# EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

**Intermediate Consolidated Statements of Financial Position**

**as of September 30, 2013 and December 31, 2012**

# EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

## Intermediate Consolidated Statements of Financial Position

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# EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position
## As of September 30, 2013 and December 31, 2012

(Translation of consolidated financial statements originally issued in Spanish – See Note 2.2)

| ASSETS<br>Current Assets: | NOTE | 09.30.2013<br>ThCh$ | 12.31.2012<br>ThCh$ |
|---|---|---|---|
| Cash and cash equivalents | **4** | 89,834,543 | 55,522,255 |
| Other financial assets | **5** | 22,919,281 | 128,581 |
| Other non-financial assets | **6.1** | 9,519,502 | 18,202,838 |
| Trade and other receivable | **7** | 141,945,122 | 152,816,916 |
| Accounts receivable from related parties | **11.1** | 9,181,540 | 5,324,389 |
| Inventories | **8** | 108,181,297 | 89,319,826 |
| Current income tax assets | **9.1** | 7,333,031 | 2,879,393 |
| **Total current assets excluding assets held for sale** | | **388,914,316** | **324,194,198** |
| Non-current assets held for sale | | 1,438,957 | 2,977,969 |
| **Total Current Assets** | | **390,353,273** | **327,172,167** |
| | | | |
| **Non-Current Assets:**: | | | |
| Other non-financial assets | **6.2** | 27,793,574 | 26,927,090 |
| Trade and other receivable | **7** | 8,133,700 | 6,724,077 |
| Accounts receivable from related parties | **11.1** | 10,766 | 7,197 |
| Investments under equity method of accounting | **13.1** | 72,459,409 | 73,080,061 |
| Intangible assets other than goodwill | **14.1** | 471,972,085 | 464,582,273 |
| Goodwill | **14.2** | 62,268,986 | 64,792,741 |
| Property, plant and equipment | **10.1** | 611,022,928 | 576,550,725 |
| **Total Non-Current Assets** | | **1,253,661,448** | **1,212,664,164** |
| **Total Assets** | | **1,644,014,721** | **1,539,836,331** |

The accompanying notes 1 to 29 form an integral part of these financial statements

# EMBOTELLADORA ANDINA S.A. Y FILIALES

## Consolidated Interim Statements of Financial Position
## as of September 30, 2013 and December 31, 2012

(Translation of consolidated financial statements originally issued in Spanish – See Note 2.2)

| **LIABILITIES AND EQUITY** | **NOTE** | **09.30.2013 ThCh$** | **12.31.2012 ThCh$** |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current Liabilities:** | | | |
| Other financial liabilities | **15** | 91,710,752 | 106,248,019 |
| Trade and other accounts payable | **16** | 168,923,086 | 184,317,773 |
| Accounts payable to related parties | **11.2** | 27,350,228 | 32,727,212 |
| Provisions | **17** | 191,366 | 593,457 |
| Income tax payable | **9.2** | 13,261 | 1,114,810 |
| Other non-financial liabilities | **18** | 70,444,313 | 20,369,549 |
| **Total Current Liabilities** | | **358,633,006** | **345,370,820** |
| **Non-Current Liabilities:** | | | |
| Other financial liabilities | **15** | 286,207,834 | 173,880,195 |
| Trade and other payables | | 1,542,164 | 1,930,233 |
| Provisions | **17** | 6,620,542 | 6,422,811 |
| Deferred income tax liabilities | **9.4** | 116,218,669 | 111,414,626 |
| Post-employment benefit liabilities | **12.3** | 7,888,250 | 7,037,122 |
| Other non-financial liabilities | **18** | 373,897 | 175,603 |
| **Total Non-Current Liabilities** | | **418,851,356** | **300,860,590** |
| **Equity:** | **19** | | |
| Issued capital | | 270,737,574 | 270,759,299 |
| Treasury shares | | - | (21,725) |
| Retained earnings | | 219,452,339 | 239,844,662 |
| Other reserves | | 355,863,488 | 363,581,513 |
| **Equity attributable to equity holders of the parent** | | **846,053,401** | **874,163,749** |
| Non-controlling interests | | 20,476,958 | 19,441,172 |
| **Total Equity** | | **866,530,359** | **893,604,921** |
| **Total Liabilities and Equity** | | **1,644,014,721** | **1,539,836,331** |

The accompanying notes 1 to 29 form an integral part of these financial statements

# EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

## Consolidated Interim Statements of Income by Function

(Translation of consolidated financial statements originally issued in Spanish – See Note 2.2)

| | NOTE | 01.01.2013 09.30.2013 ThCh$ | 01.01.2012 09.30.2012 ThCh$ | 07.01.2013 09.30.2013 ThCh$ | 07.01.2012 09.30.2012 ThCh$ |
|---|---|---|---|---|---|
| Net sales | | 1,046,221,060 | 768,539,345 | 342,886,524 | 244,440,784 |
| Cost of sales | | (627,488,846) | (462,335,544) | (206,339,168) | (148,338,856) |
| **Gross Profit** | | **418,732,214** | **306,203,801** | **136,547,356** | **96,101,928** |
| Other income, by function | **23** | 11,689,061 | 1,054,599 | 9,661,534 | 282,940 |
| Distribution expenses | | (112,786,628) | (80,072,367) | (38,299,174) | (25,852,314) |
| Administrative expenses | | (200,554,692) | (135,993,954) | (65,581,951) | (42,009,319) |
| Other expenses, by function | **24** | (22,007,580) | (9,665,816) | (11,666,017) | (3,377,286) |
| Other gains | **26** | (263,021) | (1,220,305) | (644,009) | (1,461,297) |
| Finance income | **25** | 2,400,797 | 2,022,563 | 1,152,184 | 567,000 |
| Finance costs | **25** | (16,491,868) | (6,653,343) | (6,405,620) | (2,605,350) |
| Share of profit of investments using equity method of accounting | **13.3** | 500,031 | 1,758,313 | (124,921) | 679,366 |
| Foreign exchange differences | | (2,292,116) | (4,006,332) | (1,750,833) | (1,766,407) |
| Loss from differences in indexed financial assets and liabilities | | (1,534,741) | (505,552) | (1,611,834) | 105,486 |
| **Net income before income taxes** | | **77,391,457** | **72,921,607** | **21,276,715** | **20,664,747** |
| Income tax expense | **9.3** | (21,620,484) | (23,957,184) | (6,541,956) | (7,773,250) |
| **Net income** | | **55,770,973** | **48,964,423** | **14,734,759** | **12,891,497** |
| **Net income attributable to:** | | | | | |
| - Equity holders of the parent | | 55,065,531 | 48,962,821 | 14,655,623 | 12,890,994 |
| - Non-controlling interests | | 705,442 | 1,602 | 79,136 | 503 |
| **Net income** | | **55,770,973** | **48,964,423** | **14,734,759** | **12,891,497** |
| **Earnings per Share, basic and diluted** | | **$** | **$** | **$** | **$** |
| Earnings per Series A Share | **19.5** | **55.40** | **61.34** | **14.75** | **16.15** |
| Earnings per Series B Share | **19.5** | **60.94** | **67.46** | **16.22** | **17.76** |

The accompanying notes 1 to 29 form an integral part of these financial statements

# EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

## Consolidated Interim Statements of Comprehensive Income

(Translation of consolidated financial statements originally issued in Spanish – See Note 2.2)

| | 01.01.2013 09.30.2013 | 01.01.2012 09.30.2012 | 07.01.2013 09.30.2013 | 07.01.2012 09.30.2012 |
|---|---|---|---|---|
| | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| Net income | **55,770,973** | **48,964,423** | **14,734,759** | **12,891,497** |
| Other comprehensive income before tax: | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Foreign currency translation differences, before taxes | (16,663,370) | (40,895,038) | (16,423,364) | (15,910,753) |
| Gains on hedging operations | 1,659,777 | - | (140,749) | - |
| Income tax effect relating to foreign exchange translation differences included within other comprehensive income | 8,182,756 | 1,006,302 | 7,555,206 | 60,360 |
| Income tax relating to cash flow hedges included within other comprehensive income | (564,324) | - | 47,855 | - |
| **Total comprehensive income** | **48,385,812** | **9,075,687** | **5,773,707** | **(2,958,896)** |
| **Total Comprehensive income attributable to:** | | | | |
| - Equity holders of the parent | 47,347,506 | 9,077,017 | 5,500,454 | (2,958,674) |
| - Non-controlling interests | 1,038,306 | (1,330) | 273,253 | (222) |
| **Total comprehensive income** | **48,385,812** | **9,075,687** | **5,773,707** | **(2,958,896)** |

The accompanying notes 1 to 29 form an integral part of these financial statements

# EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES Consolidated Interim Statements of Changes in Equity

## for the periods ended September 30, 2013 and 2012

(Translation of consolidated financial statements originally issued in Spanish – See Note 2.2)

| | Issued capital | Treasury shares | Other reserves: Translation reserves | Other reserves: Cash flow hedging reserve | Other reserves: Other reserves (various) | Other reserves: Total other reserves | Retained earnings | Controlling Equity | Non-Controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| **Opening balance at 01.01.2013** | **270,759,299** | **(21,725)** | **(63,555,545)** | **-** | **427,137,058** | **363,581,513** | **239,844,662** | **874,163,749** | **19,441,172** | **893,604,921** |
| **Changes in Equity** | | | | | | | | | | |
| **Comprehensive Income** | | | | | | | | | | |
| Net income | - | - | - | - | - | - | 55,065,531 | 55,065,531 | 705,442 | 55.770.973 |
| Other comprehensive income | - | - | (8,813,478) | 1,095,453 | - | (7,718,025) | - | (7,718,025) | 332,864 | (7.385.161) |
| **Comprehensive income** | **-** | | **(8,813,478)** | **1,095,453** | **-** | **(7,718,025)** | **55,065,531** | **47,347,506** | **1,038,306** | **48.385.812** |
| Dividends | - | - | - | - | - | - | (75,457,854) | (75,457,854) | (2,520) | (75,460,374) |
| Decrease of Capital | (21,725) | 21,725 | - | - | - | - | - | - | - | - |
| **Total changes in equity** | **(21,725)** | **(21,725)** | **(8,813,478)** | **1,095,453** | **-** | **(7,718,025)** | **(20,392,323)** | **(28,110,348)** | **1,035,786** | **(27,074,562)** |
| **Ending balance at 09.30.2013** | **270,737,574** | **-** | **(72,369,023)** | **1,095,453** | **427,137,058** | **355,863,488** | **219,452,339** | **846,053,401** | **20,476,958** | **866,530,359** |

| | Issued capital | Treasury shares | Other reserves: Translation reserves | Other reserves: Cash flow hedging reserve | Other reserves: Other reserves (various) | Other reserves: Total other reserves | Retained earnings | Controlling Equity | Non-Controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| **Opening balance at 01.01.2012** | **230,892,178** | **-** | **(22,459,879)** | **-** | **5,435,538** | **(17,024,341)** | **208,102,068** | **421,969,905** | **9,015** | **421,978,920** |
| **Changes in Equity** | | | | | | | | | | |
| **Comprehensive Income** | | | | | | | | | | |
| Net income | - | - | - | - | - | - | 48,962,821 | 48,962,821 | 1,602 | 48.964.423 |
| Other comprehensive income | - | - | (39,885,804) | - | - | (39,885,804) | - | (39,885,804) | (2,932) | (39.888.736) |
| **Comprehensive income** | **-** | **-** | **(39,885,804)** | **-** | **-** | **(39,885,804)** | **48,962,821** | **9,077,017** | **(1,330)** | **9.075.687** |
| Dividends | - | - | - | - | - | - | (19,398,405) | (19,398,405) | - | (19,398,405) |
| Increase (decrease) through transactions in own shares | - | (21,725) | - | - | - | - | - | (21,725) | - | (21,725) |
| **Total changes in equity** | **-** | **(21,725)** | **(39,885,804)** | **-** | **-** | **(39,885,804)** | **29,564,416** | **(10,343,113)** | **(1,330)** | **(10,344,443)** |
| **Ending balance at 09.30.2012** | **230,892,178** | **(21,725)** | **(62,345,683)** | **-** | **5,435,538** | **(56,910,145)** | **237,666,484** | **411,626,792** | **7,685** | **411,634,477** |

The accompanying notes 1 to 29 form an integral part of these financial statements

# EMBOTELLADORA ANDINA S.A. Y FILIALES

## Consolidated Interim Statements of Cash Flows

(Translation of consolidated financial statements originally issued in Spanish – See Note 2.2)

| Cash flows generated from (used in) Operating Activities | NOTE | 01.01.2013 09.30.2013 | 01.01.2012 09.30.2012 |
|---|---|---|---|
| ***Receipts from Operating Activities*** | | **ThCh$** | **ThCh$** |
| Receipts from customers (including taxes) | | 1,379,712,726 | 1,054,795,664 |
| Receipts from premiums and claims, annuities and other policy benefits benefits | | 24,848 | - |
| ***Payments to Operating Activities*** | | | |
| Payments to suppliers for goods and services (including taxes) | | (959,448,912) | (744,370,707) |
| Payments to employees | | (107,342,929) | (69,658,699) |
| Other payments for operating activities (value-added taxes on purchases and sales and others) | | (154,202,160) | (129,488,236) |
| Dividends received | | 2,085,031 | 725,000 |
| Interest payments | | (17,347,355) | (3,633,257) |
| Interest received | | 1,527,052 | 1,285,034 |
| Income tax payments | | (24,731,355) | (15,554,163) |
| Other cash movements | | (1,961,575) | (2,744,013) |
| **Net cash flows generated from Operating Activities** | | **118,315,371** | **91,356,623** |
| ***Cash flows generated from (used in) Investing Activities*** | | | |
| Cash flows from the sale of equity investees (sale of investment in Leao Alimentos e Bebidas Ltd.) | | 3,809,524 | - |
| Cash flows from change in controls of subsidiaries and others (Capital decrease in Envases CMF S.A. and sale of 43% interest in Vital S.A., net of cash previously held) | | - | 1,150,000 |
| Cash flows used in the purchase of non-controlling interests (capital contribution in Vital Jugos S.A. after its proportional sale) | | - | (2,380,320) |
| Loans to related entities | | (44,584) | - |
| Proceeds from sale of property, plant and equipment | | 6,776,252 | 350,152 |
| Purchase of property, plant and equipment | | (136,351,323) | (84,330,926) |
| Proceeds from other long term assets (term deposits over 90 days) | | 16,491 | 14,664,327 |
| Purchase of other long term assets (term deposits over 90 days) | | (22,371,167) | (1,196,939) |
| Payments on forward, term, option and financial exchange agreements | | (849,032) | (265,580) |
| Receipts from forward, term, option and financial exchange agreements | | 430,222 | 229,005 |
| Other cash movements | | - | 1,134,868 |
| **Net cash flows used in Investing Activities** | | **(148,583,617)** | **(70,645,413)** |
| ***Cash Flows generated from (used in) Financing Activities*** | | | |
| Payments to acquire or redeem the entity's shares | | - | (21,725) |
| Proceeds from long-term loans obtained | | - | 28,000,000 |
| Proceeds from short-term loans obtained | | 221,791,913 | 118,194,465 |
| **Total loan proceeds** | | **221,791,913** | **146,194,465** |
| Loans payments | | (244,042,515) | (108,321,396) |
| Payments of finance lease liabilities | | (24,975) | - |
| Dividend payments by the reporting entity | | (26,327,813) | (34,939,673) |
| Other cash movements | | 113,565,625 | (1,707,399) |
| **Net cash flows generated by (used in) Financing Activities** | | **64,962,235** | **1,204,272** |
| **Net (decrease) increase in cash and cash equivalents before exchange differences** | | **34,693,989** | **21,915,482** |
| Effects of exchange differences on cash and cash equivalents | | (381,701) | (4,299,450) |
| | | **34,312,288** | **17,616,032** |
| **Net decrease in cash and cash equivalents** | | 55,522,255 | 31,297,922 |
| Cash and cash equivalents – beginning of year | 4 | **89,834,543** | **48,913,954** |
| **Cash and cash equivalents - end of year** | 4 | **48,083,818** | **43,018,357** |

The accompanying notes 1 to 29 form an integral part of these financial statements

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**
**Notes to the Consolidated Interim Financial Statements**
(Translation of consolidated financial statements originally issued in Spanish – See Note 2.2

## NOTE 1 - CORPORATE INFORMATION

**Securities Registration and description of business activities**Embotelladora Andina S.A. is registered under No. 00124 of the Securities Registry and is regulated by the Chilean Superintendence of Securities and Insurance (SVS) pursuant to Law 18.046.

The principal activities of Embotelladora Andina S.A. (hereafter "Andina," and together with its subsidiaries, the "Company") are to produce and sell Coca-Cola products and other Coca-Cola beverages. The Company has operations in Chile, Brazil, Argentina and Paraguay. In Chile, the geographic areas in which the Company has distribution franchises are regions II, III, IV, XI, XII, Metropolitan Region, Rancagua and San Antonio. In Brazil, the Company has distribution franchises in the states of Rio de Janeiro, Espírito Santo, Niteroi, Vitoria, and Nova Iguaçu. In Argentina, the Company has distribution franchises in the provinces of Mendoza, Córdoba, San Luis, Entre Ríos, Santa Fe, Rosario, Santa Cruz, Neuquén, El Chubut, Tierra del Fuego, Río Negro, La Pampa and the western zone of the Province of Buenos Aires. In Paraguay the franchised territory coveres the whole country.

The Company has distribution licenses from The Coca-Cola Company in all of its territories: Chile, Brasil, Argentina and Paraguay. The licenses for the territories in Chile expire in 2013 and 2018; in Argentina expire in 2013 and 2017; in Brazil expire in 2017; and in Paraguay expire in 2014. All these licenses are issued at The Coca-Cola Company´s discretion. The Company currently expects that these licenses will be renewed with similar terms and conditions upon expirations.

As of September 30, 2013, the Freire Group and its related companies hold 55.68% of the outstanding shares with voting rights, corresponding to the Series A shares.

The head office of Embotelladora Andina S.A. is located on Miraflores 9153, municipality of Renca, Santiago, Chile. Its taxpayer identification number is 91.144.000-8.

### a) Merger with Embotelladoras Coca-Cola Polar S.A.

On March 30, 2012, after completion of due-diligence procedures, the Company signed a Promissory Merger Agreement with Embotelladoras Coca-Cola Polar S.A. ("Polar"). Polar is also a Coca-Cola bottler with operations in Chile, servicing territories in the II, III, IV, XI and XII regions; in Argentina, servicing territories in Santa Cruz, Neuquén, El Chubut, Tierra del Fuego, Río Negro La Pampa and the western zone of the province of Buenos Aires; and in Paraguay, servicing the whole country.  The merger was made in order to reinforce the Company's leading position among other Coca-Cola bottlers in South America.

**NOTE 1 - CORPORATE INFORMATION (Continued)**

The merger with Polar is accounted for as an acquisition of Polar by the Company. Prior to closing, the merger was approved by the shareholders of both companies, the Chilean Superintendence of Securities and Insurance, and the Coca-Cola Company. The terms of the merger prescribes the newly issued shares of the Company to be exchanged at a rate of 0.33269 Series A shares and 0.33269 Series B shares for each share of Polar.

Prior to the finalization of the merger and the approval of the shareholders at the Shareholders´Meetings of the Company and Polar, dividends were distributed among their respective shareholders, in addition to those already declared and distributed from 2011 results. Dividends distributed by the Company and Polar amounted to Ch$28,155,862,307 and Ch$29,565,609,857, respectively, which represented Ch$35.27 per each Series A share and Ch$38.80 per each Series B share.

The physical exchange of shares took place on October 16, 2012, when the former shareholders of Polar obtained a 19.68% ownership interest in the merged Company. Based upon the terms of the executed agreements, the Company took actual controls over day-to-day operations of Polar as of October 1, 2012, when it began to consolidate Polar's operational results. As a result of Embotelladora Andina becoming the legal successor of Polar's rights and obligations, the Company indirectly acquired additional ownership interests in Vital Jugos S.A., Vital Aguas S.A. and Envases Central S.A. in addition to its existing ownership interests in those entities. The Company's current ownership enables it to exercise controls over these entities, and thus, consolidate them into its consolidated financial statements from October 1, 2012.

As part of the business combination, the Company obtained controls over Vital Jugos S.A. and Vital Aguas S.A. because of the combination of its news shares and existing shares in these entities. Under IFRS 3, because the business combination of Vital Jugos S.A. and Vital Aguas S.A, and Envases Central S.A. was achieved in stages, carrying value of the Company´s previously held equity interest in these entities is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the income statement of the period in which control is obtained. The Company has not recognized any gain or loss in its 2012 income statement due to the fact that carrying values of these investments were not significantly different from their fair values.

A total of 93,152,097 Series A shares and 93,152,097 Series B shares were issued at closing in exchange for 100% of Polar's outstanding shares. The total purchase price was ThCh$461,568,641 based on a share price of Ch$2,220 per Series A share and Ch$2,735 per Series B share on October 1, 2012. There are no contingent purchase price provisions. Transaction related costs of Ch$4,517,661 were expensed as incurred, and recorded as a component of other expenses by function in the Company's accompanying consolidated income statement.

**NOTE 1 - CORPORATE INFORMATION (Continued)**

The fair value of Polar's net assets acquired is as follows:

| | ThCh$ |
|---|---|
| Total current assets acquired, including cash amounting to ThCh$4,760,888 | 66,536,012 |
| Property, plant and equipment | 153,012,024 |
| Other non-current assets | 15,221,922 |
| Contractual rights to distribute Coca-Cola products ("Distribution Rights") | 459,393,920 |
| **Total Assets** | **694,163,878** |
| Indebtedness | (99,924,279) |
| Other liabilities (includes deferred taxes of ThCh$81,672,940) | (149,131,027) |
| **Total liabilities** | **(249,055,306)** |
| Net assets acquired | 445,108,572 |
| Goodwill | 16,460,068 |
| **Total consideration excluding non-controlling interests (purchase price)** | **461,568,640** |

The Company determines the fair value of its distribution rights, property, plant and equipment using third-party valuations. Distribution rights are expected to be tax deductible for income tax purposes.

The Company expects to recover goodwill through related synergies with the available distribution capacity. Goodwill has been assigned to the cash generating units of the Company in Chile (ThCh$8,503,023), Argentina (ThCh$1,041,633), and Paraguay (ThCh$6,915,412). Goodwill is not expected to be tax deductible for income tax purposes.

Condensed financial information of Polar for the period between January 1, 2012 and September 30, 2012 is as follows:

| | ThCh$ |
|---|---|
| Net sales | 233,679,974 |
| Income before taxes | 6,449,689 |
| Net income | 6,444,237 |

The proforma consolidated statement of income for the period between January 1 and September 30, 2012 is as follows:

| | ThCh$ |
|---|---|
| Net sales | 1,023,691,846 |
| Income before taxes | 79,866,623 |
| Net income | 55,740,310 |

## NOTE 2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Periods covered

These consolidated financial statements encompass the following periods:

**Consolidated interim statements of financial position:** For the period ended at September 30, 2013 and December 31, 2012.

**Consolidated interim statements of income by function and comprehensive income:** For the periods from January 1 to September 30, 2013 and 2012 and for the interim three-month periods between April 1 and September 30, 2013 and 2012 .

**Consolidated interim statements of cash flows:** For the periods from January 1 to September 30, 2013 and 2012, using the "direct method".

**Consolidated interim statements of changes in equity**: For the periods between January 1 and September 30, 2013 and 2012 .

The consolidated interim financial statements are presented in thousands of Chilean pesos and all values are rounded to the nearest thousand, unless otherwise stated.

### 2.2 Basis of preparation

The Company's Consolidated Interim Financial Statements for the periods ended September 30, 2013, and December 31, 2012 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (hereinafter "IASB").

These financial statements comprise the consolidated statements of financial position of Embotelladora Andina S.A. and its subsidiaries as of September 30, 2013 and December, 31 2012, consolidated statements of income by function, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows in Spanish language, for the periods ended September 30, 2013 and 2012, which were approved by the Board of Directors during their meeting held on November 19, 2013.

For the convenience of the reader, these consolidated financial statements have been translated from Spanish to English.

These Consolidated Financial Statements have been prepared based on accounting records kept by the Parent Company and other entities forming part thereof. Each entity prepares its financial statements following the accounting principles and standards applicable in each country, adjustments and reclassifications have been made, as necessary, in the consolidation process to align such principles and standards to be in accordance with IFRS.

## 2.3 Basis of consolidation

### 2.3.1 Subsidiaries

The Consolidated Financial Statements include the Financial Statements of the Parent Company and those companies under it controls (its subsidiaries). The Company has control when it has the power to govern the financial and operating policies of a company as well as to obtain benefits from its activities. They include assets and liabilities as of September 30, 2013 and December 31, 2012 and results of operations and cash flows for the periods ended September 30, 2013 and 2012. Income or losses from subsidiaries acquired or sold are included in the consolidated financial statements from the effective date of acquisition through to the effective date of disposal, as applicable.

The acquisition method is used to account for the acquisition of subsidiaries. The acquisition cost is the fair value of assets, equity securities and liabilities incurred or assumed on the date that control is obtained. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are accounted for initially at their fair values at the acquisition date. Goodwill is initially measured as the excess of the aggregate of the acquisition cost and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Intercompany transactions, balances, income, expenses and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Company, where necessary.

The equity attributable for non-controlling interests and the results of the consolidated subsidiaries are recorded in equity under “non-controlling interests”, in the Consolidated Statement of Financial Position and under “net income attributable to non-controlling interests” in the Consolidated Income Statements by Function.

The consolidated financial statements include all assets, liabilities, income, expenses, and cash flows after eliminating intercompany balances and transactions.

The list of subsidiaries included in the consolidation is detailed as follows:

| Taxpayer ID | Name of the Company | Holding control (percentage) | | | | | |
|---|---|---|---|---|---|---|---|
| | | 09-30-2013 | | | 12-31-2012 | | |
| | | Direct | Indirect | Total | Direct | Indirect | Total |
| 59.144.140-K | Abisa Corp S.A. | - | 99.99 | 99.99 | - | 99.99 | 99.99 |
| Foreign | Aconcagua Investing Ltda. | 0.71 | 99.28 | 99.99 | 0.71 | 99.28 | 99.99 |
| 96.842.970-1 | Andina Bottling Investments S.A. | 99.90 | 0.09 | 99.99 | 99.90 | 0.09 | 99.99 |
| 96.972.760-9 | Andina Bottling Investments Dos S.A. | 99.90 | 0.09 | 99.99 | 99.90 | 0.09 | 99.99 |
| Foreign | Andina Empaques Argentina S.A. | - | 99.98 | 99.98 | - | 99.98 | 99.98 |
| 96.836.750-1 | Andina Inversiones Societarias S.A. | 99.99 | - | 99.99 | 99.99 | - | 99.99 |
| 76.070.406-7 | Embotelladora Andina Chile S.A. | 99.99 | - | 99.99 | 99.99 | - | 99.99 |
| Foreign | Embotelladora del Atlántico S.A. (1) | 0.92 | 99.07 | 99.99 | - | 99.98 | 99.98 |
| Foreign | Coca Cola Polar Argentina S.A. (1) | - | - | - | 5.00 | 94.99 | 99.99 |
| 96.705.990-0 | Envases Central S.A. | 59.27 | - | 59.27 | 59.27 | - | 59.27 |
| 96.971.280-6 | Inversiones Los Andes Ltda. | 99.99 | - | 99.99 | 99.99 | - | 99.99 |
| Foreign | Paraguay Refrescos S.A. | 0.08 | 97.75 | 97.83 | 0.08 | 97.75 | 97.83 |
| 76.276.604-3 | Red de Transportes Comerciales Ltda. | 99.90 | 0.09 | 99.99 | - | - | - |
| Foreign | Rio de Janeiro Refrescos Ltda. | - | 99.99 | 99.99 | - | 99.99 | 99.99 |
| 78.536.950-5 | Servicios Multivending Ltda. | 99.90 | 0.09 | 99.99 | 99.90 | 0.09 | 99.99 |
| 78.861.790-9 | Transportes Andina Refrescos Ltda. | 99.90 | 0.09 | 99.99 | 99.90 | 0.09 | 99.99 |
| 96.928.520-7 | Transportes Polar S.A. | 99.99 | - | 99.99 | 99.99 | - | 99.99 |
| 76.389.720-6 | Vital Aguas S.A. | 66.50 | - | 66.50 | 66.5 | - | 66.50 |
| 96.845.500-0 | Vital Jugos S.A. | 15.00 | 50.00 | 65.00 | 15.00 | 50.00 | 65.00 |

(1) On January 1, 2013, Embotelladora del Atlántico S.A absorbed Coca-Cola Polar Argentina S.A.

### 2.3.2 Investments under equity method of accounting

Associates are all entities over which the Company exercises significant influence but does not have control. Investments in associates are accounted for using the equity method of accounting.

The Company's share in profit or loss in associates subsequent to the acquisition date is recognized in the income statement.

Unrealized gains in transactions between the Company and its associates are eliminated to the extent of the Company´s interests in those associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred. Accounting policies of the associates are changed, where necessary, to ensure with the policies adopted by the Company.

### 2.4 Financial reporting by operating segment

IFRS 8 requires that entities disclose information on the results of operating segments. In general, this is information that Management and the Board of Directors use internally to assess performance of segments and allocate resources to them. Therefore, the following operating segments have been determined based on geographic location:

- Chilean operations
- Brazilian operations
- Argentine operations
- Paraguayan operations

### 2.5 Foreign currency translation

### 2.5.1 Functional currency and presentation currency

Items included in the financial statements of each of the entities in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Chilean pesos, which is the parent company's functional currency and the Company´s presentation currency.

### 2.5.2 Balances and transactions

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities dominated in foreign currencies at the closing exchange rates are recognized in the income statement by function.

The exchange rates at the close of each of the periods presented were as follows:

| | Exchange rate to the Chilean peso | | | | | |
|---|---|---|---|---|---|---|
| Date | US$ dollar | R$ Brazilian Real | A$ Argentine Peso | UF ¨Unidad de Fomento | Paraguayan Guaraní | € Euro |
| 09.30.2013 | 504.20 | 226.10 | 87.04 | 23,091.03 | 0.1142 | 682.00 |
| 12.31.2012 | 479.96 | 234.87 | 97.59 | 22,840.75 | 0.1100 | 634.45 |
| 09.30.2012 | 473.77 | 233.32 | 100.87 | 22,591.05 | 0.1100 | 609.35 |

### 2.5.3 Translation of foreign subsidiaries

The financial position and results of all entities in the Company (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position are translated at the closing exchange rate as of the reporting date;

(ii) Income and expenses of each income statement are translated at average exchange rates for the period; and

(iii) All resulting translation differences are recognized in other comprehensive income.

The companies that have a functional currency different from the presentation currency of the parent company are:

| Company | Functional currency |
|---|---|
| Rio de Janeiro Refrescos Ltda. (Brazil Segment) | R$ Brazilian Real |
| Embotelladora del Atlántico S.A. (Argentina Segment) | A$ Argentine Peso |
| Andina Empaques Argentina S. A. (Argentina Segment) | A$ Argentine Peso |
| Paraguay Refrescos S. A. (Paraguay Segment) | G$ Paraguayan Guaraní |

In the consolidation, the translation differences arising from the translation of a net investment in foreign entities are recognized in other comprehensive income. Exchange differences from accounts receivable which are considered to be part of an equity investment are recognized as comprehensive income net of deferred taxes, if applicable. On disposal of the investment, such translation differences are recognized in the income statement as part of the gain or loss on the disposal of the investment.

## 2.6 Property, plant, and equipment

Assets included in property, plant and equipment are recognized at their historical cost or fair value on IFRS transition date, less depreciation and cumulative impairment losses.

Historical cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items less government subsidies resulting from the difference between market interest rates and the government´s preferential credit rates. Historical cost also includes revaluations and price-level restatement of opening balances (attributable cost) at January 1, 2009, in accordance with exemptions in IFRS 1.

Subsequent costs are included in the asset´s carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the items of property, plant and equipment will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The other repairs and maintenance are charged to the income statement in the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The estimated useful lives by asset category are:

| **Assets** | **Range in years** |
|---|---|
| Buildings | 30-50 |
| Plant and equipment | 10-20 |
| Warehouse installations and accessories | 10-30 |
| Other accessories | 4-5 |
| Motor vehicles | 5-7 |
| Other property, plant and equipment | 3-8 |
| Bottles and containers | 2-8 |

The residual value and useful lives of assets are reviewed and adjusted at the end of each reporting period, if appropriate.

When the value of an asset is greater than its estimated recoverable amount, the value is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant, and equipment are calculated by comparing the proceeds to the carrying amount and are charged to the income statement.

Items available for sale and that meet the conditions under IFRS 5 “Non-Current Assets Available for Sale” are recorded separately from property, plant and equipment and are stated under current assets at the lower value between carrying amount and fair value less costs to sell.

## 2.7 Intangible assets and Goodwill

### 2.7.1 Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the net fair value of the net identifiable assets of the subsidiary and the fair value of the non-controlling interest in the subsidiary on the acquisition date. Goodwill is recognized separately and tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Gains and losses on the sale of an entity include the carrying amount of goodwill related to that entity.

Goodwill is allocated to each of the cash-generating units (CGU) in order to test for impairment. The allocation is made to CGUs that are expected to benefit from the synergies of the business combination.

### 2.7.2 Distribution rights

Distribution rights are contractual rights to produce and distribute products under the Coca-Cola brand in certain territories in Argentina, Chile and Paraguay which were acquired during the Polar merger, as discussed in Note 1 b). Distribution rights have an indefinite useful life and are not amortized, as the Company believes that the agreements will be renewed indefinitely by the Coca-Cola Company with similar terms and conditions. They are subject to impairment tests on an annual basis.

### 2.7.3 Water rights

Water rights that have been paid for are included in the Company´s intangible assets and carried at acquisition cost. They are not amortized since they have no expiration date, but are annually tested for impairment.

## 2.8 Impairment losses

Assets that have an indefinite useful life, such as intangibles related to distribution rights and goodwill, are not amortized and are tested annually for impairment. Assets that are subject to amortization are tested for impairment whenever there is an event or change in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill, that are impaired, are reviewed at each reporting date for possible reversal of the impairment.

## 2.9 Financial assets

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### 2.9.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Gains or losses from changes in fair value of financial assets at fair value through profit and loss are recognized in the income statement under finance income or expenses during the year in which they incur.

### 2.9.2 Loans and receivables

Loans and receivables are not quoted in an active market. They are included in current assets, unless they are due more than 12 months from the reporting date, in which case they are classified as non-current assets. Loans and receivables are included in trade and other receivables in the consolidated statement of financial position and they are recorded at their amortized cost.

### 2.9.3 Available for sale

Other financial assets include to bank deposits that the Company's management has intention and ability to hold until their maturities. They are recorded in current assets as they mature in less than 12 months from the reporting date. They are recorded at their amortized cost less impairment.

Accrued interest is recognized in the consolidated income statement under finance income during the period in which they incur.

## 2.10 Derivatives financial instruments and hedging activities

The Company uses derivative financial instruments to mitigate the risks relating to changes in foreign currency and exchange rates associated with loan obligations. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss, as well as its classification, depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

Prior to January 1, 2013, the Company's derivatives agreements did not qualify for hedge accounting pursuant to IFRS requirements. Therefore, the changes in fair value were immediately recognized in the income statement under "other income and losses".

For the period ended September 30, 2013, the Company´s derivative agreements qualify for hedge accounting and designates derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedges). The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The Company does not designate derivatives as hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge) or hedges of a net investment in a foreign operation (net investment hedge).

The full fair value of a hedging derivative is classified as a non-current financial asset or liability when the remaining hedged item is more than 12 months, and as a current financial current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current financial asset or liability.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

### 2.10.1 Derivative financial instruments designated for hedging

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the heritage, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### 2.10.2 Derivative financial instruments not designated for hedging

Derivatives are accounted for at fair value. If positive, they are recorded under “other current financial assets”. If negative, they are recorded under “other current financial liabilities.”

The Company’s derivatives agreements do not qualify for hedge accounting pursuant to IFRS requirements. Therefore, the changes in fair value are immediately recognized in the income statement under “other income and losses”

The Company does not use hedge accounting for its foreign investments.

The Company also evaluates the existence of derivatives implicitly in financial instrument contracts to determine whether their characteristics and risks are closely related to the master agreement, as stipulated by IAS 39.

**Fair value hierarchy**

The Company records an asset as of September 30, 2013 and a liability as of December 31, 2012 based on its derivative foreign exchange contracts, and these are classified within the other financial assets (current assets) and other current financial liabilities (current financial liabilities), respectively. These contracts are carried at fair value in the statement of financial position. The Company uses the following hierarchy for determining and disclosing financial instruments at fair value by valuation method:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the assets or liabilities that are not based on information observable market data.

During the period ended September 30, 2013, there were no transfers of items between fair value measurement categories; all of which were valued during the period using Level 2.

## 2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and of work in progress includes raw materials, direct labor, other direct costs and manufacturing overhead (based on operating capacity) to bring the goods to marketable condition, but it excludes interest expenses. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Estimates are also made for obsolescence of raw materials and finished products based on turnover and age of the related goods.

## 2.12 Trade receivable

Trade accounts receivable are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, given their short term nature. A provision is made for impairment of trade receivables when there is objective evidence that the Company may not be able to collect the full amount according to the original terms of the receivable, based either on individual or on global aging analyses. The carrying amount of the asset is reduced by the provision amount and the loss is recognized in administrative expenses in the consolidated income statement by function.

## 2.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposits with banks and other short-term highly liquid and low risk of change in value investments with original maturities of three months or less.

## 2.14 Other financial liabilities

Bank borrowings are initially recognized at fair value, net of transaction costs. These liabilities are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

## 2.15 Government subsidies

Government subsidies are recognized at fair value when it is certain that the subsidy will be received and that the Company will meet all the established conditions.

Subsidies for operating costs are deferred and recognized on the income statement in the period that the operating costs incur.

Subsidies for purchases of property, plant and equipment are deducted from the costs of the related asset in property, plant and equipment and depreciation is recognized on the income statement, on a straight-line basis during the estimated useful life of the related asset.

## 2.16 Income tax

The Company and its subsidiaries in Chile account for income tax according to the net taxable income calculated based on the rules in the Income Tax Law. Subsidiaries in other countries account for income taxes according to the tax regulations of the country in which they operate.

Deferred income taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, using the tax rates that have been enacted on the balance sheet date and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be ultilized.

The Company does not recognize deferred income taxes for temporary differences from investments in subsidiaries and associates in which the Company can control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future.

### 2.17 Employee benefits

The Company provides for post-retirement compensation to its retirees according to their years of service and the individual and collective contracts in place. This provision is accounted for at the actuarial value in accordance with IAS 19. The gains or losses arising from changes in assumptions (turnover, mortality, retirement, and other rates) are recorded directly in income.

The Company also has an executive retention plan. It is accounted for as a liability according to the guidelines of the plan. This plan grants certain executives the right to receive a fixed cash payment on a pre-set date once they have completed the required years of employment.

The Company and its subsidiaries have made a provision account for the cost of vacation and other employee benefits on an accrual basis. These liabilities are recorded under provisions.

### 2.18 Provisions

Provisions for litigation and other contingencies are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

### 2.19 Leases

**a) Operating leases**

Operating lease payments are recognized as an expense on a straight-line basis over the term of the lease.

**b) Finance leases**

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

### 2.20 Deposits for returnable containers

This liability comprises of cash collateral received from customers for bottles and other returnable containers made available to them.

This liability pertains to the deposit amount that is reimbursed when the customer or distributor returns the bottles and cases in good condition, together with the original invoice. The liability is estimated based on the number of bottles given to clients and distributors, the estimated amount of bottles in circulation, and a historical average weighted value per bottle or case.

Deposits for returnable containers are presented as current liability because the Company does not have legal rights to defer settlement for a period in excess of one year. However, the Company does not anticipate any material cash settlements for such amounts during the upcoming year.

### 2.21 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's business. Revenue presents amounts receivable for goods supplied net of value-added tax, returns, rebates, and discounts and net of sales between the companies that are consolidated.

The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the Company.

Revenues are recognized once the products are physically delivered to customers.

### 2.22 Contributions of The Coca-Cola Company

The Company receives certain discretionary contributions from The Coca-Cola Company, related to the financing of advertising and promotional programs for its products in the territories where it has distribution licenses. The contribution received are recorded as a reduction in marketing expenses in the consolidated income statement. Given its discretionary nature, the portion of contributions received in one period does not imply it will be repeated in the following period.

In certain limited situations, there is a legally binding agreement with The Coca-Cola Company through which the Company receives contributions for the building and acquisition of specific items of property, plant and equipment. In such situations, payments received pursuant to these agreements are recorded as a reduction of the cost of the related assets.

### 2.23 Dividend payments

Dividend payments to the Company's shareholders are recognized as a liability in the Company´s consolidated financial statements, based on the obligatory 30% minimum in accordance with the Corporations Law.

## 2.24 Critical accounting estimates and judgments

The Company makes estimates and judgments concerning the future. Actual results may differ from previously estimated amounts. The estimates and judgments that might have a material impact on future financial statements are explained below:

### 2.24.1 Impairment of goodwill and intangible assets with indefinite useful lives

The Company tests annually whether goodwill and intangible assets with indefinite useful lives (such as distribution rights) have suffered any. The recoverable amounts of cash generating units are determined based on value-in-use calculations. The key variables used in the calculations include the volume of sales, prices, marketing expenses and other economic factors. The estimation of these variables requires an use of estimates and judgments as they are subject to inherent uncertainties; however, the assumptions are consistent with the Company´s internal planning. Therefore, management evaluates and updates estimates according to the conditions affecting the variables. If these assets are considered to have been impaired, they will be written off at their estimated fair value or future recovery value according to the discounted cash flows analysis. The risk free discounted Brazil, Argentina and Paraguay ; and there was an excess of the value-in-use over the respective assets, including goodwill in the Brazilian , Argentine and Paraguayan subsidiaries.

### 2.24.2 Fair Value of Assets and Liabilities

IFRS requires in certain cases that assets and liabilities be recorded at their fair value. Fair value is the amount at which an asset can be purchased or sold or a liability can be incurred or liquidated in an actual transaction among parties under mutually independently agreed conditions which are different from a forced liquidation.

The basis for measuring assets and liabilities at fair value are the current prices in the active market. For those that are not traded in an active market, the Company determines fair value based on the best information available by using valuation techniques.

The Company estimated the fair value of the intangible assets acquired from the Polar merger based on the multiple period excess earning method, which implies the estimation of future cash flows generated by those intangible assets, adjusted by cash flows that are generated from assets other than those intangible assets. The Company also applies estimations over the time period during which the intangible assets will generate cash flows, cash flows amounts, cash flows from other assets and a discount rate.

Other assets acquired and liabilities assumed in the business combination are carried at fair value using valuation methods that are considered appropriate under the circumstances. Assumptions include the depreciated cost of recovery and recent transaction values for comparable assets, among others. These valuation techniques require certain inputs to be estimated, including the estimation of future cash flows.

### 2.24.3 Allowances for doubtful accounts

The Company evaluates the collectability of trade receivables using several factors. When the Company becomes aware of a specific inability of a customer to fulfill its financial commitments, a specific provision for doubtful accounts is estimated and recorded, which reduces the recognized receivable to the amount that the Company estimates to be able to collect. In addition to specific provisions, allowances for doubtful accounts are also determined based on historical collection history and a general assessment of trade receivables, both outstanding and past due, among other factors. The balance of the Company's trade receivables was ThCh$150,078,822 at September 30, 2013 (ThCh$159,540,993 at December 31, 2012), net of an allowance for doubtful accounts provision of ThCh$2,324,884 at September 30, 2013 (ThCh$1,486,749 at December 31, 2012). Historically, doubtful accounts have represented an average of less than 1% of consolidated net sales.

### 2.24.4 Useful life, residual value and impairment of property, plant, and equipment

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of those assets. Changes in circumstances, such as technological advances, changes to the Company's business model, or changes in its capital strategy might modify the effective useful lives as compared to our estimates. Whenever the Company determines that the useful life of property, plant and equipment might be shortened, it depreciates the excess between the net book value and the estimated recoverable amount according to the revised remaining useful life. Factors such as changes in the planned usage of manufacturing equipment, dispensers, transportation equipment and computer software could make the useful lives of assets shorter. The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of any of those assets may not be recovered. The estimate of future cash flows is based, among other factors, on certain assumptions about the expected operating profits in the future. The Company´s estimation of discounted cash flows may differ from actual cash flows because of, among other reasons, technological changes, economic conditions, changes in the business model, or changes in operating profit. If the sum of projected discounted cash flows (excluding interests) is lower than the carrying value of the asset, the asset will be written down to its estimated fair value.

### 2.24.5 Liabilities for deposits of returnable container

The Company records a liability for deposits received in exchange for bottles and cases provided to its customers and distributors. This liability represents the amount of deposits that must be reimbursed returned if the customer or distributor returns the bottles and cases in good condition, together with the original invoice. This liability is estimated on the basis of the number of bottles given on loan to customers and distributors, estimates of bottles in circulation and the weighted average historical cost per bottle or case. Management makes several assumptions in order to estimate this liability, including the number of bottles in circulation, the amount of deposit that must be reimbursed and the timing of disbursements.

## 2.25 New IFRS and interpretations of the IFRS Interpretations Committee (IFRSIC)

***a)*** **The following standards, amendments and interpretations are mandatory for the first time for financial years beginning on January 1, 2013**

| Standards and interpretations | Mandatory for the years beginning from |
|---|---|
| *IAS 19 Revised "Employee Benefits"*<br>Issued in June 2011, it supersedes IAS 19 (1998). This revised standard modifies how to recognize and measure expenses for defined benefit plans and termination benefits. Essentially, this modification eliminates the corridor method or fluctuation band and requites that the actuarial fluctuation of the period be recognized in Other Comprehensive Income. Additionally it includes modifications to disclosures of all employee benefits. | 01/01/2013 |
| *IAS 27 "Separate Financial Statements"*<br>Issued in May 2011, it supersedes IAS 27 (2008). The change of this standard is restricted only to separate financial statements. Under this change, the definition of control and consolidation were removed and included under IFRS 10. Early adoption is permitted in conjunction with IFRS 10, IFRS 11 and IFRS 12 and the modification to IAS 28. | 01/01/2013 |
| *IFRS 10 "Consolidated Financial Statements"*<br>Issued in May 2011, it replaces the SIC-12 "Consolidation of special purpose entities" and guidance on control and consolidation of IAS 27 "Consolidated financial statements". It provides clarifications and new parameters for the definition of control, as well as the principles for the preparation of consolidated financial statements. Early adoption is permitted in conjunction with IFRS 11, IFRS 12 and amendments to IAS 27 and 28. | 01/01/2013 |
| *IFRS 11 "Joint Agreements"*<br><br>Issued in May 2011, it replaces IAS 31 "Interests in joint ventures" and SIC-13 "Jointly controlled entities". It provides a more realistic reflection of the joint agreements focusing on the rights and obligations arising from the agreements rather than its legal form. Some of the modifications include the elimination of the concept of jointly controlled assets and the option of proportional consolidation of entities under joint agreements. Early adoption is permitted in conjunction with IFRS 10, IFRS 12 and amendments to IAS 27 and 28. | 01/01/2013 |

| | |
|---|---|
| *IFRS 13 "Fair Value Measurement"* | 01/01/2013 |
| Issued in May 2011, it brings together in a single standard the source of fair value measurement of assets and liabilities and disclosure requirements, and incorporates new concepts and clarifications for their measurement. | |
| *IFRIC 20 ""Stripping Costs" in the production phase of a surface mine"* | 01/01/2013 |
| Issued in October 2011, it regulates the recognition of costs for the removal of mine waste materials "Stripping Costs" in the production phase of a mine as an asset, the initial and subsequent measurement of this asset. In addition, interpretation requires mining entities reporting under to write-off existing "Stripping Costs" assets to opening retained earnings if they cannot be attributed to an identifiable component of a deposit . | |

| Amendments and improvements | Mandatory for the years beginning from |
|---|---|
| *IAS 1 "Presentation of Financial Statements"*<br>Issued in June 2011, the main modification of this amendment is a requirement for entities to group items presented in Other Comprehensive Income on the basis whether they are potentially reclassifiable to income statement subsequently. Early adoption is permitted. | 07/01/2012 |
| *IAS 28 "Investments in Associates and Joint Ventures"*<br>Issued in May 2011, it regulates the accounting treatment of these investments through the application of the equity method. Early adoption is permitted in conjunction with IFRS 10, IFRS 11 and IFRS 12 and amendment to IAS 27. | 01/01/2013 |
| *IFRS 7 "Financial Instruments: Disclosures"*<br>Issued in December 2011, it includes improvements in current disclosures of offsetting financial assets and liabilities, in order to increase the convergence between IFRS and U.S. GAAP. These disclosures focus on quantitative information on the recognized financial instruments that are offset in the financial statement. Early adoption is permitted | 01/01/2013 |
| *IFRS 1 "First Time Adoption of International Financial Reporting Standards"*<br>Issued in March 2012, it provides an exception for retroactive application to the recognition and measurement of the loans received from the Government with interest rates below market, at the date of transition. Early adoption is permitted. | 01/01/2013 |

*Improvements to International Financial Reporting Standards* 01/01/2013
Issued in May 2012.

IFRS 1 “First Time Adoption of International Financial Reporting Standards” – it clarifies that an entity may apply IFRS 1 more than once, under certain circumstances.

IFRS 1 “First Time Adoption of International Financial Reporting Standards” – It clarifies that an entity may chose to adopt IAS 23, “Borrowing Costs” on the transition date or since a previous date”

IAS 1 “Presentation of Financial Statements” - It clarifies requirements of comparative information when the entity presents a third balance column.

IFRS 1 “First Time Adoption of International Financial Reporting Standards” – As a consequence of the previous amendment to IAS 1, it clarifies that an entity adopting IFRS for the first time can deliver information in notes for all periods presented.

IAS 16 “Property, Plant and Equipment” – It clarifies that the spare parts and service equipment will be classified as Property, Plant and Equipment rather than inventory, as they meet the definition of Property, Plant and Equipment.

IAS 32 “Presentation of Financial Instruments” – It clarifies the treatment of income tax relative to distribution and transaction costs.

IAS 34 “Interim Financial Information” – It clarifies then presentation requirements of assets and liabilities by segments during interim periods, ratifying the same applicable requirements to the annual financial statements.

*IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Agreements” and IFRS 12, “Disclosure of Interest in Other Entities”*
Issued in July 2012 – They clarify transitional provisions for IFRS 10, indicating that it is necessary to apply them the first day of the annual period in which the standard is adopted. Therefore, it may be necessary to make modifications to the comparative information presented in that period, if the evaluation of control over investment differs from what was recognized according to IAS 27/SIC 12.

The adoption of standards, amendments and interpretations previously described, does not have a material impact on the consolidated financial statements of the Company.

**b) New standards, interpretations and amendments issued, not applicable for the year 2013, for which early adoption of the same has been taken, are as follows.**

| Standards and interpretations | Mandatory for periods beginning on |
|---|---|
| *IFRS 9 "Financial Instruments"*<br>Issued in December 2009 - It modifies the classification and measurement of financial assets. Subsequently this standard was modified in November 2010 to include the treatment and classification of financial liabilities. Early adoption is permitted. | 01/01/2015 |
| *IFRIC 21"Levies"*<br>Issued in May 2013 - It defines a levy as an outflow of resources embodying economic benefits imposed by the Government to the entities in accordance with the legislation in force. It indicates the accounting treatment for a liability to pay a levy if that liability is within the scope of IAS 37. It states when a liability should be recognized for levies imposed by a public authority to operate in a specific market. It proposes that the liability is recognized when there is a source of obligation and payment cannot be avoided. The source of the obligation may occur at a certain date or gradually over time. Early adoption is permitted. | 01/01/2014 |

| Amendments and improvements | Mandatory for periods beginning on |
|---|---|
| *IAS 32 “Presentation of Financial Instruments”*<br><br>Issued in December 2011 - It clarifies the requirements for offsetting financial assets and liabilities in the financial statement. Specifically, it indicates that the offsetting right must be available on the date of the financial statement and not be dependent on a future event. It also indicates that it must be legally obligatory for counterparts both in the normal course of business, as well as in the case of default, insolvency or bankruptcy. Early adoption is permitted. | 01/01/2014 |
| *IAS 36 “Impairment of Assets”*<br><br>Issued in May 2013 - It modifies the information disclosure of the recoverable amount of non-financial assets by aligning them with the requirements of IFRS 13. It requires disclosure of information about the recoverable amount of assets that are impaired if that amount is based on fair value less selling costs. Additionally, it requires among other things, that discount rates used in determining present values of the recoverable amount must be disclosed. Early adoption is permitted. | 01/01/2014 |

The Company´s management considers the adoption of standards, amendments and interpretations previously described, will not significantly impact the consolidated financial statements of the Company in the period of its first application.

**NOTE 3 – <u>REPORTING BY SEGMENT</u>**

The Company provides information by segments according to IFRS 8 "Operating Segments," which establishes standards for reporting by operating segment and related disclosures for products and services, and geographic areas.

The Company's Board of Directors and Management measures and assesses performance of operating segments based on the operating income of each of the countries where there are franchises.

The operating segments are determined based on the presentation of internal reports to the Company´s chief operating decision-maker. The chief operating decision-maker has been identified as the Company´s Board of Directors who makes the Company´s strategic decisions.

The following operating segments have been determined for strategic decision making based on geographic location:

- Chilean operations
- Brazilian operations
- Argentine operations
- Paraguayan operations

The four operating segments conduct their businesses through the production and sale of soft drinks, other beverages, and packaging.

The income and expense relating to corporate management are assigned to the Chilean operation in the operating segment.

The total income by segment includes sales to unrelated customers and inter-segment sales, as indicated in the Company's consolidated statement of income.

A summary of the Company's operating segments in accordance to IFRS is as follows:

| For the period ended September 30, 2013 | Chile Operation ThCh$ | Argentina Operation ThCh$ | Brazil Operation ThCh$ | Paraguay Operation ThCh$ | Eliminations intercountries | Consolidated Total ThCh$ |
|---|---|---|---|---|---|---|
| Net sales | 338,542,264 | 305,612,579 | 324,479,255 | 79,082,975 | (1,496,013) | 1,046,221,060 |
| Finance income | 1,116,684 | 18,071 | 1,151,817 | 114,225 | - | 2,400,797 |
| Finance costs | (9,530,053) | (3,589,453) | (3,073,036) | (299,326) | - | (16,491,868) |
| **Finance income, net** | **(8.413.369)** | **(3,571,382)** | **(1,921,219)** | **(185,102)** | **-** | **(14,091,072)** |
| Depreciation and amortization | (26.731.018) | (11,501,360) | (12,471,399) | (7,688,927) | - | (58,392,704) |
| Total expenses | (293,362,623) | (281,858,477) | (279,415,682) | (64,825,542) | 1,496,013 | (917,966,311) |
| **Net income of the segment reported** | **10,035,254** | **8,681,360** | **30,670,955** | **6,383,404** | **-** | **55,770,973** |
| Share of profit of associates using equity method of accounting | 29,854 | - | 470,177 | - | - | 500,031 |
| Income tax expense | 4,853,414 | 3,361,589 | 12,664,924 | 740,557 | - | 21,620,484 |
| **Segment assets, total** | **825,873,960** | **200,851,916** | **350,679,142** | **266,609,703** | - | **1,644,014,721** |
| Investments in associates using equity method of accounting | 17,494,271 | - | 54,965,138 | - | - | 72,459,409 |
| Capital expenditures and other | 41,632,284 | 36,211,149 | 44,980,654 | 13,527,236 | - | (136,351,323) |
| **Segment liabilities, total** | **441,219,182** | **118,507,802** | **176,746,764** | **41,010,614** | - | **777,484,362** |
| Cash flows generated from (used in) Operating Activities | 49,743,388 | 8,901,016 | 45,641,373 | 14,029,594 | - | 118,315,371 |
| Cash flows used in Investing Activities | (58,148,593) | (35,736,658) | (41,171,130) | (13,527,236) | - | (148,583,617) |
| Cash flows generated from ( used in) Financing Activities | 48,524,655 | 22,464,578 | (1,905,102) | (4,121,896) | - | 64,962,235 |

| For the period ended September 30, 2012 | Chile Operation | Argentina Operation | Brazil Operation | Consolidated Total |
|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| Net sales | 238,989,393 | 201,673,848 | 327,876,104 | 768,539,345 |
| Finance income | 615,013 | 283,541 | 1,124,009 | 2,022,563 |
| Finance costs | (4,704,486) | (1,524,993) | (423,864) | (6,653,343) |
| **Finance income, net** | **(4,089,473)** | **(1,241,452)** | **700,145** | **(4,630,780)** |
| Depreciation and amortization | (15,700,651) | (7,502,777) | (12,434,600) | (35,638,028) |
| Total expenses | (208,121,919) | (184,621,328) | (286,562,867) | (679,306,114) |
| **Net income of the segment reported** | **11,077,350** | **8,308,291** | **29,578,782** | **48,964,423** |
| Share of profit of associates using equity method of accounting | 924,498 | - | 833,815 | 1,758,313 |
| Income tax expense | 4,675,564 | 4,865,295 | 14,416,325 | 23,957,184 |
| **Segment assets, total** | **332,546,927** | **117,504,435** | **272,584,691** | **722,636,053** |
| Investments in associates using equity method of accounting | 40,309,277 | - | 20,761,014 | 61,070,291 |
| Capital expenditures and other | 39,763,916 | 22,646,998 | 24,300,332 | 86,711,246 |
| **Segment liability, total** | **172,581,636** | **63,546,441** | **74,873,499** | **311,001,576** |
| Cash flows generated from Operating Activities | 40,214,241 | 6,689,444 | 44,452,938 | 91,356,623 |
| Cash flows used in Investing Activities | (25,111,881) | (21,235,268) | (24,298,264) | (70,645,413) |
| Cash flows generated from (used in) Financing Activities | (10,810,139) | 12,255,743 | (241,332) | 1,204,272 |

## NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows as of September 30, 2013 and December 31, 2012:

| Description | 09.30.2013 | 12.31.2012 |
|---|---|---|
| **By item** | **ThCh$** | **ThCh$** |
| Cash | 763,131 | 871.173 |
| Bank balances | 11,100,753 | 24.171.486 |
| Time deposits | 49,947,300 | 783.223 |
| Money market funds | 28,023,359 | 29.696.373 |
| **Total cash and cash equivalents** | **89,834,543** | **55.522.255** |
| | | |
| **By currency** | **ThCh$** | **ThCh$** |
| Dollar | 5,515,503 | 5,067,208 |
| Argentine Peso | 570,925 | 5,181,955 |
| Chilean Peso | 52,544,166 | 14,089,380 |
| Paraguayan Guaraní | 4,101,760 | 6,112,524 |
| Brazilian Real | 27,102,189 | 25,071,188 |
| **Total cash and cash equivalents** | **89,834,543** | **55,522,255** |

### 4.1 Time deposits

Time deposits defined as cash and cash equivalents are detailed as follows at September 30, 2013 and December 31, 2012:

| Placement date | Institution | Currency | Principal | Annual Rate | Balance 09.30.2013 |
|---|---|---|---|---|---|
| | | | **ThCh$** | **%** | **ThCh$** |
| 07-12-2013 | Banco de Chile | Chilean Pesos | 1,500,000 | 5.04% | 1,516,800 |
| 09-05-2013 | Banco de Chile | Chilean Pesos | 10,500,000 | 5.16% | 10,537,625 |
| 09-05-2013 | Banco HSBC - Chile | Chilean Pesos | 10,500,000 | 5.16% | 10,537,625 |
| 09-05-2013 | Banco BBVA - Chile | Chilean Pesos | 10,500,000 | 5.04% | 10,536,745 |
| 09-05-2013 | Banco Santander-Chile | Chilean Pesos | 10,500,000 | 5.16% | 10,537,625 |
| 09-13-2013 | Banco del Estado -Chile | Chilean Pesos | 4,200,000 | 5.28% | 4,210,472 |
| 10-30-2012 | Banco del Estado -Chile | Unidades de Fomento | 754,479 | 3.60% | 754,479 |
| 09-18-2013 | Banco Votorantim -Brasil | Brazilian Real | 16,863 | 8.82% | 17,422 |
| 09-30-2013 | Banco Regional SAECA | Paraguayan Guaraní | 1,298,507 | 3.50% | 1,298,507 |
| | | **Total** | | | **49,947,300** |

| Placement date | Institution | Currency | Principal | Annual Rate | Balance 12.31.2012 |
|---|---|---|---|---|---|
| | | | ThCh$ | % | ThCh$ |
| 12-28-2012 | Banco Regional SAECA | Paraguayan Guaraní | 783,223 | 3.50 | 783,223 |
| | | **Total** | | | **783,223** |

## 4.2 Money Market

Money market mutual fund´s shares are valued using the share values at the close of each reporting period. Below is a description for the end of each period:

| **Institution** | **09.30.2013** | **12.31.2012** |
|---|---|---|
| | **ThCh$** | **ThCh$** |
| Mutual fund Soberano Banco Itaú – Brasil | 24,252,732 | 18,235,213 |
| Mutual fund Corporate Banchile – Chile | 1,007,728 | - |
| Western Assets Institutional Cash – USA | 976,973 | 3,472,196 |
| Mutual fund Select Banco Itaú – Chile | 622,812 | - |
| Mutual fund Corporate Banco Itaú – Chile | - | 1,989,833 |
| Mutual Fund Competitivo Banco BCI – Chile | 512,000 | - |
| Mutual fund Wells Fargo Bank – USA | 151,114 | 137,500 |
| Mutual fund Corporativo Banco BBVA – Chile | 500,000 | 2,081,666 |
| Mutual fund Banco Galicia – Argentina | - | 946,885 |
| Mutual fund Patrimonio Banco Caixa Económica Federal - Brasil | - | 2,833,080 |
| **Total mutual fund** | **28,023,359** | **29,696,373** |

## NOTE 5 – OTHER CURRENT FINANCIAL ASSETS

Below are the financial instruments held by the Company at September 30, 2013 and December 31, 2012, other than cash and cash equivalents. They consist of time deposits with maturities in the short term (more than 90 days),restricted mutual funds and derivative contracts. Detail of financial instruments are detailed as follows:

**Time deposits**

| Placement date | Maturity date | Institution | Currency | Principal | Annual Rate | 09.30.2013 |
|---|---|---|---|---|---|---|
| | | | | ThCh$ | % | ThCh$ |
| 07-12-2013 | 10-22-2013 | Banco HSBC - Chile | Chilean Pesos | 6,220,000 | 5.40 | 6,294,640 |
| 09-13-2013 | 12-17-2013 | Banco Santander - Chile | Chilean Pesos | 4,300,000 | 5.28 | 4,310,721 |
| 09-13-2013 | 12-17-2013 | Banco del Estado - Chile | Chilean Pesos | 4,300,000 | 5.28 | 4,310,721 |
| 09-13-2013 | 12-17-2013 | Banco BBVA - Chile | Chilean Pesos | 4,200,000 | 5.28 | 4,210,472 |
| 09-13-2013 | 02-13-2014 | Banco HSBC - Chile | Chilean Pesos | 1,650,000 | 5.40 | 1,654,208 |
| 09-30-2013 | 03-26-2014 | Banco Santander - Chile | Chilean Pesos | 1,600,000 | 5.52 | 1,600,000 |
| 06-06-2013 | 10-04-2013 | Banco BBVA Francés - Argentina | Argentine peso | 12,620 | 16.35 | 13,276 |
| | | | | **Subtotal** | | **22,394,038** |

**Bonds**

| Institution | | 09.30.2013 |
|---|---|---|
| | | ThCh$ |
| Bonds Provincia Buenos Aires - Argentina | | 9,076 |
| | **Subtotal** | **9,076** |

**Derivative contracts**

| | | 09.30.2013 |
|---|---|---|
| | | ThCh$ |
| Please see details in Note 20 | | 516,167 |
| | **Subtotal** | **516,167** |

| | | |
|---|---|---|
| **Total other current financial assets** | **Total** | **22,919,281** |

<u>**Time deposits**</u>

| Placement date | Maturity date | Institution | Currency | Principal ThCh$ | Annual Rate % | 12.31.2012 ThCh$ |
|---|---|---|---|---|---|---|
| 03-25-2012 | 03-20-2013 | Banco Votorantim - Brasil | R$ | 16,480 | 8.82 | 17,280 |
| | | | | **Total** | | **17,280** |

<u>**Mutual Funds**</u>

| **Institution** | | **ThCh$** |
|---|---|---|
| Mutual Funds Banco Galicia (1) | | 111,301 |
| | **Subtotal** | **111,301** |
| **Total other current financial assets** | **Total** | **128,581** |

(1) These are financial investments the use of which is restricted because they were made to comply with the guarantees of derivatives transactions performed by the Company.

## NOTE 6 – <u>CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS</u>

### Note 6.1 <u>Other current non-financial assets</u>

| **Description** | **09.30.2013 ThCh$** | **12.31.2012 ThCh$** |
|---|---|---|
| Prepaid expenses | 5,114,830 | 3,513,515 |
| Fiscal credits | 3,419,192 | 14,118,736 |
| Prepaid insurance | 675,400 | 182,015 |
| Custom deposits (Argentina) | 72,277 | 239,879 |
| Other current assets | 237,803 | 148,693 |
| **Total** | **9,519,502** | **18,202,838** |

### Note 6.2 <u>Other non-current, non-financial assets</u>

| **Description** | **09.30.2013 ThCh$** | **12.31.2012 ThCh$** |
|---|---|---|
| Judicial deposits (1) | 18,621,418 | 18,002,490 |
| Prepaid expenses | 3,740,026 | 2,515,235 |
| Fiscal credits | 4,819,020 | 5,880,191 |
| Others | 613,110 | 529,174 |
| **Total** | **27,793,574** | **26,927,090** |

(1) See note 21.2

## NOTE 7 – TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is detailed as follows:

| Trade and other receivables | 09.30.2013 Assets before provisions | 09.30.2013 Allowance for doubtful accounts | 09.30.2013 Commercial debtors net assets | 12.31.2012 Assets before provisions | 12.31.2012 Allowance for doubtful accounts | 12.31.2012 Commercial debtors net assets |
|---|---|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| **Current commercial debtors** | | | | | | |
| Trade debtors | 95,179,852 | (2,281,934) | 92,897,918 | 115,998,388 | (1,458,801) | 114,539,587 |
| Other current debtors | 33,116,799 | - | 33,116,799 | 15,782,069 | - | 15,782,069 |
| **Current commercial debtors** | **128,296,651** | **(2,281,934)** | **126,014,717** | **131,780,457** | **(1,458,801)** | **130,321,656** |
| Prepayments suppliers | 5,070,519 | - | 5,070,519 | 4,021,021 | - | 4,021,021 |
| Other current accounts receivable | 10,902,836 | (42,950) | 10,859,886 | 18,502,187 | (27,948) | 18,474,239 |
| **Commercial debtors and other current accounts receivable** | **144,270,006** | **(2,324,884)** | **141,945,122** | **154,303,665** | **(1,486,749)** | **152,816,916** |
| **Non-current accounts receivable** | | | | | | |
| Trade debtors | 339,502 | - | 339,502 | 124,767 | - | 124,767 |
| Other non-current debtors | 7,794,198 | - | 7,794,198 | 6,599,310 | - | 6,599,310 |
| **Non-current accounts receivable** | **8,133,700** | **-** | **8,133,700** | **6,724,077** | **-** | **6,724,077** |
| **Trade and other receivable** | **152,403,706** | **(2,324,884)** | **150,078,822** | **161,027,742** | **(1,486,749)** | **159,540,993** |

| Aging of debtor portfolio | Number of clients | 09.30.2013 | Number of clients | 12.31.2012 |
|---|---|---|---|---|
| | | ThCh$ | | ThCh$ |
| Up to date non-securitized portfolio | 1,611 | 33,213,021 | 8,514 | 59,686,698 |
| 1 and 30 days | 39,797 | 54,477,354 | 30,523 | 51,451,804 |
| 31 and 60 days | 960 | 1,974,075 | 484 | 784,192 |
| 61 and 90 days | 438 | 738,150 | 346 | 951,083 |
| 91 and 120 days | 345 | 1,479,956 | 273 | 316,787 |
| 121 and 150 days | 314 | 346,128 | 282 | 34,370 |
| 151 and 180 days | 469 | 372,835 | 264 | 307,727 |
| 181 and 210 days | 413 | 256,673 | 280 | 176,493 |
| 211 and 250 days | 349 | 453,220 | 276 | 251,247 |
| More than 250 days | 1,427 | 2,207,942 | 1,362 | 2,162,754 |
| **Total** | **46,123** | **95,519,354** | **42,604** | **116,123,155** |

| | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Current comercial debtors | 95,179,852 | 115,998,388 |
| Non-current comercial debtors | 339,502 | 124,767 |
| **Total** | **95,519,354** | **116,123,155** |

The movement of allowance for doubtful accounts between January 1 and September 30, 2013 and January 1 and December 31,2012 are presented below:

| | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| **Opening balance** | **1,486,749** | **1,544,574** |
| Bad debt expense | 1,873,334 | 976,331 |
| Write-off of accounts receivable | (1,096,427) | (843,766) |
| Decrease due to foreign exchange differences | 61,228 | (190,390) |
| **Movement** | **838,135** | **(57,825)** |
| **Ending balance** | **2,324,884** | **1,486,749** |

## NOTE 8 – INVENTORIES

The composition of inventory balances is detailed as follows:

| | Current | |
|---|---|---|
| **Description** | **09.30.2013** | **12.31.2012** |
| | ThCh$ | ThCh$ |
| Raw materials | 51,287,267 | 41,942,176 |
| Finished goods | 27,137,547 | 22,792,255 |
| Spare parts | 18,500,869 | 14,479,488 |
| Merchandise | 11,535,100 | 8,797,194 |
| Supplies | 1,334,453 | 1,125,276 |
| Work in progress | 193,182 | 705,637 |
| Other inventories | 916,900 | 1,504,926 |
| Obsolescence provision (1) | (2,724,021) | (2,027,126) |
| **Total** | **108,181,297** | **89,319,826** |

The cost of inventory recognized as cost of sales is ThCh$627,488,846 and ThCh$462,335,544 at September 30, 2013 and 2012, respectively.

(1) The provision for obsolescence is primarily related more to the obsolescence of parts classified as inventories than finished goods and raw materials.

## NOTE 9 – CURRENT AND DEFERRED INCOME TAXES

For the period ended September 30, 2013, the Company had a taxable profits fund of ThCh$60,065,814, comprised of profits with credits for first category income tax amounting to ThCh$59,745,125 and profits without credits amounting to ThCh$320,689.

### 9.1 Current tax assets

Current tax receivables break down as follows:

| Description | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Monthly provisional payments | 4,966,971 | 2,319,627 |
| Tax credits (1) | 520,886 | 559,766 |
| Other tax assets | 1,845,174 | - |
| **Total** | **7,333,031** | **2,879,393** |

(1) Tax credits correspond to income tax credits on training expenses, purchase of property, plant and equipment and donations.

### 9.2 Current tax liabilities

Current tax payables correspond to the following items:

| Description | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Income tax expense | 13,261 | 355,363 |
| Other | - | 759,447 |
| **Total** | **13,261** | **1,114,810** |

### 9.3 Income tax expense

The current and deferred income tax expenses for the periods ended September 30, 2013 and 2012 are detailed as follows:

| **Item** | **09.30.2013** | **09.30.2012** |
|---|---|---|
| | **ThCh$** | **ThCh$** |
| Current income tax expense | 16,905,837 | 19,225,027 |
| Adjustment to current income tax from the previous fiscal year | (2,480,072) | 125,303 |
| Other current income tax expenses | 1,394,116 | 348,643 |
| **Current income tax expense** | **15,819,881** | **19,698,973** |
| Deferred income tax expenses | 5,800,603 | 4,258,211 |
| **Total deferred income tax expenses** | **5,800,603** | **4,258,211** |
| **Total income tax expense** | **21,620,484** | **23,957,184** |

## 9.4 Deferred income taxes

The net cumulative balances of temporary differences which give rise to deferred tax assets and liabilities are shown below:

| Temporary differences | 09.30.2013 Assets | 09.30.2013 Liabilities | 12.31.2012 Assets | 12.31.2012 Liabilities |
|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| Property, plant and equipment | 1,126,419 | 29,635,382 | 432,181 | 29,494,188 |
| Obsolescence provision | 849,542 | - | 637,675 | - |
| Employee benefits | 2,380,437 | - | 1,807,163 | - |
| Post-employment benefits | 57,565 | 419,089 | - | 277,510 |
| Tax loss carried-forwards (1) and (2) | 5,216,533 | - | 9,026,314 | - |
| Contingency provision | 2,159,862 | - | 2,020,821 | - |
| Foreign exchange differences (Foreign Subsidiaries) (4) | - | 7,514,197 | - | 9,145,349 |
| Allowance for doubtful accounts | 392,037 | - | 350,319 | - |
| Tax resulting from holding inventories (Argentina) | 134,217 | - | 150,486 | - |
| Tax incentives (Brazil) (3) | - | 13,305,465 | - | 10,930,694 |
| Assets and liabilities for placement of bonds | - | 148,632 | 370,245 | 77,316 |
| Lease liabilities | 314,824 | - | 430,476 | - |
| Inventories | - | 187,544 | - | 127,550 |
| Distribution rights | - | 77,065,069 | - | 76,559,423 |
| Others | 475,378 | 1,050,105 | 997,372 | 1,025,648 |
| **Subtotal** | **13,106,814** | **129,325,483** | **16,223,052** | **127,637,678** |
| **Net Liabilities** | **-** | **116,218,669** | **-** | **111,414,626** |

(1) Tax losses associated mainly with our subsidiary in Chile - Embotelladora Andina Chile S.A., which is in the process of implementation of their manufacturing and commercial operations, the amount totals to ChTh$4,997,162 and other minor subsidiaries in Chile ThCh$219,371. Tax losses in Chile do not have an expiration date.

(2) Tax losses associated with Ex Coca-Cola Polar Argentina S.A. (currently Embotelladora del Atlántico S.A), which were used during the 2013 period. The outstanding amount as of December 31, 2012 was ThCh$5,280,865.

(3) This corresponds to tax incentives in Brazil that consist of a tax withholding reduction that are recorded under income statement, but under tax rules they must be recorded in equity, and cannot be distributed as dividends.

(4) Deferred tax generated by exchange differences upon translation of intercompany accounts with the Brazilian subsidiary - Rio de Janeiro Refrescos Ltda. that are recorded to other comprehensive income, but under tax rules they are taxable in Brazil as they incur.

### 9.5 Deferred tax liability movement

The movement in deferred income tax accounts is as follows:

| Item | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| **Opening Balance** | **111,414,626** | **35,245,490** |
| Increase due to merger | - | 76,544,806 |
| Increase in deferred tax liabilities | 5,235,274 | 4,453,994 |
| Decrease due to foreign currency translation | (431,231) | (4,829,664) |
| **Movements** | **4,804,043** | **76,169,136** |
| **Ending balance** | **116,218,669** | **111,414,626** |

### 9.6 Distribution of domestic and foreign tax expenses

As of September 30, 2013 and 2012, domestic and foreign tax expenses are detailed as follows:

| Income tax | 09.30.2013 | 09.30.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| **Current income taxes** | | |
| Foreign | (9,983,656) | (16,444,731) |
| Domestic | (5,836,225) | (3,254,242) |
| **Current income tax expense** | **(15,819,881)** | **(19,698,973)** |
| **Deferred income taxes** | | |
| Foreign | (6,783,412) | (3,159,592) |
| Domestic | 982,809 | (1,098,619) |
| **Deferred income tax expense** | **(5,800,603)** | **(4,258,211)** |
| **Income tax expense** | **(21,620,484)** | **(23,957,184)** |

## 9.7 Reconciliation of effective rate

Below is the reconciliation between tax expenses using legal rate and tax expenses using effective rate:

| **Reconciliation of effective rate** | **09.30.2013)** | **09.30.2012** |
|---|---|---|
| | **ThCh$** | **ThCh$** |
| **Net income before taxes** | **77,391,457** | **72,921,607** |
| **Tax expense at legal rate ( 20.0%)** | **(15,478,291)** | **(14,584,321)** |
| **Effect of a different tax rate in other jurisdictions** | **(7,008,880)** | **(7,692,026)** |
| **Permanent differences:** | | |
| Non-taxable revenues | 2,578,451 | 1,184,576 |
| Non-deductible expenses | (735,510) | (1,475,496) |
| Tax Effect of the Use of Previously Unrecognized Tax Losses | 43,373 | - |
| Tax effect of Previously Unrecognized Tax Benefit in the Income Statement | 98,206 | - |
| Tax effect of change in tax rate | - | (848,018) |
| Tax effect of tax provided in Excess of Prior Period | (160,820) | - |
| Other decreases in charges for legal taxes | (957,013) | (541,899) |
| **Adjustments to tax expense** | **866,687** | **(1,680,837)** |
| **Tax expense at effective rate** | **(21,620,484)** | **(23,957,184)** |
| **Effective rate** | **27.9%** | **32.9%** |

Below are the income tax rates applicable in each jurisdiction where the Company operates:

| | **Rate** | |
|---|---|---|
| **Country** | **2013** | **2012** |
| Chile | 20% | 20% |
| Brasil | 34% | 34% |
| Argentina | 35% | 35% |
| Paraguay | 10% | - |

## NOTA 10 – PROPERTY, PLANT AND EQUIPMENT

### 10.1 Balances

Property, plant and equipment are detailed below at the end of each period:

| Item | Property, plant and equipment, gross | | Cumulative depreciation and impairment | | Property, plant and equipment, net | |
|---|---|---|---|---|---|---|
| | 09.30.2013 | 12.31.2012 | 09.30.2013 | 12.31.2012 | 09.30.2013 | 12.31.2012 |
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| Construction in progress | 63,385,329 | 61,735,710 | - | - | 63,385,329 | 61,735,710 |
| Land | 67,827,066 | 57,134,715 | - | - | 67,827,066 | 57,134,715 |
| Buildings | 167,369,570 | 163,759,761 | (31,250,817) | (31,980,362) | 136,118,753 | 131,779,399 |
| Plant and equipment | 358,461,737 | 346,179,261 | (170,849,530) | (169,999,912) | 187,612,207 | 176,179,349 |
| Information technology | 13,588,654 | 12,429,618 | (8,433,989) | (6,629,395) | 5,154,665 | 5,800,223 |
| Fixed facilities and accessories | 44,325,934 | 40,282,483 | (14,898,568) | (15,443,891) | 29,427,366 | 24,838,592 |
| Vehicles (2) | 11,871,782 | 11,134,161 | (2,408,509) | (3,298,464) | 9,463,273 | 7,835,697 |
| Leasehold improvements | 742,500 | 130,240 | (172,775) | (120,818) | 569,725 | 9,422 |
| Other property, plant and equipment (1) | 325,213,455 | 294,974,382 | (213,748,911) | (183,736,764) | 111,464,544 | 111,237,618 |
| **Total** | **1,052,786,027** | **987,760,331** | **(441,763,099)** | **(411,209,606)** | **611,022,928** | **576,550,725** |

(1) Other property, plant and equipment is composed of bottles, market assets, furniture and other minor assets.

(2) As of December 31, 2012 there were finance lease agreements for vehicles in the subsidiary Rio de Janeiro Refrescos Ltda. and Tetrapak equipment in Argentina.

(1) The net balance of each of these categories at September 30, 2013 and December 31, 2012 is detailed as follows

| **Other property, plant and equipment** | **09.30.2013** | **12.31.2012** |
|---|---|---|
| | **ThCh$** | **ThCh$** |
| Bottles | 60,487,976 | 59,983,147 |
| Marketing and promotional assets | 35,888,065 | 40,251,550 |
| Other property, plant and equipment | 15,088,503 | 11,002,921 |
| **Total** | **111,464,544** | **111,237,618** |

The Company has insurance to protect its property, plant and equipment and its inventory from potential losses. The geographic distribution of those assets is detailed as follows:

Chile : Santiago, Puente Alto, Maipú, Renca, Rancagua y San Antonio, Antofagasta, Coquimbo and Punta Arenas.
Argentina : Buenos Aires, Mendoza, Córdoba y Rosario, Bahía Blanca, Chacabuco, La Pampa, Neuqén, Comodoro Rivadavia, Trelew, andTierra del Fuego
Brazil : Río de Janeiro, Niteroi, Campos, Cabo Frío, Nova Iguazú, Espirito Santo and Vitoria.
Paraguay : Asunción, Coronel Oviedo, Ciudad del Este and Encarnación.

## 10.2 Movements

Movements in property, plant and equipment are detailed as follows between January 1 and September 30, 2013 and January 1 and December 31, 2012

| For the period ended 09.30.2013 | Construction in progress | Land | Buildings, net | Plant and equipment, net | IT Equipment, net | Fixed facilities and accessories, net | Vehicles, net | Leasehold improvements, net | Other property, plant and equipment, net | Property, plant and equipment, net |
|---|---|---|---|---|---|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| **Opening balance** | **61,735,710** | **57,134,715** | **131,779,399** | **176,179,349** | **5,800,223** | **24,838,592** | **7,835,697** | **9,422** | **111,237,618** | **576,550,725** |
| Additions | 70,930,612 | 13,168,665 | 4,212,100 | 10,185,576 | 687,619 | 233,395 | 656,100 | 7,535 | 22,603,380 | 122,684,982 |
| Disposals | - | (467,626) | (407,242) | (1,542,122) | (213) | (700,111) | - | - | (1,315,587) | (4,432,901) |
| Transfers between items of property, plant and equipment | (67,216,653) | (265,819) | 8,626,737 | 32,273,729 | 1,363,503 | 9,233,429 | 2,259,803 | 754,207 | 12,971,064 | - |
| Transfer to (from) investment property | - | - | - | (1,565,232) | - | - | - | - | - | (1,565,232) |
| Depreciation expense | - | - | (2,926,887) | (20,596,833) | (1,709,079) | (1,501,766) | (1,090,423) | (208,913) | (29,166,165) | (57,200,066) |
| Increase (decrease) due to foreign currency translation differences | (2,064,340) | (803,568) | (3,647,466) | (5,371,523) | (986,009) | (299,698) | (196,173) | 7,474 | 1,578,459 | (11,782,844) |
| Other increase (decrease) | - | (939,301) | (1,517,888) | (1,950,737) | (1,379) | (2,376,475) | (1,731) | - | (6,444,225) | (13,231,736) |
| **Total movements** | **1,649,619** | **10,692,351** | **4,339,354** | **11,432,858** | **(645,558)** | **4,588,774** | **1,627,576** | **560,303** | **226,926** | **34,472,203** |
| **Ending balance at September 30, 2013** | **63,385,329** | **67,827,066** | **136,118,753** | **187,612,207** | **5,154,665** | **29,427,366** | **9,463,273** | **569,725** | **111,464,544** | **611,022,928** |

| For the year ended 12.31.2012 | Construction in progress | Land | Buildings, net | Plant and equipment, net | IT Equipment, net | Fixed facilities and accessories, net | Vehicles, net | Leasehold improvement, net | Other property, plant and equipment, net | Property, plant and equipment, net |
|---|---|---|---|---|---|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| **Opening balance** | **47,924,160** | **34,838,977** | **65,354,562** | **109,316,370** | **2,143,340** | **15,450,209** | **1,938,804** | **23,980** | **73,074,065** | **350,064,467** |
| Additions | 59,622,568 | - | 163,015 | 16,253,430 | 590,141 | 33,027 | 1,623,662 | - | 50,800,843 | 129,086,686 |
| Disposals | - | - | - | (425,844) | (32,575) | - | - | - | (712,471) | (1,170,890) |
| Transfers between items of property, plant and equipment | (62,379,694) | (263,320) | 33,207,590 | 20,739,334 | 2,326,639 | 11,403,778 | 4,676,401 | - | (9,710,728) | - |
| Transfers to assets held for sale, current | - | - | (2,977,969) | - | - | - | - | - | - | (2,977,969) |
| Additions due to merger (1) | 18,267,801 | 25,288,317 | 46,717,142 | 58,602,133 | 2,068,712 | 24,765 | 591,579 | | 40,370,384 | 191,930,833 |
| Depreciation expense | - | - | (2,958,099) | (20,058,072) | (1,043,395) | (1,645,825) | (728,228) | (11,624) | (26,831,414) | (53,276,657) |
| Increase (decrease) due to foreign currency translation differences | (1,699,125) | (2,729,259) | (7,833,909) | (8,547,363) | (236,756) | (422,406) | (133,634) | (2,934) | (13,619,288) | (35,224,674) |
| Other increases (decreases) | - | - | 107,067 | 299,361 | (15,883) | (4,956) | (132,887) | - | (2,133,773) | (1,881,071) |
| **Total movements** | **13,811,550** | **22,295,738** | **66,424,837** | **66,862,979** | **3,656,883** | **9,388,383** | **5,896,893** | **(14,558)** | **38,163,553** | **226,486,258** |
| **Ending balance at December 31, 2012** | **61,735,710** | **57,134,715** | **131,779,399** | **176,179,349** | **5,800,223** | **24,838,592** | **7,835,697** | **9,422** | **111,237,618** | **576,550,725** |

(1) Corresponds to balances incorporated as of October 1, 2012 as a result of the consolidation of Embotelladoras Coca-Cola Polar S.A. and certain other companies explained in note 1 b).

## NOTE 11 – RELATED PARTY DISCLOSURES

Balances and transactions with related parties as of September 30, 2013 and December 31, 2012 are detailed as follows:

### 11.1 Accounts receivable:

### 11.1.1 Current:

| Taxpayer ID | Company | Relationship | Country of origin | Currency | 09.30.2013 | 12.31.2012 |
|---|---|---|---|---|---|---|
| | | | | | ThCh$ | ThCh$ |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Chilean pesos | 4,930,949 | - |
| 96.891.720-K | Embonor S.A. | Related to Shareholder | Chile | Chilean pesos | 3,978,854 | 4,893,956 |
| 96.517.210-2 | Embotelladora Iquique S.A. | Related to Shareholder | Chile | Chilean pesos | 252,847 | 358,859 |
| Foreign | Montevideo Refrescos S.A. | Related to Shareholder | Uruguay | Dollars | - | 51,215 |
| 96.919.980-7 | Cervecería Austral S.A. | Related to director | Chile | Dollars | 17,890 | 20,058 |
| 77.755.610-k | Comercial Patagona Ltda. | Related to director | Chile | Chilean pesos | 1,000 | 301 |
| | | **Total** | | | **9,181,540** | **5,324,389** |

### 11.1.2 Non current:

| Taxpayer ID | Company | Relationship | Country of origin | Currency | 09.30.2013 | 12.31.2012 |
|---|---|---|---|---|---|---|
| | | | | | ThCh$ | ThCh$ |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Chilean pesos | 10,766 | 7,197 |
| | | **Total** | | | **10,766** | **7,197** |

## 11.2 Accounts Payable:

### 11.2.1 Current:

| Taxpayer ID | Company | Relationship | Country of origin | Currency | 09.30.2013 | 12.31.2012 |
|---|---|---|---|---|---|---|
| | | | | | ThCh$ | ThCh$ |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Chilean pesos | - | 8,680,945 |
| Foreign | Servicio y Productos para Bebidas Refrescantes S.R.L. | Shareholder | Argentina | Argentine peso | 5,378,311 | 11,624,070 |
| Foreign | Recofarma do Industrias Amazonas Ltda. | Related to shareholder | Brazil | Brazilian Real | 5,868,507 | 6,721,378 |
| 86.881.400-4 | Envases CMF S.A. | Associate | Chile | Chilean pesos | 4,159,737 | 5,441,206 |
| Foreign | Coca-Cola Perú | Shareholder | Peru | Dollars | 4,673,124 | - |
| Foreign | Leão Júnior S.A. | Associate | Brazil | Brazilian Real | 6,993,602 | - |
| Foreign | SRSA Participações Ltda | Associate | Brazil | Brazilian Real | 65,881 | - |
| 89.996.200-1 | Envases del Pacífico S.A. | Related to director | Chile | Chilean pesos | 211,066 | 259,613 |
| | | **Total** | | | **27,350,228** | **32,727,212** |

## 11.3 Transactions:

| Taxpayer ID | Company | Relationship | Country of origin | Description of transaction | Currency | Cumulative 09.30.2013 |
|---|---|---|---|---|---|---|
| | | | | | | ThCh$ |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Purchase of concentrates | Chilean pesos | 69,179,140 |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Purchase of advertising services | Chilean pesos | 4,536,533 |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Lease of water fountain | Chilean pesos | 1,856,956 |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Sale of services and others | Chilean pesos | 1,008,863 |
| 86.881.400-4 | Envases CMF S.A. | Associate | Chile | Purchase of bottles | Chilean pesos | 22,781,024 |
| 86.881.400-4 | Envases CMF S.A. | Associate | Chile | Sale of packaging materials | Chilean pesos | 1,984,244 |
| 86.881.400-4 | Envases CMF S.A. | Associate | Chile | Purchase of packaging | Chilean pesos | 1,790,307 |
| 86.881.400-4 | Envases CMF S.A. | Associate | Chile | Purchase of services and others | Chilean pesos | 0 |
| 96.891.720-K | Embonor S.A. | Related to shareholder | Chile | Sale of finished products | Chilean pesos | 12,118,216 |
| 96.517.310-2 | Embotelladora Iquique S.A. | Related to shareholder | Chile | Sale of finished products | Chilean pesos | 894,191 |
| Foreign | Recofarma do Industrias Amazonas Ltda. | Related to shareholder | Brazil | Purchase of concentrates | Brazilian Reais | 70,099,813 |
| Foreign | Recofarma do Industrias Amazonas Ltda. | Related to shareholder | Brazil | Reimbursement and other purchases | Brazilian Reais | 461,073 |
| Foreign | Recofarma do Industrias Amazonas Ltda. | Related to shareholder | Brazil | Advertising participation payment | Brazilian Reais | 10,608,567 |
| Extranjera | Sorocaba Refrescos S. A. | Associate | Brazil | Purchase of products | Brazilian Reais | 2,721,360 |
| Extranjera | Leao Alimentos e Bebidas Ltda. | Associate | Brazil | Purchase of products | Brazilian Reais | 23,352,943 |
| Extranjera | Sistema de Alimentos e Bebidas do Brasil Ltda. | Associate | Brazil | Purchase of products | Brazilian Reais | 20,376,730 |
| Foreign | Servicio y Productos para Bebidas Refrescantes S.R.L. | Shareholder | Argentina | Purchase of concentrates | Argentine pesos | 52,753,761 |
| Foreign | Servicio y Productos para Bebidas Refrescantes S.R.L. | Shareholder | Argentina | Advertising rights, rewards and others | Argentine pesos | 1,263,451 |
| Foreign | Servicio y Productos para Bebidas Refrescantes S.R.L. | Shareholder | Argentina | Collection of advertising participation | Argentine pesos | 4,912,564 |
| 89.996.200-1 | Envases del Pacífico S.A. | Related to director | Chile | Purchase of raw materials | Chilean pesos | 1,012,489 |
| Foreign | Coca-Cola Peru | Related to shareholder | Peru | Purchase of concentrates and marketing expenses recovery | Chilean pesos | 274,442 |
| 84.505.800-8 | Vendomática S.A. | Related to director | Chile | Sale of finished products | Chilean pesos | 655,576 |
| 97.032.000-8 | BBVA Administradora General de Fondos | Related to director | Chile | Investment in mutual funds | Chilean pesos | 8,499,000 |
| 97.032.000-8 | BBVA Administradora General de Fondos | Related to director | Chile | Redemption of mutual funds | Chilean pesos | (8,499,000) |

| Taxpayer ID | Company | Relationship | Country of origin | Description of transaction | Currency | Cumulative 12.31.2012 ThCh$ |
|---|---|---|---|---|---|---|
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Purchase of concentrates | Chilean pesos | 76,756,589 |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Purchase of advertising services | Chilean pesos | 3,184,671 |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Lease of water fountain | Chilean pesos | 2,731,636 |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Sale of finished products | Chilean pesos | 1,245,309 |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Sale of services and others | Chilean pesos | 1,016,520 |
| 96.714.870-9 | Coca-Cola de Chile S.A. | Shareholder | Chile | Sale of raw materials and others | Chilean pesos | 3,686,498 |
| 86.881.400-4 | Envases CMF S.A. | Associate | Chile | Purchase of bottles | Chilean pesos | 28,986,747 |
| 86.881.400-4 | Envases CMF S.A. | Associate | Chile | Sale of packaging materials | Chilean pesos | 2,722,611 |
| 96.891.720-K | Embonor S.A. | Related to shareholder | Chile | Sale of finished products | Chilean pesos | 10,293,435 |
| 96.517.310-2 | Embotelladora Iquique S.A. | Related to shareholder | Chile | Sale of finished products | Chilean pesos | 2,244,302 |
| Foreign | Recofarma do Industrias Amazonas Ltda. | Related to shareholder | Brazil | Purchase of concentrates | Brazilian Real | 78,524,183 |
| Foreign | Recofarma do Industrias Amazonas Ltda. | Related to shareholder | Brazil | Reimbursement and other purchases | Brazilian Reail | 1,335,869 |
| Foreign | Recofarma do Industrias Amazonas Ltda. | Related to shareholder | Brazil | Advertising participation payment | Brazilian Real | 14,502,915 |
| Foreign | Servicio y Productos para Bebidas Refrescantes S.R.L. | Shareholder | Argentina | Purchase of concentrates | Argentine pesos | 68,569,280 |
| Foreign | Servicio y Productos para Bebidas Refrescantes S.R.L. | Shareholder | Argentina | Advertising rights, rewards and others | Argentine pesos | 2,624,656 |
| Foreign | Servicio y Productos para Bebidas Refrescantes S.R.L. | Shareholder | Argentina | Collection of advertising participation | Argentine pesos | 5,419,055 |
| 89.996.200-1 | Envases del Pacífico S.A. | Related to director | Chile | Purchase of raw materials | Chilean pesos | 1,873,336 |
| 97.032.000-8 | BBVA Administradora General de Fondos | Related to director | Chile | Investment in mutual funds | Chilean pesos | 61,042,686 |
| 97.032.000-8 | BBVA Administradora General de Fondos | Related to director | Chile | Redemption of mutual funds | Chilean pesos | 59,455,046 |
| 97.032.000-8 | BBVA Administradora General de Fondos | Related to director | Chile | Redemption of time deposits | Chilean pesos | 223,027 |
| 84.505.800-8 | Vendomática S.A. | Related to director | Chile | Sale of finished products | Chilean pesos | 1,358,380 |
| 79.753.810-8 | Claro y Cía. | Related to partner | Chile | Legal Counseling charges | Chilean pesos | 349,211 |
| 93.899.000-K | Vital Jugos S.A. (1) | Associate | Chile | Sale of raw material and materials | Chilean pesos | 4,697,898 |
| 93.899.000-K | Vital Jugos S.A. (1) | Associate | Chile | Purchase of finished products | Chilean pesos | 18,656,191 |
| 96.705.990-0 | Envases Central S.A. (1) | Associate | Chile | Purchase of finished products | Chilean pesos | 14,618,933 |
| 96.705.990-0 | Envases Central S. A. (1) | Associate | Chile | Sale of raw materials and materials | Chilean pesos | 2,479,381 |
| 76.389.720-6 | Vital Aguas S.A. (1) | Associate | Chile | Purchase of finished products | Chilean pesos | 4,065,125 |

(1) Corresponds to transactions generated with Vital Aguas S.A:, Vital Jugos S.A. and Envases Central S.A. up until before taking control over those companies as a result of what has been described in Note 1b)

### 11.4 Key management compensation

Salaries and benefits paid to the Company's key management personnel including directors and managers, are detailed as follows:

| Description | 09.30.2013 | 09.30.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Executive wages, salaries and benefits | 3,176,518 | 3,317,033 |
| Director allowances | 1,134,000 | 924,000 |
| **Total** | **4,310,518** | **4,241,033** |

## NOTE 12 – EMPLOYEE BENEFITS

As of September 30, 2013 and December 31, 2012, the Company had recorded reserves for profit sharing and for bonuses totaling ThCh$6,881,804 and ThCh$8,240,460, respectively.
This liability is included in other non-current non-financial liabilities in the statement of financial position.
Employee benefits expense is allocated between the cost of sales, cost of marketing, distribution costs and administrative expenses.

### 12.1 Personnel expenses

Personnel expenses included in the consolidated statement of income statement are as follows:

| Description | 09.30.2013 | 09.30.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Wages and salaries | 112,428,704 | 73,461,236 |
| Employee benefits | 24,310,580 | 18,960,577 |
| Severance and post-employment benefits | 2,573,825 | 1,761,018 |
| Other personnel expenses | 5,545,768 | 4,315,748 |
| **Total** | **144,858,877** | **98,498,579** |

| **12.2 Number of Employees** | **09.30.2013** | **09.30.2012** |
|---|---|---|
| Number of employees | 12,354 | 7,372 |
| Number of average employees | 11,967 | 6,836 |

### 12.3 Post-employment benefits

This item represents post employment benefits which are determined as stated in Note 2.17.

| Post-employment benefits | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh |
| Non-current provision | 7,888,250 | 7,037,122 |
| **Total** | **7,888,250** | **7,037,122** |

### 12.4 Post-employment benefits movement

The movements of post-employment benefits for the period ended September 30, 2013 and the year ended December 31, 2012 are detailed as follows:

| Movements | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| **Opening balance** | **7,037,122** | **5,130,015** |
| Increase due to merger | - | 189,921 |
| Service costs | 1,044,394 | 1,500,412 |
| Interest costs | 99,485 | 158,235 |
| Net actuarial losses | 1,011,151 | 1,010,136 |
| Benefits paid | (1,303,902) | (951,597) |
| **Total** | **7,888,250** | **7,037,122** |

### 12.5 Assumptions

The actuarial assumptions used at September 30, 2013 and December 31, 2012 were:

| Assumption | 09.30.2013 | 12.31.2012 |
|---|---|---|
| Discount rate (1) | 3.8% | 5.1% |
| Expected salary increase rate (1) | 3.1% | 4.4% |
| Turnover rate | 5.2% | 5.4% |
| Mortality rate (2) | RV-2009 | RV-2009 |
| Retirement age of women | 60 years | 60 years |
| Retirement age of men | 65 years | 65 years |

(1) The discount rate and the expected salary increase rate are calculated in real terms, which do not include an inflation adjustment. The rates shown above are presented in nominal terms to facilitate a better understanding by the reader.

(2) Mortality assumption tables prescribed for use by the Chilean Superintendence of Securities and Insurance.

## NOTA 13 – INVESTMENTS IN ASSOCIATES USING EQUITY METHOD OF ACCOUNTING

### 13.1 Balances

Investments in associates using equity method of accounting are detailed as follows:

| Taxpayer ID | Name | Country of Incorporation | Functional Currency | Carrying Value 09.30.2013 | Carrying Value 12.31.2012 | Percentage interest 09.30.2013 | Percentage interest 12.31.2012 |
|---|---|---|---|---|---|---|---|
| | | | | ThCh$ | ThCh$ | % | % |
| 86.881.400-4 | Envases CMF S.A. (1) | Chile | Chilean Peso | 17,494,271 | 17,848,010 | 50.00% | 50.00% |
| Foreign | Leao Alimentos e Bebidas Ltda. (4) | Brazil | Brazilian Real | 20,901,289 | - | 9.57% | - |
| Foreign | Kaik Participacoes Ltda. (2) | Brazil | Brazilian Real | 1,158,756 | 1,172,641 | 11.32% | 11.31% |
| Foreign | SRSA Participacoes Ltda. (4) | Brazil | Brazilian Real | 87,997 | - | 40.00% | - |
| Foreign | Sistema de Alimentos de Bebidas Do Brasil Ltda. (2) and (4) | Brazil | Brazilian Real | - | 9,587,589 | - | 5.74% |
| Foreign | Sorocaba Refrescos S.A.(3) | Brazil | Brazilian Real | 32,817,096 | 34,709,914 | 40.00% | 40.00% |
| Foreign | Holdfab2 Participacoes Societarias Ltda. (4) | Brazil | Brazilian Real | - | 9,761,907 | - | 36.40% |
| | **Total** | | | **72,459,409** | **73,080,061** | | |

(1) In these companies, regardless of the percentage of ownership interest held in 2011, it was determined that no controlling interest was held, only a significant influence, given that there was not a majority vote of the Board of Directors to make strategic business decisions.

(2) In these companies, regardless of the percentage of ownership interest held,it was determined that no controlling interest was held, only a significant influence, given that there was not a majority vote of the Board of Directors to make strategic business decisions.

(3) Corresponds to the purchase of a 40% ownership interest in the Brazilian company during the last quarter of 2012.

(4) During the year 2013 through corporate restructuring that occurred in Brazil, interests held in Sistema de Alimentos de Bebidas Do Brasil Ltda. and Holdfab 2 Participacoes Societarias Ltda., were merged into a new company called Leao Alimentos e Bebidas Ltda. Proceeds from the transaction increased value generated in the associated investment in Brazil that took up other income according to ThCh$ $ 7,068,820 Subsequently and according to the current sales volume of Rio de Janeiro Refrescos Ltda., part of the investment in the new company was sold to the rest of the bottlers for an amount of ThCh$ 3,809,524 at carrying value, and consequently eliminating the proportional part of the excess value obtained in the corporate restructuring for an amount of ThCh$1,585,705.

## 13.2 Movement

The movement of investments in associates using equity method of accounting is shown below, for the period ended September 30, 2013 and the year ended December 31, 2012:

| Details | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| **Opening Balance** | **73,080,061** | **60,290,966** |
| Capital increases in equity investees | - | 2,380,320 |
| Acquisition of Sorocaba Refrescos S.A. (40%) | - | 34,513,444 |
| Investment in Holdfab 2 Soc Participacoes Ltda and SABB in exchange for interest in the new company Leao Alimentos e Bebidas Ltda. | (19,349,496) | - |
| Increase in interest in new company Leao Alimentos e Bebidas Ltda. By 9.57% | 15,217,069 | - |
| Dividends received | (1,686,484) | (402,148) |
| Share of profit | 994,433 | 2,409,110 |
| Amortization of property plant and equipment sold to Envases CMF | 63,950 | 85,266 |
| Amortization of Fair Value in Vital Jugos S. A. | - | (77,475) |
| Other increases (decreases) Investments in associates | 5,803,653 | - |
| Decrease due to foreign currency translation differences | (1,663,777) | (3,652,740) |
| Deconsolidation of certain investments under equity method of accounting due to Polar merger (1) | - | (22,466,682) |
| **Ending Balance** | **72,459,409** | **73,080,061** |

(1) Corresponds to the proportional equity value recorded as of September 30, 2012 for the equity investees Vital Aguas S.A. Vital Jugos S.A. and Envases Central, as explained in note 1 b) as a result of the merger with Embotelladoras Coca-Cola Polar, they are now considered subisidiaries and are incorporated into the Company´s consolidation as of October 1, 2012.

The main movements for the periods ended 2013 and 2012 are detailed as follows:

- During the period 2013, Envases CMF S.A. has distributed dividends of ThCh$1,340,492.
- During the period 2013, Sorocaba Refrescos S.A. has distributed dividends of ThCh$ 744,539.
- During the first quarter of 2013, there is a reorganization of the companies that manufacture juice products and mate in Brazil, with the merger of Holdfab2 Participações Ltda. and Sistema de Alimentos de Bebidas Do Brasil Ltda. into a single company that is the legal continuing entity, namely Leao Alimentos e Bebidas Ltda.
- In November 2012, pursuant the Shareholders' Agreements, Coca-Cola Embonor S.A. purchased 7.1% ownership interest in Vital Aguas S.A. at carrying amount and 7.0% ownership interest in Vital Jugos S.A. at carrying amount. The disbursements received for these transactions amounted to ThCh$2,112,582.
- Subsequent to the merger with Embotelladoras Coca-Cola Polar S.A., detailed in Note 1b), on October 1, 2012, the Company acquired control of Vital Jugos S.A., Vital Aguas S.A. and Envases Central S.A.. Subsequent to the merger, the Company holds 72.0%, 73.6% and 59.27% ownership interest in these entities, respectively.

On August 30, 2012, Rio de Janeiro Refrescos Ltda. (“RJR”), a subsidiary of Embotelladora Andina S.A. in Brazil, and Renosa Industria Brasileira de Bebidas S.A. (the other shareholder of this subsidiary) signed a promissory purchase agreement containing the conditions leading to the acquisition by RJR of 100% of the equity interest held by Renosa in Sorocaba Refrescos S.A. which is equivalent to 40% of the total shares of Sorocaba. The promissory agreement should be fulfilled within a period of 180 days. The agreement was materialized during the month of October with a payment of 146.9 million reals.

- In accordance with the Special Shareholders’ Meeting of our equity investee, Vital Jugos S.A., held on April 10, 2012, a capital increase was agreed in the amount of ThCh$6,960,000, with 60% of the increase being paid on May 15, 2012 and the balance thereof will be paid during the course of the year. The Company met that capital increase in the percentage of the outstanding ownership at that date of 57% contributing ThCh$2,380,320.

**13.3 Reconciliation of share of profit in investments in associates:**

| **Details** | **09.30.2013** | **09.30.2012** |
|---|---|---|
| | **ThCh$** | **ThCh$** |
| Share of profit of associates | **994,433** | **2,207,681** |
| Non-realized earnings in inventory acquired from associates and not sold at the end of period, presented as a discount in the respective asset account (containers and/or inventories) | (473,662) | (435,842) |
| Amortization of gain on sale of property plant and equipment to Envases CMF | 63,950 | 63,949 |
| Amortization of fair value adjustments related to Vital acquisition | (84,690) | (77,475) |
| **Income Statement Balance** | **500,031** | **1,758,313** |

**13.4 Summary financial information of associates:**

The attached table presents summarized information regarding the Company´s equity investees as of September 30, 2013:

| | **Envases CMF S.A.** | **Sorocaba Refrescos S.A.** | **Kaik Participacoes Ltda.** | **SRSA Participacoes Ltda.** | **Leao Alimentos e Bebidas Ltda.** |
|---|---|---|---|---|---|
| | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| Total assets | 55,669,562 | 38,594,752 | 10,236,676 | 2,541,030 | 344,692,697 |
| Total liabilities | 19,359,390 | 18,624,848 | 42 | 2,321,038 | 187,194,592 |
| Total revenue | 29,170,154 | 4,996,317 | 230,101 | - | 208,765,567 |
| Net income (loss) of associate | 1,048,513 | 176,680 | 230,101 | 215,470 | 6,489,379 |
| Reporting date | 09/30/2013 | 08/31/2013 | 08/31/2013 | 08/31/2013 | 08/31/2013 |

## NOTA 14 – INTANGIBLE ASSETS AND GOODWILL

### 14.1 Intangible assets other than goodwill

Intangible assets other than goodwill as of the end of each reporting period are detailed as follows:

| Description | September 30, 2013 Gross Amount | September 30, 2013 Cumulative Amortization | September 30, 2013 Net Amount | December 31, 2012 Gross Amount | December 31, 2012 Cumulative Amortization | December 31, 2012 Net Amount |
|---|---|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| Water rights | 485,019 | (84,322) | 400,697 | 497,998 | (90,041) | 407,957 |
| Distribution rights (1) | 465,038,236 | - | 465,038,236 | 459,320,270 | - | 459,320,270 |
| Software | 15,908,107 | (9,374,955) | 6,533,152 | 13,597,796 | (8,743,750) | 4,854,046 |
| **Total** | **481,431,362** | **(9,459,277)** | **471,972,085** | **473,416,064** | **(8,833,791)** | **464,582,273** |

(1) In accordance with what has been described in note 1b) corresponds to the rights to produce and distribute products under the Brand of Coca-Cola in the franchise territories maintained by Embotelladoras Coca-Cola Polar S.A. in Chile, Argentina and Paraguay. Such distribution rights are not subject to amortization and are composed as follows:

| | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Chile | 300,305,727 | 300,305,727 |
| Paraguay | 162,609,819 | 156,627,248 |
| Argentina | 2,122,690 | 2,387,295 |
| **Total** | **465,038,236** | **459,320,270** |

The movement and balances of identifiable intangible assets are detailed as follows for the period January 1 to September 30, 2013 and January 1 to December 31, 2012:

| Description | September 30, 2013 Distribution Rights | September 30, 2013 Water rights | September 30, 2013 Software | September 30, 2013 Total | December 31, 2012 Distribution Rights | December 31, 2012 Water rights | December 31, 2012 Software | December 31, 2012 Total |
|---|---|---|---|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| Opening balance | 459,320,270 | 407,957 | 4,854,046 | 464,582,273 | - | 422,463 | 716,394 | 1,138,857 |
| Additions | - | - | 2,948,755 | 2,948,755 | - | - | 3,506,266 | 3,506,266 |
| Increase due to merger | - | - | - | - | 459,393,920 | - | 1,083,184 | 460,477,104 |
| Amortization | - | (4,015) | (1,192,638) | (1,196,653) | - | (6,585) | (547,481) | (554,066) |
| Other increases (decreases) | 5.717.966 | (3,245) | (77,011) | 5,637,710 | (73,650) | (7,921) | 95,683 | 14,112 |
| **Ending balance** | **465,038,236** | **400,697** | **6,533,152** | **471,972,085** | **459,320,270** | **407,957** | **4,854,046** | **464,582,273** |

## 14.2 Goodwill

Movement in goodwill is detailed as follows:

**Period ended September 31,2013**

| Cash generating unit | 01.01.2013 | Additions | Disposals or impairments | Foreign currency translation differences where functional currency is different from presentation currency | 09.30.2013 |
|---|---|---|---|---|---|
| | ThCh $ | ThCh $ | ThCh $ | ThCh $ | ThCh $ |
| Chile operation | 8,503,023 | - | - | - | 8,503,023 |
| Brazilian operation | 35,536,967 | - | - | (1,289,245) | 34,247,722 |
| Argentine operation | 13,837,339 | - | - | (1,498,652) | 12,338,687 |
| Paraguayan operation | 6,915,412 | - | - | 264,142 | 7,179,554 |
| **Total** | **64,792,741** | **-** | **-** | **(2,523,755)** | **62,268,986** |

**Year ended December 31, 2012**

| Cash generating unit | 01.01.2012 | Additions (1) | Diposals or impairments | Foreign currency translation differences where functional currency is different from presentation currency | 12.31.2012 |
|---|---|---|---|---|---|
| | ThCh $ | ThCh $ | ThCh $ | ThCh $ | ThCh$ |
| Chile operation | - | 8,503,023 | - | - | 8,503,023 |
| Brazilian operation | 41,697,004 | - | - | (6,160,037) | 35,536,967 |
| Argentine operation | 15,855,174 | 1,041,633 | - | (3,059,468) | 13,837,339 |
| Paraguayan operation | - | 6,915,412 | - | - | 6,915,412 |
| **Total** | **57,552,178** | **16,460,068** | **-** | **(9,219,505)** | **64,792,741** |

(1) As explained in note 1b), this corresponds to goodwill generated in the fair value valuation of assets acquired and liabilities assumed from the merger with Embotelladoras Coca-Cola Polar S.A.

## NOTE 15 – OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities are detailed as follows:

| **Current** | **09.30.2013**<br>**ThCh$** | **12.31.2012**<br>**ThCh$** |
|---|---|---|
| Bank loans | 65,604,452 | 87,278,613 |
| Bonds payable | 11,281,322 | 4,376,648 |
| Deposits in guarantee | 14,528,622 | 13,851,410 |
| Forward contract obligations (see note 20) | - | 394,652 |
| Leasing agreements | 296,356 | 346,696 |
| **Total** | **91,710,752** | **106,248,019** |

| **Non-current** | **09.30.2013**<br>**ThCh$** | **12.31.2012**<br>**ThCh$** |
|---|---|---|
| Bank loans | 48,937,587 | 46,353,758 |
| Bonds payable | 235,892,394 | 126,356,040 |
| Leasing agreements | 1,377,853 | 1,170,397 |
| **Total** | **286,207,834** | **173,880,195** |

## 15.1.1 OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

| Indebted Entity | | | Creditor Entity | | | | | | | Maturity | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Tax ID,** | **Name** | **Country** | **Tax ID,** | **Name** | **Country** | **Currency** | **Amortization Year** | **Effective Rate** | **Nominal Rate** | **Up to 90 days** | **90 days up to 1 year** | **At 09.30.2013** | **At 12.31.2012** |
| | | | | | | | | | | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 6.60% | 6.60% | - | - | - | 9,171,557 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 5.76% | 5.76% | 353,285 | 330,000 | 683,285 | 671,827 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 6.82% | 6.82% | - | - | - | 2,323,515 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 6.39% | 6.39% | - | 1,900,974 | 1,900,974 | 32,069 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 6.84% | 6.84% | - | - | - | 2,695,242 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 6.49% | 6.49% | - | - | - | 384,618 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Dollars | At maturity | 3.36% | 3.36% | - | - | - | 1,452,145 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 6.84% | 6.84% | - | - | - | 2,828,742 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 5.86% | 5.86% | 32,076 | - | 32,076 | - |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.951.000-4 | Banco HSBC | Chile | Chilean Pesos | At maturity | 6.80% | 6.80% | - | - | - | 7,562,333 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.036.000-K | Banco Santander | Chile | Unidades de Fomento | At maturity | 3.84% | 3.84% | 17,688 | 23,679,851 | 23,697,539 | - |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.036.000-K | Banco Santander | Chile | Chilean Pesos | At maturity | 6.85% | 6.85% | - | - | - | 10,694,653 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97,036,000-K | Banco Santander | Chile | Chilean Pesos | At maturity | 4.30% | 4.30% | - | - | - | 5,031,567 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97,036,000-K | Banco Santander | Chile | Chilean Pesos | At maturity | 6.83% | 6.83% | - | - | - | 10,335,540 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97,036,000-K | Banco Santander | Chile | Chilean Pesos | At maturity | 6.80% | 6.80% | - | - | - | 7,018,620 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97,036,000-K | Banco Santander | Chile | Dollars | At maturity | 2.20% | 2.20% | - | - | - | 4,832,261 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.032.000-8 | BBVA | Chile | Chilean Pesos | At maturity | 6.25% | 6.25% | - | - | - | 7,521,185 |
| 96.705.990-0 | Envases Central S.A. | Chile | 97.080.000-K | Banco BICE | Chile | Chilean Pesos | Semiannually | 4.29% | 4.29% | - | 205,884 | 205,884 | 674,516 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco de la Ciudad de Bs.As. | Argentina | Argentine peso | Quarterly | 15.25% | 15.25% | - | 382,976 | 382,976 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco de la Nación Argentina | Argentina | Argentine peso | Monthly | 14.80% | 9.90% | 220,562 | 644,741 | 865,303 | 949,545 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco de la Nación Argentina | Argentina | Argentine peso | Monthly | 9.90% | 9.90% | 82,211 | 164,022 | 246,233 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Nación | Argentina | Argentine peso | At maturity | 18.85% | 18.85% | 1,648,680 | 4,177,920 | 5,826,600 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Galicia y Bs. As. | Argentina | Argentine peso | Quarterly | 15.00% | 15.00% | 28,182 | 73,440 | 101,622 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Galicia y Bs. As. | Argentina | Argentine peso | Monthly | 15.00% | 15.00% | - | - | - | 27,447 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Galicia y Bs. As. | Argentina | Argentine peso | At maturity | 14.50% | 14.50% | - | - | - | 645,870 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Galicia y Bs. As. | Argentina | Argentine peso | Quarterly | 15.25% | 15.25% | 137,500 | 439,552 | 577,052 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Galicia y Bs. As. | Argentina | Argentine peso | At maturity | 16.75% | 16.75% | 8,135,667 | - | 8,135,667 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Macro Bansud | Argentina | Argentine peso | Monthly | 15.25% | 15.25% | 56,785 | 149,369 | 206,154 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Macro Bansud | Argentina | Argentine peso | At maturity | 16.40% | 16.40% | 4,319,351 | - | 4,319,351 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Patagonia | Argentina | Argentine peso | At maturity | 12.50% | 12.50% | - | - | - | 3,896,499 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Patagonia | Argentina | Argentine peso | At maturity | 17.00% | 17.00% | 3,479,445 | - | 3,479,445 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Santander Río | Argentina | Argentine peso | Quarterly | 15.25% | 15.25% | 6,546 | 193,403 | 199,949 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | BBVA Banco Francés | Argentina | Argentine peso | Monthly | 15.25% | 15.25% | 52,171 | 140,886 | 193,057 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | BBVA Banco Francés | Argentina | Argentine peso | At maturity | 17.50% | 17.50% | 865,880 | - | 865,880 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Nuevo Banco de Santa Fe | Argentina | Argentine peso | Quarterly | 15.00% | 15.00% | 87,365 | 257,856 | 345,221 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Nuevo Banco de Santa Fe | Argentina | Argentine peso | Monthly | 15.00% | 15.00% | - | - | - | 96,370 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Nuevo Banco de Santa Fe | Argentina | Argentine peso | Quarterly | 15.25% | 15.25% | 22,560 | 274,720 | 297,280 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Nuevo Banco de Santa Fe | Argentina | Argentine peso | At maturity | 16.50% | 16.50% | 6,011,417 | - | 6,011,417 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Nuevo Banco Santa Fe | Argentina | Argentine peso | At maturity | 12.85% | 12.85% | - | - | - | 6,500,755 |
| Foreing | Andina Empaques Argentina S.A. | Argentina | O-E | Banco Galicia y Bs.As. | Argentina | Argentine peso | At maturity | 16.75% | 16.75% | 780,535 | - | 780,535 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Standard Bank | Argentina | Argentine peso | At maturity | 15.50% | 15.50% | - | - | - | 913 |
| Foreing | Rio de Janeiro Refrescos Ltda. | Brasil | O-E | VOTORANTIM | Brazil | Brazilian Real | Monthly | 9.40% | 9.40% | 5,665 | 124,059 | 129,724 | 134,864 |
| Foreing | Rio de Janeiro Refrescos Ltda. | Brasil | O-E | ITAÚ - Finame | Brazil | Brazilian Real | Monthly | 6.63% | 6.63% | 647,556 | 1,521,946 | 2,169,502 | 941,997 |
| Foreing | Rio de Janeiro Refrescos Ltda. | Brasil | O-E | Banco Santander | Brazil | Brazilian Real | Monthly | 7.15% | 7.15% | 78,399 | 224,720 | 303,119 | 328,872 |
| Foreing | Rio de Janeiro Refrescos Ltda. | Brasil | O-E | Banco Itaú | Brazil | Dollars | Monthly | 2.992% | 2.992% | 4,098,038 | 3,747,626 | 7,845,664 | 525,091 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Foreing | Operación Swap | Brasil | O-E | Banco Itaú | Brazil | Brazilian Real | Monthly | 9.52% | 9.12% | (4,197,057) | - | (4,197,057) | - |
| | | | | | | | | | | | **Total** | **65.604.452** | **87.278.613** |

## 15.1.2 Bank loans, non current

| Indebted Entity | | | Creditor Entity | | | | Amortization | Effective | Nominal | Maturity | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tax ID, | Name | Countr | Tax ID, | Name | Country | Currency | Year | Rate | Rate | 1 year up to 3 years | 3 years up to 5 years | More than 5 years | at 09.30.2013 | at 12.31.2012 |
| | | | | | | | | | | ThCh $ | ThCh $ | ThCh $ | ThCh $ | ThCh$ |
| Foreing | Rio de Janeiro Refrescos Ltda. | Brasil | O-E | Banco Votorantim | Brazil | Brazilian Real | Monthly | 9.40% | 9.40% | 97.960 | - | - | 97,960 | 202,358 |
| Foreing | Rio de Janeiro Refrescos Ltda. | Brasil | O-E | Banco Itaú | Brazil | Brazilian Real | Monthly | 6.63% | 6.63% | 8.503.889 | 1,242,091 | - | 9,745,980 | 4,069,577 |
| Foreing | Rio de Janeiro Refrescos Ltda. | Brasil | O-E | Banco Santander Río | Brazil | Brazilian Real | Monthly | 7.15% | 7.15% | 869.331 | - | - | 869,331 | 1,134,032 |
| Foreing | Rio de Janeiro Refrescos Ltda. | Brasil | O-E | Banco Itaú | Brazil | Dollars | Monthly | 2.992% | 2.992% | 20.490.191 | 8,196,076 | - | 28,686,267 | 34,056,374 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco de la Nación Argentina | Argentina | Argentine peso | Monthly | 14.80% | 9.90% | 1.930.721 | - | - | 1,930,721 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco de la Nación Argentina | Argentina | Argentine peso | Monthly | 9.90% | 9.90% | 512.569 | - | - | 512,569 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Nación Bicentenario (1) | Argentina | Argentine peso | Monthly | 14.80% | 9.90% | - | - | - | - | 2,895,961 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Nuevo Banco de Santa Fe | Argentina | Argentine peso | Quarterly | 15.00% | 15.00% | 343.808 | - | - | 343,808 | 674,591 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Nuevo Banco de Santa Fe | Argentina | Argentine peso | Quarterly | 15.25% | 15.25% | 1.030.880 | - | - | 1,030,880 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Galicia y Bs. As. | Argentina | Argentine peso | Quarterly | 15.00% | 15.00% | 97.920 | - | - | 97,920 | 192,130 |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Galicia y Bs. As. | Argentina | Argentine peso | Monthly | 15.25% | 15.25% | 169.728 | - | - | 169,728 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Galicia y Bs. As. | Argentina | Argentine peso | Quarterly | 15.25% | 15.25% | 1.357.824 | - | - | 1,357,824 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Ciudad de Bs. As.. | Argentina | Argentine peso | Quarterly | 15.25% | 15.25% | 1.357.824 | | | 1,357,824 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | BBVA Banco Francés | Argentina | Argentine peso | Monthly | 15.25% | 15.25% | 464.349 | 139,804 | - | 604,153 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Santander Río | Argentina | Argentine peso | Quarterly | 15.25% | 15.25% | 676.998 | - | - | 676,998 | - |
| Foreing | Embotelladora del Atlántico S.A. | Argentina | O-E | Banco Macro Bansud | Argentina | Argentine peso | Monthly | 15.25% | 15.25% | 492.306 | 154,179 | - | 646,485 | - |
| 96.705.990-0 | Envases Central | Chile | 97.080.000-K | Banco BICE | Chile | Unidad de Fomento | At maturity | 4.29% | 4.29% | 479.139 | - | - | 479,139 | 568,735 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 5.76% | 5.76% | 330.000 | - | - | 330,000 | 660,000 |
| 91.144.000-8 | Embotelladora Andina S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | Chilean Pesos | At maturity | 6.39% | 6.39% | - | - | - | - | 1,900,000 |
| | | | | | | | | | | | | **Total** | **48,937,587** | **46,353,758** |

(1) The Bicentennial loan granted at a prime rate by Banco de la Nacion Argentina to Embotelladora del Atlántico S.A. is a benefit from the Argentine government to encourage investment projects. Embotelladora del Atlántico S.A. registered investment projects and received this loan at a prime rate of 9.9% annually.

### 15.2.1 Bonds payable

| Composition of bonds payable | Current | | Non-Current | | Total | |
|---|---|---|---|---|---|---|
| | 09.30.2013 | 12.31.2012 | 09.30.2013 | 12.31.2012 | 09.30.2013 | 12.31.2012 |
| | ThCh$ | ThCh $ | ThCh $ | ThCh $ | ThCh $ | ThCh $ |
| Bonds (face value) | 11,841,414 | 4,728,582 | 236,353,166 | 127,169,976 | 248,194,580 | 131,898,558 |
| Expenses of bond issuance and discounts on placement | (560,092) | (351,934) | (460,772) | (813,936) | (1,020,864) | (1,165,870) |
| **Net balance presented in statement of financial position** | **11,281,322** | **4,376,648** | **235,892,394** | **126,356,040** | **247,173,716** | **130,732,688** |

### 15.2.2 Current and non-current balances

The bonds correspond to Series A, B and C UF bonds issued on the Chilean market. These instruments are further described below :

| Bond registration or identification number | Series | Face amount | Unit of adjustment | Interest rate | Final maturity | Interest payment | Date amortization of capital | Par value | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | 09.30.2013 | 12.31.2012 |
| | | | | | | | | ThCh$ | ThCh$ |
| **Bonds, current portion** | | | | | | | | | |
| SVS Registration No, 640, 8/23/2010 | A | 1,000,000 | UF | 3.0% | 08.15.2017 | Semi- annually | 02.15.2014 | 5,858,709 | 255,057 |
| SVS Registration No, 254, 6/13/2001 | B | 3,298,646 | UF | 6.5% | 06.01.2026 | Semi- annually | 12.01.2013 | 5,276,425 | 3,964,645 |
| SVS Registration No, 641, 8/23/2010 | C | 1,500,000 | UF | 4.0% | 08.15.2031 | Semi- annually | 02.15.2021 | 171,486 | 508,880 |
| SVS Registration No, 759, 8/20/2013 | C | 1,000,000 | UF | 3.5% | 08.16.2020 | Semi- annually | 02.16.2017 | 100,152 | - |
| SVS Registration No, 760, 8/20/2013 | D | 4,000,000 | UF | 3.8% | 08.16.2034 | Semi- annually | 02.16.2032 | 434,642 | - |
| **Total current portion** | | | | | | | | **11,841,414** | **4,728,582** |
| **Bonds non-current portion** | | | | | | | | | |
| SVS Registration No, 640, 8/23/2010 | A | 1,000,000 | UF | 3.0% | 08.15.2017 | Semi- annually | 02.15.2014 | 17,318,272 | 22,840,750 |
| SVS Registration No, 254, 6/13/2001 | B | 3,298,646 | UF | 6.5% | 06.01.2026 | Semi- annually | 12.01.2013 | 68,943,198 | 70,068,101 |
| SVS Registration No, 641, 8/23/2010 | C | 1,500,000 | UF | 4.0% | 08.15.2031 | Semi- annually | 02.15.2021 | 34,636,545 | 34,261,125 |
| SVS Registration No, 759, 8/20/2013 | C | 1,000,000 | UF | 3.5% | 08.16.2020 | Semi- annually | 02.16.2017 | 23,091,030 | - |
| SVS Registration No, 760, 8/20/2013 | D | 4,000,000 | UF | 3.8% | 08.16.2034 | Semi- annually | 02.16.2032 | 92,364,121 | - |
| **Total non-current portion** | | | | | | | | **236,353,166** | **127,169,976** |

Accrued interest included in the current portion of bonds totaled ThCh$ 2,341,960 and ThCh$1,156,542 at September 30, 2013 and December 31, 2012, respectively

### 15.2.3 Non-current maturities

| | Series | Year of maturity 2014 | 2015 | 2016 | 2017 | Después | Total non-current 09.30.2013 |
|---|---|---|---|---|---|---|---|
| | | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| SVS Registration 640, 8/23/2010 | A | - | 5,772,758 | 5,772,758 | 5,772,756 | - | 17,318,272 |
| SVS Registration 254, 6/13/2001 | B | 1,953,225 | 4,095,895 | 4,362,127 | 4,645,664 | 53,886,287 | 68,943,198 |
| SVS Registration 641,08/23/2010 | C | - | - | - | - | 34,636,545 | 34,636,545 |
| SVS Registration 759, 8/20/2013 | C | - | - | - | 5,772,758 | 17,318,272 | 23,091,030 |
| SVS Registration 760,08/20/2013 | D | - | - | - | - | 92,364,121 | 92,364,121 |
| **Total** | | **1,953,225** | **9,868,653** | **10,134,885** | **16,191,178** | **198,205,225** | **236,353,166** |

### 15.2.4 Market rating

The bonds issued on the Chilean market had the following rating at September 30, 2013

AA + : Rating assigned by ICR Compañía Clasificadora de Riesgo Ltda.
AA + : Rating assigned by Feller & Rate

### 15.2.5 Restrictions

The following restrictions apply to the issuance and placement of the Company's Series B bonds on the Chilean market in 2001, as well as Series A and C bonds issued in 2010, as well as the C and D Series 2013.for a total of UF 11,200,000. Of that amount, UF 10,647,105 is outstanding:

- Embotelladora Andina S.A. must maintain a debt level in which consolidated financial liabilities do not exceed 1.20 times the consolidated equity. As defined in the debt agreements, consolidated financial liabilities will be considered to be current interest-accruing liabilities, namely: (i) Other financial liabilities, plus (ii) Other non-current financial liabilities. Total equity plus non-controlling interests will be considered consolidated equity.

  **As of September 30, 2013 the amounts included in this restriction are the following:**

  | | ThCh$ |
  |---|---|
  | Other current financial liabilities | 91,710,752 |
  | Other non-current financial liabilities | 286,207,834 |
  | Total consolidated outstanding liabilities | 866,530,359 |

  Based on these figures Consolidated Assets free from pledges, mortgages and other taxes are equal to 0.44 times of non consolidated outstanding liabilities

- Embotelladora Andina S.A. must maintain a net financial indebtedness that does not exceed 1.5 times in its quarterly financial statements, measured against its consolidated financial statements. For these effects, financial indebtedness level shall be defined as the ratio between net financial debt and total equity of the issuer (equity attributable to controlling shareholders plus non controlling interest). On the other hand, net financial debt is the difference between financial debt and cash balance of the issuer.

| As of September 30, 2013 the amounts included in this restriction are as follows: | ThCh$ |
|---|---|
| Cash and cash equivalents | 89,834,543 |
| Other current financial liabilities | 91,710,752 |
| Other non-current financial liabilities | 286,207,834 |
| Total Consolidated Equity | 866,530,359 |

Based on these figures, the level of indebtedness amounts to 0.33 times of consolidated equity.

- Consolidated assets must be kept free of any pledge, mortgage or lien for an amount at least equal to 1.30 times of the consolidated unsecured current liabilities of the issuer.

| As of September 30, 2013 values of the items included in this restriction are | ThCh$ |
|---|---|
| Consolidated Assets free of pledges, mortgages or other encumbrances | 1,609,071,357 |
| Non-guaranteed Consolidated Liabilities | 777,484,362 |

Based on these figures, the consolidated assets free of liens, mortgages or other charges equivalent to 2.07 times of the unsecured consolidated liabilities.

- Must be maintained and in no way forfeited, sold, assigned or transferred to a third party. This franchise is for the elaboration, production, sale and distribution of Coca-Cola products and brands according to the bottlers' agreement or periodically renewable licenses.

- The territory now under franchise to the Company by The Coca-Cola Company in Argentina or Brazil, which is used for the preparation, production, sale and distribution of Coca-Cola products and brands, must not be forfeited, sold, assigned or transferred to a third party, provided such territory represents more than 40% of the adjusted consolidated operating flow of the Company.

- Not invest in instruments issued by related parties, nor engage in other activities with these parties that are not related to their general purpose, in conditions that are less favorable to the Issuer than those existing in the market.

- Maintain in quarterly financial statement, a Net Financial Hedging higher than 3 must be maintained. Net Financial Hedging shall be the ratio between EBITDA of the issuer for the last 12 months and the net financial expenses (financial income less financial expenses) of the issuer for the last 12 months. However, this restriction will be deemed to be not in compliance when such net financial hedging level is lower than the level of the two previous consecutive quarters.

**As of September 30, 2013, the values of the items included in these restrictions are as follows:**

| | ThCh$ |
|---|---|
| (+) Ebitda consolidated between January 1 and September 30, 2013 | 163,783,598 |
| (+) Ebitda consolidated between January 1 and December 31, 2012 | 207,988,797 |
| (-) Ebitda consolidated between January 1 and September 30, 2012 | 125,775,508 |
| **Ebitda consolidated 12 months (between October 1, 2012 and September 30, 2013)** | **245,996,887** |
| | |
| (+) Finance income consolidated between January 1 and September 30, 2013 | 2,400,797 |
| (+)Finance income consolidated between January 1 and December 31, 2012 | 2,728,059 |
| (-)Finance income consolidated between January 1 and September 30, 2012 | 2,022,563 |
| **Finance income consolidated 12 months (between October 1, 2012 and September 30, 2013)** | **3,106,293** |
| | |
| (+)Finance costs consolidated between January 1 and September 30, 2013 | 16,491,868 |
| (+)Finance costs consolidated between January 1 and December 31, 2012 | 11,172,753 |
| (-)Finance costs consolidated between January 1 and September 30, 2012 | 6,653,343 |
| **Finance costs consolidated 12 months (between October 1, 2012 and September 30, 2013)** | **21,011,278** |

Based on these figures, the level of net financial coverage (EBITDA / (Finance costs - Interest income)) totals 13.74 times

The Company was in compliance with all financial covenants at September 30, 2013 and December 31, 2012

### 15.2.6 Repurchased bond

In addition to UF bonds, the Company holds bonds issued by itself that it has repurchased in full through companies that are integrated in the consolidation:

Through its subsidiaries, Abisa Corp S.A. (formerly Pacific Sterling), Embotelladora Andina S.A. repurchased its Yankee Bonds issued on the U.S. Market during the years 2000, 2001, 2002, 2007 and 2008. The entire placement amounted to US$350 million, of which US$200 million are outstanding and are presented after deducting the long-term liability from the other financial liabilities item.

The subsidiary Rio de Janeiro Refrescos Ltda. maintains a liability corresponding to a bond issuance for US $75 million due in December 2020 and semi-annual interest payments. On September 30, 2013 these titles are entirely belong to Andina and as of December 31, 2012 belong to the subsidiary Abisa Corp S.A., (former Pacific Sterling). On January 1, 2013, Abisa Corp S.A. transferred the totality of this asset to Embotelladora Andina S.A., passing the latter to be the creditor of the above mentioned Brazilian subsidiary. As a result, in these consolidated financial statements the assets and liabilities related to the transaction have been eliminated. In addition, the transaction has been treated as a net investment of the group in the Brazilian subsidiary, consequently the effects of exchange rate differences between the dollar and the functional currency of each one have been carried to other comprehensive income.

### 15.3.1 Forward contract obligations

Please see details in Note 20.

## 15.4.1 Current liabilities for leasing agreements

| Indebted Entity Name | Indebted Entity Country | Creditor Entity Tax ID, | Creditor Entity Name | Creditor Entity Country | Currency | Amortización Year | Effective Rate | Nominal Rate | Maturity Up to 90 días ThCh$ | Maturity 90 days 1 año ThCh$ | Total at 09.30.2013 ThCh$ | Total at 12.31.2012 ThCh$ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rio de Janeiro Refrescos Ltda. | Brazil | Foreign | Banco Itaú | Brazil | Brazilian Real | Monthly | 10.21% | 10.22% | 39,251 | 186,396 | 225,647 | 255,122 |
| Rio de Janeiro Refrescos Ltda. | Brazil | Foreign | Banco Santander | Brazil | Brazilian Real | Monthly | 9.65% | 9.47% | 2,255 | 11,547 | 13,802 | 45,493 |
| Embotelladora del Atlántico S.A. | Argentina | Foreign | Tetra Pak SRL | Argentina | Dollars | Monthly | 12.00% | 12.00% | 16,733 | 40,174 | 56,907 | 46,081 |
| | | | | | | | | | | **Total** | **296,356** | **346,696** |

## 15.4.2 Non-current liabilities for leasing agreements

| Indebted Entity Tax ID, | Indebted Entity Name | Indebted Entity Country | Creditor Entity Tax ID, | Creditor Entity Name | Creditor Entity Country | Currency | Amortization Year | Effective Rate | Nominal Rate | Maturity 1 years to up 3 years ThCh$ | Maturity 3 years to up 5 years ThCh $ | Maturity More than de 5 years ThCh $ | Total at 09.30.2013 ThCh $ | Total at 12.31.2012 ThCh $ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Foreign | Rio de Janeiro Refrescos Ltda. | Brazil | Foreign | Banco Itaú | Brazil | Brazilian Real | Monthly | 10.21% | 10.22% | 832,482 | - | - | 832,482 | 599,593 |
| Foreign | Rio de Janeiro Refrescos Ltda. | Brazil | Foreign | Banco Santander | Brazil | Brazilian Real | Monthly | 9.65% | 9.47% | 54,281 | - | - | 54,281 | 63,561 |
| Foreign | Embotelladora del Atlántico S.A. | Argentina | Foreign | Tetra Pak SRL | Argentina | Dollars | Monthly | 12.00% | 12.00% | 202,030 | 289,060 | - | 491,090 | 507,243 |
| | | | | | | | | | | | | **Total** | **1,377,853** | **1,170,397** |

## NOTE 16 – TRADE AND OTHER CURRENT ACCOUNTS PAYABLE

a) Trade and other current accounts payable are detailed as follows:

| Item | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Trade accounts payable | 141,290,548 | 159,211,448 |
| Withholdings | 26,908,041 | 23,529,819 |
| Others | 724,497 | 1,576,506 |
| **Total** | **168,923,086** | **184,317,773** |

b) The Company maintains commercial lease agreements for forklifts, vehicles, properties and machinery. These lease agreements have an average duration of one to five years excluding the renewal option of the agreements. No restrictions exist regarding the lessee by virtue of these lease agreements.

Future payments of the Company´s operating leases are as follows:

| | 09.30.2013 |
|---|---|
| | ThCh$ |
| Maturity within one year | 1,039,958 |
| Maturity between one year and five years | 1,295,039 |
| **Total** | **2,334,997** |

Total expenses related to operating leases maintained by the Company as of September 30, 2013 and 2012 amounted to ThCh$4,198,439 and ThCh$5,661,057, respectively.

NOTA 17 – CURRENT AND NON-CURRENT PROVISIONS

## 17.1 Balances

The balances of provisions recorded by the Company at September 30, 2013 and December 31, 2012 are detailed as follows:

| **Description** | **09.30.2013** | **12.31.2012** |
|---|---|---|
| | **ThCh$** | **ThCh$** |
| Litigation (1) | 6,811,908 | 6,821,165 |
| Others | - | 195,103 |
| **Total** | **6,811,908** | **7,016,268** |
| Current | 191,366 | 593,457 |
| Non-current | 6,620,542 | 6,422,811 |
| **Total** | **6,811,908** | **7,016,268** |

(1) These provisions correspond mainly to provisions for probable losses due to fiscal, labor and trade contingencies based on the opinion of management after consultation with its legal counsel.

## 17.2 Movements

Movement of provisions is detailed as follows:

| | 09.30.2013 | | | 12.31.2012 | | |
|---|---|---|---|---|---|---|
| **Description** | **Litigation** | **Others** | **Total** | **Litigation** | **Others** | **Total** |
| | **ThCh$** | **ThCh$** | **ThCh $** | **ThCh $** | **ThCh $** | **ThCh $** |
| **Opening Balance** | **6,821,165** | **195,103** | **7,016,268** | **7,970,835** | **-** | **7,970,835** |
| Increase due to merger | - | - | - | 325,174 | 136,826 | 462,000 |
| Additional provisions | - | - | - | 65,745 | 62,372 | 128,117 |
| Increase (decrease) in existing provisions | 955,505 | (195,103) | 760,402 | 851,150 | - | 851,150 |
| Payments | (710,211) | - | (710,211) | (1,168,725) | - | (1,168,725) |
| Increase (decrease) due to foreign exchange differences | (254,551) | - | (254,551) | (1,223,014) | (4,095) | (1,227,109) |
| **Ending Balance** | **6,811,908** | **-** | **6,811,908** | **6,821,165** | **195,103** | **7,016,268** |

## NOTE 18 – OTHER CURRENT AND NON-CURRENT NON-FINANCIAL LIABILITIES

Other current and non-current liabilities at each reporting period end are detailed as follows:

| Description | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Dividend payable | 51,231,239 | 99,427 |
| Employee remuneration payable | 6,881,804 | 8,240,460 |
| Accrued vacations | 11,472,107 | 11,392,231 |
| Other | 1,233,060 | 813,034 |
| **Total** | **70,818,210** | **20,545,152** |
| Current | 70,444,313 | 20,369,549 |
| Non-current | 373,897 | 175,603 |
| **Total** | **70,818,210** | **20,545,152** |

## NOTE 19 – EQUITY

As a result of the merger agreement with Embotelladoras Coca-Cola Polar S.A described in note 1b), during 2012, 93,152,097 Series A shares and 93,152,097 Series B shares were issued and exchanged for 100% of the outstanding shares of Embotelladoras Coca-Cola Polar S.A. The value in legal terms of this new issuance amounted to ThCh$39,867,121.

### 19.1 Share capital

On August 21, 2013 saw the decline of paid capital as of right for not having alienated third 67 shares of Series A and 8,065 Series B shares, which the Company acquired in 2012, to shareholders exercised their right to retire when it was merged with Embotelladoras Coca-Cola Polar S.A, thus passing the capital paid a total of ThCh $ 270,759,299 to a total of M ThCh$ 270,737,574.

The paid-in capital of the Company totaled ThCh$270,759,299 as of September 30, 2013, The distribution and classification of these is detailed as follows:

#### 19.1.1 Number of shares:

| Series | Number of shares subscribed | Number of shares paid in | Number of voting shares |
|---|---|---|---|
| A | 473,289,301 | 473,289,301 | 473,289,301 |
| B | 473,281,303 | 473,281,303 | 473,281,303 |

## 19.1.2 Capital:

| Series | Subscribed Capital | Paid-in Capital |
|---|---|---|
| | ThCh$ | ThCh$ |
| A | 135,379,504 | 135,379,504 |
| B | 135,358,070 | 135,358,070 |
| **Total** | **270,737,574** | **270,737,574** |

### 19.1.3 Rights of each series:

- Series A : Elect 12 of the 14 directors
- Series B : Receives an additonal 10% of dividends distributed to Series A and elects 2 of the 14 Directors:

## 19.2 Dividend policy

According to Chilean law, cash dividends must be paid equal to at least 30% of annual net profit, barring a unanimous vote by shareholders to the contrary. If there is no net profit in a given year, the Company will not be legally obligated to pay dividends from retained earnings. At the April 2013 Annual Shareholders Meeting, the shareholders authorised to pay out of the 2012 earnings into 2 additional dividend payments with one being in May and the other being in the second half of 2013.

Regarding Circular Letter N°1945 of the Chilean Superintendence of Securities and Insurance, the Company does not present any adjustments to be made in order to determine distributable net earnings to comply with minimum legal amounts.

Pursuant to Circular Letter N° 1,945 of the Chilean Superintendence of Securities and Insurance dated September 29, 2009, the Company's Board of Directors decided to maintain the initial adjustments from adopting IFRS as retained earnings for future distribution.

Retained earnings at the date of IFRS adoption amounted to ThCh$19,260,703, of which ThCh$4,678,368 have been realized at September 30, 2013 and are available for distribution as dividends in accordance with the following:

| Description | Event when amount is realized | Amount of accumulated earnings at 01.01.2009 | Realized at 09.30.2013 | Amount of accumulated earnings at 09.30.2013 |
|---|---|---|---|---|
| | | ThCh$ | ThCh$ | ThCh$ |
| Revaluation of assets | Sale or impairment | 12,538,123 | (2,334,086) | 10,204,037 |
| Foreign currency translation differences of investments in related companies | Sale or impairment | 6,393,518 | (1,481,482) | 4,912,036 |
| Full absorption cost accounting | Sale of products | 813,885 | (813,885) | - |
| Post-employment benefits actuarial calculation | Termination of employees | 929,560 | (428,539) | 501,021 |
| Deferred taxes complementary accounts | Amortization | (1,414,383) | 743,455 | (670,928) |
| **Total** | | **19,260,703** | **(4,314,537)** | **14,946,166** |

The dividends declared and paid during 2013 and 2012 are presented below:

| Dividend payment date | | Dividend type | Profits imputable to dividends | Ch$ per Series A Share | Ch$ per Series B Share |
|---|---|---|---|---|---|
| 2012 | January | Interim | 2011 | 8.50 | 9.35 |
| 2012 | May | Final | 2011 | 10.97 | 12.067 |
| 2012 | May | Additional | Retained Earnings | 24.30 | 26.73 |
| 2012 | October | Interim | 2012 | 12.24 | 13.46 |
| 2012 | December | Interim | 2012 | 24.48 | 26.93 |
| 2013 | May | Additional | 2012 | 12.30 | 13.53 |
| 2013 | June | Interim | 2013 | 12.30 | 13.53 |
| 2013 | November | Additional (1) | 2013 | 47.00 | 51.70 |

(1) At September 30, 2013 this dividend is outstanding and, as agreed by the Board October 2013, will be available to shareholders starting on November 15, 2013

## 19.3 Reserves

The balance of other reserves include the following:

| Description | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Polar acquisition | 421,701,520 | 421,701,520 |
| Foreign currency translation reserves | (72,369,023) | (63,555,545) |
| Cash Flow Hedging Reserve | 1,095,453 | - |
| Legal and statutory reserves | 5,435,538 | 5,435,538 |
| **Total** | **355,863,488** | **363,581,513** |

### 19.3.1 Polar acquisition

This amount corresponds to the fair value of the issuance of shares of Embotelladora Andina S.A. used to acquire Embotelladoras Coca-Cola Polar S.A.

### 19.3.2 Cash Flow Hedging Reserve

They arise from the fair value valuation of the existing derivative contracts that have been qualified for hedge accounting at the end of each financial period. When contracts are expired, these reserves are adjusted and recognized in the income statement in the corresponding period.

### 19.3.3 Legal and statutory reserves

In accordance with Official Circular No. 456 issued by the Chilean Superintendence of Securities and Insurance, the legally required price-level restatement of paid-in capital for 2009 is presented as part of other equity reserves and is accounted for as a capitalization from Other Reserves with no impact on net income or retained earnings under IFRS. This amount totaled ThCh$5,435,538 at December 31, 2009.

### 19.3.4 Foreign currency translation reserves

This corresponds to the conversion of the financial statements of foreign subsidiaries whose functional currency is different from the presentation currency of the consolidated financial statements. Foreign currency translation differences between the receivable held by Abisa Corp S.A. and owed by Rio de Janeiro Refrescos Ltda. are also shown in this account, which has been treated as an investment in Equity Investees (associates and joint ventures). Foreign currency translation reserves are detailed as follows:

| Description | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Brazil | (32,361,032) | (26,905,052) |
| Argentina | (39,320,642) | (29,448,998) |
| Paraguay | 8,295,646 | 24,248 |
| Exchange rate differences in related companies | (8,982,995) | (7,225,743) |
| **Total** | **(72,369,023)** | **(63,555,545)** |

The movement of this reserve for the fiscal periods ended September 30, 2013 and December 31, 2012 respectively is detailed as follows:

| Description | 09.30.2013 | 12.31.2012 |
|---|---|---|
| | ThCh$ | ThCh$ |
| Brazil | (5,455,980) | (25,630,195) |
| Argentina | (9,871,644) | (10,376,803) |
| Paraguay | 8,271,398 | 24,248 |
| Exchange rate differences in related companies | (1,757,252) | (5,112,916) |
| **Total** | **(8,813,478)** | **(41,095,666)** |

## 19.4 Non-controlling interests

This is the recognition of the portion of equity and income from subsidiaries that are owned by third parties, Details of this account at September 30, 2013 are as follows:

| Description | Percentage % | Non-controlling Interests Shareholders Equity | Income |
|---|---|---|---|
| | | ThCh$ | ThCh$ |
| Embotelladora del Atlántico S.A. | 0.0171 | 12,576 | 1,113 |
| Andina Empaques Argentina S.A. | 0.0209 | 1,782 | 286 |
| Paraguay Refrescos S.A. | 2.1697 | 4,894,908 | 138,503 |
| Inversiones Los Andes Ltda. | 0.0001 | 49 | (2) |
| Transportes Polar S.A. | 0.0001 | 1 | - |
| Vital S.A. | 35.0000 | 9,183,277 | 318,450 |
| Vital Aguas S.A. | 33.5000 | 1,854,216 | 21,625 |
| Envases Central S.A. | 40.7300 | 4,530,113 | 225,466 |
| Andina Inversiones Societarias S.A. | 0.0001 | 36 | 1 |
| **Total** | | **20,476,958** | **705,442** |

## 19.5 Earnings per share

The basic earnings per share presented in the statement of comprehensive income are calculated as the quotient between income for the period and the average number of shares outstanding during the same period.

The earnings per share used to calculate basic and diluted earnings per share is detailed as follows:

| **Earnings per share** | 09.30.2013 | | |
|---|---|---|---|
| | **SERIES A** | **SERIES B** | **TOTAL** |
| Earnings attributable to shareholders (ThCh$) | 26,222,206 | 28,843,325 | 55,065,531 |
| Average weighted number of shares | 473,289,301 | 473,281,303 | 946,570,604 |
| **Earnings per basic and diluted share (in pesos)** | **55.40** | **60.94** | **58.17** |

| **Earnings per share** | 09.30.2012 | | |
|---|---|---|---|
| | **SERIES A** | **SERIES B** | **TOTAL** |
| Earnings attributable to shareholders (ThCh$) | 23.315.629 | 25.647.192 | 48.962.821 |
| Average weighted number of shares | 380.137.271 | 380.137.271 | 760.274.542 |
| **Earnings per basic and diluted share (in pesos** | **61.34** | **67.46** | **64.40** |

## NOTA 20 – DERIVATIVE ASSETS AND LIABILITIES

The company held the following derivative liabilities at September 30, 2013 and December 31, 2012:

### 20.1 Currency forwards of items recognized for accounting purposes:

As of September 30, 2013, the Company maintained contracts to ensure bank liabilities in Brazil denominated in dollars for an amount of MUS$71,429 to convert them to Brazilian Reais at a different interest rate. The valuation of these contracts was recorded at their fair values, yielding an amount receivable on September 30, 2013 of ThCh$4,197,057 which is presented by deducting the current financial obligations. In addition, excess value of ThCh$1,095,453, generated in the derivative contract have been recognized within other equity reserves of the controller as of September 30, 2013.

### 20.2 Currency forwards for highly probable expected transactions:

In 2011, 2012 and 2013, the Company made agreements to hedge the exchange rate in the purchases of raw materials for the years 2012 and 2013. The outstanding agreements totaled ThUS$40,500 (ThUS$140,000 at December 31, 2012). Those agreements were recorded at fair value, resulting in a net loss of ThCh$392,273 for the year ended at September 30, 2013 (net loss of ThCh$462,002 at September 30, 2012), and liabilities for derivative contracts of ThCh$516,167 were recognized at September 30, 2013 (and liabilities ThCh$394,652 at December 31, 2012). Since these agreements did not meet the documentation requirements of IFRS to be considered hedge accounting, they were accounted for as investment contracts and the effects are recorded directly in the income statement.

### Fair value hierarchy

The Company had a total assets related to its foreign exchange forward contracts of ThCh$516,167 and liabilities to ThCh$394,652 at September 30, 2013 and December 31, 2012, respectively, which are classified within the other current non-financial liabilities and are carried at fair value on the statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3: Inputs for assets and liabilities that are not based on observable market data.

During the period ended  september 30, 2013 and December 31,  2012, there were no transfers of items between fair value measurement categories; all of which were valued during the period using level 2.

| | Fair Value Measurements at september, 30 2013 | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical Assets (Level 1) ThCh$ | Observable market data (Level 2) ThCh$ | Unobservable market data (Level 3) ThCh$ | Total ThCh$ |
| **Assets:** | | | | |
| **Current assets** | | | | |
| Other current financial assets | - | 516,167 | - | 516,167 |
| **Total liabilities** | **-** | **516,167** | **-** | **516,167** |

| | Fair Value Measurements at December , 31 2012 | | | |
|---|---|---|---|---|
| | Quoted prices in active market for identical liabilities (Level 1) ThCh$ | Observable market data (Level 2) ThCh$ | Unobservable market data (Level 3) ThCh$ | Total ThCh$ |
| **Liabilities:** | | | | |
| **Current liabilities** | | | | |
| Current financial liabilities | - | 394,652 | - | 394,652 |
| **Total liabilities** | **-** | **394,652** | **-** | **394,652** |

NOTE 21 – <u>CONTINGENCIES AND COMMITMENTS</u>

**21.1 Lawsuits and other legal actions:**

The Parent Company and its Subsidiaries are subject to litigation or potential litigation, in and out of court, that may result in material or significant losses or gains, in the opinion of the Company's legal counsel, detailed as follows:

1) Embotelladora del Atlántico S.A. is a party to labor and other lawsuits. Accounting provisions have been made for the contingent liabilities as a result of these lawsuits, totaling ThCh$1,674,323. Management considers it is unlikely that the non-provisioned contingencies will affect the Company's income and equity, based on the opinion of its legal counsel. The Company also hasThCh$ 1,083,683 in deposits to guarantee judicial duties.

2) Rio de Janeiro Refrescos Ltda. is involved in current lawsuits and probable lawsuits regarding labor, tax and other matters. Accounting provisions to cover contingent liabilities have been made, totaling ThCh$4,946,291. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, based on the opinion of its legal counsel. As it is required in Brazil, the Company has been required by the tax authorities to guarantee contingencies in the amounts of ThCh$17,537,735 at September 30, 2013 and ThCh$18,002,490 at December 31, 2012

3) Embotelladora Andina S. A. is involved in tax, commercial, labor and other lawsuits. Accounting provisions to cover contingent liabilities due to these lawsuits have been made, totaling ThCh$191,366. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.

## 21.2 Direct guarantees and restricted assets:

Guarantees and restricted assets as of September 30, 2013 and December 31, 2012 are detailed as follows:

**Guarantees that involve assets included in the financial statements:**

| | Provided by | | Committed assets | | Carrying | Balance pending payment on the closing date of the financial statements | | Date of guarantee release | |
|---|---|---|---|---|---|---|---|---|---|
| Guarantee in favor of | Name | Relationship | Guarantee | Type | 09.30.2013 | 09.30.2013 | 12.31.2012 | 2013 | 2014 |
| | | | | | ThCh$ | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| Proveedores Varios | Embotelladora Andina S.A. | Parent Company | Cash | Other debtors | 21.172 | 21.172 | - | - | 21.172 |
| Bodega San Francisco | Embotelladora Andina S.A. | Parent Company | Cash | Cash and cash equivalents | 6.788 | 6.788 | - | - | 6.788 |
| Gas licuado Lipigas S.A. | Embotelladora Andina S.A. | Parent Company | Cash | Cash and cash equivalents | 1.140 | 1.140 | - | - | 1.140 |
| Nazira Tala | Embotelladora Andina S.A. | Parent Company | Cash | Cash and cash equivalents | 3.416 | 3.416 | - | - | 3.416 |
| Nazira Tala | Embotelladora Andina S.A. | Parent Company | Cash | Cash and cash equivalents | 3.508 | 3.508 | - | - | 3.508 |
| Inmob. e Invers. Supetar Ltda. | Transportes Polar S.A. | Subsidiary | Cash | Cash and cash equivalents | 3.216 | 3.216 | - | - | 3.216 |
| María Lobos Jamet | Transportes Polar S.A. | Subsidiary | Cash | Cash and cash equivalents | 1.000 | 1.000 | - | 1.000 | - |
| Reclamantes ações trabalhistas | Rio de Janeiro Refrescos Ltda. | Subsidiary | Judicial deposit | Other non-financial assets | 17.537.735 | 17.537.735 | 17.045.911 | - | 17.537.735 |
| Diversos | Rio de Janeiro Refrescos Ltda. | Subsidiary | Property, plant and equipment, net | Property, plant and equipment | 15.554.926 | 15.554.926 | 16.051.409 | - | 15.554.926 |
| Distribuidora Baraldo S.H. | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 1.741 | 1.741 | 1.741 | - | 1.741 |
| Acuña Gomez | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 2.611 | 2.611 | 2.611 | - | 2.611 |
| Municipalidad Gral. Alvear | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 11.249 | 11.249 | 11.249 | - | 11.249 |
| Municipalidad San Martín Mza | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 31.334 | 31.334 | 31.334 | - | 31.334 |
| Nicanor López | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 1.867 | 1.867 | 1.867 | - | 1.867 |
| Labarda | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 31 | 31 | 31 | - | 31 |
| Municipalidad Bariloche | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 473.149 | 473.149 | - | - | 473.149 |
| Municipalidad San Antonio Oeste | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 3.701 | 3.701 | - | - | 3.701 |
| Municipalidad Chivilcoy | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 10.828 | 10.828 | - | - | 10.828 |
| Municipalidad Carlos Casares | Embotelladora del Atlántico S.A. | Subsidiary | Cash | Other non-financial assets | 1.201.674 | 1.201.674 | - | - | 1.201.674 |
| CICSA | Embotelladora del Atlántico S.A. | Subsidiary | Guarantees CICSA for packaging | Other financial assets | 48.482 | 48.482 | - | - | - |
| Locadores Varios | Embotelladora del Atlántico S.A. | Subsidiary | Rent deposit guarantees | Other financial assets | 11.623 | 11.623 | - | - | - |
| Aduana de Ezeiza | Embotelladora Andina S.A. | Subsidiary | Machinery import | Other financial assets | 12.173 | 12.173 | - | - | - |
| | | | | | **34.943.364** | | | | |

## Guarantees that not- involve assets included in the financial statements:

| Guarantee in favor of | Provided by Name | Relationship | Committed assets Guarantee | Committed assets Type | Carrying 09.30.2013 | Balance pending payment on the closing date of the financial statements 09.30.2013 | Balance pending payment on the closing date of the financial statements 12.31.2012 | Date of guarantee release 2013 | Date of guarantee release 2014 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | ThCh$ | ThCh $ | ThCh $ | ThCh $ | ThCh $ |
| Linde Gas Chile | Embotelladora Andina S.A. | Parent Company | Guarantee insurance | Guarantee insurance | - | 302.520 | - | - | 302.520 |
| Central de Restaurantes Aramark Ltda. | Embotelladora Andina S.A. | Parent Company | Guarantee insurance | Guarantee insurance | - | 243.515 | - | - | 243.515 |
| Thermo Electron Chile S.A. | Embotelladora Andina S.A. | Parent Company | Guarantee insurance | Guarantee insurance | - | 101.708 | - | 101.708 | - |
| Inmobiliaria Vistamar SpA | Vital Aguas S.A. | Subsidiary | Time deposit - Endorsable | Promissory note payable at sight | - | 28.000 | - | - | - |
| Inmobiliaria Vistamar SpA | Vital Aguas S.A. | Subsidiary | Time deposit - Endorsable | Promissory note payable at sight | - | 28.000 | - | - | - |
| Processes workers | Rio de Janeiro Refrescos Ltda. | Subsidiary | Guarantee insurance | Guarantee insurance | - | 561,501 | 579,423 | - | 561,501 |

## NOTE 22 – – FINANCIAL RISK MANAGEMENT

The Company's businesses are exposed to a variety of financial and market risks (including foreign exchange risk, fair value interest rate risk and price risk). The Company's global risk management program focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on the performance of the Company. The Company uses derivatives to hedge certain risks. Below is a description of the primary policies established by the Company to manage financial risks.

### Interest rate risk

As of September 30, 2013, the Company carried all of its debts at a fixed rate. Consequently, the risk of fluctuations in market interest rates as compared to the Company's cash flows is low.

Notwithstanding the above, the Company's most significant indebtedness comes from the issuance of Bonds that are denominated in Unidades de Fomento (which is indexed to the inflation in Chile) If the inflation in Chile had reached 2% for the period January 01 to September 30, 2013 (instead of 1.1%), the Company's results would have been decreased by ThCh$2,437,172.

### Foreign currency risk

Sales revenues earned by the Company are linked to the local currencies of countries in which it operates, details of which are as follows:

| Chilean Peso | Brazilean Real | Argentine Peso | Paraguayan Guarani |
|---|---|---|---|
| 32% | 31% | 29% | 8% |

Since the Company's income is not tied to the US dollar, the policy of managing that risk, meaning the gap between assets and liabilities denominated in that currency, has been to hold financial investments in dollar–denominated instruments for at least the equivalent of the liabilities denominated in that currency (if US dollar liabilities exist).

Additionally and depending on market conditions, the Company's policy is also to make foreign currency hedge contracts to reduce the foreign exchange rate impact on cash outflows expressed in US dollars, corresponding mainly to payments made to raw material suppliers. In accordance with the percentage at of raw material purchases that are indexed to the US dollar, if the currencies were to devalue by 5% in the four countries where the Company operates, and considering other factors remain constant, it would generate a cumulative decrease in income at September 30, 2013 of ThCh$4,480,585. Currently, the Company holds derivative contracts to cover this effect in Chile and Argentina, which do not qualify for hedge accounting according to IAS 39.

The exposure to foreign currency exchange conversion differences of subsidiaries abroad (Brazil, Argentina and Paraguay), due to the differences between monetary assets and liabilities (that is, those denominated in a local currency and consequently exposed to foreign currency translation risk from translation of their functional currency to the presentation currency of the consolidated statements) is hedged only when it is predicted that material adverse differences could occur and when the costs associated with such hedging is deemed reasonable by management. Currently, the Company does not have any of such hedge agreements.
In the period January to September 2013, the Brazilian real and the Argentine peso presented an average devaluation of 3.9% and 4.3%, respectively, with regard to the reporting currency. In the same period in 2013, the Paraguayan Guaraní has presented a 4.7% appreciation with respect to the reporting currency.

Currently in Argentina, there are foreign exchange restrictions and there is a parallel currency market with an exchange rate which is higher than the official rate. If the Argentine peso were to devalue by an additional 25% with respect to the Chilean peso, the effects upon translation would amount to a higher loss of ThCh$ 1,744,839. On the other hand, at equity level, this would result in a decrease in equity of ThCh$13,724,516.

If the Brazilian real devalued by at least 1.1% with respect to the Chilean peso, the effect upon translation would amount to a higher gain of thCh$332,548. On the other hand, at equity level, this would result in a smaller decrease in equity of ThCh$1,612,288.

If the Paraguayan Guaraní would have appreciated by an additional 3.1% with respect to the Chilean peso, the effect upon translation would amount to a greater profit of ThCh$247,772. On the other hand, at the equity level, this greater appreciation would result in a higher equity increase of ThCh$7,682,344.

**Commodities risk**

The Company is subject to a risk of price fluctuations in the international markets for sugar, aluminum and PET resin, which are inputs required to produce beverages and, as a whole, account for 35% to 40% of operating costs. Procurement and anticipated purchase contracts are made frequently to minimize and/or stabilize this risk. When allowed by market conditions commodity hedges have also been used. The possible effects that exist in the present consolidated integral statements of a 5% eventual rise in prices of its main raw materials, would be a reduction in our accumulated results for the year ended September 30, 2013 of approximately ThCh$8,173,520. To minimize and/or stabilize such risk, anticipated purchase and supply agreements are frequently obtained when market conditions are favorable. Derivative instruments for commodities have also been used.

## Liquidity risk

The products we sell are mainly paid for in cash and short term credit, therefore the Company´s main source of financing comes from the cash flow of our operations. This cash flow has historically been sufficient to cover the investments necessary for the normal course of our business, as well as the distribution of dividends approved by the General Shareholders' Meeting. Should additional funding be required for future geographic expansion or other needs, the main sources of financing to consider are: (i) debt offerings in the Chilean and foreign capital markets (ii) borrowings from commercial banks, both internationally and in the local markets where the Company operates; and (iii) public equity offerings.

The following table presents our contractual and commercial obligations as of September 30, 2013:

| | Year of maturity | | | | |
|---|---|---|---|---|---|
| **Item** | **2013** | **2014** | **2015** | **2016** | **2017 and more** |
| | **ThCh$** | **ThCh$** | **ThCh $** | **ThCh $** | **ThCh $** |
| Bank debt | 29,644,219 | 46,376,464 | 19,129,429 | 16,394,885 | 12,043,524 |
| Bonds payable | 4,158,607 | 20,384,837 | 20,212,939 | 16,982,757 | 308,427,604 |
| Operating lease obligations | 2,346,091 | 3,568,424 | 1,349,583 | 847,018 | 641,417 |
| Purchase obligations | 80,616,886 | 107,558,256 | 65,587,658 | 29,871,577 | 122,321,757 |
| Total | 116,765,803 | 177,887,981 | 106,279,609 | 64,096,237 | 443,434,302 |

## NOTA 23 – OTHER INCOME

Other operating income is detailed as follows:

| **Description** | **01.01.2013 09.30.2013** | **01.01.2012 09.30.2012** | **07.01.2013 09.30.2013** | **07.01.2012 09.30.2012** |
|---|---|---|---|---|
| | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| Gain on disposal of property, plant and equipment | 3,692,030 | 348,112 | 2,371,772 | 114,214 |
| Adjustment of judicial deposit (Brazil) | 425,040 | 611,549 | 170,703 | 148,948 |
| Gain on sale of investments SAAB | 434,580 | - | - | - |
| Leao Junior | 7,068,820 | - | 7,068,820 | - |
| Other | 68,591 | 94,938 | 50,239 | 19,778 |
| **Total** | **11,689,061** | **1,054,599** | **9,661,534** | **282,940** |

## NOTE 24 – OTHER EXPENSES

Other expenses are detailed as follows:

| Description | 01.01.2013<br>09.30.2013 | 01.01.2012<br>09.30.2012 | 07.01.2013<br>09.30.2013 | 07.01.2012<br>09.30.2012 |
|---|---|---|---|---|
| | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| Tax on bank debits | 4,479,344 | 2,986,064 | 1,588,114 | 872,612 |
| Loss on sale of interest in Leao Jr (Brazil) | 1,585,707 | - | 2 | - |
| Write-off of property, plant and equipment | 5,799,801 | 982,125 | 3,438,705 | 717,516 |
| Restructuring distribution Project (Chile) | 1,455,703 | - | 225,507 | - |
| Taxes prior periods | 3,344,873 | - | 3,344,873 | - |
| Provisions | 2,035,934 | 1,356,175 | 1,133,759 | 504,646 |
| Professional service fees | 1,231,958 | 497,105 | 1,083,510 | 186,851 |
| Loss on sale of property, plant and equipment | 229,218 | 933,268 | 108,659 | 319,362 |
| Merger Andina-Polar (see note 13.2) | 193,639 | 1,820,618 | 5,463 | 179,320 |
| Other | 1,651,403 | 1,090,461 | 737,425 | 596,979 |
| **Total** | **22,007,580** | **9,665,816** | **11,666,017** | **3,377,286** |

## NOTE 25 – FINANCIAL INCOME AND COSTS

Financial income and costs break down as follows:

### a) Finance income

| Description | 01.01.2013<br>09.30.2013 | 01.01.2012<br>09.30.2012 | 07.01.2013<br>09.30.2013 | 07.01.2012<br>09.30.2012 |
|---|---|---|---|---|
| | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| Interest income | 2,243,010 | 1,825,215 | 1,109,699 | 548,857 |
| Other interest income | 157,787 | 197,348 | 42,485 | 18,143 |
| **Total** | **2,400,797** | **2,022,563** | **1,152,184** | **567,000** |

### a) Finance costs

| Description | 01.01.2013<br>09.30.2013 | 01.01.2012<br>09.30.2012 | 07.01.2013<br>09.30.2013 | 07.01.2012<br>09 .30.2012 |
|---|---|---|---|---|
| | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| Bond interest | 5,723,401 | 3,800,749 | 2,646,612 | 1,253,673 |
| Bank loan interest | 8,287,212 | 2,397,699 | 2,310,220 | 1,293,658 |
| Other interest costs | 2,481,255 | 454,895 | 1,448,788 | 58,019 |
| **Total** | **16,491,868** | **6,653,343** | **6,405,620** | **2,605,350** |

**NOTE 26 – OTHER INCOME AND EXPENSES**

Other gains and losses are detailed as follows:

| Description | 01.01.2013 09.30.2013 | 01.01.2012 09.30.2012 | 07.01.2013 09.30.2013 | 07.01.2012 09.30.2012 |
|---|---|---|---|---|
| | ThCh$ | ThCh$ | ThCh$ | ThCh$ |
| Restructuring of operations (new Renca plant) | - | (750,874) | - | (350,421) |
| Gains on derivative transactions | 392,273 | (462,002) | (472,880) | (1,107,780) |
| Mulct and penalties | (13,299) | - | - | - |
| Other income and expenses | (641,995) | (7,429) | (171,129) | (3,096) |
| **Total** | **(263,021)** | **(1,220,305)** | **(644,009)** | **(1,461,297)** |

## NOTE 27 – THE ENVIRONMENT

The Company has made disbursements totaling ThCh$2,298,781 for improvements in industrial processes, equipment to measure industrial waste flows, laboratory analysis, consulting on environmental impacts and others.
These disbursements by country are detailed as follows:

| | Period ended September 30, 2013 | | Future commitments | |
|---|---|---|---|---|
| **Country** | **Recorded as expenses** | **Capitalized to property, plant and equipment** | **Recorded as expenses** | **Capitalized to property, plant and equipment** |
| | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| Chile | 534,256 | 239,459 | 549,493 | 502,916 |
| Argentina | 784,538 | 13,292 | 261,757 | 1,622,730 |
| Brazil | 433,174 | 257,068 | 531,521 | 1,164,040 |
| Paraguay | 29,993 | 7,001 | - | 3,847 |
| **Total** | **1,781,961** | **516,820** | **1,342,771** | **3,293,533** |

## NOTE 28 - Auditors´ fees

Details of the fees paid to the external auditors are as follows:

| **Description** | **01.01.2013 09.30.2013** | **01.01.2012 09.30.2012** | **07.01.2013 09.30.2013** | **07.01.2012 09.30.2012** |
|---|---|---|---|---|
| | **ThCh$** | **ThCh$** | **ThCh$** | **ThCh$** |
| Remuneration of the Auditor for auditing services | 282,486 | 338,733 | 184,548 | 336,603 |
| Remuneration of the Auditor for tax services | 36,151 | 36,514 | 22,561 | 25,833 |
| Remuneration of the Auditor for other services | 18,043 | 130,207 | 11,494 | 130,207 |
| **Total** | **336,680** | **505,454** | **218,603** | **492,643** |

**NOTE 29 – SUBSEQUENT EVENTS**

1. On October 1, 2013, the Company issued and placed bonds in international markets under Rule 144A and Regulation S of the Securities Act of the United States of America, for an amount of U.S. $ 575 million, a rate of 5% per annum, payable in 2023.

   In accordance with applicable law, these securities are not subject to registration with the Securities and Exchange Commission of the United States of America, considering that no public offer of the same in Chile have made, either be registered with the Superintendency Securities and Insurance

2. On October 11th, 2013, Rio de Janeiro Refrescos Ltda., closed the acquisition of 100% of the capital stock of Companhia de Bebidas Ipiranga in an all-cash transaction. This acquisition was previously arranged between the parties through an agreement signed on July 10th, 2013. The final price paid amounted R$1,155,445,998

Except as provided above, between September 30, 2013 and the date of issuance of this report there are no other subsequent events significantly affecting the presentation of these financial statements.