro S.A.*, Casilla 213, Avenida Nueva Tajamar 481, Torre Norte, Piso 15, Santiago, Chile.

(6) Mr. Mariano Fontecilla de Santiago Concha is a director of the Company. The number of shares attributed to Mr. Fontecilla includes shares owned by members of his family and affiliated entities. Mr. Fontecilla's address is c/o *Viña Concha y Toro S.A.*, Casilla 213, Avenida Nueva Tajamar 481, Torre Norte, Piso 15, Santiago, Chile.

(7) Mr. Christian Skibsted is a Director of the Company. The number of shares attributed to Mr. Skibsted includes shares owned by members of his family and affiliated entities. Mr. Skibsted's address is c/o Alcántara 857, Las Condes, Santiago, Chile.

(8) Mr. Goetz Von Gersdorff is the Company's technical director. The number of shares attributed to Mr. Von Gersdorff includes shares owned by members of his family and affiliated entities. Mr. Von Gersdorff's address is c/o *Viña Concha y Toro S.A.*, Casilla 213, Avenida Nueva Tajamar 481, Torre Norte, Piso 15, Santiago, Chile.

(9) Less than 1%.

(10) Mr. Osvaldo Solar Venegas is the Company's Administration and Finance Manager. Mr. Solar's address is c/o *Viña Concha y Toro S.A.*, Casilla 213, Avenida Nueva Tajamar 481, Torre Norte, Piso 15, Santiago, Chile.

(11) Mr. Thomas Domeyko C. is Corporate Export Manager North Zone. Mr. Domeyko's address is c/o *Viña Concha y Toro S.A.*, Casilla 213, Avenida Nueva Tajamar 481, Torre Norte, Piso 15,, Santiago, Chile.

ITEM 7: MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The Company's only outstanding voting securities are the shares of its Common Stock. According to the Company's shareholder records, the Company's 719,170,735 shares of Common Stock outstanding were held by 767 shareholders of record as of April 30, 2007. There are no differences in the voting rights of the shareholders.

The principal shareholders of the Company are Rentas Santa Bárbara S.A. ("Santa Bárbara"), Inversiones Totihue S.A. ("Totihue"), AFP Habitat S.A., AFP Provida S.A., the Bank of New York (according to Circular 1375 issued by the S.V.S. on February 12, 1998, hereinafter "Circular 1375 S.V.S.," which states that the Depositary shall be the shareholder of record of the shares underlying the ADS), Fundación Cultura Nacional ("Cultura Nacional"), Inversiones GDF S.A., AFP Summa Bansander S.A., AFP Cuprum S.A.,Constructora Santa Marta Ltda. ("Santa Marta"), Inversiones Quivolgo S.A. ("Quivolgo"), Citibank Chile (Third party account Chapter XIV), AFP Santa María S.A., La Gloria S.A. ("La Gloria") and Foger Soc. Gestión Patrimonial Ltda.

Santa Bárbara and Totihue are investment companies controlled by Eduardo Guilisasti Gana, Rafael Guilisasti Gana, José Guilisasti Gana and Pablo Guilisasti Gana (collectively, the "Family Principal Shareholders"). Inversiones GDF S.A., Santa Marta, La Gloria, Quivolgo and Foger Soc. Gestión Patrimonial Ltda. are investment companies controlled by directors of the Company. All of the principal shareholders, with the exception of The Bank of New York (according to Circular 1375 S.V.S.), the AFPs (*Administradoras de Fondos de Pensiones*, or "Pension Funds"), Citibank Chile are companies controlled by the directors or executive officers of the Company.

For information concerning the beneficial ownership in shares of Common Stock of the Family Principal Shareholders and other Directors and Executive Officers of the Company, see Item 6 — "Directors, Senior Management and Employees — Share Ownership."

The following table sets forth certain information concerning direct ownership of the Company's Common Stock with respect to the principal holders of the outstanding subscribed shares of Common Stock.

Direct Share Ownership of Principal Shareholders

	As of December 31st,					
	2005		2006		As of April 30, 2007	
Principal Shareholders	**No. of Shares Owned**	**% of Total Subscribed Shares**	**No. of Shares Owned**	**% of Total Subscribed Shares**	**No. of Shares Owned**	**% of Total Subscribed Shares**
Rentas Santa Bárbara S.A. (2)	83,407,522	11.60%	83,418,897	11.60%	83,418,897	11.60%
Inversiones Totihue S.A. (2)	82,864,605	11.52%	82,874,605	11.52%	82,889,605	11.53%
AFP Habitat S.A. (3)	49,239,296	6.85%	46,852,576	6.51%	46,852,576	6.51%
AFP Provida S.A. (3)	43,219,030	6.01%	41,684,468	5.80%	41,104,911	5.72%
The Bank of New York (1)	41,098,300	5.71%	31,168,400	4.33%	32,903,400	4.58%
Fundación Cultura Nacional (4)	25,954,278	3.61%	25,954,278	3.61%	25,954,278	3.61%
Inversiones GDF S.A. (5)	24,406,951	3.39%	24,439,851	3.40%	24,439,851	3.40%
AFP Summa Bansander S.A. (3)	20,327,756	2.83%	23,167,108	3.22%	24,091,082	3.35%
AFP Cuprum S.A. (3)	21,757,536	3.03%	21,615,679	3.01%	21,975,439	3.06%
Constructora Santa Marta Ltda. (6)	21,457,885	2.98%	21,457,885	2.98%	21,457,885	2.98%
Inversiones Quivolgo S.A.(7)	21,207,506	2.95%	21,207,506	2.95%	21,207,506	2.95%
Citibank Chile C. Terceros Cap. XIV	6,908,142	0.96%	15,554,562	2.16%	18,135,529	2.52%
AFP Santa María S.A. (3)	17,710,771	2.46%	17,115,634	2.38%	17,435,634	2.42%
La Gloria S.A.(7)	15,656,594	2.18%	15,656,594	2.18%	15,656,594	2.18%
Foger Soc. Gestión Patrimonial Ltda. (6).	13,911,063	1.93%	13,951,063	1.94%	13,951,063	1.94%
Total Largest 15 Shareholders	**489,127,235**	**68.01%**	**486,119,106**	**67.59%**	**491,474,250**	**68.34%**
Other Shareholders	230,043,500	31.99%	233,051,629	32.41%	227,696,485	31.66%
Total	**719,170,735**	**100.00%**	**719,170,735**	**100.00%**	**719,170,735**	**100.00%**

(1) Depositary Bank for the ADS.
(2) Investment Company controlled by the Guilisasti Family ("Family Principal Shareholders").
(3) Chilean Pension Fund.
(4) Cultura Nacional is a Chilean non profit institution. Shares are attributed to Mr. Alfonso Larraín, its Chairman.
(5) Investment Company controlled by Mr. Mariano Fontecilla de Santiago Concha.
(6) Investment Company controlled by Mr. Francisco Marín Estévez.
(7) Investment Company controlled by Mr. Alfonso Larraín Santa María.

In August 1999, members of the Guilisasti family and other affiliated parties entered into a Shareholders' Agreement relating to, among others, the transfer and voting of Common Stock. An English translation of such Shareholders' Agreement is filed as Exhibit 3.4 to this Annual Report.

Pursuant to the Shareholders' Agreement, each party that is a holder of Common Stock agreed to provide to Totihue and Santa Bárbara the right to purchase all or part of any shares the selling shareholder wishes to sell from time to time. In addition, both Santa Bárbara and Totihue agreed to provide to one another rights to purchase all or part of any Common Stock it wishes to sell from time to time. Santa Bárbara and Totihue will have 30 days from the date of receipt of notice of the proposed sale to accept the offer (in whole or in part) to purchase the selling shareholder's Common Stock subject to the proposed sale.

The preferential purchase rights of Santa Bárbara and Totihue described above are applicable in the case of transfer of subscription rights of shareholders party to the Shareholders' Agreement resulting from a capital increase, as well as in the case of issuance of capital stock in the event of a merger or split-off. The preferential purchase rights of Santa Bárbara and Totihue are not applicable to a transfer of Common Stock to certain persons, including subsidiaries in which the transferor controls 75% or more of such subsidiary's capital stock, and direct ascendants and descendants of such transferor.

The Shareholders' Agreement is of indefinite duration and may be modified or terminated pursuant to a written agreement signed by the shareholders party to the Shareholders' Agreement holding no less than 75% of the Common Stock subject to the Shareholders' Agreement.

According to information made available to the Company, on April 30, 2007, The Bank of New York, Depositary Bank for the ADS, represented 32,903,400 or 4.58% of the total shares of Common Stock of the Company at such date.

Related Party Transactions

In the ordinary course of its business, the Company engages in transactions with its affiliates. In addition, the Company has engaged in transactions with directors and executive officers of the Company. The principal transactions with such related parties during the last three fiscal years are as follows:

Viñedos Emiliana. Viñedos Emiliana is a Chilean corporation (*sociedad anónima abierta*) which produces wines for export and domestic markets and is listed on the Chilean Exchanges. Viñedos Emiliana was originally a subsidiary of the Company until 1986, when the Company distributed shares of Viñedos Emiliana to the Company's then existing shareholders. Although Viñedos Emiliana is a separate corporation, the Company and Viñedos Emiliana remain under common control. Certain of the principal shareholders of the Company own directly and indirectly approximately 59.6% of Viñedos Emiliana's outstanding capital stock and, additionally, the Company and Viñedos Emiliana have other common shareholders. Viñedos Emiliana's seven-member Board of Directors includes one of the Company's seven directors (Alfonso Larraín Santa María). Viñedos Emiliana and the Company have various business dealings, the most significant of which are described below.

The Company has a license from Viñedos Emiliana to use Viñedos Emiliana's brand name in Chile. The Company bottles (or packages in Tetra Brik containers) and sells in Chile for its own account a portion of its varietal wine production under Viñedos Emiliana's labels. The Company pays licensing fees to Viñedos Emiliana for the use of its labels. Licensing fees are based on the Company's gross revenues from sales of wines under Viñedos Emiliana's labels.

Viñedos Emiliana does not have its own bottling facilities. Pursuant to a contract with Viñedos Emiliana, the Company bottles wine produced by Viñedos Emiliana. This wine is sold by Viñedos Emiliana in export markets for its own account under Viñedos Emiliana's labels. The Company receives a per-bottle fee for bottling services provided to Viñedos Emiliana. This fee is for the same amount as the Company would charge to an unrelated wine producer for bottling services.

With the Company's consent, Banfi, the Company's exclusive distributor in the United States, also acts as the exclusive distributor for Viñedos Emiliana's wines in the United States.

In 2006, the Company recognized Ch$1,809 million in revenues from Viñedos Emiliana, or 0.8% of total revenues, including mainly revenues from sales in bottling fees and administrative services. In 2006, the Company paid Viñedos Emiliana Ch$216 million in licensing fees. The Company recognized revenues from Viñedos Emiliana of Ch$2,540 million in 2005 and Ch$3,175 million in 2004. The Company paid Viñedos Emiliana Ch$216 million in 2005 and Ch$240 million in 2004 in licensing fees.

From time to time, the Company engages in other transactions with Viñedos Emiliana, including purchases of wine in bulk at market prices, grapes and other raw materials. In 2006, 2005 and 2004 total purchases from Viñedos Emiliana totaled Ch$964 million, Ch$1,155 million and Ch$996 million, respectively. Since 2006, the Company has leased to Viñedos Emiliana a vineyard in production, the lease amounted Ch$1,531 million in 2006.

Frutícola. Frutícola is the Company's principal customer for fruit. In 2006, 2005, and 2004, the Company sold Ch$80 million, Ch$262 million and Ch$170 million, respectively, of fruit to Frutícola for export. The Company also purchases grapes from Frutícola for vinification. In 2006, 2005 and 2004, the Company purchased Ch$57 million, Ch$623 million and Ch$303 million of grapes from Frutícola, respectively. Frutícola is a Chilean corporation (*sociedad anónima abierta*) listed on the Chilean Exchanges. Frutícola was formerly a subsidiary of the Company until 1986 when the Company distributed Frutícola shares to the Company's then existing shareholders.

The Company and Frutícola are under common control. Two of the Company's seven directors are members of Frutícola's seven-member Board of Directors (Rafael Guilisasti Gana and Pablo Guilisasti Gana). Mr. Andrés Larraín Santa María, the Company's Agricultural Manager, and Mr. Felipe Larraín Vial, son of the Company's Chairman, are also directors of Frutícola. Certain Principal Shareholders directly and indirectly own approximately 57.1% of the outstanding common stock of Frutícola.

Industria Corchera. In November of 2000, the Company acquired 49.6% of the capital stock of Industria Corchera through a direct purchase of shares from Quivolgo, Totihue and two investment companies controlled by a director of the Company. Based on a prior economic valuation of Industria Corchera by PriceWaterhouse, the Company invested a total of US$6 million. The purchase price was paid in five annual installments with the last installment due in 2005. In November 2002, with the acquisition of 4,818 shares, representing 0.24% of the capital stock of Industria Corchera, the Company increased its ownership in Industria Conchera to 49.84%.

Industria Corchera is the primary cork supplier for the Company. The Company purchased Ch$6,080 million, Ch$5,709 million and Ch$7,015 million of cork and other raw material from Industria in 2006, 2005 and 2004, respectively. The Company believes that the price and terms it receives from Industria Corchera are equivalent to those available from its other cork suppliers. Mr. Osvaldo Solar Venegas, the Company's CFO, and José Manasevich, Company Operating Manager, are directors of Industria Corchera.

Viña Almaviva. Viña Almaviva is a 50-50 joint venture company between the Company and Baron Philippe de Rothschild. The Company purchases from Almaviva used French oak barrels (used during one aging season) and the Almaviva wine that is sold in Chile through Comercial Peumo. Total purchases from Almaviva in 2006, 2005 and 2004 were Ch$447 million, Ch$930 million and Ch$748 million, respectively. In addition, the Company sells to Almaviva raw materials and services. Sales to Almaviva totaled in 2006, 2005, and 2004, Ch$93 million, Ch$82 million and Ch$105 million, respectively.

Related Transaction With Entities in Which the Directors and Executive Officers Have an Equity Interest. The Company purchases small quantities of grapes, plants and other services from entities in which several of its directors, executive officers or members of their families have interests. In 2006, 2005 and 2004, the Company purchased an aggregate of approximately Ch$1,524 million, Ch$1,242 million and Ch$724 million, respectively, of such goods and services from such entities.

Other. Article 89 of the Chilean Corporation Law requires that the Company's transactions with related parties be on a market basis or on terms similar to those customarily prevailing in the market. Directors and executive officers of companies that violate Article 89 are liable for losses resulting from such violation. In addition, Article 44 of the Chilean Corporation Law provides that any transaction in which a director has a personal interest or is acting on behalf of a third party may be approved only when the board of directors has been informed of such director's interest and the terms of such transactions are similar to those prevailing in the market. Chilean law requires that an interested director abstain from voting on such a transaction. See Item 10 — "Additional Information — Estatutos (By-Laws) — Directors" for further information relating to conflict of interest transactions. Resolutions approving such transactions must be reported to the Company's shareholders at the next shareholder's meeting. Violation of Article 44 may result in administrative or criminal sanctions and civil liability to the Company and shareholders or interested third parties who suffer losses as a result of such violation. The Company believes that it has complied with the requirements of Article 89 and Article 44 in all transactions with related parties during fiscal year 2006.

For additional information concerning the Company's transactions with affiliates and other related parties, see Note 6 to the Consolidated Financial Statements –Balances and Transactions with Related Parties.

ITEM 8: FINANCIAL INFORMATION

See Item 18 — "Financial Statements" and the financial statements referred to therein for consolidated financial statements and other financial information.

Wine Exports

Viña Concha y Toro and its subsidiaries export from Chile to 115 countries. Concha y Toro is the largest exporter in Chile. The Company also exports wine from Argentina through the subsidiary, Trivento. Trivento is the second largest wine exporter by volume in Argentina. See "Item 4: Information on the Company –Company Sales – Export Markets; Argentine Business".

The following table presents wine exports by volume, in Chilean pesos and as a percentage of total sales for the last three years.

	Exports by Volume and Value		
	2004	2005	2006
Exports (thousand – liters)	94,655	107,288	116,747
% of total sales	58.6%	60.1%	60.1%
Exports (Ch$million)	143,844	146,309	159,961
% of total sales	72.1%	71.2%	74.1%

Legal and Arbitration Proceedings

The Company is not involved in any litigation or arbitration proceedings which, if determined adversely to the Company, individually or in the aggregate, would have a material adverse effect on the Company and its subsidiaries taken as a whole, nor to the Company's knowledge are any such proceedings threatened.

Policy on Dividend Distributions

In accordance with Chilean law, the Company must distribute cash dividends equal to at least 30% of the Company's annual net income calculated in accordance with Chilean GAAP, unless otherwise decided by a unanimous vote of the holders of the shares, and unless and to the extent that the Company has accumulated losses. If there is no net income in a given year, the Company may elect, but is not legally obligated, to distribute dividends out of retained earnings. Shareholders who do not expressly elect to receive a dividend other than in cash are legally presumed to have decided to receive the dividend in cash. A U.S. holder of ADS may, in the absence of an effective registration statement under the Securities Act or an available exemption from the registration requirement thereunder, effectively be required to receive a dividend in cash.

The Company's dividend policy approved at the general shareholders' meeting is to distribute 40% of net earnings. For fiscal year 2006, interim dividends Nos. 224, 225 and 226 of Ch$2.50 per share were paid on September 29, 2006, December 29, 2006 and March 30, 2007, respectively. A final dividend No. 227 of Ch$1.50 per share was paid on May 18, 2007 against the profits of the 2006 fiscal year. Total dividends disbursed against the profits of 2006 fiscal year were 40.05% of net earnings.

For fiscal year 2007, the Board approved to pay three provisional dividends of Ch$2.50 per share, charged against the profits for fiscal year 2007. These will be paid on September 28, 2007, December 28, 2007 and March 31, 2008, while the remaining profits up to a limit of 40% of the earnings shall be disbursed in May 2008.

The above detailed dividend policy is the Board's intent; however, fulfillment thereof will be contingent on cash flows. Consequently, at the annual shareholders' meeting, the Board shall solicit shareholder approval to modify the amounts and payment dates should the necessity arise.

The following table sets forth the dividends paid per share of common stock and ADS in respect of each of the years indicated:

Fiscal year	Total Dividends Paid Ch$ per share (1)
2002	9.08
2003	10.34
2004	12.62
2005	10.60
2006	9.00

(1) Dividends per share are expressed in historical pesos and correspond to interim and final dividend charged against net income of the corresponding fiscal year. The final dividend with respect to each year is declared and paid within the first five months of the subsequent year.

Significat Changes

No significant changes have occurred since the date of our last annual financial statements.

ITEM 9: THE OFFER AND LISTING

Prior to the offerings of the ADS and the shares of Common Stock in October 1994, there was no public market for such securities in the United States. The Common Stock is currently traded on the Chilean Exchanges. In 2006, trading on the Santiago Stock Exchange accounted for approximately 86.6% of the trading volume of the Common Stock in Chile. The ADS are listed on the New York Stock Exchange and trade under the symbol "VCO."

The tables below show, for the periods indicated, high and low closing sale prices of a share of Common Stock in nominal Chilean pesos and the quarterly shares trading volume of the Common Stock on the Santiago Stock Exchange. The U.S. dollar figures reflect, for the periods indicated, actual high and low closing prices for the ADS on the New York Stock Exchange in the United States. The ADS may or may not actually trade at 20 times the price per share. As of Monday October 3, 2005 the ratio of one (1) ADS representing fifty (50) ordinary shares was changed to one (1) ADS representing twenty (20) ordinary shares. Therefore, as of October 3, 2005, Viña Concha y Toro's ADS quotation will correspond initially, to the closing quotation of September 30, 2005 divided by 2.5 (two and one half). See Item 3 — "Key Information — Exchange Rates" for the exchange rates applicable during the periods set forth below. The following information is not restated in constant Chilean pesos.

Annual High and Low Closing Sale Prices

Year Ended December	Chilean Pesos Per Shares(2) High	Chilean Pesos Per Shares(2) Low	U.S. Dollars Per ADS(3) High	U.S. Dollars Per ADS(3) Low
2002	500.0	410.0	38.30	28.05
2003	695.0	475.0	49.93	31.65
2004	880.0	474.99	75.25	39.86
2005	1,120.0	695.0	99.50	26.00*
2006	850.0	679.9	32.29	25.12

* On October 3, 2005 the ratio of 1 ADR to common stock changed from 1:50, to 1:20

Quarterly High and Low Closing Sale Prices

		Chilean Stock Trading			ADR Trading		
			Chilean Pesos Per Shares (2)			U.S. Dollars Per ADS(3)	
Year	Quarter	Share Volume (ooo) (1)	High	Low	Share Volume(3)	High	Low
2004							
	1st Quarter	24,765.98	570.0	475.0	277,000	48.15	40.60
	2nd Quarter	18,197.35	630.0	515.0	196,000	49.10	39.86
	3rd Quarter	9,676.04	701.0	605.0	95,900	56.50	48.25
	4th Quarter	13,603.14	880.0	680.0	350,400	75.25	56.00
2005							
	1st Quarter	16,713.19	920.0	780.0	205,800	78.25	67.25
	2nd Quarter	18,494.70	945.0	836.0	194,600	83.00	72.00
	3rd Quarter	21,238.96	1,120.0	890.0	195,600	99.50	78.00
	4th Quarter	28,361.41	900.0	695.0	1,246,800*	34.24*	26.00*
2006							
	1st Quarter	32,671.42	810.0	718.0	556,400	30.94	27.02
	2nd Quarter	17,295.78	770.0	679.9	430,800	29.55	25.12
	3rd Quarter	23,516.96	810.0	723.0	361,000	30.10	26.44
	4th Quarter	38,603.05	850.0	785.0	570,200	32.29	29.45
2007							
	1st Quarter	35,606.37	985.0	800.0	444,700	36.72	29.81
Mothended							
November, 2006		10,886.17	830.0	785.0	69,600	31.50	30.30
December, 2006		21,173.21	820.0	791.0	408,000	30.98	29.45
January, 2007		14,918.45	985.0	800.0	203,000	36.72	29.81
February, 2007		6,071.36	984.0	825.0	94,100	36.40	31.00
March, 2007		14,616.57	940.0	840.0	147,600	35.10	30.76
April, 2007		6,382.62	980.0	900.0	111,800	37.00	33.11

* On October 3, 2005 the ratio of 1 ADR to common stock changed from 1:50, to 1:20. This means that the ADR price US$34.24 for the new ratio corresponds to 85.60 on the former ratio.

(1) Source: Santiago Stock Exchange.
(2) Source: Santiago Stock Exchange. Chilean pesos per share reflect nominal price at trade date.
(3) Source: Monthly Report-The Bank of New York. Reflects actual high/low closing prices.

According to the Company's records, as of April, 2007, there were 767 holders of record of the Common Stock. Only the Depositary, as shareholder of record for the shares underlying the ADS (according to Circular 1375 S.V.S.), has an address in the United States.

ITEM 10: ADDITIONAL INFORMATION

A. Estatutos (By-Laws)

The following is a summary of certain information regarding the Company's By-Laws and provisions of Chilean law. This summary is not complete. For a complete overview of the provisions of the By-Laws discussed in this summary, you are encouraged to read the Company's By-Laws, filed as Exhibit 1.1 to this Annual Report.

Registration and corporate purposes. The Company is a corporation (*sociedad anónima abierta*) organized by means of a public deed (*escritura pública*) dated December 31, 1921, the abstract of which was recorded on Page 1051, Number 875, of Santiago's Registry of Commerce in 1922 and published in Chile's Official Gazette on November 6, 1922. Its existence was approved by a Supreme Decree Number 1556, dated October 18, 1922. After corporate amendments were made, the Company's public deed was recorded on Page 15,664, Number 12,447 of Santiago's Registry of Commerce in 1999 and recorded at Chile's Securities Registry of the Superintendency of Securities under No. 0043 on June, 14, 1982. As set forth in Article 2 of the Company's By-Laws, the purposes of the Company are: the operation and marketing of the wine-making industry in all its forms and all its distinct phases, whether with its own stock or stock purchased from third parties; the operation of agricultural real estate owed by the Company or leased from third parties; and the carrying out of real estate investments including acquiring, transferring and constructing real estate, either with its own personnel or through third parties.

Directors. Under the Chilean Corporation Law, a corporation may not enter into a contract or agreement in which a director has a direct or indirect interest (a conflicting interest transaction) without prior approval by the Board of Directors, and only if the terms of the conflicting interest transaction are similar to those of an arm's length transaction.

If the conflicting interest transaction involves a "material amount," the Board of Directors is required to produce a statement declaring in advance that the conflicting interest transaction is similar in its terms to an arm's length transaction. A conflicting interest transaction is deemed to involve a "material amount" if the amount involved is both greater than 2,000 Unidades de Fomento (as of May 31, 2007, approximately US$70,400) and exceeds 1% of the assets of the corporation, or if the amount exceeds 20,000 Unidades de Fomento (as of May 31, 2007, approximately US$704,000) regardless of the size of the transaction. If the Board of Directors believes that it is not possible to ascertain whether the conflicting interest transaction is similar to an arm's length transaction, it may reject the conflicting interest transaction, or appoint independent advisors to make such a determination. If the Board appoints independent advisors, the report prepared by the advisors must be made available to the shareholders and the Board of Directors for 20 business days from the date the report was received from the independent advisors.

The shareholders will be notified in writing of the receipt of the report. After this period the Board may approve or reject the subject transaction, but the Board is not required to follow the independent advisors' conclusion. The Board may treat the conflicting interest transaction and the report as confidential information. Shareholders representing at least 5% of the voting shares of the Company may request the Board to call a shareholders' meeting in order to approve or reject the conflicting interest transaction by a two-thirds majority of the outstanding voting shares.

Interested directors are excluded from all decisions of the Board relating to the conflicting interest transaction. All decisions adopted by the Board in respect of the conflicting interest transaction must be reported in the following shareholders' meeting. The controller of the corporation or the related party who intends to enter into the conflicting interest transaction shall make available to the Board of Directors, at the time the transaction is being considered by the Board, all information relating to the transaction filed with any non-Chilean regulatory entities or stock exchanges. If a suit for damages arises from such a transaction, the defendant (i.e., one or more directors, the controller, a related party, or all of the foregoing) bears the burden of proof that the transaction was on terms equally or more beneficial to the corporation than an arm's length transaction, unless the conflicting interest transaction had been previously approved by the shareholders.

The amount of any director's remuneration is established each year at the annual shareholders' meeting. Directors are not entitled to vote on any proposal relating to compensation for themselves or any member of the Board.

Directors are forbidden from borrowing or otherwise making use of corporate money or assets for their own benefit, unless previously authorized by the Board of Directors. Directors are also prohibited from borrowing or otherwise making use of corporate money or assets for the benefit of companies in which such directors are either directors or owners of a 10% interest or more, unless previously authorized by the Board of Directors. Directors who receive such loans are excluded from voting on that matter. However, shareholders' authorization is not required if authorized by the Board of Directors. These rules can only be modified by law.

It is not necessary to hold shares of the Company to be elected a director, and there is no age limit established for the retirement of directors.

Rights, preferences and restrictions regarding shares. At least 30%of the Company’s annual net income calculated in accordance with Chilean GAAP is required to be distributed in cash to the shareholders, unless the shareholders unanimously decide otherwise. Any remaining profits may be used to establish a reserve fund (that may be capitalized at any time, amending the corporate By-Laws, by the vote of a majority of the voting stock issued), or to pay future dividends.

Compulsory minimum dividends become due thirty days after the date on which the shareholders meeting has approved the distribution of profits for that fiscal year. Any additional dividends approved by the shareholders become due on the date set by the shareholders or the Board of Directors.

Dividends are to be paid quarterly and whenever the corporate treasury has accumulated sufficient funds to pay shareholders the equivalent of at least 5% of the book value of their stock. Accrued dividends that corporations fail to pay or make available to their shareholders within certain periods are to be adjusted from the date on which those dividends became due and that of actual payment. Overdue dividends will accrue annual interest established for adjustable operations over the same period.

Dividends and other cash benefits unclaimed by shareholders after five years from the date on which they became due will become the property of the Chilean Fire Department.

The Company has only one class of shares and, therefore, there are no preferences or limitations on the voting rights of shareholders. Each shareholder is entitled to one vote per share. In shareholders’ meetings, determinations are generally made by a simple majority of shareholders entitled to vote. However, the Chilean Corporation Law provides that certain determinations require the vote of a two-thirds majority of the voting stock issued.

The Company’s directors are elected every three years and their terms are not staggered. Chilean law does not permit cumulative voting. However, shareholders may accumulate their votes in favor of just one person or distribute their votes to more than one person. In addition, by unanimous agreement of the shareholders present and entitled to vote, the vote may be omitted and the election made by acclamation.

In the event of liquidation, the Chilean Corporation Law provides that corporations may carry out distributions to shareholders on account of a reimbursement of capital only after the payment of corporate indebtedness.

There are no redemption or sinking fund provisions applicable to the Company, nor are there any liabilities to shareholders relating to future capital calls by the corporation.

Under Chilean law, certain provisions affect an existing or prospective holder of securities as a result of the shareholder owning a substantial number of shares. The Securities Market Law establishes that (a) any person who, directly or indirectly, (i) owns 10% or more of the subscribed capital of a corporation (the “majority shareholders”) whose shares are registered in the Securities Registry of the Superintendency of Securities, or (ii) owns any such percentage because of the purchase of shares; and (b) all directors, the chief executive officer and the other principal officers of any corporation whose shares are registered with the Superintendency of Securities, regardless of the number of shares they own, must report any purchase or sale of shares made by such persons or entities within two business days of such transactions to the Superintendency of Securities and to each of the stock exchanges in Chile where such corporation has securities registered. In addition, majority shareholders must inform the Superintendency of Securities and the stock exchanges with respect to whether the purchase is aimed at acquiring control of the corporation or merely a financial investment.

The Securities Market Law also provides that when one or more persons intend to take over a corporation subject to oversight by the Superintendency of Securities, they must give prior public notice. This notice must include the price to be offered per share and the conditions of the proposed transaction, including the expected manner of acquiring the shares.

Chapter XXV of the Securities Market Law was recently enacted in order that controlling shareholders share with minority shareholders the benefits of a change of control, by requiring that certain share acquisitions be made pursuant to a tender offer.

The Chilean Corporation Law provides shareholders with preemptive rights. The Act requires that options to purchase stock representing capital increases in corporations and debentures duly convertible into stock of the issuing corporation, or any other securities extending future rights over such stock, must be offered, at least once, to existing shareholders, proportionally to the number of shares owned by them. A corporation must distribute any bonus stock in the same manner.

The Chilean Corporation Law also provides shareholders with a right to withdraw from a corporation in certain situations. Unless there is an ongoing bankruptcy proceeding, if a shareholders' meeting approves any of the following matters, dissenting shareholders will be automatically entitled to withdraw from the corporation upon payment by the corporation of the market value of their shares:

a) conversion of the corporation into a different type of legal entity;

b) merger of the corporation;

c) disposition of 50% or more of the assets of the corporation, whether or not including the liabilities;

d) guarantee of a third party's liabilities with collateral exceeding 50% of the corporation's assets;

e) establishment of preferences in connection with a series of shares, or any other modification of existing preferences, in which case only dissenting shareholders in the affected series will have the right to withdraw; and curing certain errors or defects affecting the corporate charter, or amending the By-Laws in respect of one or more of the matters listed above.

In addition, shareholders may withdraw if a person becomes the owner of two-thirds of the outstanding shares of the corporation as a consequence of a share acquisition and such person does not make a tender offer for the remaining shares within 30 days.

The Company's By-Laws do not provide for additional circumstances under which shareholders may withdraw.

Action necessary to change the rights of holders of stock. Rights of shareholders are established by law and pursuant to the By-Laws of a corporation. Any change to the rights of shareholders must be adopted by a majority of shareholders or, in some cases, by a two-thirds majority vote, as discussed above. However, the amendment of certain rights requires a unanimous vote of the shareholders, including the right of shareholders to receive at least 30% of the net profits for each fiscal year. Notwithstanding the foregoing, no decision of the shareholders can deprive a shareholder from his proprietary interest in its stock.

The Company's By-Laws do not provide for additional conditions in connection with matters described in this subsection.

Shareholders' meetings. Annual shareholders' meetings are to be held during the months of January, February, March or April of each year. During the meetings, determinations are made relating to particular matters, which may or may not be specifically indicated in the notice of such meeting. The quorum for a shareholders' meeting is established by the presence, in person or by proxy, of shareholders representing at least an absolute majority (50% plus one) of the issued voting stock of the Company; if a quorum is not present at the first meeting, the meeting can be reconvened and upon the meeting being reconvened, shareholders present at the reconvened meeting are deemed to constitute a quorum regardless of the percentage of the voting stock represented. In that case, decisions will be made by the absolute majority of stock with voting rights present or otherwise represented. The following matters are specifically reserved for annual meetings:

a) review of the state of the corporation and of the reports of internal and independent auditors, and the approval or rejection of the annual report, balance sheet, financial statements and records submitted by the officers or liquidators of the corporation;

b) distribution of profits, including the distribution of dividends;

c) election or revocation of regular and alternate Board members, liquidators and management supervisors;

d) determinations regarding compensation of the Board members; e) designation of a newspaper to publish the notice of meetings; and

f) in general, any other matter to be dealt with by the annual meeting relating to the Company and not specifically reserved to extraordinary shareholders' meetings.

Extraordinary shareholders' meetings may be held at any time. During extraordinary meetings, determinations are made relating to any matter which Chilean law or the Company's By-Laws reserve for consideration at such extraordinary meetings, which matters shall be expressly set forth in the relevant notice. Whenever in an extraordinary shareholders' meeting determinations must be made relating to matters specifically reserved to annual meetings, the operation and decisions of such extraordinary meeting will follow the requirements applicable to annual meetings.

The following matters are specifically reserved for extraordinary meetings:

a) dissolution of the corporation;

b) transformation, merger or spin off of the corporation, and amendments to its By-Laws;

c) issuance of bonds or debentures convertible into stock;

d) transfer of corporate fixed assets and liabilities; and

e) guarantees of third parties' obligations, except when these third parties are affiliated companies (in which case approval of the Board of Directors will suffice).

In addition to the above, annual and extraordinary shareholders' meetings must be called by the Board of Directors in the following circumstances:

- when requested by shareholders representing at least 10% of issued stock; and

- when required by the Superintendency of Securities.

Only holders of stock registered in the Record of Shareholders five days before the date of the pertinent meeting may participate with the right to speak and vote in shareholders' meetings. Directors and officers other than shareholders may participate in shareholders' meetings with the right to speak.

Shareholders may be represented at meetings by other individuals, regardless of whether or not those persons are shareholders themselves. Representation must be conferred five days before the date of the relevant meeting, in writing, and for the total number of shares held by the shareholder.

Limitations on the right to own securities. The right to own any kind of property is guaranteed by the Chilean Constitution, and the Chilean Corporation Law does not contain any general limitation regarding the right to own securities. There are, however, certain limitations on the right of foreigners to own securities of Chilean corporations, but only for certain special types of companies. The Company's securities are not restricted by these limitations, and the Company's By-Laws do not contain restrictions or limitations in this respect.

Takeover defenses. The Company's By-Laws do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or any of its subsidiaries).

Ownership threshold. The Company's By-Laws do not contain any ownership threshold above which shareholder ownership must be disclosed.

Changes in capital. The By-Laws do not impose any conditions that are more stringent than those required by law for effecting changes in the capital of the Company.

B. Material Contracts

Viña Almaviva. On June 30, 1997, the Company entered into a joint venture with Baron Philippe de Rothschild S.A. ("BPR"), a French company, establishing Viña Almaviva S.A. ("Viña Almaviva," formerly "Rothschild S.A.") for the production of "*Primer Orden*" wines in Chile. For a discussion of Viña Almaviva, see Item 4 — "Information on the Company — History and Development of the Company."

Industria Corchera. In November of 2000, the Company purchased 49.6% of the capital stock of Industria Corchera from certain directors of the Company. In November, 2002 the Company increased its ownership to 49.84%. See Item 7 — "Major Shareholders and Related Party Transactions — Related Party Transactions" for a discussion of the acquisition and the agreements with Industria Corchera.

In connection with this acquisition, the Company and Amorim entered into a shareholders' agreement establishing provisions, among others, for the transfer of shares and other agreements in relation to the administration of Industria Corchera. An English translation of the shareholders' agreement between the Company and Amorim was filed as Exhibit 4.2 to the Company's Annual Report on Form 20-F (No. 1-3358) for the fiscal year ended December 31, 2000 and incorporated by reference herein. The Company and Amorim jointly own 99.68% of the capital stock of Industria Corchera.

C. Exchange Controls

The Central Bank of Chile is responsible for, among other things, monetary policies and control of foreign exchange transactions.

The Law of the Central Bank of Chile authorizes the Central Bank of Chile to regulate foreign exchange transactions, including those relating to ADS facilities. At the time the ADS facility was issued, the Central Bank had issued certain regulations (the "Former Regulations") imposing the obligation to obtain the previous authorization from the Central Bank of Chile and the execution of an agreement with such bank in order to proceed with an ADS facility.

Due to the above, the ADS facility is subject to a contract between the Depositary, the Company and the Central Bank of Chile (the "Foreign Investment Contract") that grants the Depositary and the holders of the ADS access to Chile's Formal Exchange Market and permits the Depositary to remit dividends received from the Company to holders of ADS without restriction. See Item 10 — "Additional Information — Exchange Controls" for a more detailed description of the new regulations and the Foreign Investment Contract. The Foreign Investment Contract is currently in force and will continue to govern the ADS facility until all parties agree to terminate it. If the Foreign Investment Contract is terminated, the ADS facility would then become subject to the New Regulations (as defined below). Under Chilean legislation, a Foreign Investment Contract may not be altered or affected adversely by actions of the Central Bank of Chile.

The Central Bank of Chile adopted a new Foreign Exchange Regulations Compendium (the "New Regulations") published in the Official Gazette on January 23, 2002, and effective as of March 1, 2002. The New Regulations impose only three levels of restrictions or obligations on foreign exchange transactions in Chile: (i) certain transactions requiring exchange of foreign currency must be conducted through the Formal Exchange Market (i.e., a commercial bank) and reported to the Central Bank of Chile (e.g., investments, loans, deposits and certain other transactions in excess of US$10,000); (ii) certain transactions requiring exchange of foreign currency to be remitted abroad must be conducted through the Formal Exchange Market without any reporting obligation (e.g., all license and royalty payments to be remitted abroad); and (iii) certain transactions requiring exchange of foreign currency must only be reported to the Central Bank of Chile (i.e., payments regarding import and export transactions, etc.).

Because the Law of the Central Bank of Chile authorizes the Central Bank of Chile to regulate foreign exchange transactions, including those relating to ADS facilities, more restrictive regulations on foreign exchange affecting ADS holders of the Company at any time may be imposed. Therefore, in the event the Foreign Investment Contract were terminated, an amendment to the New Regulations could, among other things, restrict the ability of ADS holders to dispose of the underlying shares of Common Stock of the ADS or to repatriate proceeds of the Common Stock. The duration or impact of any such restrictions would be difficult to assess.

The following is a summary of certain provisions that are contained in the Foreign Investment Contract. This summary does not purport to be complete and is qualified in its entirety by reference to the Foreign Investment Contract and Chapter XXVI of the former Foreign Exchange Regulations, which were filed as Exhibits 2.2 and 4.4, respectively, to the Company's Registration Statement on Form F-1 (No. 33-84298) and incorporated by reference herein. Although Chapter XXVI of the former Foreign Exchange Regulations are no longer in force, their terms do apply to the Company through the Foreign Investment Contract.

Under Chapter XXVI of the former Foreign Exchange Regulations and the Foreign Investment Contract, the Central Bank of Chile agreed to grant to the Depositary, on behalf of ADS holders, and to any investor neither resident nor domiciled in Chile who withdraws Common Stock upon delivery of ADS (such shares of Common Stock being referred to herein as "Withdrawn Shares"), access to the Formal Exchange Market to convert pesos to U.S. dollars (and to remit such dollars outside of Chile) in respect of shares of Common Stock represented by ADS or Withdrawn Shares, including amounts received as (a) cash dividends; (b) proceeds from the sale in Chile of Withdrawn Shares; (c) proceeds from the sale in Chile of rights to subscribe for additional shares of Common Stock; (d) proceeds from the liquidation, merger or consolidation of the Company; and (e) other distributions, including, without limitation, those resulting from any recapitalization, as a result of holding shares of Common Stock represented by ADS or Withdrawn Shares. However, Chapter XXVI also provided that access to the Formal Exchange Market for repatriation of the sales proceeds of Withdrawn Shares or distributions thereon would be conditioned upon receipt by the Central Bank of Chile of certification by the Depositary (or the custodian on its behalf) that such Shares had been withdrawn in exchange for ADS, a waiver of the benefits of the Foreign Investment Contract until such Withdrawn Shares were redeposited, and the Withdrawn Shares are redeposited with the Depositary. Investors receiving Withdrawn Shares in exchange for ADS will have the right to redeposit such shares in exchange for ADS, provided that the conditions to redeposit are satisfied. For a description of the Formal Exchange Market, see Item 3 — "Key Information — Exchange Rates."

Chapter XXVI of the former Foreign Exchange Regulations provided that access to the Formal Exchange Market for repatriation of dividend or distribution payments would be conditioned upon certification by the Company to the Central Bank of Chile that a dividend or distribution payment had been made and any applicable tax had been withheld. Cash, dividends and other distributions paid by the Company with respect to ADS held by a non-Chilean resident holder are subject to a 35% Chilean withholding tax, which is withheld by the Company. However, stock dividends are deemed a non taxable event pursuant to Chilean Income Tax Law, thus, not subject to Chilean taxation. See Item 10 — "Additional Information — Taxation."

Chapter XXVI of the former Foreign Exchange Regulations and the Foreign Investment Contract provide that a person who brings foreign currency into Chile must convert it into Chilean pesos (Liquidation restriction) on the same date and has five days within which to invest in shares of Common Stock in order to receive the benefits of the Foreign Investment Contract. If such person decides within such period not to acquire shares of Common Stock, he can access the Formal Exchange Market to reacquire U.S. dollars, provided that the applicable request to purchase U.S. dollars is presented to the Central Bank of Chile within five days, plus two additional days to request the Central Bank authorization of the initial conversion into pesos. Shares acquired as described above may be deposited for ADS and receive the benefits of the Foreign Investment Contract, subject to receipt by the Central Bank of Chile of a certificate from the Depositary (or the Custodian on its behalf) that such deposit has been effected and that the related ADS have been issued and a declaration from the person making such deposit waiving the benefits of the Foreign Investment Contract with respect to the deposited shares of Common Stock.

Access to the Formal Exchange Market under any of the circumstances described above is not automatic. Pursuant to former Chapter XXVI, such access required approval of the Central Bank of Chile based on a request presented through a banking institution established in Chile. The Foreign Investment Contract provides that if the Central Bank of Chile has not acted on such request within seven banking days, the request will be deemed approved.

As noted above, all the rights, procedures and exchange benefits contained in the Foreign Investment Contract are still in force in connection with the ADS issuance.

D. Taxation

The following discussion is a summary of certain Chilean and U.S. federal income tax considerations relating to an investment in the ADS or the shares. The discussion is based on current law and is for general information only. Moreover, while the Company's tax advisors believe this discussion to be a correct interpretation of existing laws in force as of the date of this Annual Report, no assurances can be given that the courts or tax authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. In addition, the discussion does not address all possible tax consequences relating to an investment in the ADS or the shares.

Each holder of ADS or shares of Common Stock should consult his or her own tax advisor regarding the particular tax consequences of the purchase, ownership and disposition of ADS or shares of Common Stock.

Chile

There is no Double Taxation Treaty between Chile and the United States, although negotiations continue taking place. Accordingly, the following discussion is based exclusively on Chilean domestic tax legislation.

The discussion summarizes the material Chilean income tax consequences of the purchase, ownership and disposition of ADS or shares of Common Stock by an individual who is neither domiciled in, nor a resident of, Chile for tax purposes or a legal entity that is not organized under the laws of Chile and does not have a permanent establishment in Chile (a "foreign holder"). However, it is not a full description of all tax considerations that may be relevant to a decision related to the ADS or shares of Common Stock. The discussion is based on Chilean income tax laws, regulations and rulings of the Chilean Internal Revenue Service, including Rulings Nº 324 of 1990, Nº 3985 of 1994, Nº 1969 of 1995, Nº 3807 of 2000 and Circular Letter Nº 7 of 2002, all of which are subject to change.

It is not intended as tax advice to any particular investor, which can be rendered only in light of that investor's particular tax situation. For purposes of Chilean taxation, an individual holder is a resident of Chile if he has resided in Chile for more than six consecutive months in a calendar year, or a total of more than six months, whether consecutive or not, within two consecutive tax years.

Pursuant to the Chilean Constitution, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected, may only be amended by another statute. In addition, the Chilean tax authorities enact rulings, circular letters and regulations of either general or specific application and interpret the provisions of Chilean tax law. Pursuant to article 26 of the Chilean Tax Code, Chilean taxes may not be assessed retroactively against taxpayers who act in good faith relying on such rulings, regulations and interpretations, but Chilean tax authorities may change such rulings, regulations and interpretations prospectively.

Cash Dividends and Other Distributions

Cash dividends paid by the Company with respect to the ADS or shares of Common Stock held by a foreign holder will be subject to a 35% Chilean withholding tax (the "Withholding Tax"), which will be withheld and paid to the Chilean Treasury by the Company. The Chilean tax system is integrated, thus a credit against the Withholding Tax is available based on the level of corporate income tax actually paid by the Company on the income to be distributed (the "First-Category Tax"); however, this credit does not reduce the Withholding Tax on a one-for-one basis because it also increases the base on which the Withholding Tax is imposed. From 1991 until 2001, the First-Category Tax rate was 15% resulting in an effective dividend withholding tax rate of approximately 23.52%. For 2002, the First-Category Tax rate was 16% resulting in an effective dividend withholding tax rate of approximately 22.62% and for year 2003 the First-Category Tax rate was 16.5%. Finally, from year 2004 the First-Category Tax rate is 17%, resulting in an effective dividend withholding tax rate of approximately 21.69%.

The example below illustrates the effective Chilean Withholding Tax burden on a cash dividend received by a foreign holder, assuming a Withholding Tax rate of 35%, an effective First-Category Tax rate of 17% and a distribution of 50% of the net income of the Company distributable after payment of the First-Category Tax:

Company taxable income	200.0
First-Category Tax (17% of Ch$200)	(34.0)
Net distributable income	166.00
Dividend distributed (50% of net distributable income)	83.00
Gross Up to compute Withholding Tax: Ch$83.00 plus Ch$17 First Category Tax effectively paid	(100.00)
Withholding Tax Rate 35% of Ch$100.00 equal to Ch$35; minus credit for 50% of First Category Tax (17%)	18.00
Net withholding tax	(18.00)
Net dividend received	65.00
Approximate effective dividend withholding rate (18/83)	21.687%

In general, the effective dividend Withholding Tax rate, after giving effect to the credit for the First-Category Tax, can be calculated using the following formula:

$$\text{Effective dividend Withholding Tax rate} = \frac{(\text{Withholding Tax rate (35)}) - (\text{First-Category Tax rate (17)})}{100 - (\text{First-Category Tax rate (17)})}$$

Under Chilean income tax law, dividends generally are assumed to have been paid out of the Company's oldest retained profits for purposes of determining the level of First-Category Tax that was paid by the Company. For years prior to 1991, the First-Category tax was 10%. Although this reduced First-Category Tax resulted in relatively greater amounts of distributable post-tax income for those years, the credit against the Withholding Tax for the First-Category Tax paid by the Company for those years will commensurably be diminished. Distributions of profits made with retained profits of those years, therefore, resulted in an effective dividend withholding tax rate of approximately 27.8%. Distributions of profits made with retained earnings of years 2002 and 2003, resulted or will result in an effective dividend withholding tax rate of approximately 23.52% and 22.62%, respectively. For distributions of profits generated during year 2004 and onwards, the effective dividend withholding tax is approximately 21.69%.

Dividend distributions made in property would be subject to the same Chilean tax rules as cash dividends. Stock dividends are deemed a non taxable event, thus, not subject to Chilean taxation for the shareholder at the moment the shares are distributed. Subsequent disposition of shares arising from stock dividends may be taxed in Chile (see Capital Gains). The assignment of preemptive rights relating to Common Stock will not be subject to Chilean taxation. Disposition of the preemptive rights on compensated basis would be deemed in Chile as ordinary business income.

Capital Gains

Gains from the sale or exchange of ADS by a foreign holder (or ADRs evidencing ADS) outside of Chile will be deemed a foreign source income, not subject to Chilean taxation. Gains from the sale or exchange of ADS by a Chilean resident outside of Chile, will be deemed a foreign source income, but subject to taxation in Chile as Chilean residents are subject to taxes in Chile on their worldwide income.

The deposit and withdrawal of Common Stock in exchange for ADRs is not subject to Chilean taxation. Taxation, if any, will be triggered at the time Common Stocks are sold. The tax base of shares of Common Stock received in exchange for ADS for capital gains tax assessment will be the acquisition cost of the shares. The acquisition cost of the shares delivered to any holder upon surrender of ADRs shall be the highest reported sales price of the shares on the Santiago Stock Exchange for the day on which the transfer of the shares is recorded under the name of the holder. Consequently, the conversion of ADS into shares of Common Stock and the immediate sale of the shares for the value established under the Deposit Agreement, as amended, would normally not generate a capital gain subject to taxation in Chile.

If a capital gain is recognized on a sale or exchange of shares of Common Stock acquired upon surrender of ADRs (as distinguished from sales or exchanges of ADS abroad representing such shares) made by a foreign or Chilean resident or domiciled holder, such gain will be deemed a non taxable event provided that the requirements of Article 18 ter of the Chilean Income Tax Law are met. Article 18 ter was introduced to the Chilean Income Tax Law by Law Nº 19,768 which was published in the Official Gazette on November 7, 2001. The requirements of Article 18 ter of the Chilean Income Tax Law are: (i) the share at the time of sale must have a market presence. In case the market presence of the share was lost, the sale must be made within the following 90 days after the loss of the share's market presence; (ii) the share must have been acquired and sold after April 19, 2001; and (iii) the acquisition and sale must have been made, amongst others, in a Chilean stock exchange market or in a foreign stock exchange market authorized by the Chilean Superintendency of Securities.

At this point, no specific guidelines have been issued by the Chilean Internal Revenue regarding Article 18 ter and ADR operations. We believe, based on the Congress discussions of Law 19,768, that the reference contained in Article 18 ter to a foreign exchange stock market authorized by the Chilean Superintendency of Securities would cover the ADRs deposit and withdrawals in exchange of shares of Common Stock.

In case the requirements of Article 18 ter are not met and a capital gain is realized at the time of the sale of Common Stock, such capital gain, made either by a foreign holder or by Chilean resident holder, will be subject to both the First-Category Tax and the Withholding Tax (the former being creditable against the latter) if either (i) the foreign holder has held the Common Stock for less than one year since exchanging ADS for the Common Stock, or (ii) the foreign holder acquired and disposed of the Common Stock in the ordinary course of its business or as a habitual trader of shares. In all other cases, gain on the disposition of Common Stock will exclusively be subject to the First-Category Tax (presently imposed at a rate of 17%), and no Withholding Tax will apply.

Amounts received by a foreign holder on the sale of preemptive rights relating to the shares of Common Stock will be deemed as business income, thus, subject to both the First-Category Tax and the Withholding Tax (the former being creditable against the latter).

Other Chilean Taxes

There are no gift, inheritance or estate taxes applicable to the ownership, transfer or disposition of ADS by a foreign holder, but such taxes will generally apply to the transfer at death or by gift of the Common Stock by a foreign holder. There are no Chilean stamp, issue, registration or similar taxes or duties payable by holders of Common Stock or ADS.

Withholding Tax Certificates

Upon request, the Company will provide to foreign holders appropriate documentation evidencing the payment of the Withholding Tax (net of applicable First-Category Tax).

United States

The following discussion summarizes the material U.S. federal income tax consequences of the purchase, ownership, and disposition of the ADS or shares of Common Stock. However, it is not a full description of all tax considerations that may be relevant to a decision related to the ADS or shares of Common Stock. The discussion is based on the United States Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect on the date hereof and all of which are subject to change, which change could apply retroactively.

The U.S. federal income tax treatment of a holder of ADS or shares of Common Stock may vary depending upon its particular situation. Certain holders (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, persons subject to the alternative minimum tax, persons holding offsetting position in respect of the ADSs or shares of Common Stock, broker-dealers, U.S. expatriates, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, partnerships or other pass-through entities or persons holding ADSs or Common Stock through a partnership or other pass-through entity, traders that elect to mark-to-market, persons who acquired ADSs or Common Stock pursuant to the exercise of any employee share option or otherwise as consideration, and persons owning, directly or indirectly, 10% or more of the voting shares of the Company) may be subject to special rules not discussed below. Unless otherwise stated, the following summary is limited to U.S. Holders who hold the ADS or shares of Common Stock as "capital assets" within the meaning of Section 1221 of the Code. The discussion below also does not address the effect of any foreign, state or local tax law, or any federal tax law other than income tax law on a holder of the ADS or shares of Common Stock. In addition, unless otherwise stated, the following discussion assumes that the Company is not currently, and will not in the future be, classified as a "passive foreign investment company" ("PFIC") within the meaning of the Code.

As used herein, the term "U.S. Holder" means a beneficial owner of ADS or shares of Common Stock that is, for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation organized in or under the laws of the United States or any state thereof, (iii) an estate that is subject to U.S. federal income taxation without regard to the source of its income, or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust, and (2) one or more United States persons have the authority to control all substantial decisions of the trust. The term "Non-U.S. Holder" refers to any beneficial owner of ADS or shares of Common Stock other than a U.S. Holder.

For U.S. federal income tax purposes, holders of ADS (or ADRs evidencing ADS) generally will be treated as the owners of the Common Stock represented by those ADS.

Cash Dividends and Other Distributions

For U.S. federal income tax purposes, the gross amount of a distribution with respect to ADS or shares of Common Stock will include the net amount of any Chilean tax withheld (*i.e.*, the Withholding Tax reduced by any credit for First-Category Tax paid), and will be treated as a dividend on the date of receipt by the Depositary or the U.S. Holder of such shares, respectively, to the extent of the Company's current and accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions, if any, in excess of such current and accumulated earnings and profits as determined for U.S. federal income tax purposes will constitute a non-taxable return of capital to a U.S. Holder and will be applied against and reduce such U.S. Holder's tax basis in such ADS or shares of Common Stock. To the extent that such distributions are in excess of such basis, the distributions will constitute capital gain. U.S. Holders that are corporations will not be allowed a deduction for dividends received in respect of distributions on ADS or shares of Common Stock. For tax years through 2010, individual U.S. Holders are generally subject to a tax rate on dividends equal to 15%, which corresponds to the maximum tax rate for long-term capital gains. However, under current legislation, for tax years beginning after December 31, 2010, dividends will be taxed at the same rate as other items of ordinary income, which will exceed the tax rate for long-term capital gains. U.S. Holders should consult their personal tax advisors to determine the applicability of the 15% rate for dividends, if any, paid to them.

If a dividend distribution is paid with respect to ADS or shares of Common Stock in Chilean pesos, the amount includable in income will be the U.S. dollar value, on the date of receipt by the Depositary or the U.S. Holder of such shares of Common Stock, respectively, of the Chilean pesos amount distributed. Any subsequent gain or loss in respect of such Chilean pesos arising from exchange rate fluctuations will generally be U.S. source ordinary income or loss for U.S. Holders, although under certain limited circumstances may be capital gain or loss. If the Depositary converts the Chilean pesos to U.S. dollars on the date it receives such pesos, U.S. Holders will not recognize any such gain or loss.

Subject to the limitations and conditions set forth in the Code and Treasury regulations promulgated thereunder, U.S. Holders may elect to claim a credit against their U.S. federal income tax liability for the net amount of any Chilean tax withheld (*i.e.*, the Withholding Tax reduced by any credit for First-Category Tax paid) from dividends received in respect of the ADS or shares of Common Stock. If the dividends are subject to the 15% tax rate described above, the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. Dividends generally will constitute non-U.S. source "passive income" or "financial services income" for U.S. federal income tax purposes. For taxable years beginning after December 31, 2006, dividends generally will constitute non-U.S. source "passive category income" or "general category income." The rules relating to the determination of the foreign tax credit are complex and prospective purchasers should consult their personal tax advisors to determine whether and to what extent they would be entitled to such credit. U.S. Holders that do not elect to claim foreign tax credits may instead claim a deduction for Chilean tax withheld.

A Non-U.S. Holder of ADS or shares of Common Stock generally will not be subject to U.S. federal income tax on dividends received on Common Stock or ADS, unless such income is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States.

Capital Gains

The sale or other disposition of ADS or shares of Common Stock will generally result in the recognition of capital gain or loss in an amount equal to the difference between the amount realized on the sale or other disposition and the U.S. Holder's tax basis in such ADS or shares of Common Stock. The U.S. Holder's initial tax basis in the ADS or shares of Common Stock will be such Holder's cost for the ADS or shares of Common Stock. Gain or loss upon the sale or other disposition of ADS or shares of Common Stock will be long-term or short-term capital gain or loss, depending on whether the ADS or shares of Common Stock have been held for more than one year, and generally will be U.S. source gain or loss (in the case of losses, subject to certain limitations). Long-term capital gains realized by individuals generally are subject to tax at preferential rates. The deductibility of capital losses is subject to limitations.

As discussed under the heading "Chile-Capital Gains," gain realized from a sale or other disposition of shares of Common Stock by a U.S. Holder, unlike gain realized from a sale or disposition of ADS, could be taxable in Chile. Because U.S. taxpayers generally may only take a foreign tax credit against the U.S. federal income tax liability in respect of non-U.S. source income, in the case of gain realized from the sale or other disposition of shares of Common Stock, a U.S. Holder may not be able to use the foreign tax credit for Chilean tax imposed on that gain (because such gain would generally be U.S. source for U.S. federal income tax purposes) unless such U.S. Holder can apply such foreign tax credit against its U.S. federal income tax liability in respect of non-U.S. source income.

Deposits and withdrawals of Common Stock by U.S. Holders in exchange for ADS generally will not result in the realization of gain or loss for U.S. federal income tax purposes.

A Non-U.S. Holder of ADS or shares of Common Stock generally will not be subject to U.S. federal income tax on gain from the sale or other disposition of such ADS or shares unless such gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more and certain other conditions are met.

Passive Foreign Investment Company

The Company believes that it was not a PFIC in any prior taxable year, and does not expect to be a PFIC for its current taxable year or any succeeding taxable year.

Under the Code, a foreign corporation will be a PFIC for any taxable year in which either (1) 75% or more of its income is passive income or (2) the average percentage of the value of its assets that produce (or are held for the production of) passive income is 50% or more.

If the Company were classified as a PFIC for a taxable year, certain adverse U.S. federal income tax consequences would generally apply to a U.S. Holder of ADSs or Common Stock.

Backup Withholding and Information Reporting

Dividends paid to a U.S. Holder that does not establish an exemption and proceeds from such a U.S. Holder's sale or other disposition of ADS or shares of Common Stock may have to be reported to the U.S. Internal Revenue Service ("IRS"). Such payments may also be subject to a backup withholding tax unless the U.S. Holder (i) provides an accurate taxpayer identification number and otherwise complies with the requirements of the backup withholding rules or (ii) otherwise establishes an exemption.

Subject to certain certification requirements, dividends paid to a Non-U.S. Holder on, and proceeds from a Non-U.S. Holder's sale or other disposition of, ADS or shares of Common Stock will generally not have to be reported to the IRS and will not be subject to backup withholding tax.

The backup withholding currently applies at a rate of 28%.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the holder's U.S. federal income tax liability if the required information is timely furnished to the IRS.

E. Documents on Display

The Company files reports and other information with the Securities and Exchange Commission (the "SEC"). Any documents that the Company files with the SEC may be read and copied at the SEC's public reference rooms at 450 Fifth Street, N.W., Washington, D.C. 20549; and 500 Madison Street, Suite 1400, Chicago, Illinois 60661.

ITEM 11: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's principal line of business is the production and bottling of wine for sale both domestically and internationally. The principal exposures to market risks faced by the Company are interest rate risk, foreign currency exchange rate risk and risk of fluctuations in the price of raw materials.

Interest Rate Risk

The Company's exposure to interest rate risk relates to its debt obligations. As of December 31, 2006 and 2005 the Company's total interest-bearing financial debt amounted to Ch$95,714 million and Ch$90,705 million respectively, of which, as of December 31, 2006, Ch$33,682 million is short term debt and Ch$62,032 million is long term debt with maturities to 2010 for its bank debt and 2026 for the bond debt.

Of total debt, approximately 83.4% was fixed-rate debt and 16.6% was variable-rate debt. The Company's floating-rate debt, which totaled Ch$15,860 million, was denominated in Chilean Pesos, Dollars, Euros, Sterling Pounds and Argentine Pesos. The Company has not used any type of financial instruments to minimize interest rate risk exposure but is considering hedging as a means to mitigate this risk.

The fair market value of total bank debt at December 31, 2006 is approximately the value at which it is presented in the consolidated financial statements and, as noted above, consists primarily of fixed rate debt (Ch$79,854 million) with an average interest rate of 4.7% with maturities through 2026.

The following table lists the cash flows related to interest payments, amortization of debt obligations and related interest rates by fiscal year maturing with respect to the Company's debt obligations. Interest rates disclosed represent the weighted average rates of the portfolio at year-end.

Interest Bearing Debt As of December 31, 2006
(in million of Ch$)
Expected Maturity Date

Short Term and Long-Term Financial Debt		Average Interest Rate	2007 Mn.Ch$	2008 Mn.Ch$	2009 Mn.Ch$	2010 Mn.Ch$	2011 and Thereafter Mn.Ch$	Total Mn.Ch$	Fair Value Total Debt
Dollar	Fixed rate	5.06%	13,323	1,863	—	—	—	15,186	15,414
Dollar	Variable rate	5.34%	6,678	6,016	—	—	—	12,694	12,884
Ch$	Fixed rate	5.41%	6,126	6,500	3,000	—	—	15,626	15,860
Ch$	Variable rate	5.76%	709	—	—	—	—	709	720
Ch$(UF)	Fixed rate	4.06%	401	—	1,079	9,492	33,437	44,409	45,075
ARG$	Fixed rate	8.59%	2,725	257	—	—	—	2,982	3,027
ARG$	Variable rate	9.13%	125	—	—	—	—	125	127
Euro	Fixed rate	3.68%	1,078	—	—	—	—	1,078	1,094
Euro	Variable rate	4.68%	1,020	—	—	—	—	1,020	1,035
GBP	Variable rate	5.54%	1,312	—	—	—	—	1,312	1,332
Total			33,497	14,636	4,079	9,492	33,437	95,141	96,568
Leasing									
UF	Fixed rate	5.75%	185	151	156	81	—	573	588
Total			33,682	14,787	4,235	9,573	33,437	95,714	97,156

Exchange Rate Risk

The Company's export sales are primarily denominated in U.S. dollars, except for certain export sales to Canada and Europe, where prices are denominated in Canadian dollars, Sterling Pounds and Euros. Sales of the Company's Argentine subsidiaries are denominated in Argentine pesos. During 2006 and 2005, 76.9% and 73.8%, respectively, of the Company's total revenues were related to foreign currency. As a result of these transactions, the Company's financial results could be significantly affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which the Company distributes its products.

In addition a proportion of the Argentine subsidiaries' assets is valued in Argentine pesos and would therefore be affected by devaluation of the local currency. Since 2004, the Company has purchased financial instruments that either eliminate or mitigate country risk. In the income statements as of December 31, 2006 and 2005, the Company recognized Ch$122 million and Ch$106 million of losses from the conversion of the financial statements of the subsidiaries in Argentina and the depreciation of the Argentine peso.

To mitigate the short-term effect of changes in currency exchange rates on the Company's functional currency based sales, since 1993, the Company has adopted a policy of attempting to balance U.S. dollar denominated assets and liabilities to minimize its exposure to U.S. dollar – Chilean peso exchange rate risks. To this end, the Company from time to time enters into forward exchange agreements as a way of reducing risks.

As of December 31, 2006, the Company held U.S. dollar forwards amounting to US$19.1 million, in Euros amounting EUR9.0 million, in Canadian dollar amounting CAD7.3 million and in Sterling Pounds for GBP13.4 million expiring during 2007.

The following table lists the assets and liabilities that are subject to foreign exchange fluctuations.

Assets and Liabilities Subject to Foreign Exchange Fluctuation
As of December 31, 2006
(in million of Ch$ / except Exchange Rate)

	US$	Euro	GBP	CAD	ARG$	SEK
Cash	35	59	804	54	84	—
Accounts and Notes Receivable	27,920	8,193	16,874	2,711	1,636	—
Fixed Assets	16,190	40	—	—	—	
Other Assets	4,580	38	517	4	8,105	—
Total Assets	**48,725**	**8,290**	**18,234**	**2,769**	**9,825**	**—**
Current Liabilities	27,435	4,413	6,608	558	5,502	6
Long-Term Liabilities	8,137	—	—	—	—	—
Forwards	10,195	6,354	14,013	3,314	—	—
Total Liabilities	**45,767**	**10,767**	**20,621**	**3,872**	**5,502**	**6**
Exchange Rate	532.4	702.1	1,041.9	457.1	173.9	77.8

Commodity Price Risk

The Company relies on outside vineyards for supplies of grapes and bulk wine. Grapes purchased from outside vineyards are subject to fluctuation in price and quality and generally cost more than grapes from the Company's vineyards.

In 2005 and 2006, approximately 72% of the grapes used in the production of its premium, varietal, bi-varietals and sparkling wines were purchased by the Company from independent growers in Chile. Additionally, in 2006, the Company purchased the grapes and bulk wine required to produce approximately 100% of the popular wines sold by the Company. Disruptions of supplies of grapes or wine or increases in prices from these outside suppliers could have a material adverse effect on the Company's results of operations.

ITEM 12: DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

ITEM 13: DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14: MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

To the Company's knowledge, no one has (i) materially modified the instruments defining the rights of the Company's shareholders or (ii) materially modified or qualified the rights, evidenced by the Company's registered securities, by issuing or modifying any other class of securities.

ITEM 15T: CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures*. The Company carried out an evaluation under the supervision and with the participation of the Company's Management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" for the year ended December 31, 2006. Nevertheless, there are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon the Company's evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is gathered and communicated to the Company's Management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) *Management's Annual Report on Internal Control over Financial Reporting*. Concha y Toro's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed under the supervision of the Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. It can only provide reasonable assurance regarding financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on the evaluation under these criteria, management has concluded that, as of December 31, 2006, the Company's internal control over financial reporting was effective.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

(c) *Changes in Internal Control Over Financial Reporting*. There were no significant changes in the Company's internal controls over financial reporting that occurred during the period covered by this Form 20-F that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 16.A. AUDIT COMMITTEE FINANCIAL EXPERT

The Company currently does not have an audit committee financial expert serving on the Directors' Committee, which performs the functions of an audit committee. Under Chilean law, the Company is not required to have an audit committee financial expert (within the meaning of the regulations adopted under Sarbanes-Oxley) serving on its audit committee. However, pursuant to Chilean regulations, we have a Directors' Committee with duties and responsibilities that are similar to those of an audit committee. See Item 6 — "Directors, Senior Management and Employees." The board of directors believes that the Directors' Committee has the necessary financial expertise and experience to perform its functions.

ITEM 16.B: CODE OF ETHICS

As of June 2004, the Company has disclosed its code of ethics to reflect SEC rules and other proposed regulations that were adopted by the Company's board of directors, officers and employees. All of the Company's officers and employees accepted the provisions of the code of ethics, which governs the actions of everyone who works for the Company, including the employees of the Company's subsidiaries. The Company's code of ethics deals primarily with the following issues:

- Duties of managers and personnel;
- Conflict of interests;
- Use of property and information;
- Privileged information;
- Independence;
- Communications and certificates,
- Fair behavior;
- Compliance with environment, health and safety laws and regulations.

A copy of the Company's code of ethics is available on its website (www.conchaytoro.com).

ITEM 16.C: PRINCIPAL ACCOUNTANT'S FEES AND SERVICES

Deloitte & Touche Sociedad de Auditores y Consultores Ltda. acted as the Company's independent auditor for fiscal year ended December 31, 2005 and 2004. At the request of the Company, Deloitte & Touche Sociedad de Auditores y Consultores Ltda. resigned as auditor of the Company, effective year 2005. Subsequently, Concha y Toro appointed KPMG Auditores Consultores Limitada, an independent registered public accounting firm, as the successor auditor for the fiscal year ended December 31, 2006. The resignation of the former auditor and the appointment of the successor auditor were approved by the audit committee of the Company and the directors of the Company. Fees for professional services in each of the last two fiscal years, in each of the following categories are:

	2006 Th.Ch$	2005 Th.Ch$
Audit Fees	109,450	49,278
Audit-related Fees	—	—
Tax Fees	—	—
All Other Fees	6,474	56
Total	115,924	49,334

Pre-approval Policies and Procedures

Chilean law states that public companies are subject to "pre-approval" requirements under which all audit and nonaudit services provided by the independent auditor must be pre-approved by the Directors' Committee. In the Company's case, its Directors' Committee approves all audit, audit-related services, tax services and other services. Any services to be provided by independent auditors that are not specifically included within the scope of the audit must be pre-approved by the Directors' Committee prior to any engagement.

ITEM 16.D: EXEMPTIONS FROM THE LISTING STANDARDS OF AUDIT COMMITTEES

None.

ITEM 16.E: PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 17: FINANCIAL STATEMENTS

See Item 18 — "Financial Statements."

ITEM 18: FINANCIAL STATEMENTS

The following financial statements, together with the report of KPMG Auditores Consultores Limitada (2006) and Deloitte & Touche Sociedad de Auditores y Consultores Ltda. (2005 and 2004) thereon, are filed as part of this Annual Report:

ITEM 19 EXHIBITS

List of Exhibits

1.1* By-Laws (*Estatutos*) of the Company, together with an English translation filed as Exhibit 1.1 to the Company's Annual Report on Form 20-F (No. 1-3358) for the fiscal year ended December 31, 2000.

2.1* Form of Deposit Agreement among the Company, The Bank of New York and holders from time to time of American Depositary Receipts issued thereunder, including the form of American Depositary Receipt, filed as Exhibit 4.1 to the Company's Registration Statement on Form F-1 (No. 33-84298) and incorporated by reference herein.

2.2* Form of Foreign Investment Contract among the Company, The Bank of New York and the Central Bank of Chile relating to the foreign exchange treatment of the investment in ADS and ADRs (with English translation), filed as Exhibit 4.3 to the Company's Registration Statement on Form F-1 (No. 33-84298) and incorporated by reference herein.

2.3* Central Bank of Chile Chapter XXVI, filed as Exhibit 4.4 to the Company's Registration Statement on Form F-1 (No. 33-84298) and incorporated by reference herein.

3.1* Agency Agreement dated as of August 31, 1993 between the Company and Banfi Products Corporation, filed as Exhibit 10.1 to the Company's Registration Statement on Form F-1 (No. 33-84298) and incorporated by reference herein.

3.2* English Translation of Powers of Attorney granted by the Board of Directors of *Inversiones Totihue S.A.* to Family Principal Shareholders filed as Exhibit 3.2 to the Company's Annual Report on Form 20-F (No. 1–3358) for the fiscal year ended December 31, 1998.

3.3* English Translation of Powers of Attorney granted by the Board of Directors of Rentas *Santa Bárbara S.A.* to Family Principal Shareholders filed as Exhibit 33 to the Company's Annual Report on Form 20-F (No. 1-3358) for the fiscal year ended December 31, 1998.

3.4* English Translation of Shareholders Agreement, dated August 20, 1999, entered into by Guilisasti family and other affiliated parties relating to, among others, the transfer and voting of Common Stock filed as Exhibit 3.4 to the Company's Annual Report on Form 20-F (No. 1-3358) for the fiscal year ended December 31, 1999.

4.1* English Translation of the Shareholders' Agreement, dated June 30, 1997, entered into by Viña Concha y Toro S.A. and Baron Philippe de Rothschild, relating to the creation of Viña Almaviva S.A. filed as Exhibit 4.1 to the Company's Annual Report on Form 20-F (No. 1-3358) for the fiscal year ended December 31, 2000.

4.2* English Translation of the Shareholders' Agreement, dated November 15, 2000, entered into by Viña Concha y Toro S.A. and Amorim & Irmaos, S.G.P.S. S.A. relating to, among others, the transfer and voting of common stock and the management and administration of Industria Corchera, S.A. filed as Exhibit 4.2 to the Company's Annual Report on Form 20-F (No. 1-3358) for the fiscal year ended December 31, 2000.

12.1 Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley (filed herewith).

12.2 Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley (filed herewith).

13.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of Sarbanes-Oxley (filed herewith). (This Exhibit is furnished herewith, but not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act, as amended, except to the extent that the Company explicitly incorporates it by reference).

*Previously filed.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIÑA CONCHA Y TORO S.A.
Registrant

By: /s/ Eduardo Guilisasti G.
Name: Eduardo Guilisasti G.
Title: Gerente General/
General Manager
(Chief Executive Officer)

Date: June 29, 2007

By: /s/ Osvaldo Solar V.
Name: Osvaldo Solar V.
Title: Gerente de Administración y Finanzas/
Administration and Financial Manager (Chief Financial Officer)

Date: June 29, 2007

EXHIBIT INDEX

Exhibit Number	
1.1*	By-Laws (*Estatutos*) of the Company, together with an English translation filed as Exhibit 1.1 to the Company's Annual Report on Form 20-F (No. 1-3358) for the fiscal year ended December 31, 2000.
2.1*	Form of Deposit Agreement among the Company, The Bank of New York and holders from time to time of American Depositary Receipts issued thereunder, including the form of American Depositary Receipt, filed as Exhibit 4.1 to the Company's Registration Statement on Form F-1 (No. 33-84298) and incorporated by reference herein.
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*Previously filed.

VIÑA CONCHA Y TORO S.A. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Ch$	-	Chilean pesos
ThCh$	-	Thousands of Chilean pesos
US$	-	United States dollars
ThUS$	-	Thousands of United States dollars
UF	-	The UF (Unidad de Fomento) is an inflation-indexed, peso-denominated monetary unit. The UF rate is set daily in advance, based on the change in the Consumer Price Index of the previous month.

KPMG Auditores Consultores Ltda.

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Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheet of Viña Concha y Toro S.A. and subsidiaries (the "Company") as of December 31, 2006, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the 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 referred to above 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, the changes in their shareholders' equity and their cash flows for the year ended December 31, 2006 in conformity with accounting principles generally accepted in Chile.

Accounting principles generally accepted in Chile vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 37 to the consolidated financial statements.

The accompanying consolidated financial statements as of and for the year ended December 31, 2006 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Chilean pesos have been translated into United States dollars on the basis set forth in note 2.x of the notes to the consolidated financial statements.

KPMG Auditores Consultores Limitada

Santiago, Chile
June 29, 2007

Deloitte & Touche
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Viña Concha y Toro S.A.

We have audited the accompanying consolidated balance sheet of Viña Concha y Toro S.A. and subsidiaries ("the Company") as of December 31, 2005 and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the two years in the period ended December 31, 2005, all expressed in thousands of constant Chilean pesos. These consolidated financial statements (including the related Notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements, present fairly, in all material respects, the financial position of Viña Concha y Toro S.A. and its subsidiaries as of December 31, 2005 and the consolidated results of their operations, changes in their shareholders' equity and their cash flows for each of the two years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in Chile.

Accounting principles generally accepted in Chile vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of shareholders´ equity as of December 31, 2005 and the determination of net income for each of the two years in the period ended December 31, 2005 to the extent summarized in Note 37.

Our audits also comprehended the translation of Chilean peso amounts into U.S. dollar amounts and, we are not aware of any modifications that should be made for such translation to be in conformity with the basis stated in Note 2x. Such U.S. dollar amounts are presented solely for the convenience of readers in the United States of America.

Santiago, Chile
July 4, 2006
(Except for the restatement to constant Chilean pesos of December 31, 2006, for which the date is June 29, 2007)

VIÑA CONCHA Y TORO S.A. AND SUBSIDIARIES
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**)**

	As of December 31,		
	2005	**2006**	**2006**
	ThCh$	ThCh$	ThUS$ **Note 2(x)**
ASSETS			
Current assets:			
Cash and cash equivalents	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
Total current assets	150,023,516	169,453,282	318,288
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)
Total Property, plant and equipment, net	152,198,227	159,007,379	298,667
Other assets:			
Investments in related companies	6,815,149	7,162,034	13,453
Investments in other companies	311,319	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	896,243	2,417,779	4,541
Total other assets	12,208,266	14,815,216	27,828
Total assets	314,430,009	343,275,877	644,783

The accompanying notes are an integral part of these consolidated financial statements.

VIÑA CONCHA Y TORO S.A. AND SUBSIDIARIES
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**)**

	As of December 31,		
	2005	**2006**	**2006**
	ThCh$	ThCh$	ThUS$ **Note 2(x)**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term debt due to banks and financial institutions	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
Total current liabilities	71,164,067	87,510,667	164,373
Long-term liabilities:			
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
Total long-term liabilities	69,531,832	73,598,202	138,241
Minority interest	9,724	11,397	22
Shareholders' equity:			
Paid-in capital, no par value, 719,170,735 shares issued and outstanding as of 2005 and 2006	45,666,894	45,666,894	85,777
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)
Total shareholders' equity	173,724,386	182,155,611	342,147
Total liabilities and shareholders' equity	314,430,009	343,275,877	644,783

The accompanying notes are an integral part of these consolidated financial statements.

VIÑA CONCHA Y TORO S.A. AND SUBSIDIARIES
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,			
	2004	**2005**	**2006**	**2006**
	ThCh$	ThCh$	ThCh$	ThUS$ Note 2(x)
Operating income:				
Sales	199,410,040	205,595,709	215,842,797	405,422
Cost of sales	(121,867,874)	(134,132,298)	(141,447,262)	(265,684)
Gross profit	77,542,166	71,463,411	74,395,535	139,739
Administrative and selling expenses	(45,388,866)	(46,031,636)	(50,072,271)	(94,051)
Operating income	32,153,300	25,431,775	24,323,264	45,687
Non-operating income and expenses:				
Interest income	52,820	160,558	162,276	305
Equity participation in net income of related companies	406,346	409,275	483,235	908
Other non-operating income	324,432	2,902,248	310,300	583
Goodwill amortization	(85,906)	(73,412)	(73,415)	(138)
Interest expense	(1,814,305)	(3,640,097)	(4,294,001)	(8,066)
Other non-operating expenses	(418,626)	(2,055,745)	(376,586)	(707)
Price-level restatement, net	32,287	(179,463)	(358,750)	(674)
Foreign exchange gains (losses), net	(1,542,212)	31,893	260,956	490
Non-operating expenses, net	(3,045,164)	(2,444,743)	(3,885,985)	(7,299)
Income before income taxes and minority interest	29,108,136	22,987,032	20,437,279	38,388
Income taxes	(5,119,302)	(3,548,236)	(4,275,096)	(8,030)
Income before minority interest	23,988,834	19,438,796	16,162,183	30,358
Minority interest	3,985	173	(1,670)	(3)
Income before amortization of negative goodwill	23,992,819	19,438,969	16,160,513	30,355
Negative goodwill	7,122	—	—	—
Net income for the year	23,999,941	19,438,969	16,160,513	30,355

The accompanying notes are an integral part of these consolidated financial statements.

VIÑA CONCHA Y TORO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES INSHAREHOLDERS' 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	Additional paid-in capital	Other Reserves	Reserves for future dividends	Provisional Dividends	Net income for the year	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Balance as of January 1, 2004	42,120,364	4,914,902	6,780,038	69,406,258	(3,642,096)	18,583,807	138,163,273
2002 net income distribution	—	—	—	14,941,711	3,642,096	(18,583,807)	—
Dividends declared	—	—	—	(3,768,455)	—	—	(3,768,455)
Foreign currency translation adjustment	—	—	(6,648)	—	—	—	(6,648)
Price-level restatement	1,053,009	122,872	169,501	2,014,488	(87,164)	—	3,272,706
Net income for the year	—	—	—	—	—	22,689,487	22,689,487
Interim Dividends	—	—	—	—	(4,315,024)	—	(4,315,024)
Balance as of December 31, 2004	43,173,373	5,037,774	6,942,891	82,594,002	(4,402,188)	22,689,487	156,035,339
Balance as of December 31, 2004 restated to constant Chilean Pesos as of December 31, 2006	45,666,894	5,328,736	7,343,885	87,364,301	(4,656,441)	23,999,941	165,047,316
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

The accompanying notes are an integral part of these consolidated financial statements.

VIÑA CONCHA Y TORO S.A. AND SUBSIDIARIES
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			
	2004	**2005**	**2006**	**2006**
	ThCh$	ThCh$	ThCh$	ThUS$ **Note 2(x)**
Cash flows from operating activities:				
Received from customers	210,191,470	215,008,290	199,725,047	375,148
Interest received	656,792	897,199	162,276	305
Dividends and other distributions received	99,388	175,623	190,019	357
Other income received	12,320,500	22,327,628	20,007,707	37,581
Payments to suppliers and personnel	(195,610,682)	(206,060,719)	(173,086,459)	(325,112)
Interest paid	(1,827,125)	(3,030,828)	(3,514,737)	(6,602)
Income taxes paid	(3,527,460)	(4,301,638)	(2,762,649)	(5,189)
Payment of other expenses	(576,432)	(65,558)	(672,168)	(1,263)
V.A.T. and others taxes paid	(7,204,027)	(11,941,894)	(11,672,356)	(21,924)
Net cash provided by operating activities	14,522,424	13,008,103	28,376,680	53,301
Cash flows from financing activities:				
Bank financing	67,389,566	35,203,492	59,030,015	110,877
Bonds payable	—	36,704,562	—	—
Dividends paid	(8,474,490)	(10,228,413)	(7,687,719)	(14,440)
Payment of bank financing	(48,224,040)	(40,593,741)	(53,190,658)	(99,909)
Payment of expenses related to the issuance of bonds	—	(635,690)	—	—
Net cash provided by (used in) financing activities	10,691,036	20,450,210	(1,848,362)	(3,472)
Cash flows from investing activities:				
Proceeds from sales of property, plant and equipment	63,637	63,912	2,900	5
Additions to property, plant and equipment	(24,848,307)	(31,072,589)	(24,531,012)	(46,077)
Payment of capitalized interest	—	(305,428)	(372,573)	(700)
Permanent investments	(1,073,933)	(853,793)	—	—
Other investment disbursements	(5,439)	(1,466,547)	(1,024,262)	(1,924)
Net cash used in investing activities	(25,864,042)	(33,634,445)	(25,924,947)	(48,696)
Positive (negative) net cash flow for the year	(650,582)	(176,132)	603,371	1,133
Effect of price-level restatement on cash and cash equivalents	(85,240)	(249,099)	(90,067)	(169)
Net increase (decrease) in cash and cash equivalents	(735,822)	(425,231)	513,304	964
Cash and cash equivalents beginning of year	2,638,577	1,902,755	1,477,524	2,775
Cash and cash equivalents end of year	**1,902,755**	**1,477,524**	**1,990,828**	**3,739**

The accompanying notes are an integral part of these consolidated financial statements.

VIÑA CONCHA Y TORO S.A. AND SUBSIDIARIES
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			
	2004	**2005**	**2006**	**2006**
	ThCh$	ThCh$	ThCh$	ThUS$ Note 2(x)
Reconciliation of net income to net cash provided by operating activities:				
Net income for the year	23,999,941	19,438,969	16,160,513	30,355
Net gain on sales of property, plant and equipment	(41,819)	(33,644)	(31,883)	(60)
Charges (credits) to income which do not represent cash flows:				
Depreciation	8,866,622	10,981,793	11,060,585	20,775
Amortization of intangibles	72,663	91,147	109,217	205
Provisions and write-offs	2,407,606	2,035,409	1,101,108	2,068
Equity participation in income of related companies	(406,346)	(409,275)	(483,235)	(908)
Amortization of goodwill	85,906	73,412	73,415	138
Amortization of negative goodwill	(7,124)	—	—	—
Price-level restatement, net	(32,287)	179,463	358,750	674
Foreign currency translation, net	1,542,212	(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	374,470	—	1,049	2
Changes in assets which affect cash flows:				
Decrease (increase) in trade receivables	(10,624,879)	(240,109)	(15,315,231)	(28,767)
Decrease (increase) in inventory	(11,916,548)	(25,818,760)	(2,695,397)	(5,063)
Decrease (increase) in other current assets	(3,239,946)	1,944,343	3,425,743	6,435
Changes in liabilities which affect cash flows:				
Increase (decrease) in accounts payable associated with operating results	1,517,984	2,294,554	8,451,264	15,874
Increase (decrease) in interest payable	264,100	278,496	162,779	306
Increase (decrease) in income tax payable	847,184	(1,175,816)	1,003,747	1,885
Increase in other accounts payable associated with non- operating results	573,807	2,675,884	4,944,632	9,288
Net increase in value added tax and other accounts payable	242,864	724,365	374,637	704
Gain (loss) attributable to minority interest	(3,985)	(173)	1,670	3
Net cash flows provided by operating activities	14,522,425	13,008,103	28,376,680	53,301

The accompanying notes are an integral part of these consolidated financial statements.

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.

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.

The consolidated financial statements for the years 2004, 2005 and 2006 include the following subsidiaries:

	Ownership interest As of December 31,								
	2004			2005			2006		
Company	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
	%	%	%	%	%	%	%	%	%
Comercial Peumo Ltda.	0.00	100.00	100.00	0.00	100.00	100.00	0.00	100.00	100.00
Viña Palo Alto Ltda. (1)	99.00	0.00	99.00	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	0.00	100.00	100.00
Transportes Viconto Ltda.	0.00	100.00	100.00	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	0.00	100.00	100.00
Trivento Bodegas y Viñedos S.A.	0.00	100.00	100.00	0.00	100.00	100.00	0.00	100.00	100.00
Distribuidora Peumo Argentina S.A.	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
Concha y Toro UK Limited	99.00	1.00	100.00	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	0.00	100.00	100.00
Finca Lunlunta S.A.	0.00	0.00	0.00	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	0.00	100.00	100.00
Inversiones Concha y Toro S.A.	99.98	0.02	100.00	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	0.00	100.00	100.00

In September, 2004, the subsidiaries Inversiones Concha y Toro S.A. and Sociedad Exportadora y Comercial Oneworldwines Ltda. acquired 25% of the shares of Villa Alegre S.A. in exchange for ThCh$56,000 in cash, with which Viña Concha y Toro S.A. became the indirect controller of 100% of this company. The purchase of this 25% generated negative goodwill of ThCh$6,735 which was recognized in income immediately.

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(1) Name change during 2006 from Sociedad exportadora One world Wine Ltda

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 unstable countries 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 year's 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:

	December 31,	
Year	**Index ***	**Change in index**
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.

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):

	At December 31		
	2004	**2005**	**2006**
	Ch$	**Ch$**	**Ch$**
UF	17,317.05	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,		
	2004	**2005**	**2006**
	Ch$	Ch$	Ch$
U.S. dollar	557.40	512.50	532.39
Canadian dollar	463.19	440.78	457.10
Argentine peso	187.65	169.42	173.93
Euro	760.13	606.08	702.08
Australian dollar	433.77	375.87	419.37
British pound	1,073.37	880.43	1,041,86
Swedish Krone	84.26	64.49	77.75
Japanese yen	5.41	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 or quoted market value of the portfolio at the date of the financial statements. When the Company receives dividends, it records them within the non-operating income.

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 lines 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.

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 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 as follows:

a. If the net effect is a loss, it should be recognized in earnings in the period of change.
b. If the net effect is a gain, it should be recognized when the contract is closed and accordingly deferred on the balance sheet.
c. 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.
d. 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 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 balance not cover by credit insurance. 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 of 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.

y) Obligations with the public (Bonds payable)

Obligations with the public (bonds payable) relate to the placement in Chile of bonds denominated in UF (a peso - denominated, inflation-index monetary unit). These bonds are stated at principal value plus interest accrued at year-end. Expense incurred for the issuance and placement of bonds issued are presented under Other Long-term Assets and amortized using the straight-line method in consideration of the term of the obligation.

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 11.

Note 5 - Short-term Receivables

Short-term

Trade accounts receivable:

	As of December 31,			
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:

	As of December 31,	
Description	**2005**	**2006**
	ThCh$	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

Note 5 - Short-term Receivables, continued

Other Accounts Receivable:

	As of December 31,	
Description	**2005**	**2006**
	ThCh$	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:

	Up to 90 Days		More than 90 days up to 1 year		Total	
	2005	**2006**	**2005**	**2006**	**2005**	**2006**
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	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:

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

b) Notes and accounts payable:

	As of December 31.			
	Short-term	**Short-term**	**Long-term**	**Long-term**
Company	**2005**	**2006**	**2005**	**2006**
	ThCh$	ThCh$	ThCh$	ThCh$
FRUTÍCOLA VICONTO S.A.	24,992	7,060	—	—
VIÑEDOS EMILIANA S.A.	—	417,949	—	1,733,877
VIÑA ALMAVIVA S.A.	216,644	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	—	—	—
EMPRESA ELECTRICA MAGALLANES LTDA.	179	—	—	—
Total	1,314,473	3,269,458	—	1,733,877

C) Transactions:

Company	Taxpayer I.D.	Relationship	Transaction description	12-31-2004 Amount	Effect on income (charge)/ credit)	12-31-2005 Amount	Effect on income (charge)/ credit)	31-12-2006 Amount	Effect on income (charge)/ credit)
				ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
FRUTÍCOLA VICONTO S.A.	96512190-0	COMMON SHAREHOLDER	SALE OF FRUIT AND PRODUCTS	157,658	12,640	246,346	19,721	73,341	5,867
FRUTÍCOLA VICONTO S.A.	96512190-0	COMMON SHAREHOLDER	SALE OF SERVICES AND OTHER	12,083	7,083	16,497	7,070.	7,086	7,086
FRUTÍCOLA VICONTO S.A.	96512190-0	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS AND OTHER	303,087	-	623,286	-	57,189	-
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	SALE OF RAW MATERIALS AND PRODUCTS	385,510	63,053	111,760.	5,670.	13,738	2,733
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	SALE OF SERVICS AND OTHER	2,789,329	429,721	2,428,086	297,162	1,795,372	355,312
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS AND PRODUCTS	995,984	-	1,154,582	-	964,328	-
VIÑEDOS EMILIANA S.A.	96512200-1	COMMON SHAREHOLDER	PURCHASE OF SERVICES AND OTHER	890,993	-352,000	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	SALE OF SERVICES AND OTHER	4,677	-	-	-	-	-
INDUSTRIA CORCHERA S.A.	90950000-1	AFFILIATE	PURCHASE OF RAW MATERIALS	7,014,608	-	5,694,583	-	6,079,664	-
INDUSTRIA CORCHERA S.A.	90950000-1	AFFILIATE	PURCHASE OF RAW MATERIALS	-	-	14,254	-14,254	-	-
VIÑA ALMAVIVA S.A.	96824300-4	AFFILIATE	SALE OF RAW MATERIALS AND OTHER	58,256	32,008	69,703	37,375	89,600.	52,131
VIÑA ALMAVIVA S.A.	96824300-4	AFFILIATE	SALE OF SERVICES AND OTHER	47,015	44,495	12,600.	10,394	3,393	3,393
VIÑA ALMAVIVA S.A.	96824300-4	AFFILIATE	PURCHASE OF RAW MATERIALS AND PRODUCTS	748,479	-	930,480.	-	444,947	-
VIÑA ALMAVIVA S.A.	96824300-4	AFFILIATE	PURCHASE OF SERVICES AND OTHER	7,408	-7,408	-	-	1,794	-1,794
IMPORTADORA Y COMERCIAL HUASCO LTDA.	84990200-8	AFFILIATE	PURCHASE OF MATERIALS AND SPARE-PARTS	58,280	-	14.916	-	85,760	-
AGRÍCOLA ALTO DE QUITRALMAN LTDA.	85201700-7	COMMON SHAREHOLDER	SALE OF RAW MATERIALS AND PRODUCTS	-	-	-	-	168	3
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	263,979	-	462,060	-	386,172	-
COMERCIAL GREENVIC S.A.	78335990-1	COMMON SHAREHOLDER	SALE OF RAW MATERIALS AND PRODUCTS	-	-	911	118	26,816	3,486

C) Transactions. Continued

Company	Taxpayer I.D.	Relationship	Transaction description	12-31-2004 Amount	Effect on income (charge)/ credit)	12-31-2005 Amount	Effect on income (charge)/ credit)	31-12-2006 Amount	Effect on income (charge)/ credit)
				ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
COMERCIAL GREENVIC S.A.	78335990-1	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS	189,558	-	211.562	-	572,056	6,760.
COMERCIAL GREENVIC S.A.	78335990-1	COMMON SHAREHOLDER	PURCHASE OF SERVICES AND OTHER	609	-609	4,504	-2,341	4,789	-4789
FORESTAL QUIVOLGO	2479374-5	COMMON SHAREHOLDER	SALE OF SERVICESAND OTHER	1,016	-	5,454	-	-	-
FORESTAL QUIVOLGO	2479374-5	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS	168,819	-	324,294	-	135,182	-
FORESTAL QUIVOLGO	2479374-5	COMMON SHAREHOLDER	PURCHASE OF SERVICES AND OTHER	-	-	-	-	2,241	-2,241
MARIA INES CERDA FERNANDEZ	3909463-0	MANAGER	PURCHASE OF RAW MATERIALS	-	-	-	-	164,548	-
CIA. NAC. DE FZA. ELECTRICA S.A.	90310000-1	COMMON DIRECTOR	SALE OF RAW MATERIALS AND PRODUCTS	-	-	-	-	280	36
CIA. NAC. DE FZA. ELECTRICA S.A.	90310000-1	COMMON DIRECTOR	SALE OF SERVICES AND OTHER	-	-	-	-	2	2
CIA. NAC. DE FZA. ELECTRICA S.A.	90310000-1	COMMON DIRECTOR	PURCHASE OF SERVICES AND OTHER	225,879	-225,879	265,210	-265,210	212,127	-212,127
AGRICOLA SEXTAFRUT S.A.	2479374-5	MANAGER	PURCHASE OF RAW MATERIALS	-	-	-	-	109,904	-
QUINTA DE VILUCO S.A.	99581660-1	COMMON SHAREHOLDER	PURCHASE OF RAW MATERIALS	-	-	-	-	248,019	-
AGRICOLA GRANADERO S LTDA,	95097000-6	MANAGER	PURCHASE OF RAW MATERIALS	-	-	-	-	70,700	-

Note 7 - Inventories

Inventories. Stated as described in Note 2 g) are summarized as follows:

	As of December 31.	
	2005	2006
	ThCh$	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)
Total	74,884,620	75,368,716

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	2006
	ThCh$	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)
Income taxes payable (recoverable)	(2,813,810)	891,841

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.

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:

	As of December 31.	
Taxed earnings	2005	2006
	ThCh$	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
Balance of taxed earnings	38,240,464	36,582,756

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$3,977,000 and ThCh$5,063,000. 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) Recoverable Taxes

The detail of recoverable taxes is as follows:

	As of December 31.	
	2005	**2006**
	ThCh$	ThCh$
Value-added tax	2,418,760	2,967,903
IABA fiscal credit	473,549	511,377
Income tax receivable (1)	3,185,518	2,984,345
Income tax receivable for partial utilization of tax loss carry forwards	166,216	13,315
Other credits	1,029,513	501,346
Total	7,273,556	6,978,286

(1) Income tax receivable is shown net of a reserve of ThCh$353,783 as of December 31, 2005 and 2006. The reserve relates to an assessment made by the Internal Revenue Service of refundable customs duties due on import of the related merchandise. The Company has appealed the ruling. See Note 20.

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 2005 from 15% to 17%. Consequently, deferred tax balances as of December 31, 2005 and 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	
Temporary differences	**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	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)
Total	2,083,643	698,531	513,907	7,774,887	2,124,256	996,499	—	9,736,003

g) The detail of income tax expense as presented in the consolidated statement of income for the years ended December 31. Is summarized as follows:

	For the years ended December 31,		
	2004	**2005**	**2006**
	ThCh$	ThCh$	ThCh$
Current tax expense (provision for income taxes)	(4,640,643)	(1,745,150)	(2,918,309)
Tax expense adjustment (prior year)	300,885	178,232	(93,814)
Effect of changes in deferred tax assets and liabilities for the year	(771,348)	(1,883,504)	(1,011,075)
Tax benefit provided by tax loss	172,200	217,888	—
Effect of amortization of complementary deferred tax asset or liability accounts	(138,792)	(176,018)	(97,554)
Other charges or credits to the account	(41,604)	(139,684)	(154,344)
Total	(5,119,302)	(3,548,236)	(4,275,096)

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	**Accumulated Depreciation**	**Gross Fixed Assets**	**Accumulated Depreciation**
	ThCh$	ThCh$	ThCh$	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 year ended December 31,		
	2004	**2005**	**2006**
	ThCh$	ThCh$	ThCh$
Depreciation (selling and administrative expenses)	(1,081,693)	(1,251,334)	(1,173,496)
Depreciation (operating expenses) (*)	(3,136,326)	(3,541,158)	(3,141,482)
Depreciation capitalized to deferred costs (**)	(6,369,230)	(8,979,333)	(8,148,425)
Total	(10,587,249)	(13,771,825)	(12,463,403)

(*) Depreciation charged to income as of December 31, 2004, 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$4,648,603 in 2004,ThCh$6,189,301 in 2005 and ThCh$6,745,607 in 2006.

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

Note 9 - Property. Plant and Equipment. continued

c) The detail of interest capitalized is as follows:

	For the years ended December 31,		
	2004	**2005**	**2006**
	ThCh$	ThCh$	ThCh$
Vineyards under development	77,971	153,540	231,509
Construction in-progress	183,154	158,825	144,117
Total	261,125	312,365	375,626

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**	
Item	**Asset Value**	**Accumulated Depreciation**	**Asset Value**	**Accumulated Depreciation**
	ThCh$	ThCh$	ThCh$	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)
Total	3,460,645	(1,419,138)	3,403,409	(1,377,759)

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, 2006) as follows:

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

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

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:

	Year ended December 31.	
	2005	2006
	ThCh$	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
Total	4,506,265	4,755,209

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

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.

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.

Detail of investments

Company	Ownership percentage			Equity of investee		Income (loss)			Unrealized Income		Equity Method value	
Year ended December 31,	2004	2005	2006	2005	2006	2004	2005	2006	2005	2006	2005	2006
	%	%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Industria Corchera S.A.	49.84	49.84	49.84	7,555,627	7,770,568	396,191	258,243	302,886	—	—	3,765,724	3,873,689
Viña Almaviva S.A.	50.00	50.00	50.00	7,196,998	7,674,839	10,148	170,671	238,921	(549,075)	(549,074)	3,049,425	3,288,345
						406,339	428,914	541,807	(549,075)	(549,074)	6,815,149	7,162,034

Note 11 - Investments in Other Companies

2005 and 2006:

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

Detail of investments

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	1	0.00	1,468	1,468
Termas de Puyehue S.A.	2,000	0.00	123	123
Acciones Unión El Golf S.A.	3	0.00	20,368	20,368
Compañía de Telecomunicaciones de Chile S.A.	463	0.00	422	422
Cía. Agropecuaria Copeval S.A.	78,899	0.00	2,662	2,662
Total			311,319	311,319

Note 12 - Goodwill

The detail of goodwill is as follows:

Company	For the year ended December 31, Amortization 2004	2005	2006	As of December 31, Net Balance 2005	2006
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Villa Alegre S.A.	12,494	—	—	—	—
Industria Corchera S.A.	73,412	73,412	73,415	1,095,081	1,021,667
Total	85,906	73,412	73,415	1,095,081	1,021,667

Note 13 - Intangibles

Intangible assets are as follows:

	As of December 31, 2005 Gross Carrying amount	2005 Accumulated Amortization	2006 Gross Carrying amount	2006 Accumulated Amortization
	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
Total	3,374,912	284,438	4,356,795	454,378

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

Note 14 - Other Assets

The composition of other assets is as follows:

	Year ended December 31,	
	2005	2006
	ThCh$	ThCh$
Prepaid rent	253,001	1,805,242
Prepaid rent Community property rights	12,146	11,324
Guarantees leases	11,744	12,447
Deferred expenses, Series C bonds	619,352	588,766
Total	896,243	2,417,779

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 Nª	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
	Short-Term portion												
97030000-7	BANCO DEL ESTADO DECHILE	—	—	—	—	—	—	2,762,945	—	—	—	2,762,945	—
Foreign Bank	RABO BANK	—	—	443,643	—	904,309	1,048,314	—	—	—	—	1,347,952	1,048,314
97004000-5	BANCO DECHILE	—	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	BANK BOSTON	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	BANCORIO	—	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
	Total	8,397,002	16,531,389	1,477,052	1,089,085	1,667,517	1,329,931	4,523,695	—	—	5,630,215	16,065,266	24,580,620
	Principal owed	8,321,412	16,260,986	1,477,052	1,064,002	1,660,097	1,323,476	4,501,081	—	—	4,060,000	15,959,642	22,708,464
	Weighted average interest rate	4.78%	5.09%	2.82%	3.64%	6.23%	6.31%	1.66%	—	—	5.69%		

Current portion of long-term debt

		U.S. dollars		Euros		Other foreign currencies		UF		Non adjustable Ch $		Total	
Registration Nª	Bank or financial institution	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
	Long-termcurrentportion												
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	CORP BANCA	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	BANK BOSTON	—	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	—
	Total	5,905,627	3,989,944	891,929	1,009,177	4,909,579	2,311,549	804,566	102,172	91,640	1,205,110	12,603,341	8,617,952
	Principal owed	5,808,214	3,954,550	884,029	1,002,921	4,707,391	2,223,914	695,989	—	—	1,000,000	12,095,623	8,181,385
	Weightedaverage interest rate	3.54%	5.72%	3.42%	3.42%	8.61%	9.50%	1.65%	0.00%	5.22%	5.22%		
	Percentageofshort-termandcurrentportionoflong-termbankdebtdenominatedinforeigncurrency(%)	76.39											
	Percentageofshort-termandcurrentportionoflong-termbankdebtdenominatedinlocalcurrency(%)	23.61											

Note 16 – Long-term Bank Debt

			Years to Maturity					As of December 31, 2006		As of December 31, 2005
Tax Registratio No.	Bank or Financial Institution	Currency or Adjustment index	1 to 2	2 to 3	3 to 5	5 to 10	More than 10	Total long-term portion at year-end	Weighted average Interest rate	Total long-Term
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	Othercurrencies	—	—	—	—	—	—	—	224,730
97030000-7	BancoEstado	US$	—	—	—	—	—	—	—	1,569,787
Foreign bank	Banco Río de la PlataS.A.	Othercurrencies	—	—	—	—	—	—	—	2,082,026
Foreign bank	Banco Frances	Othercurrencies	—	—	—	—	—	—	—	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	Othercurrencies	—	—	—	—	—	—	—	235,468
Foreign bank	Banco Credicoop	Othercurrencies	—	—	—	—	—	—	—	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	Othercurrencies	—	—	—	—	—	—	—	523,263
Foreign bank	Banco Patagonia	US$	—	—	—	—	—	—	—	784,894
Foreign bank	Banco Patagonia	Othercurrencies	—	—	—	—	—	—	—	784,894
Total			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%

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.

						FREQUENCY		PAR VALUE		
No. OF REGISTRATION OR IDENTIFICATION OF THE INSTRUMENT	SERIES	NOMINAL AMOUNT PLACED IN FORCE	ADJUSTMENT UNIT FOR BONDS	INTERST RATE	FINAL PERIOD	PAYMENT OF INTEREST	PAYMENT OF AMORTIZATION	ThCh$12-31-2006	ThCh$12-31-2005	No. OF REGISTRATION OR IDENTIFICATION OF THE INSTRUMENT
Short and Long-term Bonds Payable										
407	C	2,000,000	UF	3.9%	04-15-2026	SEMI-ANNUAL	SEMI-ANNUAL	298,828	299,087	National
Total short-term portion								**298,828**	**299,087**	
Long-term bonds										
Total short-term portion								**298,828**	**299,087**	
Long-term bonds										
407	C	2,000,000	UF	3.9%	04-15-2026	SEMI-ANNUAL	SEMI-ANNUAL	36,672,760	36,704,562	National
Total long-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	**2006**
	ThCh$	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
Total accruals	15,441,980	18,369,335

Long-term

	As of December 31,	
	2005	**2006**
	ThCh$	ThCh$
Staff severance indemnities	916,003	1,006,318
Total accruals	916,003	1,006,318

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

	For the years ending December 31,		
	2004	**2005**	**2006**
	ThCh$	ThCh$	ThCh$
Label write-offs	—	1,307	—
Degradation of wines	87,080	37,265	—
Reprocessing	403,456	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	**2006**
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)

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	2006
	ThCh$	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:

		Year ended December 31, 2005		Year ended December 31, 2006	
Taxpayer I.D.	**Related Company**	**Liability**	**Income**	**Liability**	**Income**
		ThCh$	ThCh$	ThCh$	ThCh$
84.712.500-4	VIÑA PALO ALTO LIMITADA (EXOWW)	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

Other reserves consist of the following:

	As of December 31,	
	2005	2006
	ThCh$	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	737,963
Revaluation of marketable securities (1980)	570,836	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 and with Official Form Letter N°5294 of the Chilean Superintendency of Securities and Insurance ("SVS"). The detail of the adjustment by subsidiary is included below:

The detail of this reserve is as follows:

2005

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

2006

Company	Opening Balance	Exchange Difference Investment	Exchange Difference Liability	Balance as of December 31, 2005
Trivento Bodegas y Viñedos	(1,719,615)	117,710	(78,947)	(1,680,851)
Total	(1,719,615)	117,710	(78,947)	(1,680,851)

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.

Dividends approved and paid as of December 31, 2005 and 2006 (on historical basis) are detailed as follows:

2004

Dividend No.	Amount ThCh$	Month of payment	Type of dividend
214	1,222,590	March2004	Provisional
215	3,768,455	May2004	Final
216	1,438,341	September2004	Provisional
217	1,438,341	December2004	Provisional

2005

Dividend No.	Amount ThCh$	Month of payment	Type of dividend
218	1,438,341	March2005	Provisional
219	4,760,910	May-2005	Final
220	1,797,927	September2005	Provisional
221	1,797,927	December2005	Provisional

2006

Dividend No.	Amount ThCh$	Month of payment	Type of dividend
222	1,797,927	March2006	Provisional
223	2,229,429	May-2006	Final
224	1,797,927	September2006	Provisional
225	1,797,927	December2006	Provisional

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.

Note 22 - Other Non-Operating Income and Expenses

The detail is as follows:

Other Non-operating income

	For the year ended December 31,		
	2004	2005	2006
	ThCh$	ThCh$	ThCh$
Dividends received	13,628	16,889	11,707
Gain on sale of fixed assets	45,603	54,284	31,883
Leasing	6,542	27,219	2,335
Administrative services	14,142	14,140	14,373
Tax Recoveries	—	—	17,996
Gain (loss) from land expropriation	—	2,492	51,772
Insurance recoveries	105,303	75,178	8,292
Result from investments in forward contracts (1)	—	2,572,920	—
Sale of other products	46,364	39,114	33,586
Other	92,850	100,012	138,356
Total	324,432	2,902,248	310,300

(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,		
	2004	2005	2006
	ThCh$	ThCh$	ThCh$
Amortization of intangible assets	22,154	4,619	7,376
Loss on sale of fixed assets	3,784	20,640	—
Fixed asset disposals	136,837	73,812	92,371
Prior year expenses	23,741	5,441	5,884
Wine extraordinary appraisal	—	906,061	—
Reorganization expenses	—	662,196	—
Lost of Vat	—	25,815	38,343
Other assets written-off	35	139,578	—
Argentine competitivity law	187,967	180,779	189,790
Other expenses	44,108	36,804	42,822
Total	418,626	2,055,745	376,586

Note 23 - Price-level Restatement

		Year ended December 31,		
Assets (Charges) / Credits	**Restatement index**	**2004**	**2005**	**2006**
		ThCh$	ThCh$	ThCh$
Inventories	CPI	788,659	2,232,227	994,541
Property, plant and equipment	CPI	3,209,823	5,071,567	2,987,749
Investment in related companies	CPI	291,079	448,577	274,613
Other accounts receivable	UF	1,103	2,783	605
Recoverable taxes	CPI	72,209	119,765	108,209
Prepaid expenses	UF	2,589	6,541	3,714
Prepaid expenses	CPI	62,195	64	30
Other long-term assets	CPI	168	18,129	13,059
Other long-term assets	UF	(799)	18,661	23,516
Other non-monetary assets	CPI	63,378	141,248	112,060
Cost and expense accounts	CPI	3,371,053	5,397,827	2,068,742
Total credits		7,861,457	13,457,389	6,586,838

Note 23 - Price-level Restatement. Continued

		Year ended December 31,		
Liabilities (Charges) / Credits	**Restatement index**	**2004**	**2005**	**2006**
Shareholders' equity	CPI	(3,461,724)	(5,341,252)	(3,428,335)
Minority interest	CPI	(1,618)	(348)	(199)
Bank and financial institutions-liabilities	UF	(92,137)	(226,958)	—
Bank and financial institutions-liabilities	CPI	(14,649)	(135,443)	(309,041)
Current portion of long-term bank liabilities	UF	(222,388)	(27,096)	(7,665)
Bonds payable	UF	—	(9,273)	(6,199)
Long-term obligations with maturity within one year	UF	(8,538)	(10,247)	(6,573)
Accounts payable	UF	1,935	(290)	(148,054)
Notes payable	UF	(3,660)	(19,416)	117
Other accounts payable	UF	159	(112,799)	3,444
Accrued expenses	UF	(34)	(302)	(170)
Long-term bank and financial institution liabilities	UF	(184,719)	(268,629)	(144,627)
Bonds payable long-term	UF	—	(1,475,631)	(723,140)
Other long-term accounts payable	CPI	(16,599)	(19,959)	(6,420)
Income accounts	CPI	(3,825,198)	(5,989,209)	(2,168,726)
Total (charges)		(7,829,170)	(13,636,852)	(6,945,588)
Net (loss) gain from price-level restatement		32,287	(179,463)	(358,750)

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:

		Year ended December 31,		
Assets (Charges) / Credits		**2004**	**2005**	**2006**
Cash	CAD	—	(6,443)	(5,281)
Cash	EUR	9,235	(51,505)	32,442
Cash	GBP	9,385	(29,652)	(43,456)
Cash	US$	(134,601)	(94,655)	(22,650)
Time deposits	US$	—	—	(346)
Trade accounts receivable	CAD	(60,526)	(81,916)	33,497
Trade accounts receivable	EUR	174,597	(1,675,371)	916,341
Trade accounts receivable	US$	(1,641,738)	(1,362,053)	604,766
Trade accounts receivable	GBP	203,378	(641,878)	392,032
Other accounts receivable	CAD	1,127	(844)	602
Other accounts receivable	EUR	(8,366)	(15,188)	5,437
Other accounts receivable	US$	10,157	162	19,105
Accounts receivable from related companies	CAD	—	940	(351)
Accounts receivable from related companies	EUR	(12,085)	614	(1,490)
Accounts receivable from related companies	US$	(631,403)	(1,118,541)	405,676
Accounts receivable from related companies	GBP	(29,172)	(145,546)	864,540
Prepaid expenses	US$	(35,083)	—	8,783
Prepaid expenses	EUR	8	(23,685)	—
Fixed Assets	USD	—	—	(366)
Other current assets	US$	11,239	(1,112,688)	(246,605)
Other current assets	CAD	35,430	573,902	(123,779)
Other current assets	EUR	(222,951)	1,339,277	(85,496)
Other current assets	GBP	(68,167)	1,916,776	(671,465)
Other assets long-term	US$	—	(55,428)	23,707
Total (charges) credits		(2,389,536)	(2,583,722)	2,105,643

Note 24 – Foreign Exchange Differences. Continued

		Year ended December 31,		
Liabilities (Charges) / Credits	**Currency**	**2004**	**2005**	**2006**
		ThCh$	ThCh$	ThCh$
Bank debt	EUR	(2,626)	7,988	(238,489)
Bank debt	US$	701,537	709,001	(307,741)
Bank debt	GBP	22,102	198,592	(154,030)
Long-term bank debt, short-term portion	Euro	(9,033)	188,340	(155,307)
Long-term bank debt, short-term portion	US$	(49,387)	457,894	(293,643)
Long-term bank debt, short-term portion	GBP	4,585	99,337	(93,849)
Long-term obligations with maturity within one year	US$	36,288	(237)	29
Accounts payable	EUR	(28,399)	33,310	7
Accounts payable	US$	297,946	210,308	(71,322)
Accounts payable	GBP	1,083	(1,030)	(139,065)
Accounts payable	SEK	—	—	94
Notes payable	EUR	(61,406)	112,196	(19,879)
Notes payable	US$	(16,294)	1,639	(15,677)
Notes payable	GBP	(492)	651	(497)
Notes payable	SEK	603	—	(313)
Accounts payable to related companies	US$	60,232	31,278	46,488
Other accounts payable	US$	3,858	2,817	(5,283)
Other accounts payable	GBP	86	1	(124)
Other accounts payable	EUR	(64)	490	(217)
Accrued expenses	CAD	25,055	17,737	7
Accrued expenses	EUR	(32,149)	323,144	(158)
Accrued expenses	US$	275,049	274,346	(2,962)
Accrued expenses	GBP	2,103	66,342	(9,003)
Accrued expenses	JPY	565	(16)	—
Deferred revenues	USD	—	—	(581)
Other current liabilities	USD	(64,601)	—	—
Other current liabilities	CAD	49,223	—	(4,422)
Other current liabilities	EUR	—	—	(207,928)
Other current liabilities	USD	(136,996)	—	(112,438)
Long-term bank debt	EUR	(77,639)	364,285	(34,821)
Long-term bank debt	EUR	193,287	(49,099)	(76,645)
Long-term bank debt	USD	4,585	92,467	103,561

Note 24 – Foreign Exchange Differences. Continued

Liabilities (Charges) / Credits	Currency	Year ended December 31, 2004	2005	2006
		ThCh$	ThCh$	ThCh$
Long-term accounts payable to related companies	US$	(49,661)	24,234	(44,755)
Adjustment for financial statement translation	US$	(289,385)	(153,725)	(60,016)
Adjustment for financial statement translation	GBP	(12,731)	(396,669)	54,292
Total (Charges) / credits		847,324	2,615,615	(1,844,687)
Net (loss) from exchange difference		(1,542,212)	31,893	260,956

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 (ThCh$ 615,352 in 2005) . 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 (ThCh$20,274 in 2005).

Note 26 - Statement of Cash Flows

Future cash flows contractually committed to investment and operating activities:

	Currency of adjustment index	Short-term portion	Years to Maturity 2007	2008	2009	2010	2011	More than 6 years	Total owed	As of December 31, 2005
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Lease payable	U.F.	220,752	165,815	165,814	82,907	—	—	—	635,288	635,837
Lease farms	U.F.	228,490	223,900	224,475	224,475	224,475	224,475	2,023,956	3,374,246	2,541,230
Lease farms	US$	152,971	152,971	565,118	152,971	152,971	152,971	50,990	1,380,963	1,965,032
Payables for additions to fixed assets	US$	32,034	—	—	—	—	—	—	32,034	—
Payables for additions to fixed assets	CH$	1,307,737	—	—	—	—	—	—	1,307,737	—
Payables for additions to fixed assets	UF	11,644	—	—	—	—	—	—	11,644	—
Total		1,953,628	542,686	955,407	460,353	377,446	377,446	2,074,946	6,741,912	5,142,099

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

Note 27 - Derivative Contracts

Derivative Contracts

Type of Derivative	Type of Agreement	Amount of the contract-nominal	Date of expiration	Currency	Purchase / Sales	Hedged Item	Contract value at December 31, 2006 at spot rate	Contract value at December 31, 2006 forward exchange rate	Account Name	Mark to market adjustment	Amount (1)	Amount (2)
		Description of the contract							Accounts affected Value of Asset / Liabilities			
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)

Note 27 - Derivative Contracts

Derivative Contracts

			Description of the contract						Accounts affected Value of Asset / Liabilities			
Type of Derivative	Type of Agreement	Amount of the contract-nominal	Date of expiration	Currency	Purchase / Sales	Hedged Item	Contract value at December 31, 2006 at spot rate	Contract value at December 31, 2006 forward exchange rate	Account Name	Mark to market adjustment	Amount (1)	Amount (2)
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)

Note 27 - Derivative Contracts

			Description of the contract						Accounts affected Value of Asset / Liabilities			
Type of Derivative	Type of Agreement	Amount of the contract-nominal	Date of expiration	Currency	Purchase / Sales	Hedged Item	Contract value at December 31, 2006 at spot rate	Contract value at December 31, 2006 forward exchange rate	Account Name	Mark to market adjustment	Amount (1)	Amount (2)
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)	—

Note 27 - Derivative Contracts

Derivative Contracts

Description of the contract										Accounts affected Value of Asset / Liabilities			
Type of Derivative	Type of Agreement	Amount of the contract-nominal	Date of expiration	Currency	Purchase / Sales	Hedged Item	Contract value at December 31, 2006 at spot rate	Contract value at December 31, 2006 forward exchange rate	Account Name	Mark to market adjustment	Amount (1)	Amount (2)
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)	—
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)

Note 27 - Derivative Contracts

Derivative Contracts

Description of the contract									Accounts affected Value of Asset / Liabilities			
Type of Derivative	Type of Agreement	Amount of the contract-nominal	Date of expiration	Currency	Purchase / Sales	Hedged Item	Contract value at December 31, 2006 at spot rate	Contract value at December 31, 2006 forward exchange rate	Account Name	Mark to market adjustment	Amount (1)	Amount (2)
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	—

Note 27 - Derivative Contracts

Derivative Contracts

			Description of the contract						Accounts affected Value of Asset / Liabilities			
Type of Derivative	Type of Agreement	Amount of the contract-nominal	Date of expiration	Currency	Purchase / Sales	Hedged Item	Contract value at December 31, 2006 at spot rate	Contract value at December 31, 2006 forward exchange rate	Account Name	Mark to market adjustment	Amount (1)	Amount (2)
FR	CCPE	115,413	1st. Quarter of 2007	CAD	S	Export customers	114,275	114,602	Other current assets	811	1,138	—
FR	CCTE	114,825	1st. Quarter of 2007	CAD	S	Export customers	114,275	114,471	Other current assets	354	550	—
FR	CCPE	137,670	1st. Quarter of 2007	CAD	S	Export customers	137,130	137,555	Other current assets	115	540	—
FR	CCPE	136,686	1st. Quarter of 2007	CAD	S	Export customers	137,130	137,568	Other current liabilities	—	(444)	—
FR	CCPE	136,701	1st. Quarter of 2007	CAD	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	CAD	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	CAD	S	Export customers	137,130	137,646	Other current assets	927	1,443	—
FR	CCPE	138,501	1st. Quarter of 2007	CAD	S	Export customers	137,130	137,561	Other current assets	940	1,371	—
FR	CCPE	138,606	1st. Quarter of 2007	CAD	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
OE: Options
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

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 28, 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 loosing 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 tern 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 assets 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..

Note 28 - Contingencies and Restrictions, continued

Direct guarantees

	Debtor			Assets Affected		Outstanding balances at financial statement closing date		Guarantee release					
Beneficiary	Name	Relationship	Type of guarantee	Type	Book value	2005	2006	2006	Assets	2007	Assets	2008	Assets
Santander	Viña Concha y Toro S.A.	—	Pagare	OCT0105-1019 - 1010	—	—	15,500	—	—	—	—	—	—
Security	Viña Concha y Toro S.A.	—	Letra	OCT0106-0724 - 0726	—	—	56,778	—	—	—	—	—	—
Security	Viña Concha y Toro S.A.	—	Letra	OCT0106-0724 - 0728	—	—	6,500	—	—	—	—	—	—

Indirect guarantees

	Debtor			Assets Affected		Outstanding balances at financial statement's closing date		Guarantee release		
Beneficiary	Name	Relationship	Type of guarantee	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	—	—	—

Indirect guarantees. Continued

	Debtor			Assets Affected		Outstanding balances at financial statement's closing date		Guarantee release		
Beneficiary	Name	Relationship	Type of guarantee	Type	Book value	2005	2006	2006	2007	2008
BANCO SANTANDERSANTIAGO	CONCHA Y TORO U.K. LIMITED	Subsidiary	DebtBanks	—	—	—	1,735,000	—	—	—
BANCO BBVA	TRIVENTO BODEGAS Y VIÑEDOSS. A.	Subsidiary	DebtBanks	—	—	559,368	—	—	—	—
DELLA TOFFOLA SUD. AG. ARGENTINA	TRIVENTO BODEGAS Y VIÑEDOSS. A.	Subsidiary	Debt-Supplier	—	—	87,358	—	—	—	—
BANCO BBVA	TRIVENTO BODEGAS Y VIÑEDOSS. A.	Subsidiary	DebtBanks	—	—	523,263	—	—	—	—
BANCO BBVA	TRIVENTO BODEGAS Y VIÑEDOSS. A.	Subsidiary	DebtBanks	—	—	174,421	—	—	—	—
BANCO BOSTON	TRIVENTO BODEGAS Y VIÑEDOSS. A.	Subsidiary	DebtBanks	—	—	470,936	—	—	—	—
VELO SPA	TRIVENTO BODEGAS Y VIÑEDOSS. A.	Subsidiary	DebtBanks	—	—	114,517	—	—	—	—
CITIBANK	TRIVENTO BODEGAS Y VIÑEDOSS. A.	Subsidiary	DebtBanks	—	—	719,135	—	—	—	—
BANCO BBVA	TRIVENTO BODEGAS Y VIÑEDOSS. A.	Subsidiary	DebtBanks	—	—	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$	08/16/2006	01/02/2007
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$	08/16/2006	01/31/2007
Certificate of deposit	Agreement for the extension of the Chimbarongo Warehouse	Corp Banca	16,119,142	Service supplier	Constructora Parthenon S.A.	Ch$	08/01/2006	01/30/2007
Warrant	Agreement for the manufacturing and assembly of the metallic structure of the San Javier Warehouse	Aseguradora Magallanes S.A.	7,902,980	Service supplier	Duramet S.A.	UF	09/15/2006	01/20/2007
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	09/25/2006	07/31/2007
		Total	**62,091,413**					

Note 30 - Foreign and Domestic Currency

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

Assets

		Amount	
	Currency	31-12-2005	31-12-2006
		ThUS$	ThUS$
Current Assets			
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	0	34,494
Notes receivable	USD	0	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	0
Inventories	GBP	2,387	0
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

Note 30 - Foreign and Domestic Currency. Continued

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

Assets

	Currency	Amount 31-12-2005 ThUS$	31-12-2006 ThUS$
Deferred taxes	ARS	61,558	115,781
Other current assets	Ch$	2,286	1,764
Other current assets	USD	28,182	0
Other current assets	CAD	6,374	0
Other current assets	EUR	86,430	0
Other current assets	GBP	179,330	0
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	0	35,994
Other assets	UF	16,348	0
Other assets	GBP	497	20,137
Other assets	ARS	20,387	30,856
Total Assets			
	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

Note 30 - Foreign and Domestic Currency, continued

Current liabilities

Current liabilities

		UP TO 90 DAYS				91 DAYS TO 1 YEAR			
		31-12-2005		31-12-2006		31-12-2005		31-12-2006	
	Currency	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%	10,882	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	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%			1.009.177	0,00%
Current maturities of long-term bank debt	GBP	0	0,00%	263,619	0,00%			0	0,00%
Current maturities of long-term bank debt	GBP	229,614	4,83%	0	3,79%	225.054	0,00%	0	5,36%
Current maturities of long-term bank debt	EUR	0	0,00%	0	5,15%	891.929	3,42%	0	5,15%
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%

Note 30 - Foreign and Domestic Currency, continued

Current liabilities

		Current liabilities							
		UP TO 90 DAYS				91 DAYS TO 1 YEAR			
		31-12-2005		31-12-2006		31-12-2005		31-12-2006	
	Currency	Amount	Annual average. interest rate	Amount	Annual average. interest rate	Amount	Annual average. interest rate	Amount	Annual average. interest rate
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%

Note 30 - Foreign and Domestic Currency, continued

Current liabilities

		Current liabilities							
		UP TO 90 DAYS				91 DAYS TO 1 YEAR			
		31-12-2005		31-12-2006		31-12-2005		31-12-2006	
	Currency	Amount	Annual average. interest rate	Amount	Annual average. interest rate	Amount	Annual average. interest rate	Amount	Annual average. interest rate
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%
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%
Total current liabilities									
	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

Long-term liabilities as of December 31, 2005

		1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
	Currency	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	0	0,00%	5,092,758	4,85%	2,248,154	4,85%	0	0,00%
Long-term bank debt	US$	2,354,682	0,00%	0	0,00%	0	0,00%	0	0,00%
Long-term bank debt	EUR	883,966	3,42%	0	0,00%	0	0,00%	0	0,00%
Long-term bank debt	Ch$	5,615,500	5,22%	3,573,500	5,22%	0	0,00%	0	0,00%
Long-term bank debt	GBP	224,730	4,83%	0	0,00%	0	0,00%	0	0,00%
Long-term bank debt	ARG	4,268,557	0	0	0,00%	0	0,00%	0	0,00%
Long-term obligations with the public (bonds)	UF	1,079,545	3,90%	4,318,184	3,90%	10,795,460	3,90%	20,511,373	3,90%
Miscellaneous payables	UF	265,061	5,75%	236,864	5,75%	0	0,00%	71,139	5,69%
Long-term accrued expenses	Ch$	0	0,00%	0	0,00%	0	0,00%	916,003	0,00%
Long-term deferred taxes	Ch$	1,533,751	0,00%	1,505,286	0,00%	4,037,319	0,00%	0	0,00%
Total long-term liabilities									
	UF	1,344,606		9,647,806		13,043,614		20,582512	
	US$	2,354,682		0		0		0	
	EUR	883,966		0		0		0	
	Ch$	7,149,251		5,078,786		4,037,319		916,003	
	GBP	224,730		0		0		0	
	ARG	4,268,557		0		0		0	

Note 30 - Foreign and Domestic Currency, continued

Long-term liabilities as of December 31, 2006

		1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
	Currency	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	0,00%	0	0,00%	0	0,00%	0	0,00%
Total long-term liabilities									
	UF	2,805,737		10,309,076		10,786,106		20,493,601	
	US$	8,136,694		—		—		—	
	EUR	—		—		—		—	
	Ch$	21,066,988		—		—		—	
	GBP	—		—		—		—	

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 interpretation 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:

Investments

	As of December 31,	
	2005	2006
	ThCh$	ThCh$
Water treatment plants	62,142	1,211,373

Expenses

	As of December 31,	
	2005	2006
	ThCh$	ThCh$
Maintenance and supplies of water treatment plants	313,538	336,655

As of December 31, 2006, the net balance of assets destined to the improvement of the environment amounts to ThCh$ 884,383 (ThCh$ 950,391 in 2005), which are presented under Buildings and infrastructure and Machinery and equipment.

Note 34- Prepaid Expenses

The detail of these is as follows:

	As of December 31,	
	2005	2006
	ThCh$	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
Total	9,486,901	10,115,515

Note 35 - Sales

The detail of sales is as follows:

	As of December 31,		
	2004	2005	2006
	ThCh $	ThCh $	ThCh $
Sale of wine	190,329,064	196,529,824	208,332,510
Sale of bottling services	2,812,489	2,423,914	1,783,433
Sale of other products	6,268,487	6,641,971	5,726,854
Total sales	199,410,040	205,595,709	215,842,797

Note 36 - 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 included 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.

Note 37 - Differences between Chilean and United States generally accepted accounting principles

Chilean GAAP varies in certain important respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). Such differences involve certain methods for measuring the amounts shown on the face of the financial statements, as well as additional disclosures.

1. Differences in measurement methods

The principal methods applied in the preparation of the accompanying financial statements that have resulted in amounts that differ from those that would have otherwise been determined under U.S. GAAP are as follows:

a) Inflation accounting

Under Chilean GAAP, financial statements are restated to reflect the full effects of the gain (loss) in the purchasing power of the Chilean peso on the financial position and results of operations of reporting entities. The method is based on a model that enables calculation of net inflation gains or losses caused by monetary assets and liabilities exposed to changes in the purchasing power of local currency, by restating all non-monetary accounts in the financial statements. The model prescribes that the historical cost of such accounts be restated for general price-level changes between the date of origin of each item and year-end. The price-level restatement adjustments under Chilean GAAP are not reversed in the U.S. GAAP reconciliation as allowed under Securities and Exchange Commission rules.

Price level restatement is not eliminated from the reconciliations to US GAAP, as allowed under items 17 of Form 20-F of the Securities and Exchange Commission's (SEC) rules. In addition, as provided by the AICPA International Task Force, accounting for foreign investments under Technical Bulletin N° 64 complies with the requirements of reporting on Form 20-F.

b) Business Combinations, Goodwill and Intangible Assets

As required by Statement of Financial Accounting Standard No. 141, "Business Combinations", ("SFAS 141"), all business combinations consummated after June 30, 2001 are accounted for under the purchase accounting method, which requires that the purchase price be allocated to the acquired assets and liabilities on the basis of fair market value. Any business combination prior to this date was accounted for under Accounting Principles Board No. 16, "Business Combinations". Any excess of the cost of the investment over such fair value is treated as goodwill. Under Chilean GAAP, for investments made prior to January 1, 2004, goodwill was recorded based on the difference between the investment purchase price and the book value of the assets acquired and liabilities assumed. As of January 1, 2004, Technical Bulletin No. 72 was adopted for Chilean GAAP purposes. Technical Bulletin No. 72 requires that assets acquired and liabilities assumed in a business combination be recorded at fair value and that any excess of cost over such fair value be recorded as goodwill. Goodwill continues to be amortized under Technical Bulletin No. 72. Business combinations entered into by the Company have not produced significant differences in the recorded assets and liabilities in the accounting records of the acquirers between Chilean GAAP and U.S. GAAP.

As of January 1, 2002, the Company adopted Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets", ("SFAS 142"). SFAS 142 applies to all goodwill and identified intangible assets acquired in a business combination. Under the new standard, beginning January 1, 2002, all goodwill, including that acquired before initial application of the standard, and indefinite-lived intangible assets are not amortized, but must be tested for impairment annually or when circumstances change. We test goodwill (Industria Corchera S.A.) for impairment by first comparing the carrying value of net assets to the fair value of the related operations, based on external valuation. If the fair value is determined to be less than carrying value, a second step is performed to compute the amount of the impairment.

The Company performed the annual impairment tests of goodwill required by the standard, and the tests did not result in any impairment. The effects of reversing goodwill amortization from January 1, 2002 are included in the reconciliation in paragraph 1 k).

For Chilean GAAP purposes, all intangible assets are assigned a useful life and are amortized on a straight-line basis over their useful lives. Under U.S. GAAP, with the adoption of SFAS No. 142, intangible assets with indefinite lives are no longer amortized. The Company has determined that intangible assets pertaining to telephone line rights and water rights have indefinite lives for U.S. GAAP purposes. As the amortization expense for all years presented has been not significant, no reversal is presented in paragraph 1 k).

c) Investment in Debt and Equity Securities

In accordance with accounting principles generally accepted in Chile, marketable securities are stated at the lower of price-level restated cost or market value. Gains are recorded only when realized. The investments which the Company holds are stated at price-level restated cost at December 31, 2004, 2005 and 2006. For U.S. GAAP purposes, the Company's portfolio of marketable securities has been classified as available-for-sale and is recorded at fair value, in accordance with Statement of Financial Accounting Standard No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). Consequently, unrealized holding gains and losses net of related tax effects excluded from earnings and are reported as a separate component of equity in Other Comprehensive Income until realized. No other-than-temporary impairments were recorded for these available-for-sale marketable securities for the years ended December 31, 2004, 2005, or 2006. The required disclosures for investments classified as available-for-sale in accordance with SFAS 115 are shown in paragraph 2 d). The effect of this difference is included in the reconciliation of shareholders' equity in paragraph 1 k) below.

d) Revaluation of fixed assets

As mentioned in Note 10 d), certain fixed assets are reported in the financial statements at amounts determined in accordance with technical appraisals. The revaluation of fixed assets is an accounting principle that is not generally accepted in the United States. The effects of the reversal of this revaluation on property, plant and equipment, the related accumulated depreciation, the depreciation charge for each year and the income impact on the sale/disposal of these assets is shown under paragraph l k) below.

e) Capitalized interest

Under Chilean GAAP, all interest on debt specifically associated with a construction project must be capitalized. Capitalization of interest on other debt not specifically associated with construction projects is optional. Such capitalized interest includes foreign-exchange gains/losses, if applicable, on borrowings. Interest is capitalized based on the Company's weighted average interest rate on long-term debt, or if applicable, the interest rate related to specific borrowings. Interest capitalization ends when the property or equipment is ready for service or its intended use, at which point depreciation on the asset begins.

Under U.S. GAAP, capitalization of interest on qualifying assets under construction is required, and corresponds to the amount of interest which could have been avoided had the construction projects not been entered into. Amounts capitalized under Chilean GAAP related to foreign currency exchange gains and losses and the related monetary gain on foreign currency borrowings for construction costs must be reversed.

Beginning in 1994, the Company began to capitalize interest for Chilean GAAP purposes relative to qualifying assets (consisting principally of storage and aging containers and vineyards, which require 3 to 5 years to be ready for production) during the period that such assets are being constructed or prepared for productive use and in conformity with US GAAP treatment. Subsequently, the amount of interest capitalized each year has been the same for both U.S. and Chilean GAAP purposes. The adjustment included in paragraph 1 k) below corresponds to the amount of capitalized interest for U.S. GAAP purposes prior to 1994 and its associated amortization under the straight-line method based on the estimated useful lives of the related assets.

f) Deferred income taxes

Prior to December 31, 1999, deferred taxes were not recognized for Chilean GAAP. Starting January 1, 2000, the Company recorded income taxes in accordance with Technical Bulletin No. 60 of the Chilean Association of Accountants, recognizing through the liability method, the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities. As a transitional provision, a contra (referred to as "complementary") asset and liability was recorded offsetting the effects of the deferred tax assets and liabilities not recorded prior to January 1, 2000. Such complementary asset and liability is being amortized to income over the estimated reversal periods corresponding to the underlying temporary differences to which the deferred tax asset or liability relates. For U.S. GAAP purposes, deferred taxes were recognized on a comprehensive basis for all periods presented in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Therefore, the principal difference between Chilean GAAP and U.S. GAAP related to deferred taxes is the reversal of the amortization of the complementary deferred tax asset and liability accounts recorded under Chilean GAAP.

Additionally, the Company has recognized the deferred tax effect related to other U.S. GAAP adjustments that give rise to temporary differences. The effect of accounting for deferred taxes under U.S. GAAP is included in the reconciliation of consolidated net income and shareholder's equity in paragraph 1k) below.

g) Provision for restructuring

The Company made a provision for restructuring principally related to one-time termination benefits. Under Chilean GAAPs, these costs may be recognized once the approval of the Board of Directors has taken place. Under US GAAP, this provision does not meet the requirements under SFAS No 146 related to communication to the designated employees. The provision is therefore reversed in the net income and shareholders' equity reconciliation for the year ended at December 31, 2005. During 2006, this provision was used and therefore for the purpose of the results under US GAAP the amount recorded was recognized (paragraph 1 k).

h) Comprehensive income

The Company presents comprehensive income and its components with the objective of reporting a measure of all changes in shareholders' equity that result from transactions and other economic events of the period other than transactions with owners. Comprehensive income is the total net income from other non-owner equity transactions that result in changes in equity.

The following represents accumulated other comprehensive income balance, net of taxes, for the years ended December 31, 2004, 2005 and 2006:

	Year ended December 31, 2004			
	Holding Unrealized gains (losses) on available-for sale securities	**Tax effect**	**CTA(1)**	**Total**
	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance	252,490	(42,923)	(1,712,606)	(1,503,039)
(Debit) credit for the year	(26,326)	4,475	(7,033)	(28,884)
Ending balance	226,164	(38,448)	(1,719,639)	(1,531,923)

	Year ended December 31, 2005			
	Holding Unrealized gains (losses) on available-for sale securities	**Tax effect**	**CTA(1)**	**Total**
	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance	226,164	(38,448)	(1,719,639)	(1,531,923)
(Debit) credit for the year	29,575	(5,027)	(1,213,369)	(1,188,821)
Ending balance	255,739	(43,475)	(2,933,008)	(2,720,744)

	Year ended December 31, 2006			
	Holding Unrealized gains (losses) on available-for sale securities	**Tax effect**	**CTA(1)**	**Total**
	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance	255,739	(43,475)	(2,933,008)	(2,720,744)
(Debit) credit for the year	(33,593)	5,711	117,710	89,828
Ending balance	222,146	(37,764)	(2,815,298)	(2,630,916)

(1) Reflects the effect of price-level restatement for comparative purposes on the comprehensive income at the beginning of each period, adjusted to constant pesos of December 31, 2004, 2005 and 2006.

i) Derivatives

Under Chilean GAAP, derivatives are accounted for in accordance with Technical Bulletin 57, "Accounting for Derivative Contracts" ("TB 57"). Under TB 57, all derivative financial instruments should be recognized on the balance sheet at their fair value. In addition, TB 57 requires that derivative financial instruments be classified as Non-hedging (investment) instruments and Hedging instruments, the latter further divided into those covering existing transactions and those covering anticipated transactions.

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:

a. If the net effect is a loss, it should be recognized in earnings in the period of change.
b. If the net effect is a gain, it should be recognized when the contract is closed and accordingly deferred on the balance sheet.
c. 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.
d. 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.

Current Chilean accounting rules do not consider the existence of derivative instruments embedded in other contracts and therefore they are not reflected in the financial statement.

Under US GAAP, beginning January 1, 2001, the Company adopted Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities", and other complementary rules and amendments, which established comprehensive accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. The Standard required that all derivative instruments be recorded in the balance sheet at fair value. However, the accounting for changes in fair value of the derivative instrument depends on whether the derivative instrument qualifies as a hedge. The standards also require formal documentation procedures for hedging relationships and effectiveness testing when hedge accounting is to be applied. If the derivative instrument does not qualify as a hedge, changes in fair value are reported in earnings when they occur. If the derivative instrument qualifies as a hedge, the accounting treatment varies based on the type of risk being hedged.

The Company enters into forward foreign exchange contracts in order to hedge its risk against exchange rate fluctuations. Such fluctuations in exchange rates are correlated with our wine sales agreements denominated in foreign currencies. Under Chile GAAP, all unrealised mark to mark gains/losses have been deferred. Under U.S. GAAP, such contracts have no been designated or documented as " hedges" under SFAS No 133, therefore all significant mark to mark adjustments would be recorded through the income statement.

The Company entered into a hedge of its net investment in Argentina in 2004. Under Chile GAAP the documentation requirements for this hedge were met. Under U.S.GAAP, specifically, as the Company had not detailed how the hedging instruments' effectiveness in offsetting the change in fair value would be assessed, the designation of the net investment as a hedge under USGAAP did not qualify (see 38 1 k).

In 2005, it was determined that the Company's 2004 documentation of its "hedge" under Chilean GAAP of its net investment in Argentina did not qualify as such under U.S. GAAP as the result of which its cumulative translation adjustment ("CTA") had been credited inappropriately for ThCh$478,601 in 2004. Since this 2004 misstatement was deemed to have an immaterial effect on the presentation of financial statements for prior periods, corrections have been recorded in the 2005 reconciliations to U.S. GAAP, resulting in a net increase in net income of ThCh$478,601 and an offsetting charge to CTA.

The reconciliations' of shareholders' equity and of net income for the years ended December 31, 2005 and 2006 include the adjustments for differences in derivative treatment mentioned above.

The Company has determined that its U.S. dollar denominated farm lease agreements discussed in Note 28 include embedded foreign currency exchange derivative instruments. However, as the estimated fair values of the embedded derivatives are deemed immaterial, the related effects are not included in the reconciliations of net income and shareholders' equity below.

j) Dividends

The company has a legal obligation to declare and pay dividends equal to at least 30% of consolidated net income as determined in accordance with Chilean GAAP. Accordingly, an adjustment was made in the accompanying U.S. GAAP stockholders' equity reconciliation in paragraph 1 k) to recognize as dividends the difference between the dividends recorded as provisional dividends under Chile GAAP and the minimum dividend requirement.

k) Effects of conforming to U.S. GAAP

The following is a reconciliation of consolidated net income under Chilean GAAP to the corresponding U.S. GAAP amounts:

	Years ended December 31,		
	2004	2005	2006
	ThCh$	ThCh$	ThCh$
Net income in accordance with Chilean GAAP	23,999,941	19,438,969	16,160,513
Reversal of goodwill amortization (par. 1 b)	85,906	73,412	73,415
Reversal of additional depreciation of revaluation by technical appraisal (par. 1 d)	47,332	27,114	14,914
Depreciation on capitalized interest (par. 1 e)	(46,697)	(46,697)	(46,698)
Deferred taxes (par. 1 f)	138,791	176,018	97,554
Deferred tax effect of U.S. GAAP adjustments (par. 1 f)	7,939	(84,054)	31,995
Reversal cumulative translation adjustment (par. 1i)	—	1,213,392	(78,947)
Reversal of provision for restructuring (par. 1 g)	—	541,130	(141,510)
Net income in accordance with U.S. GAAP	24,233,212	21,339,284	16,111,236
Other comprehensive income under U.S.GAAP:			
Unrealized holding gains (losses) on available-for-sale securities, net of taxes (par. 1 c)	(21,851)	24,548	(27,882)
Foreign currency translation	(7,033)	(1,213,369)	117,710
Total comprehensive income under U.S.GAAP:	24,204,328	20,150,463	16,201,064

The following is a reconciliation of consolidated shareholders' equity differences under Chilean GAAP to the corresponding amounts under U.S. GAAP:

	As of December 31,		
	2004	**2005**	**2006**
	ThCh$	ThCh$	ThCh$
Shareholders' equity in accordance with Chilean GAAP	165,047,316	173,724,386	182,155,611
Reversal of Goodwill Amortization (par. 1 b)	260,983	334,395	407,810
Marketable securities (par. 1 c)	226,164	255,739	222,146
Reversal of revaluation of technical appraisal (par. 1 d)	(2,070,921)	(2,043,807)	(2,028,893)
Capitalized interest (par. 1 e)	1,146,895	1,146,895	1,146,895
Accumulated depreciation on capitalized interest (par. 1 e)	(635,691)	(682,388)	(729,086)
Deferred taxes (par.1 f)	(2,189,356)	(2,013,337)	(1,915,782)
Deferred tax effect of U.S. GAAP adjustments (par. 1 f)	(125,351)	(214,433)	(176,727)
Minimum dividend (par. 1 j)	(2,543,543)	(115,373)	—
Reversal of provision for restructuring (par. 1 g)		541,130	399,620
Shareholders' equity in accordance with U.S. GAAP	159,116,496	170,933,207	179,481,594

The following summarizes the changes in shareholders' equity under U.S. GAAP during the years ended December 31, 2004, 2005 and 2006:

	2004	**2005**	**2006**
	ThCh$	ThCh$	ThCh$
Balance as of January 1	144,102,103	159,116,496	170,933,207
Dividends paid	(4,085,759)	(5,045,603)	(2,271,788)
Provisional dividends	(4,656,440)	(5,716,318)	(5,496,262)
Mandatory dividends, previous date	2,095,807	2,543,542	115,373
Mandatory dividends, closing date	(2,543,543)	(115,373)	—
Unrealized gains on available-for-sale investments, net of taxes	(21,851)	24,548	(27,882)
Cumulative translation adjustment	(7,033)	(1,213,369)	117,710
Net income	24,233,212	21,339,284	16,111,236
Balance as of December 31	159,116,496	170,933,207	179,481,594

2. Additional disclosure requirements

The following disclosures of information are not generally required for presentation in the financial statements under Chilean accounting principles, but are required or recommended under U.S. GAAP.

a) Nature of Operations and Concentrations

Viña Concha y Toro S.A. is a vertically integrated company engaged principally in the production and sale of wine. The Company's wines are sold in 115 countries. Foreign operations' sales represented 76.9% of total sales and domestic sales represented 23.1%. Foreign operations' sales are denominated in foreign currencies. ".

b) Earnings per share

The following disclosure of net income per share information is not generally required for presentation in the financial statements under Chilean GAAP but is required under U.S. GAAP. Earnings per share are determined by dividing consolidated net income by the weighted average number of total shares outstanding.

	Years ended December 31,		
	2004	2005	2006
	Ch$	Ch$	Ch$
Basic and diluted earnings per share (based on U.S. GAAP) (1)	33.70	29.67	22.40
Basic and diluted earnings per share (based on Chilean GAAP) (1)	33.38	27.03	22.47
Weighted average number of total shares outstanding	719,170,735	719,170,735	719,170,735

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(1) Basic and diluted earnings per share have been calculated by dividing net income by the weighted average number of common shares outstanding during the year. The Company has not issued convertible debt or equity securities. Consequently, there are no potentially dilutive effects on the earnings of the Company.

c) Disclosures regarding the fair values of financial instruments

The estimated fair values of the Company's financial instruments were as follows:

	Chilean GAAP Carrying Amount 2006	Estimated Fair Value 2006	Chilean GAAP Carrying Amount 2005	Estimated Fair Value 2005
	ThCh$	ThCh$	ThCh$	ThCh$
Assets:				
Cash and cash equivalents	1,990,828	1,990,828	1,477,524	1,477,524
Marketable securities	311,319	533,465	311,318	567,058
Short-term accounts receivable (net)	68,085,216	68,085,216	49,665,129	49,665,129
Notes receivable (net)	2,207,734	2,207,734	3,232,018	3,232,018
Other receivable (net)	2,263,828	2,263,828	2,000,313	2,000,313
Liabilities:				
Short-term and long-term bank debt	58,169,818	59,020,980	52,930,454	51,950,638
Bonds payable	36,971,588	37,547,336	37,003,649	34,789,470
Dividends payable	1,809,112	1,809,112	1,846,718	1,846,718
Short-term accounts payable	22,343,111	22,343,111	14,418,366	14,418,366
Notes payable	2,167,916	2,167,916	2,951,074	2,951,074
Long-term and short-term other accounts payable	1,478,817	1,478,817	2,945,905	2,945,905
Derivative instruments	313,697	225,831	285,185	309,795

For purposes of SFAS No. 107, the estimated fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

There are certain limitations inherent in the fair value data since while the data represents management's best estimates, the data is subjective, involving significant estimates regarding current economic and market conditions. The methods and assumptions used to estimate the fair values are as follows:

- For cash, short-term deposits and marketable securities, accounts receivables, notes receivables and Other receivable, accounts payables and Short-term and long-term bank debt, the carrying amounts approximate the fair value of these instruments. For interest bearing liabilities (excluding bonds), 73% of which are contracted at fixed rates and 27% of which are contracted at variable rates, the fair values are based on quoted market interest rates at the respective period ends.
- Bonds payable: The fair value of bonds payable, including current portion, is estimated based on the quoted market price of the Company's Unidad de Fomento denominated bond payable.
- Derivative instruments: Derivative instruments have been valued at their fair value using market forward rates.

d) Available for sale securities

The following is a summary of available-for-sale securities:

	As of December 31, 2005		
	Cost	Gross Unrealized Gains	Estimated Fair Value
	ThCh$	ThCh$	ThCh$
Available-for-Sale Investments:			
Investments in equity securities	311,319	255,739	567,058
Total	311,319	255,739	567,058

	As of December 31, 2006		
	Cost	Gross Unrealized Gains	Estimated Fair Value
	ThCh$	ThCh$	ThCh$
Available-for-Sale Investments:			
Investments in equity securities	311,319	222,146	533,465
Total	311,319	222,146	533,465

Certain marketable securities as defined under SFAS 115 are presented as investments in other companies (as described in Note 11) for Chilean GAAP purposes.

e) Useful life of property, plant and equipment

The Company's property, plant, and equipment are being depreciated over the following useful lives:

	Years
Plantations	20 years
Buildings and infrastructure	25 to 40
Wine storage equipment:	
• Aging barrels (wood)	5 to 7
• Plastic vats	10 to 20
• Stainless-steel tanks	20
• Cements tanks	25
Machinery and equipment	3 to15
Transportation equipment	4 to 6
Supplies (Containers – shipping and reusable storage)	3 years
Other fixed assets	5 to 8
Leased assets	5 to 25

f) Income taxes

Income tax expense recognized under US GAAP is as follows for each year presented:

	2004	2005	2006
	ThCh$	ThCh$	ThCh$
Charge for the period under Chilean GAAP	5,119,302	3,548,236	4,275,096
U.S. GAAP Adjustments:			
Deferred tax effect of applying SFAS No. 109	(138,792)	(176,018)	(97,554)
Deferred tax effect of U.S. GAAP adjustments	(7,939)	84,054	(31,995)
Charge for the period under U.S. GAAP	4,972,571	3,456,272	4,145,547

The Chilean statutory tax rate in effect for each of the years presented was 17% for 2004, 2005 and 2006, respectively. The reconciliation of income tax expense as computed at the statutory income tax rate to the provision for income tax expense is as follows:

	2004	2005	2006
	ThCh$	ThCh$	ThCh$
Tax expense at statutory Chilean tax rates	4,964,983	4,215,244	3,443,937
Increase (decrease) in statutory rates resulting from:			
Non-deductible expenses	439,590	494,101	272,805
Non-taxable income	(453,787)	(1,312,960)	(75,299)
Other	21,785	59,887	504,104
Tax expense at effective tax rates	4,972,571	3,456,272	4,145,547

A significant portion of income before income taxes and interest, and the related income taxes are from Chilean subsidiaries.

Significant components of the Company's deferred tax assets and liabilities, under U.S. GAAP, arising from continuing operations as of December 31 are as follows:

	Year Ended December 31, 2005			Year Ended December 31, 2006		
Temporary differences	**SFAS N°109 applied to Chile GAAP**	**SFAS N°109 applied to US GAAP Adjustments**	**SFAS N°109 US GAAP Balance**	**SFAS N°109 applied to Chile GAAP**	**SFAS N°109 applied to US GAAP Adjustments**	**SFAS N°109 US GAAP Balance**
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Provision for doubtful accounts	141,671	—	141,671	137,281	—	137,281
Provision for obsolescence	220,798	—	220,798	277,451	—	277,451
Amortization of Intangibles	46,220	—	46,220	734	—	734
Provision for vacations	242,631	—	242,631	214,254	—	214,254
Staff severance indemnities	155,720	—	155,720	171,074	—	171,074
Inventories	59,220	—	59,220	110	—	110
Unrealized gains	115,776	(43,475)	79,301	229,671	(37,764)	191,907
Benefits for tax loss carryforwards (*)	1,175,290	1,175,290	1,546,501	—	1,546,501	
Leased assets	18,529	—	18,529	98,828	—	98,828
Recoverable taxes Provision	60,143	—	60,143	60,580	—	60,580
Emission of bonds expenses	102,321	—	102,321	—	—	
Other	443,852	(91,992)	351,860	384,271	(67,935)	316,336
Total deferred assets	**2,782,171**	**(135,467)**	**2,646,704**	**3,120,755**	**(105,699)**	**3,015,056**
Capital lease agreements	48,768	—	48,768	—	—	—
Production expenses	2,380,562	—	2,380,562	2,744,790	—	2,744,790
Fixed assets depreciation	7,461,061	78,966	7,540,027	8,358,742	71,028	8,429,770
Amortization of Intangibles	2,073	—	2,073	59,488	—	59,488
Inventories	356,999	—	356,999	388,675	—	388,675
Other	52,665	—	52,665	100,090	—	100,090
Total deferred liabilities	**10,302,128**	**78,966**	**10,381,094**	**11,651,785**	**71,028**	**11,722,812**
Net deferred tax assets (liabilities)	**(7,519,957)**	**(214,433)**	**(7,734,390)**	**(8,531,030)**	**(176,727)**	**(8,707,757)**

(*) : (*) : For 2005 and 2006, the 99.4% of the loss for tax purposes was generated by Chilean subsidiaries, Argentineas subsidiaries 0.6% and UK subsidiarie presented not loss for tax purposes during those years. The tax loss carry forwrads of the office don't have expiration date.

g) Shareholders' equity

As of December 31, 2005, the authorized share capital of the Company was comprised of 719,170,735 nominal shares without stated value all of which were issued, outstanding, registered on the three Chilean stock exchanges. Of these authorized shares, 142,000,000 were registered on the New York stock exchange through the American Depository Receipt (ADR) mechanism. The Bank of New York (according to Circular 1375 issued by the S.V.S. on February 12, 1998, hereinafter "Circular 1375 S.V.S.," which states that the Depositary shall be the shareholder of record of the shares underlying the (ADS).

Shareholders elect the members of the Board of Directors with each share having equal voting rights.

In accordance with Chilean regulations, other reserves of ThCh$7,382,670 included in shareholders' equity as of December 31, 2006 are not distributable as dividends.

h) Lease commitments

The Company leases certain office space and office equipment under a long-term lease which is accounted for as a capital lease for Chilean and U.S. GAAP. Rentals are due in quarterly and monthly instalments through January 2010 and are stated in U.F. The lease liability is recorded in other payables. The related future minimum lease payments as of December 31, 2006 were as follows:

Year ended December 31,	ThCh$
2007	211,980
2008	165,814
2009	165,814
2010	82,907
Total future minimum lease payments	626,515
Interest	(58,958)
Present value of net minimum lease payments	567,557

Amortization of assets recorded under capital leases is included within depreciation expense is ThCh$106,186 for the year ended December 31, 2006.

Rent expense for the years ended December 31, 2004, 2005, and 2006 was ThCh$235,267, ThCh$235,267and ThCh$235,064, respectively.

i) Credit arrangements

The Company has renewable line of credit arrangements for short-term Chilean peso borrowing with various Chilean and foreign banks totalling, in the aggregate ThCh$157,455,999, of which ThCh$112,734,472 was available as of December 31, 2006.

j) Concentrations of credit risk

"Financial nstruments which potentially subject the Company to significant concentrations of credit risk consist principally of cash deposits, marketable securities and trade accounts receivable.

The Company keeps cash and cash equivalents, short-terms investments and certain other financial instruments with several financial institutions. These financial institutions are from Chile and others foreign countries. The Company's policy is designed to limit exposure to any one institution. The Company performs periodic evaluations of the relative credit standing of these financial institutions.

Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of entities comprising the Company's customer base and their dispersion around the world. Sales to the Company's five largest distributors, represented 44.1%, 44.3% and 26.5% of total export revenues for the years ended December 31, 2004, 2005, and 2006 respectively. The Company's exclusive agent and importer in the United States, who imports and resells the Company's products to distributors who service all 50 states, was the Company's largest single customer in 2006, corresponding to 11.5% of the Company's total revenue and 15.0% of the company export revenues (12.4% and 23.4% in 2005 and 13.3% and 22.3% in 2004 , respectively)"

k) Advertising costs

Advertising costs are expensed as incurred. Advertising expense of ThCh$16,735,710, ThCh$18,722,022, and ThCh$22,350,986 was recorded in 2004, 2005, and 2006, respectively.

l) Segment information

Revenues from sales of wine by major geographic areas based on location of customer are as follows

The sales are grouped by destination of the goods sold.

	Years ended December 31,		
	2004	2005	2006
	ThCh$	ThCh$	ThCh$
CHILEAN OPERATIONS	48,335,717	53,957,053	49,911,948
FOREIGN OPERATIONS			
Europe	76,445,964	80,408,936	85,716,322
United States	27,649,474	26,620,860	26,682,867
South America	19,718,915	16,506,239	22,070,147
Central America and Caribbean	12,371840	12,350,707	14,887,165
Asia	6,440,089	6,845,042	7,217,562
Canada	7,481,652	7,876,804	8,308,487
Other	966,389	1,030,068	1,048,299
Total foreign operations	151,074,323	151,638,656	165,930,849
Total	199,410,040	205,595,709	215,842,797

Long-lived assets by geographic area for each of the three years presented are as follows:

	Years ended December 31,		
	2004	2005	2006
	ThCh$	ThCh$	ThCh$
CHILE OPERATIONS	130,487,175	153,200,751	160,124,982
FOREIGN OPERATIONS	12,003,428	11,205,742	13,697,613
Argentina	11,962,285	11,177,851	13,658,059
England	41,143	27,891	39,554
Total Long-lived Assets [1]	142,490,603	164,406,493	173,822,595

[1] Long-lived assets are comprised primarily of property, plant, equipment, goodwill and other intangible assets.

m) Allowances for doubtful accounts, Income tax recoverable, inventories and others

The following is a rollforward of the changes to the allowances for doubtful accounts, income tax recoverable, inventories, and the allowance for other accounts receivable:

	Balance at beginning of year	Price-level Restatement (1)	Charged to costs and expenses	Write-offs	Reaclasifications	Balance at end of year
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Year ended December 31, 2004						
Deducted from asset accounts:						
Allowance for doubtful accounts	144,834	(3,621)	255,516	(793)	—	395,936
Allowance for inventories	972,256	(23,713)	1,290,387	(786,737)	—	1,452,194
Income tax recoverable	146,367	(3,570)	—	—	—	142,797
Other accounts receivable	182,729	(4,283)	—	(69,863)	—	108,584
Year ended December 31, 2005						
Deducted from asset accounts:						
Allowance for doubtful accounts	395,936	(17,758)	349,848	(39,994)	—	692,032
Allowance for inventories	1,452,194	(50,463)	975,036	(1,077,955)	—	1,298,812
Income tax recoverable	142,797	(4,962)	215,949	—	—	353,784
Other accounts receivable	108,584	(3,774)	24,535	—	—	129,345
Year ended December 31, 2006						
Deducted from asset accounts:						
Allowance for doubtful accounts	692,032	(14,234)	74,857	(114,744)	(104,076)	533,835
Allowance for inventories	1,298,812	(26,714)	822,955	(539,960)	—	1,555,094
Income tax recoverable	353,784	(7,277)	9,844	—	—	356.351
Other accounts receivable	129,345	(2,659)	46,309	—	104,076	277,071

(1) Reflects the effect of price-level restatement for comparative purposes on the allowance for doubtful accounts at the beginning of each period, adjusted to constant Chilean pesos of December 31, 2006.

n) Disclosure regarding interest capitalization

	Years ended December 31,		
	2004	2005	2006
	ThCh$	ThCh$	ThCh$
Interest cost incurred	1,677,563	3,521,203	4,080,146
Interest capitalized under Chilean GAAP	256,948	305,428	375,626
Interest capitalized under US GAAP	256,948	305,428	375,626

o) Cash flow information

The cash flow statement under Chilean GAAP does not differ significantly from a US GAAP cash flow statement. The cash provided by (used in) operating activities, the cash provided by (used in) financing activities, and cash provided by (used in) investing activities are as follows:

	Years ended December 31,		
	2004	2005	2006
	ThCh$	ThCh$	ThCh$
Cash provided by operating activities under Chilean GAAP	14,522,424	13,008,103	28,376,680
Cash provided by operating activities under U.S. GAAP	14,522,424	13,008,103	28,376,680
Cash provided by (used in) financial activities under Chilean GAAP	10,691,036	20,450,210	(1,848,362)
Cash provided by (used in) financial activities under U.S. GAAP	10,691,036	20,450,210	(1,848,362)
Cash used in investing activities under Chilean GAAP	(25,864,042)	(33,634,445)	(25,924,947)
Cash used in investing activities under U.S. GAAP	(25,864,042)	(33,634,445)	(25,924,947)

For purposes of the statement of cash flows using U.S. GAAP classifications, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The detail of cash and cash equivalents is as follows:

	Years ended December 31,		
	2004	2005	2006
	ThCh$	ThCh$	ThCh$
Cash	1,902,755	1,477,524	1,990,828
Total cash and cash equivalents	1,902,755	1,477,524	1,990,828

Cash paid for interest and income taxes during 2004, 2005, and 2006 were:

	2004	2005	2006
	ThCh$	**ThCh$**	**ThCh$**
Cash paid for interest	1,827,125	3,030,828	3,514,737
Cash paid for income taxes	3,527,460	4,301,638	2,762,649

p) Estimated Amortization Expense of Intangibles

The estimated amortization expense in each of the succeeding five years for intangible assets is expected to be approximately ThCh$194,636 for 2007, ThCh $190,921 for 2008, ThCh $189,677 for 2009, ThCh $192,055 for 2010, and ThCh $185,142 for 2011.

q) Maturities of debt

The following payments of bank borrowings (short term obligations and short-term portion of long-term obligation) and long-term debt, are scheduled to be paid during each of the following five years as indicated below:

Year ended December 31,	ThCh$
2007	32,353,845
2008	14,136,694
2009	4,921,069
2010	6,992,102
2011	35,594,141
Total	**93,997,851**

r) Disclosures regarding post-retirement benefits

Please see Note 2.q) for a description of the Company's accounting policies regarding severance indemnities and Note 21 for the required disclosures under Chilean GAAP. Additional disclosures related to post-retirement benefit obligations that are required under U.S. GAAP are not material to the financial statements.

s) Deferred harvest cost

Harvest cost deferral is based on the earnings cycle of crop-growing plus vinification activities. Section 6.08 of the AICPA Industry Guide for Agricultural Producers and Agricultural Cooperatives, which provides guidance applicable to operators of vineyards as established in Section 6.29 of the Industry guide, states in part, "Generally, farming procedures undertaken alter the current year harvest benefit the crop of the succeeding year". Over the course of our farming activities undertaken from May through the following April, we incur direct and indirect costs that benefit the crop of the succeeding year. Such costs relate to the usage of agricultural supplies, depreciation of machinery and equipment used in the tilling, etc. of the land , and worker labor. Paragraph 38 of statement of Position 85-3, "Accounting by Agricultural Producers and Agricultural Cooperatives" ("SOP 85-3") states, "All direct and indirect costs of growing crops should be accumulated and growing crops should be reported at the lower of cost or market". We believe our practice of deferring these costs and recognizing them in earnings upon the sale of inventories is consistent with the provisions of SOP 85-3. The indirect costs are accumulated by vintage and allocated based on the actual production in kilograms which each vintages acreage (or, in our case, hectarage) produces. These costs are included in prepaid expense under Chilean GAAP and were reclasificated to inventory under U.S. GAAP.

Additionally, we have certain deferred harvest costs (direct and indirect) related tour vinification cycle which are allocated to the liters produced of our individual vintages as they move through work in process to the finished goods stage. These costs accumulate in deferred harvest costs from the end of the harvest cycle until the wine has been bottled or packaged at which point they become part of the cost of finished goods inventory.

a. U.S. GAAP Condensed Balance Sheet

Certain reclassifications (2004, 2005 and 2006) and adjustments would be made to the Chilean GAAP balance sheet in order to present amounts in accordance with presentation requirements under U.S. GAAP. Harvest costs are included separately in current assets according to Chilean GAAP while harvest costs are included in inventories in current assets in U. S. GAAP. The Adjustment of the Cost Value of Wine is included in Current Liabilities in Chile GAAP while in U.S, GAAP, it is included in Inventory. The detail of the nature of the adjustments to U.S. GAAP is disclosed in Note 38 1 k).

The effect of the following reclassifications and adjustments in the respective columns discloses amounts as they would be presented in a US GAAP condensed balance sheet

	2005			
	Chilean GAAP Balance	Adjusment US GAAP	Reclasification	US GAAP Balance
	ThCh$	ThCh$	ThCh$	ThCh$
Current assets:	150,023,516	(91,992)	(906,061)	149,025,463
Property, plant and equipment:	152,198,227	(1,579,300)	—	150,618,927
Other assets:	12,208,266	590,135	—	12,798,401
Total assets	**314,430,009**	**(1,081,157)**	**(906,061)**	**312,442,791**
Current liabilities:	71,164,067	(425,757)	(1,027,127)	69,711,183
Long-term liabilities:	69,531,832	2,135,779	121,066	71,788,677
Minority interest	9,724	—	—	9,724
Shareholders' equity:	173,724,386	(2,791,179)	—	170,933,207
Total liabilities and shareholders' equity	**314,430,009**	**(1,081,157)**	**(906,061)**	**312,442,791**

	2006			
	Chilean GAAP Balance	Adjusment US GAAP	Reclasification	US GAAP Balance
	ThCh$	ThCh$	ThCh$	ThCh$
Current assets:	169,453,282	—	—	169,453,282
Property, plant and equipment:	159,007,379	(1,611,084)	—	157,396,295
Other assets:	14,815,216	629,957	—	15,445,173
Total assets	**343,275,877**	**(981,127)**	—	**342,294,750**
Current liabilities:	87,510,667	(399,620)	—	87,111,047
Long-term liabilities:	73,598,202	2,092,510	—	75,690,712
Minority interest	11,397	—	—	11,397
Shareholders' equity:	182,155,611	(2,674,017)	—	179,481,594
Total liabilities and shareholders' equity	**343,275,877**	**(981,127)**	—	**342,294,750**

b. Income statement (certain line items presentation)

Certain reclassifications would be made to the Chilean GAAP income statement in order to present the following line items in conformity with U.S. GAAP.

The detail of the nature of adjustment to U.S. GAAP is disclosed in Note 38 1 k).

2004	Chilean GAAP Balance	Adjusment US GAAP	Reclasification	US GAAP Balance
	ThCh$	ThCh$	ThCh$	ThCh$
Operating income	32,153,300	632	31,437	32,185,369
Non-operating income and expenses	(3,045,164)	85,908	(31,437)	(2,990,693)
Income taxes	(5,119,302)	146,731	—	(4,972,571)
Minority interest	3,985	—	—	3,985
Negative goodwill	7,122	—	—	7,122
Net income for the year	**23,999,941**	**233,271**	**—**	**24,233,212**

2005	Chilean GAAP Balance	Adjusment US GAAP	Reclasification	US GAAP Balance
	ThCh$	ThCh$	ThCh$	ThCh$
Operating income	25,431,775	521,546	(795,155)	25,158,166
Non-operating income and expenses	(2,444,743)	1,286,804	795,155	(362,784)
Income taxes	(3,548,236)	91,965	—	(3,456,271)
Minority interest	173	—	—	173
Net income for the year	**19,438,969**	**1,900,315**	**—**	**21,339,284**

2006	Chilean GAAP Balance	Adjusment US GAAP	Reclasification	US GAAP Balance
	ThCh$	ThCh$	ThCh$	ThCh$
Operating income	24,323,264	(173,294)	54,606	24,204,576
Non-operating income and expenses	(3,885,985)	(5,532)	(54,606)	(3,946,124)
Income taxes	(4,275,096)	129,549	—	(4,145,547)
Minority interest	(1,670)	—	—	(1,670)
Net income for the year	**16,160,513**	**(49,277)**	**—**	**16,111,236**