EMPRESAS COPEC S.A.

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2011

IFRS - International Financial Reporting Standards

IAS - International Accounting Standards

CHFRS - Chilean Financial Reporting Standards

IFRIC - International Financial Reporting Interpretations Committee

GAAP - Generally Accepted Accounting Principles

ThUS$ - Thousands of U.S. dollars

MMUS$ - Million of U.S. dollars

Index to the consolidated financial statements of Empresas Copec S.A. and affiliates

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Classified Statement of Financial Position

	Note	12.31.2011 ThUS$	12.31.2010 ThUS$
Assets			
Current assets			
Cash and cash equivalents	3.1	1,131,981	1,739,692
Other current financial assets	3.2	93,141	72,846
Other current non-financial assets	3.4	244,192	217,141
Current trade and other receivables	3.3	1,747,144	1,729,362
Current receivables from related parties	16.1	209,781	98,387
Inventory	6	1,494,465	1,187,656
Current biological assets	7	285,301	348,159
Current tax assets	8	71,967	80,446
Total current assets other than assets or disposal groups held for sale or held for distribution to equity holders		**5,277,972**	**5,473,689**
Non-current assets or disposal groups held for sale	9	357,596	370,734
Non-current assets or disposal groups held for distribution to equity holders		0	0
Non-current assets or disposal groups held for sale or held for distribution to equity holders		**357,596**	**370,734**
Total current assets		**5,635,568**	**5,844,423**
Non-current assets			
Other non-current financial assets		12,088	72,487
Other non-current non-financial assets	3.4	105,830	61,114
Non-current rights receivable	3.3	20,449	8,577
Non-current receivables from related parties	16.1	2,460	491
Equity method investments	19	1,494,075	1,138,908
Intangible assets other than goodwill	10	754,182	698,371
Goodwill	10	165,501	159,450
Property, plant and equipment	11	8,110,397	7,747,150
Non-current biological assets	7	3,463,166	3,446,862
Investment property	13	143,125	92,820
Deferred tax assets	14a	188,037	179,145
Total non-current assets		**14,459,310**	**13,605,375**
Total assets		**20,094,878**	**19,449,798**

Classified Statement of Financial Position

	Note	12.31.2011 ThUS$	12.31.2010 ThUS$
Equity and liabilities			
Liabilities			
Current liabilities			
Other current financial liabilities	3.5	694,628	903,737
Trade and other payables	15	1,306,496	1,079,290
Current payables to related parties	16.2	11,924	12,426
Other current provisions	17	17,124	11,041
Current tax liabilities	8	223,757	105,048
Current provisions for employee benefits	18	5,729	5,627
Other current non-financial liabilities		301,642	302,871
Total current liabilities other than liabilities included in disposal groups held for sale		**2,561,300**	**2,420,040**
Liabilities included in disposal groups held for sale	9	143,383	139,363
Total current liabilities		**2,704,683**	**2,559,403**
Non-current liabilities			
Other non-current financial liabilities	3.5	4,617,992	4,068,519
Other payables		896	949
Non-current payables to related parties		0	0
Other non-current provisions	17	22,012	18,757
Deferred tax liabilities	14a	1,664,095	1,787,123
Non-current provisions for employee benefits	18	72,497	70,704
		213,653	155,163
Total non-current liabilities		**6,591,145**	**6,101,215**
Total liabilities		**9,295,828**	**8,660,618**
Equity			
Issued capital		686,114	686,114
Accumulated gains (losses)	27	8,785,629	8,230,537
Share premium		0	0
Own shares held in portfolio		0	0
Other shares in equity		0	0
Other reserves		341,347	807,006
Equity attributable to equity holders of parent company		**9,813,090**	**9,723,657**
Minority interest		985,960	1,065,523
Total equity		**10,799,050**	**10,789,180**
Total equity and liabilities		**20,094,878**	**19,449,798**

Statement of Comprehensive Income by Function

	Note	12.31.2011 ThUS$	12.31.2010 ThUS$
Gain (loss)			
Operating revenues	23	21,124,578	12,149,778
Cost of sales		(18,297,232)	(9,800,751)
Gross margin		**2,827,346**	**2,349,027**
Gain on the derecognition of financial assets measured at amortized cost		0	0
Loss on the derecognition of financial assets measured at amortized cost		0	0
Other income by function		503,008	382,918
Distribution costs		(748,119)	(517,595)
Administrative expenses		(976,085)	(685,676)
Other expenses by function		(140,467)	(89,066)
Other gains (losses)		10,369	(10,853)
Financial income	24	48,825	34,223
Financial costs	24	(303,571)	(242,430)
Share in profit (loss) of associates and joint ventures from equity method	19	64,740	67,223
Exchange differences	25	(31,964)	(5,368)
Gain (loss) on indexed assets		(14,666)	(2,328)
Gain (loss) on difference between previous book value and fair value of reclassified financial assets measured at fair value		0	0
Income (loss) before taxes		**1,239,416**	**1,280,075**
Income tax expense	14b	(249,111)	(244,741)
Income (loss) from continuing operations		**990,305**	**1,035,334**
Income (loss) from discontinued operations		4,465	0
Income (loss)		**994,770**	**1,035,334**
Income (loss) attributable to			
Income (loss) attributable to equity holders of parent		932,725	1,013,789
Income (loss) attributable to minority interest		62,045	21,545
Income (loss)		**994,770**	**1,035,334**
Earnings per share			
Basic earnings per share			
Basic earnings (loss) per share from continuing operations		0.7141264	0.7799254
Basic earnings (loss) per share from discontinued operations		0.0034350	0.0000000
Basic earnings (loss) per share		**0.7175614**	**0.7799254**
Diluted earnings (loss) per share from continuing operations		0.7141264	0.7799254
Diluted earnings (loss) per share from discontinued operations		0.0034350	0.0000000
Diluted earnings (loss) per share		**0.7175614**	**0.7799254**

Statement of Comprehensive Income

	12.31.2011 ThUS$	12.31.2010 ThUS$
Statement of comprehensive income		
Gain (loss)	**994,770**	**1,035,334**
Components of other comprehensive income, before taxes		
Foreign currency translation differences		
Gain (loss) on foreign currency translation differences, before taxes	(338,135)	189,758
Reclassification adjustments for foreign currency translation differences, before taxes	0	0
Other comprehensive income, before taxes and foreign currency translation differences	**(338,135)**	**189,758**
Available-for-sale financial assets		
Gain (loss) on new measurements of available-for-sale financial assets, before taxes	373	1,347
Reclassification adjustments for available-for-sale financial assets, before taxes	0	0
Other comprehensive income before taxes, available-for-sale financial assets	**373**	**1,347**
Cash flow hedges		
Gain (loss) on cash flow hedges, before taxes	(32,213)	2,589
Reclassification adjustments for cash flow hedges, before taxes	0	0
Adjustments for amounts transferred to the initial book value of hedged items	0	0
Other comprehensive income, before taxes, cash flow hedges	**(32,213)**	**2,589**
Other comprehensive income, before taxes and gains (losses) from investments in equity instruments	0	0
Other comprehensive income before taxes and gains (losses) from revaluation	0	0
Other comprehensive income, before taxes and actuarial gains (losses) from defined-benefits plans	0	0
Share in other comprehensive income of equity method associates and joint ventures	(24,342)	(22,242)
Other components of other comprehensive income, before taxes	**(394,317)**	**171,452**
Income taxes related to components of other comprehensive income		
Income taxes related to foreign currency translation differences in other comprehensive income	0	0
Income taxes related to investments in equity instruments in other comprehensive income	0	0
Income taxes related to available-for-sale financial assets in other comprehensive income	(74)	(229)
Income taxes related to cash flow hedges in other comprehensive income	6,409	(795)
Income taxes related to changes in revaluation surplus in other comprehensive income	0	0
Income taxes related to defined-benefit plans in other comprehensive income	0	0
Reclassification adjustments from income taxes related to components of other comprehensive income	0	0
Total income taxes related to components of other comprehensive income	**6,335**	**(1,024)**
Other comprehensive income	**(387,982)**	**170,428**
Total comprehensive income	**606,788**	**1,205,762**
Comprehensive income attributable to		
Comprehensive income attributable to equity holders of parent company	545,112	1,183,988
Comprehensive income attributable to minority interest	61,676	21,774
Total comprehensive income	**606,788**	**1,205,762**

Statement of Changes in Net Equity

	Ordinary Shares												
CURRENT PERIOD - 12/2011	**Share Capital**	**Share Premium**	**Legal and Statutory Reserves**	**Available-for-Sale Reserves**	**Translation Adjustment Reserves**	**Revaluation Reserves**	**Hedge Reserves**	**Other Miscellaneous Reserves**	**Other Reserves**	**Changes in Retained Earnings (Accumulated Losses)**	**Changes in Net Equity Attributable to Equity Holders of Parent, Total**	**Changes in Minority Interest**	**Changes in Net Equity, Total**
Current period opening balance: January 1, 2011	**686,114**	**0**	**0**	**384**	**172,802**	**0**	**(10,727)**	**644,547**	**807,006**	**8,230,537**	**9,723,657**	**1,065,523**	**10,789,180**
Increase (decrease) from changing in accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	**686,114**	**0**	**0**	**384**	**172,802**	**0**	**(10,727)**	**644,547**	**807,006**	**8,230,537**	**9,723,657**	**1,065,523**	**10,789,180**
Changes in equity													
Comprehensive income													
Gain (loss)	0	0	0	0	0	0	0	0	0	932,725	932,725	62,045	994,770
Other comprehensive income	0	0	0	299	(337,750)	0	(25,802)	(24,360)	(387,613)	0	(387,613)	(369)	(387,982)
Comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuance of equity	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	(377,633)	(377,633)	0	(377,633)
Increase (decrease) from other contributions from equity holders	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) from other distributions to equity holders	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from transfers and other changes	0	0	0	0	0	0	0	6,186	6,186	0	6,186	(141,239)	(135,053)
Increase (decrease) from transactions involving shares in portfolio	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from changes in shares in subsidiaries that do not imply loss of control	0	0	0	0	0	0	0	(84,232)	(84,232)	0	(84,232)	0	(84,232)
Total changes in equity	**0**	**0**	**0**	**299**	**(337,750)**	**0**	**(25,802)**	**(102,406)**	**(465,659)**	**555,092**	**89,433**	**(79,563)**	**9,870**
Current period ending balance 12.31.11	**686,114**	**0**	**0**	**683**	**(164,948)**	**0**	**(36,529)**	**542,141**	**341,347**	**8,785,629**	**9,813,090**	**985,960**	**10,799,050**

PREVIOUS PERIOD - 12/2010	Ordinary Shares		Legal and Statutory Reserves	Available-for-Sale Reserves	Translation Adjustment Reserves	Revaluation Reserves	Hedge Reserves	Other Miscellaneous Reserves	Other Reserves	Changes in Retained Earnings (Accumulated Losses)	Changes in Net Equity Attributable to Equity Holders of Parent, Total	Changes in Minority Interest	Changes in Net Equity, Total
	Share Capital	Share Premium											
Previous period opening balance: January 1, 2010	**686,114**	**0**	**0**	**(734)**	**(16,754)**	**0**	**(12,494)**	**666,789**	**636,807**	**7,621,923**	**8,944,844**	**263,406**	**9,208,250**
Increase (decrease) from changes in accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	**686,114**	**0**	**0**	**(734)**	**(16,754)**	**0**	**(12,494)**	**666,789**	**636,807**	**7,621,923**	**8,944,844**	**263,406**	**9,208,250**
Changes in equity													
Comprehensive income													
Gain (loss)	0	0	0	0	0	0	0	0	0	1,013,789	1,013,789	21,545	1,035,334
Other comprehensive income	0	0	0	1,118	189,556	0	1,767	(22,242)	170,199	0	170,199	229	170,428
Comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuance of equity	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	(395,902)	(395,902)	0	(395,902)
Increase (decrease) from other contributions from equity holders	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) from other distributions to equity holders	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from transfers and other changes	0	0	0	0	0	0	0	0	0	(9,273)	(9,273)	780,343	771,070
Increase (decrease) from transactions involving shares in portfolio	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from changes in shares in subsidiaries that do not imply loss of control	0	0	0	0	0	0	0	0	0	0	0	0	0
Total changes in equity	**0**	**0**	**0**	**1,118**	**189,556**	**0**	**1,767**	**(22,242)**	**170,199**	**608,614**	**778,813**	**802,117**	**1,580,930**
Previous period ending balance 12.31.10	**686,114**	**0**	**0**	**384**	**172,802**	**0**	**(10,727)**	**644,547**	**807,006**	**8,230,537**	**9,723,657**	**1,065,523**	**10,789,180**

Consolidated Statement of Cash Flows, Direct Method

	12.31.2011 ThUS$	12.31.2010 ThUS$
Statement of cash flows		
Cash flows provided by (used in) operating activities		
Classes of collections from operating activities		
Collections from sales of goods and provision of services	22,861,456	13,294,841
Collections from royalties, installments, commissions and other operating revenues	2,630	0
Collections from contracts held for intermediation or negotiation	0	0
Collections from premiums and benefits, annuities and other benefits from subscribed policies	331,632	306,240
Other collections from operating activities	278,656	172,301
Classes of payments		
Payments to providers for the supply of goods and services	(21,062,677)	(11,593,753)
Payments from contracts held for intermediation or negotiation	0	0
Payments to and on behalf of employees	(560,517)	(413,631)
Payments for premiums and benefits, annuities and other obligations derived from subscribed policies	(5,057)	(768)
Other payments for operating activities	(56,664)	(68,803)
Dividends paid	0	0
Dividends received	15,336	14,206
Interest paid	(233,133)	(222,023)
Interest received	31,603	15,840
Income taxes refunded (paid)	(294,031)	(43,954)
Other inflows (outflows) of cash	(12,312)	5,844
Net cash flows provided by (used in) operating activities	**1,296,922**	**1,466,340**
Cash flows provided by (used in) investing activities		
Cash flows provided by the loss of control of subsidiaries or other businesses	0	0
Cash flows used to obtain control of subsidiaries or other businesses	(267,913)	(292,040)
Cash flows used in the purchase of non-controlling shares	(242,360)	(8,000)
Other collections from the sale of equity or debt instruments of other entities	0	0
Other payments to obtain equity or debt instruments of other entities	(518)	0
Other collections from the sale of shares in joint ventures	0	0
Other payments to acquire shares in joint ventures	(177,397)	(39,559)
Loans to related parties	(253,551)	0
Proceeds from the sale of property, plant and equipment	25,432	11,626
Purchases of property, plant and equipment	(959,331)	(706,892)
Proceeds from sales of intangible assets	0	0
Purchases of intangible assets	(118,796)	(1,673)
Proceeds from other long-term assets	11,561	1,471
Purchases of other long-term assets	(139,360)	(117,183)
Proceeds from government subsidies	0	0
Cash prepayments and loans granted to third parties	0	0
Collections from the reimbursement of prepayments and loans granted to third parties	0	0
Payments derived from futures, term, options and swap contracts	0	0
Collections from futures, term, options and swap contracts	0	0
Collections from related parties	167,045	10,716
Dividends received	56,086	5,805
Interest received	670	0
Income taxes refunded (paid)	0	0
Other inflows (outflows) of cash	(22,891)	139,972
Net cash flows provided by (used in) investing activities	**(1,921,323)**	**(995,757)**

Cash flows provided by (used in) financing activities			
Proceeds from the issuance of shares		16,472	5,167
Proceeds from the issuance of other equity instruments		0	0
Payments to acquire or redeem shares of the entity		(6)	0
Payments for other shares in equity		0	0
Proceeds from long-term loans		637,312	688,753
Proceeds from short-term loans		2,177,245	674,574
Total proceeds from loans		**2,814,557**	**1,363,327**
Loans from related parties		101	0
Payments of loans		(2,371,576)	(1,089,695)
Payments of capital lease liabilities		0	0
Payments of loans to related parties		(477)	0
Proceeds from government subsidies		536	0
Dividends paid		(483,975)	(267,852)
Interest paid		(47,131)	(6,756)
Income taxes refunded (paid)		0	0
Other inflows (outflows) of cash		105,714	(14,052)
Net cash flows provided by (used in) financing activities		**34,215**	**(9,861)**
Net increase (decrease) in cash and cash equivalents, before effect of exchange rate variations		**(590,186)**	**460,722**
Effects of exchange rate variations on cash and cash equivalents			
Effects of exchange rate variations on cash and cash equivalents		(17,862)	11,210
Net increase (decrease) in cash and cash equivalents		(608,048)	471,932
Cash and cash equivalents, beginning of period		1,739,629	1,267,697
Cash and cash equivalents, end of period	3.1	1,131,581	1,739,629

NOTE 1. CORPORATE INFORMATION

Empresas Copec S.A. is a financial holding company that, through its affiliates and associates, operates in a variety of economic sectors. Since its inception in 1934, the Parent Company was dedicated to the distribution of liquid fuel. This business line was transferred to a new affiliate in October 2003.

Today, the operations of Empresas Copec S.A. can be divided into two large areas of specialization: natural resources and energy. Within the area of natural resources, the Company has businesses in the forestry, fishing and mining industries. Within the energy segment, the Company's businesses include the distribution of liquid fuel, liquid petroleum gas and natural gas, as well as electricity generation; all of these sectors are strongly linked to the growth and development of the country.

The Company's main affiliates and associates include Celulosa Arauco y Constitución S.A., Compañía de Petróleos de Chile COPEC S.A., Abastecedora de Combustibles S.A., Sociedad Nacional de Oleoductos S.A., Metrogas S.A., Corpesca S.A., Orizon S.A., Pesquera Iquique-Guanaye S.A., Empresa Eléctrica Guacolda S.A. and Minera Camino Nevado Ltda.

Empresas Copec S.A., the Group's Parent Company, is a publicly held corporation that is registered in the Securities Registry under No. 0028. The Company is regulated by the Chilean Superintendency of Securities and Insurance. The Company's legal address is Avenida El Golf No. 150, 17th floor, Las Condes, Santiago, Chile, and its taxpayer identification number is 90.690.000-9.

Empresas Copec S.A. is controlled by AntarChile S.A., which holds 60.82% of the Company's shares. Antarchile S.A. is a publicly held corporation that is registered in the Securities Registry under No. 0342 and is regulated by the Chilean Superintendency of Securities and Insurance.

The Group's final parent is Inversiones Angelini y Cía. Ltda., which holds 63.4015% of the shares of Antarchile S.A.

Consolidated financial statements correspond to the period ended as of December 31, 2011. Both the consolidated financial statements and the publication of the same were approved by the Board of Directors at its Ordinary Meeting No. 2,513, held on March 9, 2012. The financial statements of the affiliates were approved by their respective Boards of Directors.

The Company's financial statements for the period ended as of December 31, 2010, as well as the publication of the same, were approved by its Board of Directors at its Extraordinary Meeting No. 2,498, held on March 31, 2011, and subsequently presented to and approved by shareholders at the Ordinary Shareholders' Meeting held on April 27, 2011.

Capital Management:

Capital management refers to the management of the Company's equity. The purpose of the capital management policies of the Empresas Copec S.A. Group is:

- To ensure the Company's normal operations and the continuity of the business in the long term;
- To ensure the financing of new investments in order to maintain sustained growth over time;
- To maintain an appropriate capital structure according to economic cycles that affect the business and the nature of the industry;
- To maximize the Company's value, providing investors with an adequate return on their investment.

Capital requirements are incorporated on the basis of the Company's financing needs, while at the same time taking care to maintain appropriate liquidity levels and to comply with the financial covenants established in the debt contracts in force. The Company manages its capital structure and makes adjustments on the basis of the prevailing economic conditions, in order to mitigate the risks associated with adverse market conditions and to take advantage of any opportunities that arise to improve the Company's liquidity position.

The financial structure of Empresas Copec S.A. and its affiliates as of December 31, 2011 and December 31, 2010 is detailed as follows:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Equity	10,799,050	10,789,180
Interest-bearing loans	2,289,196	1,545,738
Capital leases	28,662	768
Bonds	2,975,930	3,371,352
Total	**16,092,838**	**15,707,038**

Future events that could result in a significant adjustment to the book values of assets and liabilities during the next financial year are not considered likely. The effects of the earthquake that took place on February 27, 2010, as well as other items, are described in Note N°26 .

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The significant accounting principles adopted for the preparation of these consolidated financial statements are described below.

These consolidated financial statements are presented in thousands of U.S. dollars, with no decimals.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"). These standards have been adopted in Chile, and they represent the complete, explicit and unreserved adoption of the abovementioned international standards.

The accounting principles adopted in the preparation of these consolidated financial statements have been designed on the basis of the IFRSs in force as of December 31, 2011, and they have been applied uniformly to all of the periods presented in these consolidated financial statements.

2.1 Bases of presentation

In the preparation of the consolidated financial statements, certain critical accounting estimates have been used to quantify some assets, liabilities, income and expenses. In addition, Management is required to apply its judgment in the process of applying the accounting policies of the Empresas Copec S.A. Group. The areas that involve a greater degree of judgment or complexity or in which the assumptions and estimates are significant for the consolidated financial statements are described in Note N°5.

New accounting pronouncements:

As of the date of issuance of these consolidated financial statements, the following accounting pronouncements had been issued by the International Accounting Standards Board ("IASB"), which corresponds to new standards, interpretations and amendments. For the case of which application was not mandatory to date has not been made early adoption of the same.

Standards and Amendments	Title	Application required for periods beginning on
IAS 9 reviewed	Employee benefits	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements	January 1, 2013
IFRS 9	Financial Instruments	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint agreements	January 1, 2013
IFRS 12	Disclosures of investments in associates	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IFRIC 20	Stripping costs	January 1, 2013
IAS 12	Income taxes	January 1, 2012
IAS 28	Investments in associates and joint ventures	January 1, 2013
IFRS 7	Disclosures of financial instruments	July 1, 2011
IAS 1	Financial Statements Presentation	July 1, 2012
IFRS 1	First time adoption of IFRS	July 1, 2011

Management estimates that the adoption of the standards listed above will not have a significant impact on the consolidated financial statements of the Empresas Copec S.A. Group during the initial application period.

2.2 Bases of consolidation

(a) Affiliates

Affiliates are all entities (including special purpose vehicles) over which the Group has the power to direct financial and operating policies, which is generally the result of a majority holding of the shares with voting rights. In evaluating whether or not the Group controls another entity, the existence and effect of potential voting rights that are currently exercised or converted are taken into consideration. Affiliates are consolidated beginning on the date on which control is transferred, and they are excluded from consolidation beginning on the date on which control ceases.

In order to account for the acquisition of affiliates by the Group, the *acquisition method* is used. Acquisition cost is the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed at the date of exchange, plus the costs directly attributable to the acquisition. The identifiable assets acquired and the identifiable liabilities and contingencies assumed in a business combination are initially valued at fair value as of the acquisition date, regardless of the scope of minority interests. The excess of the acquisition cost over the fair value of the Group's share in the net identifiable assets acquired is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired affiliate, the difference is recognized directly as a gain in income, as negative goodwill.

Intercompany transactions and balances and unrealized gains on transactions between entities are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss due to the impairment of the transferred asset. When it is necessary in order to ensure the uniformity of the policies that have been adopted, the accounting policies of the affiliates are modified.

The consolidated financial statements include the consolidated figures of Abastecedora de Combustibles S.A. and affiliates, Celulosa Arauco y Constitución S.A. and affiliates, Compañía de Petróleos de Chile Copec S.A. and affiliates, Minera Camino Nevado Ltda. and affiliate, Copec International Inc., EC Investrade Inc., Pesquera Iquique Guanaye S.A. and affiliates, Servicios de Combustibles Ltda. and Sociedad Nacional de Oleoductos S.A.

Taxpayer ID	Company Name	Ownership Interest			
		12.31.2011			12.31.2010
		Direct	Indirect	Total	Total
91.806.000-6	ABASTECEDORA DE COMBUSTIBLES S.A.	99.0481	0.0000	99.0481	99.0481
93.458.000-1	CELULOSA ARAUCO Y CONSTITUCION S.A.	99.9779	0.0000	99.9779	99.9779
99.520.000-7	COMPAÑIA DE PETROLEOS DE CHILE COPEC S.A.	99.9996	0.0004	100.0000	100.0000
76.160.625-5	MINERA CAMINO NEVADO LIMITADA	99.9986	0.0014	100.0000	0.0000
91.123.000-3	PESQUERA IQUIQUE-GUANAYE S.A.	50.2180	31.7150	81.9330	81.9330
88.840.700-6	SERVICIOS DE COMBUSTIBLES LIMITADA	99.9740	0.0260	100.0000	100.0000
81.095.400-0	SOCIEDAD NACIONAL DE OLEODUCTOS S.A.	0.0000	52.6857	52.6857	52.6857
0-E	EC INVESTRADE INC.	100.0000	0.0000	100.0000	100.0000
0-E	COPEC INTERNATIONAL INC.	100.0000	0.0000	100.0000	100.0000

(b) Transactions and minority interest

The Group applies the policy of considering transactions with minority interest as transactions with independent third parties. The acquisition of minority interest generates goodwill or a profit, equal to the difference between the price paid and the corresponding share in the book value of the net assets of the affiliate. The disposal of minority shares involves gains and/or losses that are recognized in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to fair value impact on results. Fair value is the initial value for the subsequent accounting purposes as a partner, joint venture or financial asset. The amounts previously recognized in other comprehensive income are reclassified to earnings.

(c) Joint ventures

Shares in joint ventures are recorded using the *equity method*, as described in IAS 28, Investments in Associates (paragraphs 20 to 34).

In regard to IAS 31, investments in joint ventures are recorded using the *equity method*. These investments are presented in the Classified Statement of Financial Position with investments in associates, both recorded under investments in associates using the *equity method*.

In the event that the joint venture presents negative equity, an investor must only recognize a liability if it has incurred legal or implicit obligations, or if it has made payments on behalf of the associate, and the investment should be valued at zero until such time as the associate generates gains that reverse the negative equity generated previously as a result of the losses.

(d) Associates

Associates are entities over which the Parent Company exercises significant influence but does not have control; this is generally the result of an ownership interest between 20% and 50% of the voting rights. Investments in associates are accounted for using the *equity method* and they are initially recognized at cost. The book value of these investments is increased or decreased to recognize the corresponding share in the profit or loss for the period and in the comprehensive income resulting from the translation adjustments arising from the conversion of the financial statements to other currencies. Investments in associates include purchased goodwill (net of any accumulated impairment loss).

The share in the losses or gains subsequent to the acquisition of associates is recognized in income, and the share in movements in reserves subsequent to the acquisition is recognized in comprehensive income. When the Group’s share in the losses of an associate is greater than or equal to its share in the same, including any unsecured accounts receivable, additional losses are not recognized, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated as a function of the ownership interest in such associates. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss due to the impairment of the transferred asset. When it is necessary in order to ensure the uniformity of the policies that have been adopted, the accounting policies of the associates are modified.

Investments in associates are detailed in Note N°1 9.

e) Special purpose vehicles

The company Fondo de Inversión Bío Bío and its associate Forestal Río Grande S.A. are entities that, together, are classified as Special Purpose Vehicles, due to the fact that they hold exclusive contracts with the affiliate Celulosa Arauco y Constitución S.A. for the supply of wood and future purchases of land, as well as a forest administration contract.

The consolidated financial statements of the affiliate Celulosa Arauco y Constitución S.A. include the balances of the company Fondo de Inversión Bío Bío and its subsidiary Forestal Río Grande S.A.

2.3 Financial Information of Operating Segments

IFRS 8 requires companies to adopt the “Management Approach” to disclose information about the results of their operating segments. In general, this is the information that Management uses internally to evaluate segment performance and to determine how to assign resources to segments.

A business segment is a group of assets and operations in charge of supplying products or services that are subject to risks and returns that differ from other business segments. A geographic segment is in charge of providing products or services in a concrete economic environment that is subject to risks and returns that differ from other segments that operate in other economic environments.

The Empresas Copec S.A. Group decided to use operating segments based on its main direct affiliates: Celulosa Arauco y Constitución S.A., Compañía de Petróleos de Chile Copec S.A., Abastecedora de Combustibles S.A., Sociedad Nacional de Oleoductos S.A. and Pesquera Iquique-Guanaye S.A.

Segment financial information is detailed in Note N°29.

2.4 Transactions in currencies other than the functional currency

(a) Functional currency and presentation currency

The entries included in the financial statements of each of the entities belonging to the Group are valued using the currency of the primary economic environment in which the entity operates (“functional currency”). The functional currencies of the Parent Company and the main affiliates and associates are presented in the table below:

Company	Functional Currency
Empresas Copec S.A.	U.S. dollar
Celulosa Arauco y Constitución S.A.	U.S. dollar
Compañía de Petróleos de Chile Copec S.A.	Chilean peso
Abastecedora de Combustibles S.A.	Chilean peso
Pesquera Iquique - Guanaye S.A.	U.S. dollar
Sociedad Nacional de Oleoductos S.A.	Chilean peso
Metrogas S.A.	Chilean peso
Empresa Eléctrica Guacolda S.A.	U.S. dollar
Inversiones Laguna Blanca S.A.	U.S. dollar
Minera Camino Nevado Ltda.	U.S. dollar

Consolidated financial statements are presented in U.S. dollars, which is the functional currency defined by Empresas Copec S.A., the Parent Company, as the affiliates from the forestry and fishing sectors represent, on average, approximately 68% of the Company's consolidated assets, demand liabilities, net income and EBITDA. These are predominantly export sectors, and consequently, the majority of their revenues are denominated in dollars. Likewise, a significant portion of their costs is indexed to the dollar, and their financial liabilities are also dollar-denominated. Both sectors carry their accounting in dollars.

With respect to operating costs, although the cost of labor and services is generally invoiced and paid in local currency, this expense is not as significant as raw materials and equipment depreciation, which are part of global markets and are predominantly influenced by the dollar.

(b) Transactions and balances

Transactions in currencies other than the functional currency are converted to the functional currency using the exchange rates prevailing as of the dates of the transactions. Losses and gains in foreign currency that arise from the settlement of these transactions and the conversion of foreign-currency-denominated monetary assets and liabilities to the period-end exchange rates are recognized in income, except when they are deferred to net equity, as is the case with cash flow hedges and net investment hedges.

Changes in the fair value of foreign-currency-denominated monetary titles that are classified as available for sale are categorized as exchange differences resulting from changes in the amortized cost of the title or other changes in the book value of the title. Exchange differences are recognized in income for the period, and other changes are recognized in comprehensive income.

Exchange differences from non-cash items such as equity instruments at fair value through profit and loss are presented as part of the gain or loss in fair value. Exchange differences from non-cash items such as equity instruments classified as available-for-sale financial assets are included in net equity, in the revaluation reserve.

(c) Group entities

The income and financial position of all of the entities belonging to the Empresas Copec S.A. Group (none of which uses the currency of a hyperinflationary economy) that have a functional currency other than the presentation currency are converted to the presentation currency as follows:

- (i) Assets and liabilities of each statement presented are converted at the exchange rate as of the reporting date;
- (ii) Income and expenses from each income statement account are converted at the average exchange rate (unless such average is not a reasonable approximation of the cumulative effect of the exchange rates in force as of the transaction dates, in which case income and expenses are converted on the dates of the transactions); and
- (iii) All resulting exchange differences are recognized as a separate component of comprehensive income.

In consolidation, exchanges differences arising from the conversion of a net investment in foreign entities, or from foreign-currency-denominated loans and other instruments designated as hedges for those investments, are recorded in the net equity of the shareholders. When the investments are sold, the resulting exchange differences are recognized in income as part of the loss or gain on the sale.

Adjustments to goodwill and fair value that arise from the acquisition of a foreign entity are treated as assets and liabilities belonging to the foreign entity and are converted at the exchange rate as of the end of the period.

(d) Bases of conversion

Assets and liabilities denominated in Chilean pesos, readjustable Chilean pesos (UF) and other currencies have been converted in U.S. dollars at the exchange rate as of the closing date of the financial statements, according to the following detail:

Exchange rate per dollar	**12.31.2011**	**12.31.2010**
Chilean pesos (CLP)	519.20	468.01
Argentine pesos (A$)	4.30	3.97
Real (R$)	1.87	1.66
Readjustable Chilean pesos (UF)	0.020	0.020
Euro €	0.77	0.75
Colombian pesos (COP)	1,936.00	1,905.10

2.5 Property, plant and equipment

Property, plant and equipment mainly includes forestry lands, production and storage plants, retail sales branches, service stations, offices and construction works in progress. These items are presented at historical cost less the corresponding depreciation. Historical cost includes expenses that are directly attributable to the acquisition of the good.

On the date of transition to IFRS, the Group decided to present certain items of property, plant and equipment at fair value (IFRS 1) and used the fair value as initial historical cost.

Subsequent costs are included in the initial value of the asset or they are recognized as a separate asset, only when it is likely that the future economic benefits associated with the elements of the fixed asset will flow to the Company and the cost of the element can be reliably determined. The value of the component that was substituted is written off for accounting purposes. The rest of the repairs and maintenance are charged to income for the period in which they are incurred.

Depreciation is calculated using the *straight-line method*, including any impairment adjustments. The amount presented in the statement of financial position represents the cost less accumulated depreciation and any impairment charges.

The following describes the technique useful lives estimated for the main types of goods.

		Minimum	**Maximum**
Buildings and construction w orks	Useful life (years)	16	100
Plant and equipment	Useful life (years)	8	80
IT equipment	Useful life (years)	6	18
Fixed facilities and fittings	Useful life (years)	6	20
Motor vehicles	Useful life (years)	6	26
Other property, plant and equipment	Useful life (years)	3	27

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

When the book value of an asset exceeds its estimated recoverable amount, the book value is immediately reduced to the recoverable amount.

Losses and gains on the sale of property, plant and equipment are calculated by comparing the income obtained with the book value, and they are recorded in comprehensive income statement.

Costs can also include losses and gains that qualify as foreign currency cash flow hedges for purchases of property, plant and equipment.

2.6 Biological assets

IAS 41 requires biological assets to be presented in the Statement of Financial Position at fair value. Standing forests are recorded at fair value less the estimated costs at the point of harvest, considering that the fair value of these assets can be reliably measured.

The valuation of forest plantations is based on discounted cash flow models, which means that the fair value of the biological assets is calculated using the cash flows from continuing operations, that is, on the basis of sustainable forestry management plans considering the growth potential of the forests. This valuation is performed on the basis of each stand identified and for each type of forest species.

The forest plantations presented in current assets correspond to plantations that will be harvested and sold in the short term.

Biological growth and changes in fair value are recognized in the income statement under “Other income by function.”

Biological assets are also living animals over which the society manages their biological transformation. This transformation includes growing, degradation, production and procreation process that cause qualitative and quantitative changes on biological assets. Society’s living animals are molluscs mussels Mytilus chilensis (called “chorito”).

As general valuation rule of these assets, they are initially recognized at cost and subsequent at fair value less estimated costs at sale point. Notwithstanding the above, the Society has defined that for certain assets, principally those in growing process, doesn’t exist a fair value that can be reliably measured before the harvest.

Cultures of this species are initially valued at cost and adjusted in the final stage of the cultivation, i.e., before the harvest occurs the cultures are valued at fair value less costs at sale point. The effect is charged or credited to income at the end of each period.

Valuation of biological assets is detailed in Note N°7.

2.7 Investment property

Investment properties are held to earn a return through long-term income, and they are not occupied by the Group. Investment property is accounted for at historical cost.

Lands held under operating lease contracts are classified as and accounted for as real estate investments when they meet the rest of the conditions of the definition of a real estate investment. Operating leases are recognized as if they were capital leases.

Real estate investments also include lands whose future use has not yet been determined as of the date of the financial statements.

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the share in the net identifiable assets of the acquired affiliate/associate as of the date of the transaction. Goodwill related to acquisitions of affiliates is included in intangible assets. Goodwill related to acquisitions of associates is included in investments in associates and is tested for impairment along with the total balance of the associate. Goodwill that is recognized separately is tested for impairment on an annual basis and is valued at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the book value of goodwill related to the entity being sold.

Goodwill is assigned to Cash Generating Units (CGUs) in order to test for impairment losses. The assignment is made to the CGUs that are expected to benefit from the business combination that gave rise to the goodwill.

Purchased negative goodwill from the acquisition of an investment or a business combination is credited directly to income statement under “Other income (loss).”

(b) Patents and trademarks

Industrial patents are valued at historical cost. They have a finite useful life and are presented at cost less accumulated amortization. Amortization is calculated using the straight-line method over the useful life that has been determined.

Useful life of industrial patents is between 10 to 50 years.

The trademarks acquired through business combinations are measured at fair value determined at the date of acquisition. The fair value of an intangible asset reflects expectations about the likelihood that future economic benefits embodied in the asset will flow to the entity. The Company has determined that such intangible assets have indefinite useful life and therefore are not subject to amortization. However, by the nature of these assets with indefinite useful lives are reviewed and tested for impairment annually and at any time when there is an indication that the asset may be impaired.

As a result of the valuation of intangible assets identified in the purchase of Proenergía International S.A. (Colombia), have been recognized as intangible assets related to the business of the acquired companies, Trade Relations with Dealers and Customers, to which are assigned a finite useful life according to the duration of contracts. Depreciation is calculated linearly depending on the particular life.

(c) Concessions and other rights

Concessions and other rights are presented at historical cost. They have a finite useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the terms established in the contracts.

(d) Fishing rights

Authorizations for fishing activities are presented at historical cost. There is no finite useful life for the use of such rights, and therefore they are not subject to amortization. However, the “indefinite” character of the useful life of this asset must be reviewed during each reporting period.

(e) Water rights

Water rights acquired from third parties are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. However, the “indefinite” character of the useful life of this asset must be reviewed during each reporting period.

(f) Easements

Easement rights are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. However, the “indefinite” character of the useful life of this asset must be reviewed during each reporting period.

(g) Mining properties and projects

Mining properties and mining projects are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. However, the “indefinite” character of the useful life of this asset must be reviewed during each reporting period.

(h) IT programs

IT program licenses that have been acquired are capitalized on the basis of the costs incurred to acquire them and to prepare them for use in the specific program. These costs are amortized over their estimated useful lives (3 to 18 years).

Expenses related to the development or maintenance of IT programs are recognized as expenses when they are incurred. The costs directly related to the production of unique and identifiable controlled IT program, and that are likely to generate economic benefits in excess of their costs during more than one year, are recognized as intangible assets. Direct costs include the expenses of the personnel that develop IT programs, as well as an appropriate percentage of general expenses.

Development costs for IT programs recognized as assets are amortized over their estimated useful lives, which do not exceed five years.

(i) Research and development expenses

Research expenses are recognized as expenses when they are incurred. The costs incurred in development projects (related to the design and testing of new or improved products) are recognized as intangible assets when the following requirements are met:

- It is technically possible to complete the production of the intangible asset such that it can become available for use or sale;
- Management intends to complete the intangible asset in question, in order to use it or sell it;
- It is possible to use or sell the intangible asset;
- It is possible to demonstrate how the intangible asset will generate probable economic benefits in the future;
- The technical, financial or other resources necessary to complete the development and to use or sell the intangible asset are available; and
- It is possible to reliably value the disbursement attributable to the intangible asset during its development.

Other development expenses are recognized as expenses when they are incurred. Development costs previously recognized as expenses are not recognized as assets in a subsequent period. Development costs with a finite useful life that are capitalized are amortized using the straight-line method, beginning when commercial production commences, over the period during which they are expected to generate benefits, which does not exceed 10 years.

Development assets are tested for impairment annually, in accordance with IAS 36.

2.9 Interest costs

Interest costs incurred for the construction of any qualified asset are capitalized over the period of time that is necessary to complete and prepare the asset for its intended use. Other interest costs are recorded in income (expenses).

2.10 Impairment losses for non-financial assets

Assets with an indefinite useful life are not amortized and they are tested for impairment losses annually. Assets that are amortized are tested for impairment losses when an event or change in circumstances indicates that the book value may not be recoverable. An impairment loss is recognized for the excess of the book value of the asset over its recoverable amount. The recoverable amount is the fair value of an asset less the greater amount between its selling costs or its value in use. In order to evaluate impairment losses, assets are grouped at the lowest level at which there are separately-identifiable cash flows (cash generating units). Non-financial assets other than goodwill that have been affected by impairment losses are reviewed as of each reporting date to see if the losses have been reversed.

2.11 Financial assets

2.11.1 Classification

Financial assets are classified under the following categories: at fair value through profit and loss, loans and receivables, held-to-maturity financial assets, and available-for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets upon initial recognition.

(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for investment purposes. A financial asset is classified in this category if it is acquired primarily in order to be sold in the short term. Derivatives are also classified as acquired for investment purposes, unless they are designated as hedges.

Assets in this category are classified as current assets, and the liability position of these instruments is presented in the Statement of Financial Position under “Other financial liabilities.”

Acquisitions and disposals of financial assets are recognized as of the date on which the Company commits to the acquisition or sale of the asset.

These assets are initially recorded at cost and subsequently their value is updated on the basis of their fair value, with changes in value being recognized in income.

(b) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and with a fixed maturity that Management intends to and is able to hold to maturity. If the Empresas Copec S.A. Group were to sell more than an insignificant amount of held-to-maturity financial assets, the entire category would be reclassified as available for sale. These available-for-sale financial assets are included in non-current assets, except those assets maturing in less than 12 months from the reporting date, which are classified as current assets.

During the period the Company did not hold financial assets in this category.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are classified in this category or that are not classified in any other category. They are included in non-current assets, unless Management intends to dispose of the investment in the 12 months following the reporting date.

The Group classifies investments in publicly traded securities in this category.

(d) Accounts receivables

See Note 2.14

2.11.2 Recognition and measurement:

Acquisitions and disposals of investments are recognized on the date on which the Company commits to the acquisition or sale of the asset. Investments are initially recognized at fair value plus the transaction costs for all financial assets not recorded at fair value through profit and loss. Financial assets at fair value through profit and loss are initially recognized at fair value, and the transaction costs are recorded in income.

Investments are written off for accounting purposes when the rights to receive cash flows from the investments have expired and/or been transferred and/or all of the risks and rewards of ownership have been substantially transferred. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently accounted for at fair value. Loans and receivables are accounted for at their amortized cost, in accordance with the *effective interest method*.

The fair value of investments in publicly traded securities are based on current purchase prices. If the market for a financial asset is not liquid (and for titles that are not publicly traded), fair value is determined using valuation techniques that include the use of recent arm's length transactions between knowledgeable, willing parties and that involve other instruments that are substantially the same; the analysis of discounted cash flows; and options price-setting models. In these cases market-based inputs are used to the greatest extent possible, whereas inputs specific to the entity are relied on as little as possible. In the event that none of the abovementioned techniques can be used to determine the fair value, the investments are recorded at acquisition cost net of any applicable impairment losses.

As of each reporting date, an evaluation is performed to determine whether there is objective evidence that a financial asset or group of financial assets may have been impaired. For capital securities classified as available for sale, in order to determine whether the securities are impaired the Company must determine whether there has been a significant or prolonged decrease in the fair value of the securities, to below the cost of the same. If there is any evidence of this type for available-for-sale financial assets, the accumulated loss — calculated as the difference between the acquisition cost and the current fair value, less any previous impairment losses for that financial asset that have already been recognized in income — is eliminated from net equity and recognized in income. Impairment losses recognized in income for equity instruments are not reversed through the statement of income.

2.12 Derivative financial instruments and hedging activity

Derivative financial instruments are initially recognized at fair value as of the date on which the derivative contract was executed, and they are subsequently revalued at fair value. The method used to recognize the resulting loss or gain depends on whether the derivative has been designated has a hedging instrument, and if so, on the nature of the entry it is hedging. Certain derivatives are designated as:

(a) Fair value hedges for recognized liabilities (fair value hedge);
(b) Hedges for a concrete risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge); or
(c) Hedges for a net investment in a foreign operation (net investment hedge).

The relationship between the hedging instruments and the hedged entries are documented at the beginning of the transaction, along with the risk management objectives and the strategy to manage several hedging transactions. The evaluation, both initially and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective at offsetting changes in fair value or the cash flows of the hedged entries is also documented.

The total fair value of the hedging derivatives is classified as a non-current asset or liability if the remaining term of the hedged entry is greater than 12 months and as a current asset or liability if the remaining term of the hedged entry is less than 12 months. Marketable derivatives are classified as current assets or liabilities.

The effective portion of changes in the fair value of the derivatives that are designed and that qualify as cash flow hedges are recognized in the Statement of Other Comprehensive Income. The gain or loss related to the ineffective portion is immediately recognized in income under “Other operating income” or “Other miscellaneous operating expenses,” respectively.

When a hedging instrument expires or is sold, or when it ceases to fulfill the criteria to be recognized using the accounting treatment for hedges, any accumulated gain or loss in equity as of that date remains in equity and is recognized when the forecast transaction affects the statement of income. When the forecast transaction is no longer expected to take place, the accumulated gain or loss in equity is immediately transferred to the statement of income.

2.13 Inventory

Inventory is valued at cost or net realizable value, whichever is less. Cost is determined using the *weighted average cost method*, except for fuel at the affiliate Compañía de Petróleos de Chile COPEC S.A., which is recorded using the *first in, first out method (FIFO)*.

The cost of finished products and of products in progress includes the costs of design, raw materials, direct labor, other direct costs and general manufacturing expenses (based on a normal operating capacity), but it does not include interest costs.

Net realizable value is the estimated sales price in the normal course of business, less any applicable variable sales costs.

As of the date of these consolidated financial statements, there is no inventory pledged as collateral to report.

The initial costs of wood are determined based on fair value less the selling costs at the point of harvest.

Biological assets are transferred to inventory as forests are harvested.

When, as a result of market conditions, the manufacturing costs of a product exceed its net realizable value, a provision is recorded for the difference. Such provision also considers amounts related to obsolescence from low turnover and technical obsolescence.

2.14 Trade and other receivables

Receivables are initially recognized at fair value (nominal value including implicit interest), and they are subsequently recognized at their amortized cost according to the *effective interest method*, less the provision for impairment losses. When the nominal value of the account receivable does not differ significantly from its fair value, the account is recognized at its nominal value.

Implicit interest must be disaggregated and recognized as financial income, to the extent that interest is being accrued.

The amount of the provision is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate.

Receivables are presented at their net value, which is net of estimated uncollectible amounts. This provision is determined when there is evidence that the different companies belonging to the Group will not receive payment in accordance with the original terms of the sale. Provisions are recorded when the customer resorts to legal measures such as bankruptcy or cessation of payment, or when the Group has exhausted the means of debt collection over a reasonable period of time. These include phone calls, e-mails and collections letters. For sales in Chile by our distribution affiliates, provisions are estimated using a percentage of the accounts receivable that is determined on a case-by-case basis, depending on the internal risk classification of the customer and the age of the debt (days overdue).

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on bank accounts, time deposits at credit institutions, other highly liquid short-term investments with an original term of three months or less, and bank overdrafts. In the Statement of Financial Position, bank overdrafts are classified under current liabilities.

2.16 Paid-in capital

Paid-in capital is represented by 1,299,853,848 single-series ordinary shares (See Note N°21).

Incremental costs directly attributable to the issuance of new shares are presented in net equity as a deduction, net of taxes, from the proceeds obtained.

The Company's dividend policy is to distribute 40% of net profits, as defined in Note N°22, on an annual basis. This policy is established each year at the Shareholders' Meeting.

Dividends on ordinary shares are recognized as goodwill on the accumulated reserves, to the extent that the benefit for the shareholders is being accrued.

The item “Other reserves” in equity mainly consists of translation adjustment reserves and hedge reserves. Empresas Copec S.A. does not have any restrictions associated with the abovementioned reserves.

The translation reserve corresponds to the foreign currency translation differences of the Empresas Copec S.A. Group’s affiliates that use a functional currency other than the U.S. dollar.

Hedge reserves correspond to the portion of the effective gain or loss on hedge swap contracts in force as of the date of these financial statements.

2.17 Trade and other payables

Trade payables are initially recognized at fair value and subsequently at their amortized cost using the *effective interest method.* When the nominal value of the account payable does not differ significantly from its fair value, the account is recognized at its nominal value.

2.18 Interest-bearing loans

Obligations with banks and financial institutions are initially recognized at fair value, net of any costs incurred in the transaction. Subsequently, third-party resources are valued according to their amortized cost; any difference between the funds obtained (net of any costs necessary to obtain them) and the reimbursement value is recognized in the statement of income during the term of the debt, in accordance with the *effective interest method*. The *effective interest method* involves the application of referential market rates for debts with similar characteristics to the amount of the debt (net of any costs necessary to obtain the debt).

Third-party resources are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

2.19 Income taxes and deferred taxes

Deferred taxes are calculated, in accordance with the *liability method*, over temporary differences that arise between the tax bases of the assets and liabilities and their book value in the annual consolidated accounts. However, if deferred taxes arise from the initial recognition of a liability or an asset in a transaction other than a business combination that at the time of the transaction affects neither income for accounting purposes nor the gain or loss for tax purposes, it is not accounted for. Deferred taxes are determined using tax rates (and laws) in force or that are about to be approved as of the reporting date and that are expected to apply when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is likely that there will be future tax benefits that can be used to offset the temporary differences.

Deferred taxes are recognized over differences that arise in investments in affiliates and associates, except in those cases where the date on which temporary differences are reversed can be controlled and it is likely that such differences will not be reversed in the foreseeable future.

2.20 Employee benefits

(a) Personnel vacations

The Group recognizes the expense for personnel vacations using the *accrual method*, and the expense is recorded at its nominal value.

Certain affiliates recognize a vacation bonus expense, where there is a contractual obligation with general staff, and such obligation is equal to a fixed amount according to the employment contracts. This vacation bonus is recorded as an expense when the employee uses his or her vacation time, and it is recorded at nominal value.

(b) Production bonuses

An expense for production bonuses is recorded when the Board of Directors has made a decision that such bonus will be effective. The Group recognizes a provision when it is contractually obligated to do so or when past practice has created an implicit obligation and it is possible to reliably estimate the obligation. This bonus is recorded at its nominal value.

(c) Staff severance indemnities

The liability recognized in the statement of financial position is the present value of the obligation for defined benefits as of the reporting date. Such value is calculated annually by independent actuaries, and it is determined by discounting the estimated future outflows of cash at interest rates on instruments denominated in the currency in which such benefits will be paid and with terms similar to those of the corresponding obligations.

Losses and gains that arise from experience and from changes in the actuarial hypotheses are charged or credited to income for the period in which they occur.

Costs for past services are immediately recognized in the statement of income.

The concepts indicated in letters a) and b) do not represent significant entries in the Statement of Comprehensive Income.

2.21 Provisions

Provisions for environmental restoration, restructuring costs and lawsuits are recognized when:

(i) The Group has a current liability, whether legal or implicit, as a result of past events;
(ii) It is likely that an outflow of resources will be necessary to settle the obligation; and
(iii) The amount has been reliably estimated. This amount is quantified using the best estimate possible as of each period-end.

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using the best estimate available. The discount rate utilized to determine the present value reflects current market estimates, as of the reporting date, of the time value of money, as well as the specific risk related to the liability in question.

2.22 Revenue recognition

Operating revenues include the fair value of the considerations received or receivable for the sale of goods and services in the ordinary course of business. Operating revenues are presented net of value-added taxes, returns, reductions and discounts, and after eliminating intra-Group sales.

Revenues are recognized when the amount of the same can be reliably valued, it is likely that the future economic benefits will flow to the entity, and the specific conditions for each of the activities are met, as described below. It is not considered possible to reliably value the amount of the revenues until all contingencies related to the sale have been resolved.

(a) Sales of goods

Sales of goods are recognized when an entity belonging to the Group has delivered the products to the customer, the channel of distribution and the price at which the products are sold are wholly at the discretion of the customer, and there are no outstanding obligations that could affect the acceptance of the products by the customer. Delivery is not considered to have taken place until the products have been sent to a concrete destination, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the acceptance period has ended, or there is objective evidence that the necessary criteria for acceptance have been met.

Sales are recognized based on the price established in the sales contract, net of volume discounts and estimated returns as of the date of the sale. Volume discounts are evaluated based on forecasted annual purchases. It is assumed that there is not a significant financing component, as the sales are carried out with a reduced term of payment, which is in line with market practice.

(b) Sales of services

Services are supplied on the basis of a concrete date and material, or as a contract with a fixed price, for periods that range between one and three years.

Revenues from contracts with concrete dates and materials are recognized at the rates stipulated in the contract, to the extent that personnel hours are utilized and the direct expenses are incurred.

Revenues from fixed-price contracts for the provision of services are generally recognized during the period in which the services are provided, on a straight-line basis over the duration of the contract.

(c) Interest income

Interest income is recognized using the *effective interest method*.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.23 Leases

(a) When an entity belonging to the Group is the lessee – Capital leases

Leases of fixed assets when the Group holds substantially all of the risks and rewards of ownership are classified as capital leases. Capital leases are capitalized at the beginning of the lease at the fair value of the leased property or at the present value of the minimum lease payments, whichever is less.

Each lease payment is distributed between liabilities and financial charges to obtain a constant interest rate over the remaining balance of the debt. The corresponding lease obligations, net of financial charges, are included under “Other long-term payables.” The interest element of the financial cost is charged to income during the term of the lease such that a constant periodic interest rate is obtained over the remaining balance of the liability for each period. Assets acquired through capital leases are depreciated over their useful lives or the duration of the contract, whichever is less.

(b) When an entity belonging to the Group is the lessee – Operating leases

Leases in which the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are charged to income on a straight-line basis over the term of the lease.

(c) When an entity belonging to the Group is the lessor

When the assets are leased under a capital lease, the present value of the lease payments is recognized as a financial account receivable. The difference between the gross amount receivable and the present value of such amount is recognized as the financial return on the capital.

Lease income is recognized during the term of the lease in accordance with the *net investment method*, which reflects a constant periodic rate of return.

Assets leased to third parties under operating lease contracts are included in fixed assets in the Statement of Financial Position.

Lease income is recognized on a straight-line basis over the term of the lease.

2.24 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale and recognized as the lower of the book value and fair value less sales costs if the book value is primarily recovered through a sales transaction instead of continued use.

2.25 Dividend distribution

The distribution of dividends to the Company's shareholders is recognized as a liability in the consolidated accounts to the extent that the benefit is accrued.

Article 79 of the Corporations Law of Chile establishes that, unless the respective shareholders' meeting unanimously agrees otherwise, publicly traded companies must annually distribute cash dividends to their shareholders, on a pro rata basis considering the number of shares or the proportion established in the by-laws if there are preferential shares, equivalent to at least 30% of the annual liquid net profits, except when accumulated losses from previous years are being absorbed.

The dividend policy that the Company currently has in force is to distribute not less than 40% of the annual liquid net profits subject to dividend distribution, as defined in Note N° 22, to shareholders. In October of each year the Board of Director determines whether or not an interim dividend will be distributed. Such interim dividend is paid in December to the extent that the year-end results are expected to be positive and that the Company's available cash allows for such distribution.

2.26 Environment

Disbursements related to the environment that do not correspond to additions to fixed assets are recognized in income during the period in which they are incurred.

2.27 Business combinations

Business combinations are accounted for using the *acquisition method*. This involves the recognition of the identifiable assets (including intangible assets that have not been recognized previously) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Purchased goodwill acquired in a business combination is initially measured at cost, which is the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquisition. After the initial recognition, purchased goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment tests, purchased goodwill acquired in a business combination is assigned from the date of acquisition to each cash generating unit or group of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other Group assets or liabilities are assigned to those units or groups of units.

If the acquisition cost is less than the fair value of the net assets of the acquired affiliate, the difference is directly recognized in income and immediately recognized under "Purchased goodwill."

Transaction costs are treated as expenses at the time they are incurred. For business combinations carried out in stages, the fair value of the acquired company is measured at each opportunity and the effects of changes in the share in income are recognized in the period in which they occur.

2.28 Impairment

a) Non-financial assets

Amounts in Property, plant and equipment are tested for impairment any time an event or change in the circumstances of the business indicates that the book value of the assets may not be recoverable, while purchased goodwill and other non-financial assets with indefinite useful lives are tested annually. The recoverable value of an asset is estimated as the greater of the net sales price and the value in use. Impairment losses are recognized when the amount exceeds the recoverable amount.

An impairment loss that was recognized previously can be reversed if there has been a change in the estimates used to determine the recoverable amount. However, the reversal cannot be for an amount greater than the amount that was determined and recognized in previous periods. In the case of purchased goodwill, impairment losses that have been recognized are not reversible.

For purposes of evaluating impairment losses, assets are grouped at the lowest level at which there are separately identifiable cash flows for each cash generating unit. Non-financial assets other than goodwill that have suffered impairment losses are reviewed as of each reporting date in case the losses have been reversed.

“Cash generating units” are defined as the smallest identifiable groups of assets whose ongoing use generates inflows of funds that are largely independent of the inflows resulting from the use of other assets or groups of assets.

Purchased goodwill is assigned to cash generating units for purposes of impairment testing. The distribution is carried out among those cash generating units or groups of cash generating units that are expected to benefit from the business combination that gave rise to the goodwill.

b) Financial assets

At the end of each period an evaluation is carried out to determine whether there is objective evidence that the financial assets or groups of financial assets have been impaired. The effects of impairment are recognized in income only if there is objective evidence that one or more events occurred after the initial recognition of the financial asset and that, in addition, the impairment will affect the associated future cash flows.

The allowance for bad and doubtful debts for trade receivables is determined when there is evidence that the Group will not receive payment in accordance with the original terms of the sale. Provisions are recorded when the customer resorts to legal measures such as bankruptcy or cessation of payment, or when the Group has exhausted the means of debt collection over a reasonable period of time. For sales in Chile by some affiliates, provisions are estimated using a percentage of the accounts receivable that is determined on a case-by-case basis, depending on the internal risk classification of the customer and the age of the debt (days overdue).

NOTE 3. FINANCIAL INSTRUMENTS

3.1 CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Group are detailed as follows:

Classes of cash and cash equivalents	12.31.2011 ThUS$	12.31.2010 ThUS$
Bank balances	273,023	120,912
Short-term deposits	370,305	876,435
Mutual funds	488,401	653,456
Overnight Investments	40	88,515
Other cash and cash equivalents	212	374
Total	**1,131,981**	**1,739,692**
Reconciliation between cash and cash equivalents presented in the statement of financial position and cash and cash equivalents presented in the statement of cash flows		
Bank overdrafts used for cash management	(400)	(63)
Other reconciling items of cash and cash equivalents	0	0
Total reconciling items of cash and cash equivalents	**(400)**	**(63)**
Cash and cash equivalents	1,131,981	1,739,692
Cash and cash equivalents, presented in Statement of Cash Flows	1,131,581	1,739,629

The amortized cost of these financial instruments does not differ from their fair value.

Cash and cash equivalents correspond to cash, cash in banks, time deposits and mutual funds. These types of investments are readily convertible to cash in the short term and are subject to low risk of changes in value. For time deposits, the valuation is performed through the accrual at the rate of purchase of each one of the papers.

3.2 OTHER CURRENT FINANCIAL ASSETS

The following financial assets at fair value through profit or loss are classified in this category:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Fixed-income instruments	84,421	52,155
Derivative financial instruments		
Forwards	8,346	15,462
Swaps	172	4,058
Other financial assets	202	1,171
Total	**93,141**	**72,846**

Financial assets at fair value include shares in mutual funds and fixed-income instruments (corporate bonds, mortgage bonds, bank bonds, time deposits and other similar items) that are managed on behalf of the company by third parties ("outsourced portfolios"). These assets are recorded at fair value, changes in value are recognized in income, and the assets are held for purposes of liquidity and returns. Mutual funds are accounted for at market value through the share value as of period-end. Outsourced portfolios are valued using market rates as of period-end.

Swaps are valued using the *discounted cash flow method* at a rate appropriate for the risk of the operation, using specific tools for the valuation of swaps. As of the reporting date, the financial assets classified in this category are not hedges, as there is no uncertainty about their underlying liabilities. Consequently, these instruments are part of a strategy of structural management of the liquidity risk implicit in the Company's operations.

Forwards are initially recognized at fair value on the date on which the contract is subscribed, and they are subsequently remeasured at fair value. Forwards are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair value of foreign exchange forward contracts is calculated in reference to current foreign exchange rates from contracts with similar maturity profiles.

The amortized cost of these financial instruments does not differ from their fair value.

The Group does not present held-to-maturity investments for the above mentioned periods.

3.3 TRADE AND OTHER RECEIVABLES

The Group presents the following balances for trade and other receivables:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Trade receivables	1,605,703	1,485,586
Less: provision for impairment of trade receivables	(44,914)	(30,844)
Net trade receivables	**1,560,789**	**1,454,742**
Other receivables	217,876	290,528
Less: provision for impairment of other receivables	(11,072)	(7,331)
Net other receivables	**206,804**	**283,197**
Total	**1,767,593**	**1,737,939**
Less: non-current portion	**20,449**	**8,577**
Current portion	**1,747,144**	**1,729,362**

Trade receivables and accounts receivable are included in current assets, except for those assets expiring in more than 12 months. These assets are recorded at amortized cost using the *effective interest method* and they are tested for impairment.

Trade receivables represent enforceable rights arising from normal business operations, where normal is defined as the line of business, activities or corporate purpose of operations.

Other receivables correspond to accounts receivable from sales, services or loans outside of the normal course of business.

Implicit interest must be disaggregated and recognized as financial income as interest is accrued.

The amount of the provision is the difference between the asset’s book value and the present value of the estimated future cash flows, discounted at the effective interest rate.

The constitution and reversal of the provision for the impairment of accounts receivable has been included as “expenses for the allowance for bad debt and doubtful accounts” in the statement of income.

The amortized cost of these financial instruments does not differ from their fair value.

3.4 OTHER NON FINANCIAL ASSETS

Other non financial assets, current	12.31.2011 ThUS$	12.31.2010 ThUS$
Unamortized roads, current	66,667	64,309
Unamortized insurance	25,433	11,173
Remnant tax credit	111,782	79,101
Materials, supplies and parts	13,907	18,395
Expenses paid in advanced	6,975	8,260
Fishing permits	3,920	2,544
Contribution to ESSBIO	539	1,049
Others	14,969	32,310
Total current	**244,192**	**217,141**

Other non financial assets, non current	12.31.2011 ThUS$	12.31.2010 ThUS$
Unamortized roads, non current	76,678	41,303
Unamortized paid in advanced (freight, insurance, others)	3,620	6,684
Deferred expenses	15,692	1,099
Others	9,840	12,028
Total non-current	**105,830**	**61,114**

3.5 OTHER FINANCIAL LIABILITIES

Financial liabilities valued at amortized cost correspond to non-derivative instruments with contractual payment flows that can be fixed or subject to a variable interest rate. Financial instruments classified in this category are valued at amortized cost using the *effective interest method*.

As of the reporting date, this classification included obligations with banks and financial institutions and obligations with the public through bonds issued in dollars and UF.

	12.31.2011 ThUS$	12.31.2010 ThUS$
Current		
Loans with banks	614,594	411,815
Accounting overdrafts	400	34,540
Bonds in UF	21,250	6,991
Bonds in US dollars	39,182	431,321
Letter of credit	316	0
Financial leasing	1,680	344
Other financial liabilities	17,206	18,726
Total current	**694,628**	**903,737**
Non-current		
Bonds in US dollars	1,946,062	1,942,937
Bonds in UF	969,436	990,103
Loans with banks	1,674,602	1,133,923
Financial leasing	26,982	424
Other financial liabilities	910	1,132
Total non-current	**4,617,992**	**4,068,519**
Total other financial liabilities	**5,312,620**	**4,972,256**

Capital plus interest of the main financial liabilities of Empresas Copec's Group that are subject to risk of liquidity are presented undiscounted and under maturity groups in the following tables:

As of December 31, 2011:

Bank loans	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Banco Alfa	270	0	0	346	0	270	346
Banco BBVA	54,998	21	11,365	0	0	66,384	0
Banco del Estado	50,105	915	30,197	109,988	62,535	81,217	172,523
Banco do Brasil	4,419	0	0	0	0	4,419	0
Banco Santander Rio	2,789	0	0	0	0	2,789	0
Banco Votorantim	3,389	25	20	2,395	3,841	3,434	6,236
Bank Boston	0	0	0	0	0	0	0
BBVA Banco Estados Unidos	0	24,426	24,000	171,296	0	48,426	171,296
Banco Santander Colombia	0	0	0	0	0	0	0
BBVA Colombia	0	0	0	0	0	0	0
Banco Galicia	0	5,013	0	0	0	5,013	0
Banco Itaú	665	0	0	5,361	10,210	665	15,571
Fondo de Desenvolvimiento Econom.	72	0	0	0	264	72	264
J.P. Morgan	9,779	0	25,713	80,376	0	35,492	80,376
Santander Overseas Bank	0	0	0	0	0	0	0
Santander	12,699	0	0	7,973	11,302	12,699	19,275
Corpbanca	0	0	0	3,793	23,839	0	27,632
Banco Chile	167,715	34,121	1,773	138,443	116,722	203,609	255,165
Banco Bci	31,065	283	0	28,736	27,423	31,348	56,159
Banco Scotiabank	20,040	0	212	236,374	0	20,252	236,374
Banco Citibank	0	0	38,284	0	0	38,284	0
Banco Agrario	0	0	0	0	0	0	0
Banco GNB Sudameris	21,958	0	0	0	0	21,958	0
Banco Av Villas	0	0	11,391	16,189	0	11,391	16,189
Banco Bancolombia	443	0	8,168	160,125	7,201	8,611	167,326
Banco Davivienda	391	0	3,925	90,800	0	4,316	90,800
Banco Bogota	2,400	47	8,651	125,459	6,020	11,098	131,479
Banco de Occidente	286	0	3,148	39,495	0	3,434	39,495
Banco Popular	0	0	1,609	29,460	0	1,609	29,460
Banco Caja Social	0	0	2,241	30,627	0	2,241	30,627
Banco Helm Bank	650	0	0	18,338	2,620	650	20,958
Banco Helm Bank Panama	78	35	3,255	0	0	3,368	0
Banco American Express	0	0	0	0	0	0	0
Banco Internacional - USD	0	0	0	0	0	0	0
Banco de Crédito Panamá	0	0	0	0	0	0	0
Banamex MXN	11	0	1,162	0	0	1,173	0
Banco Macro	0	0	0	0	0	0	0
Banco HSBC	63	30	10,000	21,508	0	10,093	21,508
Banco Bradesco	173	0	0	484	0	173	484
Banco IFC - USD	0	250	250	0	0	500	0
Otros Bancos	22	283	0	74,582	19,182	305	93,764
Total	**384,480**	**65,449**	**185,364**	**1,392,148**	**291,159**	**635,293**	**1,683,307**

Bonds	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Barau - E	0	0	14,370	29,664	0	14,370	29,664
Barau - F	0	0	2,107	50,566	385,186	2,107	435,752
Barau - H	0	640	0	88,171	0	640	88,171
BECOP - C	0	0	12,642	63,208	464,914	12,642	528,122
BECOP - E	900	0	900	8,099	63,920	1,800	72,019
Barau - J	0	2,308	0	38,762	253,257	2,308	292,019
Bono 144A - Argentina	0	0	1,004	68,850	275,789	1,004	344,639
Yankee Bond 2019	15,205	0	0	145,000	602,905	15,205	747,905
Yankee Bond 2º Emisión	0	2,734	0	37,500	133,987	2,734	171,487
Yankee Bond 5º Emisión	7,303	0	0	314,631	0	7,303	314,631
Yankee Bond 6º Emisión	0	0	4,047	420,037	0	4,047	420,037
Yankee 2021	0	8,889	0	80,000	482,850	8,889	562,850
Total	**23,408**	**14,571**	**35,070**	**1,344,488**	**2,662,808**	**73,049**	**4,007,296**

Leases	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Leasing Bancolombia	95	369	1,171	10,047	16,936	1,635	26,983
Total	101	381	1,199	10,047	16,936	1,681	26,983
Total	**196**	**750**	**2,370**	**20,094**	**33,872**	**3,316**	**53,966**

Total préstamos que devengan intereses	**408,084**	**80,770**	**222,804**	**2,756,730**	**2,987,839**	**711,658**	**5,744,569**

As of December 31, 2010:

Bank loans	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Banco Alfa	305	0	1,000	22,581	0	1,305	22,581
Banco BBVA Estados Unidos	0	0	1,726	35,914	0	1,726	35,914
Banco del Estado	24	43,578	1,689	97,306	551	45,291	97,857
Banco do Brasil	0	8,905	0	0	0	8,905	0
Banco Santander Rio	0	0	0	0	0	0	0
Banco Votorantim	438	0	2,501	6,171	4,375	2,939	10,546
Bank Boston	0	0	0	0	0	0	0
BBVA Chile	30,049	36,173	37	0	0	66,259	0
BBVA Estados Unidos	0	260	24,000	219,463	79	24,260	219,542
Banco Galicia	0	0	0	0	0	0	0
Banco Itaú	257	0	30	4,790	0	287	4,790
Fondo de Desenvolvimiento Econom.	81	0	0	0	358	81	358
Banco HSBC	0	0	0	0	0	0	0
J.P. Morgan	9,897	0	25,713	69,094	0	35,610	69,094
Santander Overseas Bank	0	0	5,234	0	0	5,234	0
Santander	7,899	7,151	3,903	11,789	0	18,953	11,789
Corpbanca	0	0	4,321	24,286	0	4,321	24,286
Banco Chile	1,879	76,818	40,080	94,083	0	118,777	94,083
Banco Scotiabank	6,310	0	0	0	0	6,310	0
Banco Bci	23,338	0	65	9,675	0	23,403	9,675
Banco Citibank	1,439	0	0	0	0	1,439	0
Banco Agrario	26,228	0	0	0	0	26,228	0
Banco GNB Sudameris	21,944	0	0	0	0	21,944	0
Banco Av Villas	10,345	0	918	0	17,447	11,263	17,447
Banco Bancolombia	0	3,361	22,075	19,652	193,240	25,436	212,892
Banco Davivienda	0	324	2,978	28,421	56,584	3,302	85,005
Banco Bogota	8,686	381	10,820	97,715	100,403	19,887	198,118
Banco de Occidente	1,156	0	2,988	7,515	42,650	4,144	50,165
Banco Popular	0	0	1,241	0	23,577	1,241	23,577
Banco Caja Social	0	0	1,737	0	33,007	1,737	33,007
Banco Helm Bank	0	587	0	0	21,272	587	21,272
Banco Helm Bank Panama	59	177	232	207	1,361	468	1,568
Banco American Express	495	0	0	0	0	495	0
Total	**150,829**	**177,715**	**153,288**	**748,662**	**494,904**	**481,832**	**1,243,566**

Bonds	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Barau - E	0	0	303	48,190	0	303	48,190
Barau - F	0	0	2,250	53,987	424,911	2,250	478,898
Barau - H	0	684	0	96,006	0	684	96,006
Barau - J	0	2,422	0	41,385	280,729	2,422	322,114
BECOP - C	0	0	13,497	67,484	509,865	13,497	577,349
Bono 144 A - Argentina	1,004	0	0	68,850	292,482	1,004	361,332
Yankee Bond 2019	15,205	0	0	145,000	638,387	15,205	783,387
Yankee Bond 2º Emisión	0	2,734	0	37,500	142,808	2,734	180,308
Yankee Bond 3º Emisión	0	0	0	0	0	0	0
Yankee Bond 4º Emisión	0	8,914	386,558	0	0	395,472	0
Yankee Bond 5º Emisión	7,303	0	0	329,510	0	7,303	329,510
Yankee Bond 6º Emisión	0	0	4,047	440,252	0	4,047	440,252
Yankee 2021	5,556	0	0	80,000	502,661	5,556	582,661
Total	**29,068**	**14,754**	**406,655**	**1,408,164**	**2,791,843**	**450,477**	**4,200,007**

Leases	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Banco Santander Chile	40	54	263	49	0	357	49
Leasing Bancolombia	0	0	8	0	375	8	375
Total	**40**	**54**	**271**	**49**	**375**	**365**	**424**
Total préstamos que devengan intereses	**179,937**	**192,523**	**560,214**	**2,156,875**	**3,287,122**	**932,674**	**5,443,997**

The maturities aforementioned include interest to be paid in each period.

As of December 31, 2011, loans with credit institutions include ThUS$ 2,975,930 in obligations with the public or bonds (ThUS$ 3,371,352 as of December 31, 2010).

The Parent Company Empresas Copec S.A. and the affiliates Celulosa Arauco y Constitución S.A. and Compañía de Petróleos de Chile Copec S.A. hold 93.7% of the Company's consolidated financial debt. In terms of currency, financial debt is detailed as follows:

	Amortized Cost		Fair Value	
	12.31.2011 ThUS$	**12.31.2010** ThUS$	**12.31.2011** ThUS$	**12.31.2010** ThUS$
Bonds issued in dollars	1,985,244	2,374,258	2,186,270	2,527,933
Bonds issued in UF	990,686	997,094	1,029,139	1,028,993
Bank loans in dollars	1,938,475	1,174,374	1,935,922	1,163,816
Bank loans in other currencies	18,676	22,247	17,602	18,907
Capital lease	28,664	768	28,664	768
Creditors and other payables	1,216,739	1,003,342	1,216,739	1,003,522

The financial covenants to which the Group is subject and the risk ratings of the debt instruments are detailed in the table below:

Instrument	**Amount as of 12.31.2010** ThUS$	**Amount as of 12.31.2009** ThUS$	**Interest coverage >= 2.0x**	**Level of indebtedness (1) <= 1.2x**	**Level of indebtedness (2) <= 0.75x**
Local bonds	990,686	997,094	N/A	√	N/A
Club Deal Local	394,838	-	N/A	√	N/A
Club Deal International	340,000	-	√	√	N/A
Forestal Río Grande S.A. loan	69,440	104,144	√(3)	N/A	√(3)
Bilateral loan	216,426	240,260	√	√	N/A
Other loans	307,475	53,152	No covenants are required		
Foreign bonds	1,985,244	2,374,258	No covenants are required		

N/A: Does not apply for the instrument

(1) Level of indebtedness (financial debt divided by equity plus minority interest)

(2) Level of indebtedness (financial debt divided by total assets)

(3) Financial covenants for loan taken by Forestal Río Grande S.A. only apply to the financial statements of that company

Likewise, the risk ratings of the debt instruments are the following:

Instrument	Standard & Poor's	Fitch Ratings	Moody's	Feller Rate
Empresas Copec				
Local bonds	-	AA	-	AA
Arauco				
Local bonds	-	AA	-	AA
Foreign bonds	BBB	BBB+	Baa2	-

Consolidated Net Tangibles Assets

In accordance with the provisions of Title VIII, Clause Twenty Five of the Contracts for the issuance of bond lines executed between Empresas Copec S.A. and Banco Santander Chile, on November 2, 2009, Registries No. 21.122-2009 and No. 21.123-2009, including their modifications, we report that as of December 31, 2011, the concepts identified in subsections /a/ and /b/ of the definition of consolidated net intangible assets amount to ThUS$ 182,059 and ThUS$ 60,431, respectively (ThUS$ 80,808 and ThUS$ 438,312as of December 31, 2010).

3.6 OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group has the following financial liabilities at fair value through profit or loss:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Swaps	3,612	7,934
Forward	0	6,891
Other	0	0
Total	**3,612**	**14,825**

Financial liabilities at fair value through profit or loss include both liabilities designated as such upon initial recognition and liabilities classified as held as investments. Liabilities held as investments and derivatives that are financial liabilities are valued at fair value. Gains and losses are recorded in income.

This liability is included under “Current other financial liabilities.”

3.7 FAIR VALUE HIERARCHY

The financial assets and liabilities that have been accounted for at fair value in the Statement of Financial Position as of December 31, 2011 and December 31, 2010 have been measured on the basis of the methodologies outlined in IAS 39. Such methodologies applied for each class of financial instruments are classified according to their hierarchy as follows:

- Level I: Values or prices in active markets for identical assets and liabilities.
- Level II: Inputs from sources other than the market prices in Level I but observable in the market for the assets and liabilities, whether directly (prices) or indirectly (obtained on the basis of prices).
- Level III: Inputs for assets or liabilities that are not based on observable market data.

	Fair Value	Measurement Methodology		
	December 2011	Level I	Level II	Level III
	ThUS$	ThUS$	ThUS$	ThUS$
Financial assets at fair value				
Swap (asset)	172	-	172	-
Forwards	8,346	-	8,346	-
Fixed-income instruments	84,421	84,421		
Mutual funds	488,401	488,401	-	-
Financial liabilities at fair value				
Swap (liability)	3,612	-	3,612	-
Foward (liability)	-	-	-	-

	Fair Value	Measurement Methodology		
	December 2010	Level I	Level II	Level III
	ThUS$	ThUS$	ThUS$	ThUS$
Financial assets at fair value				
Swap (asset)	4,058	-	4,058	-
Forwards	15,462	-	15,462	-
Fixed-income instruments	52,155	52,155		
Mutual funds	652,700	652,700	-	-
Financial liabilities at fair value				
Swap (liability)	7,934	-	7,934	-
Foward (liability)	6,891	-	6,891	-

3.8 HEDGING FINANCIAL INSTRUMENTS

Hedging financial instruments correspond to cash flow hedges, and are recorded in Other non-current financial assets.

The affiliate Arauco is exposed to the risk of changes in the exchange rate of the dollar in order to meet its obligations with the public denominated in other currencies, such as bonds issued in readjustable Chilean pesos (UF).

Swap to hedge Series H Bond:

In March 2009, Arauco placed a bond for UF 2,000,000 in the Chilean market (ticker symbol: BARAU-H) with an annual coupon of 2.25% and semiannual interest payments (in March and September). This bond is amortized at the end of the term (bullet payment), with an early redemption option beginning on March 1, 2011. The maturity date is March 1, 2014.

Arauco has two swaps to hedge the total amount of the bond:

1. Swap with Banco de Chile for UF 1,000,000

Through this swap contract, Arauco receives semiannual interest (in March and December) on the basis of the nominal amount of UF 1,000,000 at an annual rate of 2.25% and pays semiannual interest (in March and December) on the basis of a nominal amount of US$ 35,700,986.39 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 4.99%. The market value amounts to ThUS$ 4,551 as of December 31, 2011.

The maturity date of this swap is March 1, 2014.

2. Swap with JPMorgan for UF 1,000,000

Through this swap contract, Arauco receives semiannual interest (in March and December) on the basis of the nominal amount of UF 1,000,000 at an annual rate of 2.25% and pays semiannual interest (in March and December) on the basis of a nominal amount of US$ 35,281,193.28 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 4.94%. The market value amounts to ThUS$ 5,057 as of December 31, 2011.

The maturity date of this swap is March 1, 2014.

Through an effectiveness test it can be seen that the affiliate Arauco was able to eliminate uncertainty with respect to the exchange rate on the commitments related to the hedged item.

Swap to hedge Series F bond:

In November 2008 and then in March 2009, Arauco placed a series F bond for a total of UF 7,000,000, with an annual coupon of 4.25%, paid semiannually. In order to mitigate exchange rate risk, the affiliate Arauco carried out five cross-currency swap contracts, which partially hedge the amount of the bond that was placed:

Contract 1: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 38.38 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.86%. The market value amounts to ThUS$ 2,606 as of December 31, 2011. This contract matures on October 30, 2014.

Contract 2: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 37.98 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.79%. The market value amounts to ThUS$ 2,933 as of December 31, 2011. This contract matures on April 30, 2014.

Contract 3: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 37.98 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.8%. The market value amounts to ThUS$ 3,131 as of December 31, 2011. This contract matures on October 30, 2014.

Contract 4: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 37.62 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.79%. The market value amounts to ThUS$ 3,545 as of December 31, 2011. This contract matures on October 30, 2014.

Contract 5: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 38.42 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.62%. The market value amounts to ThUS$ 2,827 as of December 31, 2011. This contract matures on October 30, 2014.

Contract 6: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.96% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 43.62 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.29%. The market value amounts to ThUS$ (1,641) as of December 31, 2011. This contract matures on October 30, 2021.

Contract 7: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.21% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 43.62 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.23%. The market value amounts to ThUS$ (1,412) as of December 31, 2011. This contract matures on October 30, 2021.

Through an effectiveness test it was possible to validate that the hedging instruments described above are highly effective within an acceptable range for Arauco in order to eliminate uncertainty related to the exchange rate on the commitments related to the hedged item.

Swap to hedge Series J bond:

In September 2010, Arauco placed a series J bond for a total of UF 5,000,000, with an annual coupon of 3.25%, paid semiannually. In order to mitigate exchange rate risk, the affiliate Arauco carried out five cross-currency swap contracts, which partially hedge the amount of the bond that was placed:

Contract 1: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.86 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.20%. The market value amounts to ThUS$ (4,370) as of December 31, 2011. This contract matures on September 1, 2020.

Contract 2: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.86 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.20%. The market value amounts to ThUS$ (4,370) as of December 31, 2011. This contract matures on September 1, 2020.

Contract 3: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.86 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.25%. The market value amounts to ThUS$ (4,548) as of December 31, 2011. This contract matures on September 1, 2020.

Contract 4: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.87 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.17%. The market value amounts to ThUS$ (4,273) as of December 31, 2011. This contract matures on September 1, 2020.

Contract 5: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.86 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of

5.09%. The market value amounts to ThUS$ (3,977) as of December 31, 2011. This contract matures on September 1, 2020.

Swap to hedge Series E bond:

In November 2008, Arauco placed a series E bond for a total of UF 1,000,000, with an annual coupon of 4.00%, paid semiannually. In order to mitigate exchange rate risk, the affiliate Arauco carried out five cross-currency swap contracts, which partially hedge the amount of the bond that was placed:

Contract 1: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.21% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 43.28 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 3.36%. The market value amounts to ThUS$ (245) as of December 31, 2011. This contract matures on October 30, 2014.

Through an effectiveness test it was possible to validate that the hedging instruments described above are highly effective within an acceptable range for Arauco in order to eliminate uncertainty related to the exchange rate on the commitments related to the hedged item.

Hedging strategy:

Given that Arauco has a high percentage of its assets in dollars and obligations in readjustable Chilean pesos, it needs to minimize the exchange rate risk. The purpose of this swap position is to eliminate uncertainty related to the exchange rate by exchanging flows from obligations in readjustable Chilean pesos from the bonds described above for flows in dollars (Arauco's functional currency) at a fixed exchange rate determined as of the contract's date of execution.

NOTE 4. FINANCIAL RISK MANAGEMENT

- Financial risk factors:

Through its affiliates and associates, the Group has operations in different sectors related to natural resources and energy. The relevant risk factors vary depending on the type of business. Accordingly, the Management of each of the affiliates carries out its own risk management in collaboration with their respective operating units.

The most relevant affiliates are Arauco, with activities in the forestry sector, and Copec, with activities in the fuel sector. Together these two companies represent approximately 86% of the Group's consolidated assets, 90% of EBITDA and 87% of net income. Additionally, they represent around 94% of receivables and 86% of bond issuances. Together with the Parent Company, they represent 97% of consolidated placements.

Therefore, a significant portion of the risks faced by the Group lie within these three units. The specific risks that affect each unit are analyzed below.

a) Risks associated with Empresas Copec S.A., the Parent Company

The risks of the Parent Company are fundamentally associated with its financial placements, which are exposed to several risks, including interest rate risk, exchange rate risk and credit risk. Management provides written policies for the management of investments that establish the objectives of obtaining the maximum return for acceptable levels of risk, maintaining sufficient liquidity, and limiting the levels of the different types of risk. These policies identify the instruments that are allowed, and they establish limits per type of instrument, issuer and risk rating. In addition, they determine the control and operating mechanisms for investing activities.

Risk management is administered by the treasury department, which complies with the policies approved by Management.

The financial instruments held by the Company have been categorized as cash or financial assets at fair value through profit and loss, given the feasibility that the instruments will be sold in the short term.

(i) Interest rate risk

The assets affected by this risk are the financial placements held by the Parent Company, which, in accordance with the investment policy, primarily consist of fixed-income instruments in the form of deposits, bonds, mortgage bonds and other similar items, as well as fixed-income mutual funds. The duration is used as a measurement of the sensitivity of the portfolio's value in the face of changes in market interest rates. Given that the market value of such instruments varies according to changes in interest rates, a maximum limit on the aggregate duration of the portfolio has been set at three years. Currently, the aggregate portfolio has duration of 0.7 years.

The table below shows the possible effects on pre-tax income of changes in the value of the Company's investment portfolio as a result of changes in interest rates:

Aggregate term (years)	**0.7**
Total portfolio value (US$)	**459,735,818**

Interest rate sensitivity analysis

Change in Rate %	**Change in Value** US$	**Total Portfolio Value** US$
2.0%	(6,436,301)	453,299,517
1.0%	(3,218,151)	456,517,668
0.5%	(1,609,075)	458,126,743
-0.5%	1,609,075	461,344,894
-1.0%	3,218,151	462,953,969
-2.0%	6,436,301	466,172,120

(ii) Exchange rate risk

As part of its investment policy, the Parent Company is authorized to have placements in U.S. dollars in order to handle possible uses of cash in that currency, which would result from the needs of certain affiliates and associates, as well as new potential businesses in which the Parent Company may participate. Such resources can be invested in local or international mutual funds, time deposits and third-party management, through a specific mandate.

Variations in the exchange rate affect the value of peso-denominated instruments when expressing them in dollars. A depreciation of the Chilean peso would have a negative effect when expressing the peso-denominated investments in dollars, whereas an appreciation of the peso would have a positive effect.

To date, approximately 70.7% of the aggregate portfolio is denominated in dollars and 29.3% in pesos and UF. However, the Company's objective is to achieve a portfolio with approximately 50-80% in dollars in the medium term, in accordance with the forecasted uses for the placements.
A table showing the possible effects on pre-tax income of changes in the value of the investment portfolio (measured in dollars), as a result of fluctuations in the exchange rate, is presented below:

Percentage of portfolio in Chilean pesos	**29.3%**
Total portfolio value (US$)	**459,735,818**

Exchange rate sensitivity analysis

	Change in Exchange Rate %	Change in Value US$	Total Portfolio Value US$
Appreciation Ch$	10.0%	13,465,970	473,201,788
	5.0%	6,732,985	466,468,803
Depreciation Ch$	-5.0%	(6,732,985)	453,002,834
	-10.0%	(13,465,970)	446,269,849

Additionally, in its financial statements, the Company consolidates affiliates that carry their accounting in Chilean pesos, which is the case of Compañía de Petróleos de Chile Copec S.A., Abastible S.A. and Sociedad Nacional de Oleoductos S.A., which record their financial information as described in Note 2.4 (c). The consolidated net income of Empresas Copec S.A. can be affected by movements in the exchange rate when the peso-denominated results of these affiliates are converted to dollars. Likewise, affiliates such as Arauco and the affiliates in the fishing sector are also affected by movements in the exchange rate, as a portion of their operating costs are denominated in pesos.

Finally, on December 22, 2009, the Parent Company placed a UF-denominated bond in the Chilean market (BECOP-C) for a total amount of UF 7,000,000. The placement rate was 4.30%, for a nominal rate of 4.25%. Interest is paid semiannually, and the principal is amortized in a single payment in 2030. This liability is denominated in a currency (UF) other than the Parent Company's functional currency (U.S. dollars). However, these bonds have been transferred to the affiliates belonging to the fuel sector, whose functional currency is the peso, such that the consolidated exposure to the exchange rate for this concept is eliminated. This transfer also eliminates all liquidity risk at the Parent level. Similar situation occurs with the new placement of a UF-denominated bond (BECOP-E) in the Chilean market on September 15, 2011, for a total amount of UF 1,300,000. The placement rate was 3.40%, for a nominal rate of 3.25%. Interest is paid semiannually, and the principal is amortized in a single payment in July 21, 2030.

(iii) Credit risk

The financial placements held by the Parent Company consist predominantly of fixed-income instruments. In accordance with the investment policy, limits per issuer and limits on the categories of instrument have been established, depending on the risk rating of such issuers. In this regard, risk ratings must be issued by recognized local or international rating agencies.

The main counterparties are detailed in the table below:

Main counterparties	12.31.2011 %	12.31.2011 Value US$	12.31.2010 %	12.31.2010 Value US$
Banco BCI	14.11%	64,872,675	10.70%	44,859,182
Banchile Fondos Mutuos	11.04%	50,752,138	16.53%	69,284,509
Banco Chile	10.66%	49,007,776	8.62%	36,134,583
Santander Fondos Mutuos	8.30%	38,178,454	12.79%	53,595,492
Banco BBVA	6.74%	30,995,300	0.00%	0
Banco Santander	5.51%	25,341,004	4.78%	20,024,272
Banco HSBC	5.29%	24,324,802	0.00%	0
Banco Estado	4.96%	22,782,722	0.98%	4,087,172
Banco CorpBanca	4.06%	18,680,145	5.12%	21,462,413
Cruz del Sur Fondos Mutuos	3.25%	14,954,515	4.76%	19,944,654
BCI Fondos Mutuos	3.09%	14,203,401	7.84%	32,869,724
Celfin Capital Fondos Mutuos	2.95%	13,543,015	8.96%	37,534,147
Banco Security	2.63%	12,068,506	0.00%	0
Banco Central y Tesorería	2.27%	10,414,597	0.75%	3,155,273
Banco Scotiabank	2.00%	9,216,042	0.00%	0
Scotiabank Fondos Mutuos	1.96%	9,017,131	0.00%	0
Itaú Fondos Mutuos	1.60%	7,337,699	0.00%	0
Bice Fondos Mutuos	0.00%	0	2.67%	11,173,729
BBVA Fondos Mutuos	0.00%	0	2.28%	9,567,505
Larraín Vial Fondos Mutuos	0.00%	0	2.50%	10,484,733
Corpbanca Fondos Mutuos	0.00%	0	1.12%	4,690,273
Others	9.58%	44,045,896	9.61%	40,262,855
Total	**100.0%**	**459,735,818**	**100.0%**	**419,130,516**

b) Risks associated with Celulosa Arauco y Constitución S.A. (forestry sector)

The affiliate’s financial assets are exposed to a number of financial risks: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and price risk).

The global risk management program considers uncertainty in the financial markets and tries to minimize the potential adverse effects on financial yields.

Financial risk management is administered by the Finance department. This department identifies, evaluates and hedges financial risks in close collaboration with the operating units. The company does not actively participate in the trading of its financial assets for speculative purposes.

(i) Credit risk

Credit risk refers to financial uncertainty, over different periods of time, in relation to the fulfillment of obligations subscribed by counterparties at the point in time when contractual rights to receive cash or other financial assets are exercised.

The exposure of the affiliate Arauco to credit risk is directly related to the individual ability of its customers to fulfill their contractual commitments and is reflected in trade receivables.

In accordance with company policies, the subsidiary has insurance policies for open account sales. In order to cover the export sales of the companies Celulosa Arauco y Constitución S.A., Aserraderos Arauco S.A., Paneles Arauco S.A. and Forestal Arauco S.A., as well as the local sales of Arauco Distribución S.A., Arauco México S.A. de C.V., Arauco Wood Inc., Arauco Colombia S.A. and Alto Paraná S.A. (and affiliates), Arauco has worked with the credit insurance company Continental (rated AA- by Fitch Ratings since January 13, 2011). For local open account sales to the company Arauco do Brasil (Brazil), the credit insurance company is Euler Hermes. The coverage of these policies is 90% of the amount of each invoice, with no deductible.

In order to back a line of credit or an advance payment to a provider that has been approved by the credit committee, the company has guarantees such as mortgages, pledges, stand-by letters of credit, bank guarantees, checks, promissory notes, loans and other similar items that could be enforced in accordance with the legislation of each country. The debt covered by these types of guarantees amounts to US$ 86.91 million as of December 31, 2011. The guarantee procedure is regulated by the guarantee policy, the purpose of which is to control the accounting, expiration and valuation of guarantees.

The department of Credit and Collections, which reports to the department of Finance, is the area charged with minimizing the credit risk of accounts receivable. This area supervises overdue accounts and approves or denies the credit limits for all term sales. The standards and procedures for the proper control and management of the risk of open account sales are governed by the Credit Policy.

A procedure for the approval and/or modification of customer lines of credit has been established and must be followed by all companies belonging to the Arauco group. Requests for lines of credit are entered into a Credit Evaluation model (“EVARIE”), where all available information is analyzed, including the amount of the line granted by the credit insurance company. Subsequently, these requests are approved or denied by the internal committees of each of the companies belonging to the Arauco group, according to the maximum amount authorized by the Credit Policy. If the line of credit exceeds that amount, it is analyzed by the Corporate Committee. Credit lines are renewed annually through this internal process.

During 2011, consolidated sales totaled ThUS$ 4,374,495, of which 64.26% were open account sales, 26.81% were sales with credit letters, and 8.93% were other types of sales.

As of December 31, 2011, accounts receivable totaled ThUS$ 639,761, of which 61.82% corresponded to open account sales, 32.14% to sales with letters of credit, and 6.03% to other types of sales. These receivables correspond to 2,016 customers. The customer with the greatest open account debt represented 2.27% of total accounts receivable as of that date.

The debt covered by the different insurance policies and guarantees amounts to 98.19% of the total, and consequently Arauco's portfolio exposure amounts to 1.81%.

Sales with letters of credit mainly correspond to the Asian and Middle East markets. Periodically a credit evaluation of the banks that issue credit letters is performed, in order to obtain their rating by the main risk rating agencies, their ranking at the country and worldwide levels, and their financial situation for the past five years. In accordance with this evaluation, the issuing bank is approved or a confirmation of the letter of credit is requested.

All sales are controlled using a credit verification system, the parameters of which have been defined to block orders from customers that have a certain percentage of overdue payments or whose line of credit has been exceeded or expired as of the time the product would be shipped.

As of December 31, 2011, 87.67% of the total accounts receivable are not overdue, 7.94% between 1 to 15 days of overdue, 1.59% between 16 to 30 days, 0.16% between 31 to 60 days, 0.46% between 61 to 90 days and 0.77% between 91 to 180 days of overdue, this is the maximum distribution credit to Arauco.

The table below shows the percentages of overdue payments from net trade receivables:

December 2011

Days	Not Overdue	1-15	16-30	31-60	60-90	90-180	More than 180	Total
ThUS$	560,879	50,827	10,169	994	2,921	4,943	9,028	639,761
%	87.67%	7.94%	1.59%	0.16%	0.46%	0.77%	1.41%	100.00%

December 2010

Days	Not Overdue	1-15	16-30	31-60	60-90	90-180	More than 180	Total
ThUS$	538,731	46,766	11,058	1,412	3,528	1,500	6,194	609,189
%	88.43%	7.68%	1.82%	0.23%	0.58%	0.24%	1.02%	100.00%

The impairment of trade receivables in the last five years amounted to MMUS$ 14.87, 0.08% of total operating revenues for the period. As of December 31, 2011, 3.0% (2.2% as of December 31, 2010) of the total Trade payables is recognized as provision for doubtful accounts.

As of December 31, 2011, accounts receivable overdue amounted to ThUS$ 78,882 (ThUS$ 70,458 as of December 31, 2010), of which ThUS$ 19,743 are impaired (ThUS$ 13,584 as of December 31, 2010).

Impairment of Trade Payables as percentage of total sales

Years	2011	2010	2009	2008	2007	Last 5 years
Impairment of Trade Payables	0.15%	0.01%	0.03%	0.16%	0.03%	0.08%

The amount recovered through guarantees, insurance indemnities or other credit-related improvements during 2011 amounted to ThUS$ 254.47, which represents 17.85% of the amount provisioned in these cases.

In March 2009, a guarantee policy was implemented in order to control the accounting, valuation and expiration of guarantees.

In December 2009, the Corporate Credit Policy of the affiliate Arauco was updated.

With respect to risks relating to time deposits, agreements and mutual funds, the affiliate Arauco has a placement policy to minimize risk by providing guidelines on the management of cash excesses in low-risk institutions.

At present, a Trade Receivables Provision Policy under IFRS standard exists to all the companies of Arauco's Group.

- Placement policy:

The affiliate Arauco has a placement policy that identifies and limits the financial instruments and the entities in which the companies, in particular Celulosa Arauco y Constitución S.A., are authorized to invest.

It should be mentioned that treasury management is handled centrally for operations in Chile. Thus, the parent company for the forestry sector acts as an internal bank for the Chilean affiliates, granting intercompany loans at a fixed rate determined by central management. The parent carries out investment operations, cash excess placement and short- and long-term debt subscriptions with banks, financial institutions and the public. The exception to this rule occurs in specific operations that must be carried out through other companies, in which case the express authorization of the Chief Financial Officer of Arauco is required.

Only investment in fixed-income instruments and instruments with sufficient liquidity is permitted. Each type of instrument has a specific classification and limit, depending on its term and on the issuer.

With respect to intermediaries, a methodology is used in order to determine the relative degree of risk of each bank or financial institution in terms of its financial statements and debt or equity titles. Each institution is assigned a score, which ultimately determines a relative risk ranking that Arauco uses to define the investment limits for each institution.

The background information that is necessary to evaluate the different criteria is obtained from the official financial statements of the banks being evaluated and from the rating of the short- and long-term debt titles in force, as defined by the supervisory organization (Superintendency of Banks and Financial Institutions) and assigned by the risk rating agencies authorized by this organization, which in this case are Fitch Ratings Chile, Humphreys and Feller Rate.

The following criteria are evaluated: Capital and reserves, current ratio, share in total financial system placements, return on capital, profit margin, debt-to-capital ratio and risk ratings of each entity.

Any exceptions that become necessary, mainly in relation to the investment limits in a particular instrument or entity, must be expressly authorized by the Chief Financial Officer of Arauco.

(ii) Liquidity risk

Liquidity risk corresponds to the ability to meet debt obligations upon maturity.

The exposure to liquidity risk affects obligations with the public, banks and financial institutions, creditors and other accounts payable, and it is related to the ability to respond to the net cash requirements that sustain operations under both normal and exceptional conditions.

The Finance department constantly monitors the company's cash projections on the basis of short- and long-term forecasts, as well as forecasts of alternative financing options available. In order to control the level of risk of the financial assets available, the company has a placement policy.

The capital committed under each of the main financial liabilities subject to liquidity risk is detailed in the table below and grouped by date of maturity:

In thousands of dollars	December 2011					
	0 - 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
Dates of maturity						
Accounts payable and capital lease	6	12	28	0	0	46
Bank loans	91,383	29,464	64,971	415,458	4,105	605,381
Bonds issued in UF and dollars	22,508	14,571	21,528	1,273,181	2,133,974	3,465,762
Total	**113,897**	**44,047**	**86,527**	**1,688,639**	**2,138,079**	**4,071,189**

In thousands of dollars	December 2010					
	0 - 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
Dates of maturity						
Accounts payable and capital lease	40	54	250	49	0	393
Bank loans	41,437	9,165	52,214	296,360	4,812	403,988
Bonds issued in UF and dollars	29,068	14,754	393,158	1,340,680	2,281,978	4,059,638
Total	**70,545**	**23,973**	**445,622**	**1,637,089**	**2,286,790**	**4,464,019**

(iii) Market risk- exchange rate

This risk arises from the likelihood of losses from changes in the exchange rates of the currencies in which the assets and liabilities of Arauco are denominated.

The company is exposed to the risk of changes in the exchange rate of the dollar (functional currency) with respect to sales, purchases and obligations that are denominated in other currencies, such as the Chilean peso, euro, real or others. The Chilean peso is the currency with the greatest risk in the event of a significant exchange rate fluctuation.

Sensitivity analyses are performed to determine the effect of this variable on EBITDA and net income for the business.

For the sensitivity analysis, a variation of + / - 10% in the period-end exchange rate of the Chilean peso is assumed; this is considered a possible range of fluctuation given market conditions as of the reporting date. If all other variables remain constant, a change of + / - 10% in the exchange rate between the dollar and the Chilean peso would result in a change in EBITDA of + / - 0.01% (equivalent to ThUS$ 102.31); a change in net income for the period of + / -1.06% (equivalent to ThUS$ 3,711.27); and a change in equity of + / -0.04% (equivalent to ThUS$ 3,048.08).

The main financial instrument affected by exchange rate risk are the UF-denominated bonds issued in Chile and that are not hedged by the swaps described in the section on hedges.

	12.31.2011 UF	**12.31.2010** UF
Bonds issued in UF (Series E)	0	1,000,000
Bonds issued in UF (Series F)	0	2,000,000

Additionally, for a sensitivity analysis, a variation of + / - 10% in the period-end exchange rate of the Brazilian real is assumed; this is considered a possible range of fluctuation given market conditions as of the reporting date. If all other variables remain constant, a change of + / - 10% in the exchange rate between the dollar and the Brazilian real would result in a change in net income for the period after taxes of + / -0.11% (equivalent to ThUS$ 670); and a change in equity of + / -0.01% (equivalent to ThUS$ 670).

(iv) Market risk – interest rate risk

Interest rate risk refers to the sensitivity of the value of financial assets and liabilities to changes in interest rates.

The affiliate Arauco is also exposed to the risk of changes in the interest rate of obligations with the public, banks and financial institutions and variable-rate interest-bearing financial instruments.

The affiliate Arauco performs a risk analysis by reviewing the exposure to changes in the interest rate. As of December 31, 2011, 13% of bonds and loans with banks accrue interest at a variable rate. Therefore, a change of + / - 10% in the interest rate, which is considered a possible range of fluctuation given market conditions, would have an effect of + / - 0.32% on net income for the period (equivalent to ThUS$ 1,103.77) and a change in equity of + / -0.01% (equivalent to ThUS$ 954.86).

(v) Market risk – Price of wood pulp

The price of wood pulp is determined by the world market and by the conditions in the regional market. Prices fluctuate as a function of demand, production capacity, business strategies adopted by large forestry companies and pulp and paper producers, and the availability of substitutes.

The prices of wood pulp are reflected in the operating revenues in the statement of income and directly affect net income for the period.

As of December 31, 2011, operating revenues from the sale of wood pulp represented about 47.2% of total revenues. Forward contracts and other financial instruments are not used for wood pulp sales; instead, the price is set on a monthly basis according to the market.

This risk is handled in a number of ways. The affiliate Arauco has a specialized team that performs periodic analyses of the market and the competition, providing tools to evaluate trends and adjust forecasts accordingly. Similarly, financial sensitivity analyses for the price variable enable the company to take the necessary precautions to better face different situations.

For the sensitivity analysis, a variation of + / - 10% in the average price of wood pulp is assumed; this is considered a possible range of fluctuation given market conditions as of the reporting date. If all other variables remain constant, a change of + / - 10% in the average price of wood pulp would result in a change of + / - 17.10% in EBITDA (equivalent to ThUS$ 103.92); + / - 11.19% in net income for the period (equivalent to ThUS$ 54.50) and + / - 1.97% in equity (equivalent to ThUS$ 143.98).

c) Risks associated with Compañía de Petróleos de Chile Copec S.A. (fuel sector)

The operations of the Company (Copec S.A.) and its affiliates are exposed to a number of financial risks, specifically market risk, credit risk, liquidity risk and investment in foreign assets risk, especially Copec S.A. and its Colombian associated Proenergía Internacional S.A. (Proenergía). This company's risk management is based on the diversification of the business and of customers, financial evaluations of customers, and the utilization of derivative instruments to the extent that they are required.

Risk management of Copec S.A. is administered by the Finance and Administration department, in accordance with the guidelines of the Chief Executive Officer and the Board of Directors of the Company, and of Proenergía is administered by the Vice Finance department, in accordance with the guidelines of its presidency. This department identifies, evaluates and hedges the financial risks, working jointly with the operating and sales areas of the companies.

An analysis of each risk is presented separately.

Market Risks:

(i) Copec S.A.

(1) Exchange rate risk

The primary market risk facing the company is the exchange rate risk (Chilean peso/U.S. dollar) resulting from fuel import operations for the Chilean market and export operations, both of which are very-short-term operations.

Management has established a policy of managing the risk of exchange rates between foreign and local currency, in order to minimize the net exposure in foreign currency. To do so, the company's Finance and Administration department uses forward contracts with local financial entities. These contracts have very short terms: less than 15 days for fuel import hedges and around 30 days for export operations.

The exchange rate risk of financial investments in foreign currency is not managed, as these are operating positions of one or two days.

During the fourth quarter of 2011, the Company obtained an international loan of US$ 340 million, of which at December 31 was disbursed US$ 150 million and had been covered by forward contracts 35% of that amount, completing the balance during the month of January 2012.

A sensitivity analysis to changes in the exchange rate of the total accounts payable in US$, including credit of US$ 150 million mentioned in the preceding paragraph, to December 31, 2011, from exchange rate of the exchange rate effective on 02 January 2012.

ThUS$	Change %	$/US$	MM$	(Loss) Gain MM$
321,172	-	519.20	166,753	-
321,172	5%	545.16	175,090	(8,338)
321,172	10%	571.12	183,428	(16,675)
321,172	15%	597.08	191,766	(25,013)
321,172	-5%	493.24	158,415	8,338
321,172	-10%	467.28	150,077	16,675
321,172	-15%	441.32	141,740	25,013

(ii) Proenergía and affiliates

In managing market risk in Colombia is an individual analysis of each exposure situation identified, this analysis determines whether to hire or not hedging instruments, if any natural hedging mechanisms, or simply assume the risk associated not considered critical to the business and operation.

(1) Exchange rate risk

Exposure to exchange rate obligations arising from the functional currency other is mitigated through derivative contracts which meet the credit terms granted by suppliers, which do not exceed 15 days for import of lubricants and very possibly some longer terms. It is Company policy not to enter into forward contracts until a firm commitment.

2) Fuel price risk

The cost of most products on the market is regulated and the inventory value is impacted by changes in international prices. Due to the pricing methodology, can be performed only covers product price and exchange rate for the inventory of Jet Fuel (Aviation fuel) in order to mitigate the volatility in the monthly result.

Interest Rate Risk:

(i) Copec S.A.

The Company does not hold significant remunerated assets other than those relating to cash variations as a result of operations, which are invested in a period of around one to three days. Operating income and outflows are independent of interest rate fluctuations. As a result of the above, no significant financial risk is understood to exist.

Management understands that there is no significant interest rate risk for remunerated financial liabilities, as these liabilities correspond to the financing of operating cash flows, with terms mainly between 1 and 90 days, and are highly variable over the course of the year.

Additionally, credit recently signed by the Company is subject to interest rate risk locally and internationally. The local credit funds operating cash flow with a term to 7 years, with a nominal rate TAB 90 days, while the international credit finances the acquisition of the Company in its subsidiaries in Colombia, being a credit to 5 years with a 30-day LIBOR. Given current market conditions, all claims have been renovated at a variable rate. The Company policy is assessed individually using interest rate swaps to mitigate the risk associated with variable rates. Currently there is no coverage of this type.

(ii) Proenergía and affiliates

Avoiding changes in rates, cash surpluses are invested primarily in savings and / or fixed rate instruments.

Given current market conditions, all claims have been renovated at a variable rate. The Group's policy is assessed individually using interest rate swaps to mitigate the risk of fixed rate debt by which it agrees to exchange, at specified intervals, the difference between the amounts of fixed rate and variable calculated by reference to a notional principal amount agreed. Currently there is no coverage of this type.

Credit Risk:

(i) Copec S.A.

The company faces credit risk resulting from the composition of its portfolio of trade receivables and its portfolio of financial investments.

In order to manage the credit risk of accounts receivable in Chile, the company assigns a credit line to each customer, after performing an individual analysis of their financial and market positions. The Finance and Administration department is in charge of performing this analysis for customers with lines exceeding UF 1,000 (1 UF = $ 22,294 as of December 31, 2010), and the administrative units of the sales department are in charge of with performing this analysis for customers with lines of less than UF 1,000.

As of December 31, 2011, customers under UF 1,000 make up 7.2% of the portfolio, and customers over UF 1,000 make up 92.8% of the portfolio. The company has reports for each customer indicating the daily status of its portfolio, which is divided according to accounts that are not yet due, late and overdue. In the latter case, collections action may be taken. The Finance and Administration department issues monthly reports on the status of the portfolio, and the Chief Executive Officer holds periodic meetings with the sales and finance and administration departments to analyze the status of the overall portfolio, as well as the portfolios of individual customers, in order to take corrective action if necessary. The Company has systems to block customers that have not fulfilled their payment commitments and customers that have used up their credit lines.

The Company has a portfolio of financial investments to manage excess cash; the terms of investment for this portfolio are mostly around one to three days. In order to manage this credit risk, Management has established an investment policy for fixed-income instruments and low-risk financial entities. The Finance and Administration department is in charge of with managing these investments through the Finance department, which establishes a group of financial entities in which investment is authorized and assigns a maximum credit line and portfolio composition to each entity. The credit lines per institution are granted on the basis of an analysis of equity and solvency risk for banks and equity, composition and term for mutual funds.

(ii) Proenergía and affiliates

The Group extends credit to individuals engaged in commercial or economic activities that require products released for execution, a legal entity incorporated in a corporate form accepted by local regulations or individuals who meet the requirements locally.

Loans are working capital or revolving credit, designed specifically for the purchase of inventories of products marketed by the Company.

All credit granted by the Company must comply with the reporting requirements for the type of customer and the surety. The documentation submitted must ensure that the Company has all necessary information for understanding your customers, your general identification, commercial and tax also guarantees a general knowledge of the client's financial situation.

To Proenergía and subsidiaries levels the amount of credit approval are determined by the internal rating of the customer and credit exposure coverage of this, assessing their security, and approval according to these criteria ranges from Portfolio Manager to the President, as appropriate.

Customers with no external credit rating (*)	**12.31.2011** ThUS$	**12.31.2010** ThUS$
Group A	835,032	678,762
Group B	75,106	156,349
Group C	18,258	9,522
Group D	95,265	18,769
Others	229	16,480
Short-term bank deposits		
AAA	0	3
Others	174,689	32,748
Mutual funds		
AA+fm	170,449	118,851
Others	252	88,515

***Customer classification criteria**

	% Debt Currently Due	**or**	**% Overdue Debt**
Group A [1]	< 30%		< 1%
Group B	between 30% and 60%		between 1% and 20%
Group C	between 60% and 90%		between 20% and 75%
Group D	> 90%		> 75%
Others	Unclassified groups of accounts		

(1) Group A also includes customers with no debt that is currently due, related companies and fiscal entities

None of the financial assets in force has been renegotiated during the period.

Liquidity Risk:

(i) Copec S.A.

The purpose of the Company's liquidity risk management is to provide significant cash to cover demand liabilities. As of period-end, 49% of sales were made to concessionaires, with an average payment term of less than 3 days, and 47.4% of sales were made to low-risk industrial customers (with A and B ratings), with an average credit term of less than 31 days. Therefore, for purposes of liquidity risk management, the Finance and Administration department uses a period of 60 days for its daily cash flow forecasts, and it has access to immediately-available lines of credit with the main financial entities in the local market, which are solvent and have good risk ratings.

(ii) Proenergía and affiliates

The Group monitors its risk through the day and forecast Treasury position, from which we obtain the bonds and cash surpluses, to determine the source and destination of resources.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and / or lease contracts, among others.

Investment in foreign assets risk:

As of December 31, 2011, Copec S.A. has investments abroad which allowed controlling 56.15% of Proenergía and 14.39% of its indirect subsidiary SIE, in Colombia. Both companies allow Copec S.A. has an indirect control of 39.17% of Organización Terpel S.A., society which distributes fuel and has their financial statements in Colombian pesos. As a result of these investments, Copec S.A. has as of December 31, 2011, exposure of 893,736 million Colombian pesos in the balance. Fluctuations on exchange rate of Colombian pesos respect to Chilean pesos can affect the value of this investment abroad.

The Company has hedges in order to minimize this risk. As of December 31, 2011, 66.98% of Colombian investment is hedged for exchange rate Colombian pesos – Chilean pesos. In January, this hedge increased to 100.0%.

Below is a table showing the possible effects on the financial statements of the Company, if not to count on these hedging instruments:

MMCOP$	Change %	$/COP$	MM$	(Loss) Gain MM$
893,736	-	519.20	238,857	-
893,736	5%	545.16	250,800	(11,943)
893,736	10%	571.12	262,743	(23,886)
893,736	15%	597.08	274,686	(35,829)
893,736	-5%	493.24	226,914	11,943
893,736	-10%	467.28	214,971	23,886
893,736	-15%	441.32	203,029	35,829

NOTE 5. ACCOUNTING ESTIMATES AND JUDGMENT

The preparation of financial statements in accordance with IFRS requires management to make subjective estimates and assumptions affect the reported amounts. The estimates are based on historical experience and various other assumptions that are believed to be reasonable, but actual results may differ from those estimates. Management believes that the accounting policies presented below represent issues that require judgment that can lead to major changes in the reported results.

Significant accounting estimates and judgments:

The Group makes estimates and judgments in relation to the future. The resulting accounting estimates, by definition, will rarely be equal to the corresponding actual results. The estimates with a significant risk of giving rise to a material adjustment in the book values of assets and liabilities during the next financial period are explained below:

a) Staff severance indemnities

The present value of obligations for staff severance indemnities depends on a number of factors that are determined on the basis of actuarial methods using a series of assumptions, including a rate of interest and a rate of inflation. Any changes in these assumptions will affect the book value of these obligations. Additional information about the assumptions used is provided in Note N°18.

b) Environmental restoration

Certain criteria and estimates are applied when recording costs and establishing provisions for environmental remediation and cleanup, which are based on current information about costs and expected remediation plans. With respect to environmental provisions, the costs may differ from the estimates as a result of changes in laws and regulations, the discovery and analysis of the conditions of the site, variations in remediation technologies, and the date on which the remediations are expected to be complete. Therefore, any modification in the factors or circumstances related to this type of provision, or in the standards and regulations, could have as a consequence a significant effect on the provisions recorded for these costs.

c) Biological assets

The valuation of forest plantations is based on discounted cash flow models, which means the fair value of the biological assets is calculated using the cash flows from continuing operations; that is, on the basis of sustainable forest management plans considering the growth potential of the forests. This valuation is performed on the basis of each stand identified and for each type of forest species.

These discounted cash flows require estimates about the growth, harvest, sales price and costs. Therefore, the quality of the estimates of the future price levels and sales and cost trends is important, as is the performance of periodic studies of the forests to establish the volumes of wood available for harvest and the current growth rates. The main considerations used for the calculation of the valuation of forest plantations are presented in Note N°7.

The Group has defined that molluscs mussels, principally in growing process, are recognized at cost because doesn't exist a fair value that can be reliably measured before the harvest.

As consequences, they are initially recognized at cost and subsequent, in the final stage of the cultivation, they are recognized at fair value less estimated costs at sale point. The effect is charged or credited to income at the end of each period.

d) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined through the use of valuation techniques. The Group applies its judgment to select a variety of methods and to apply assumptions that are primarily based on current market conditions as of each reporting date.

e) Property, plant and equipment

In a business acquisition, a technical adviser is used to make a fair valuation of assets acquired and to help determine its remaining life.

The amounts of property, plant and equipment are reviewed when events or changes in circumstances indicate that the carrying amount of an asset may be impaired. The recoverable amount of an asset is estimated as the higher of fair value less costs to sell and value in use, an impairment charge to be recognized if the amount exceeds the recoverable amount. Use value is calculated using a model of discounted cash flow is more sensitive to the discount rate and the expected future cash flows.

f) Taxes

Tax assets and liabilities are reviewed periodically, and the balances are adjusted accordingly. The Group considers that it has recorded a sufficient provision for future tax effects on the basis of current facts, circumstances and tax laws. However, the tax position could change, giving rise to different results and having a significant impact on the amounts reported in the consolidated financial statements.

g) Lawsuits and contingencies

Empresas Copec S.A. and its affiliates have lawsuits that have not yet been resolved, the future effects of which must be estimated by the Company's Management, in collaboration with its legal advisors. The Company applies judgment in the interpretation of the reports of its legal advisors, who make an estimate as of each period-end and/or after each substantial modification of the lawsuits or the origins of the same.

NOTE 6. INVENTORY

	12.31.2011 ThUS$	12.31.2010 ThUS$
Raw materials	133,600	127,140
Merchandise	527,142	307,483
Production supplies	105,526	82,718
Work in progress	61,214	64,597
Finished goods	525,483	500,710
Other inventory	141,500	105,008
Total	**1,494,465**	**1,187,656**

Changes in inventory charged to income are detailed in the following table:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Cost of sales	18,011,156	9,797,140
Provision for obsolescence	4,031	492
Write-downs	409	2,364
Total	**18,015,596**	**9,799,996**

As of the date of these Financial Statements, there are no inventories pledged in guarantee to report.

In relation to the provision of obsolescence, it is calculated based on historical information and old inventory.

NOTE 7. BIOLOGICAL ASSETS

As of the reporting date of these financial statements, biological assets are presented as current and non-current as follows:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Current	285,301	348,159
Non-current	3,463,166	3,446,862
Total	**3,748,467**	**3,795,021**

As of December 31, 2011 and December 31,2010, the composition of current and non-current biological assets is detailed in the following table:

	12.31.2011			12.31.2010		
	Current ThUS$	**Non-Current** ThUS$	**Total** ThUS$	**Current** ThUS$	**Non-Current** ThUS$	**Total** ThUS$
Forestry	281,418	3,463,166	3,744,584	344,096	3,446,862	3,790,958
Mussels	3,883	0	3,883	4,063	0	4,063
Total	**285,301**	**3,463,166**	**3,748,467**	**348,159**	**3,446,862**	**3,795,021**

The biological assets of the affiliate Arauco correspond to forest plantations, which mainly include Monterey pines (*pinus radiata*) and Loblolly pines (*pinus taeda*). These plantations are located in Chile, Argentina, Brazil and Uruguay, and they make up 1.6 million hectares of land, of which 980,000 hectares are used for plantations, 405,000 hectares are for native forests, 153,000 hectares are for other uses and 59,000 hectares remain to be planted.

As of December 31, 2011, the volume produced was 18.49 million cubic meters (16.6 million cubic meters as of December 31, 2010).

The purpose of the harvest of forest plantations is to supply raw materials to the rest of the products produced and sold by the affiliate Arauco. By directly controlling the development of the forests to be processed, Arauco is assured of the quality of the wood to be used in each of its products.

The affiliate Arauco uses discounted future cash flows to value its forest plantations, and therefore the company has a forecast over time of the harvests to be carried out at the plantations in existence as of the current date.

Equity is projected over time with the assumptions that total volume is not decreasing, the minimum volume is equal to the demand being satisfied today, and future plantations are not considered.

Forest plantations classified as current assets correspond to those plantations that will be harvested and sold in the short term.

Flows are determined on the basis of the harvest and expected sales of forest products, which are associated with the demand of the company's own industrial centers and sales to third parties. In addition, this valuation takes into consideration the sales margins of the different products that are harvested from the forest. Changes that arise in the value of plantations, in accordance with the criteria defined above, are accounted for in income for the period, in accordance with the provisions of IAS 41.

Changes are presented in the Statement of Income under "Other operating income", which as of December 31, 2011 amounted to ThUS$ 229,889 (ThUS$ 221,501 as of December 31, 2010). For purposes of the appraisal of biological assets, this produces a cost of the wood that is greater than the real cost incurred, which effect is presented under "Cost of sales" and amounts to ThUS$ 253,019 as of December 31, 2011 (ThUS$ 200,320 as of December 31, 2010).

Forests are harvested in accordance with the demand requirements of Arauco's production plants.

The discount rates used are: Chile 8%, Argentina 12% and Brazil 10%.

The prices of harvested wood are considered to be constant in real terms, based on the prices in current markets.

Likewise, costs are assumed to be constant over the life of the forests, based on estimated costs included in the forecasts determined by the affiliate Arauco.

The average harvest age, in years, of the forests by country and species is the following:

	Chile	**Argentina**	**Brazil**
Pine	24	15	15
Eucalyptus	12	10	7

The predominant species of pine in Chile is *pinus radiata*; in Argentina and Brazil it is *pinus taeda*.

Differences in valuation of biological assets in the discount rate and the margins are recorded in the income statement in the line Other Income or Other expenditure by function depending on whether it is profit or loss.

The company holds fire insurance for the forest plantation, which together with the company's own resources and an efficient system of protection over the forest assets enable it to minimize the risks of damage to these assets.

The affiliate Arauco owns biological assets in Uruguay through a joint venture with Stora Enso, which is presented in the financial statements using the *equity method*.

As of December 31, 2011, this investment of the affiliate Arauco in Uruguay represents a total of 133,000 hectares, of which 74,000 hectares are used for plantations, 7,000 hectares are for native forests, 46,000 hectares are for other uses, and 6,000 hectares remain to be planted.

(a) Biological assets pledged in guarantee:

There are no forest plantations pledged in guarantee, except the plantations of Forestal Río Grande S.A. (the affiliate of Fondo de Inversión Bío Bío, a special purpose vehicle). In October 2006, non-transferable pledges prohibiting encumbrance or disposal were constituted in favor of JPMorgan and Arauco over the forests located on the lands it owns. As of December 31, 2011, the fair value of these forests totals ThUS$ 9,322 (ThUS$ 30,222 as of December 31, 2010).

(b) Biological assets with restricted ownership:

As of the date of these financial statements, there are no biological assets with restricted ownership.

(c) Government subsidies related to agricultural operations:

No significant subsidies have been received.

(d) Biological assets movements

	12.31.2011 ThUS$	**12.31.2010** ThUS$
Opening balance	**3,795,021**	**3,757,528**
Changes in biological assets		
Additions through acquisition	145,867	116,254
Decreases through sales, biological assets	(1,287)	(2,832)
Decreases through harvest, biological assets	(351,415)	(302,994)
Gain (loss) on changes in fair value less estimated costs at point of sale	229,889	221,501
Discontinuation of consolidation due to constitution of joint venture recorded under the equity method	0	0
Increase (decrease) in foreign currency translation, biological assets	(56,403)	21,501
Other increases (decreases), biological assets	(13,205)	(15,937)
Total changes	**(46,554)**	**37,493**
Ending balance	**3,748,467**	**3,795,021**

As of the date of these financial statements no disbursements have been committed for the acquisition of biological assets.

NOTE 8. CURRENT TAX ASSETS AND LIABILITIES

Accounts receivable for taxes are detailed below:

Current tax assets	12.31.2011 ThUS$	12.31.2010 ThUS$
Monthly provisional tax prepayments	123,556	101,648
Recoverable income taxes from previous period	39,634	35,648
SENCE credits	2,444	2,285
Credits for fixed assets	117	227
Income tax provision	(112,438)	(63,629)
Credits for dividends received	559	411
Other current tax assets	18,095	3,856
Total	**71,967**	**80,446**

Current tax liabilities	12.31.2011 ThUS$	12.31.2010 ThUS$
First category tax provision	252,633	62,423
Taxes from fuel sales	(44,292)	35,567
Tax from Art. 21	231	25
Equity tax	7,138	0
Other taxes	8,047	7,033
Total	**223,757**	**105,048**

NOTE 9. NON CURRENT ASSETS AND LIABILITIES HELD FOR SALE

Assets held for sale	2011 ThUS$	2010 ThUS$
Organización Terpel Chile Ltda. (1)	336,092	347,766
Lands	10,090	7,559
Buildings	6,097	6,298
Plant and equipment	4,543	3,790
Fleet assets	774	1,769
Others	0	3,552
Total	**357,596**	**370,734**

Liabilities held for sale	2011 ThUS$	2010 ThUS$
Organización Terpel Chile Ltda. (1)	143,383	139,363
Total	**143,383**	**139,363**

(1) The Administration has adopted measures to dispose the participation on Organización Terpel Chile Ltda., reason why assets and liabilities associated to this investment are record under this concept in the Consolidates Financial Statements (See Note N°19).

NOTE 10. INTANGIBLE ASSETS

As of December 31, 2011 and December 31, 2010 the main classes of intangibles assets, patents, trademarks, IT programs, water and fishing rights, easements and other acquired rights, are recorded at historic cost.

Patents, trademarks, IT programs, water and fishing rights, mining properties, easements and other acquired rights have indefinite useful life, as it is not clear when the period during which the rights are expected to generate cash flows began and/or will end.

These rights are not amortized, but they are tested periodically for impairment.

a) Classes of intangible assets different from goodwill:

	12.31.11			12.31.10		
	Gross value ThUS$	Accumulated amortization ThUS$	Net value ThUS$	Gross value ThUS$	Accumulated amortization ThUS$	Net value ThUS$
Patents, trademarks and other rights	583,780	(26,640)	557,140	598,698	0	598,698
IT programs	95,292	(59,386)	35,906	56,861	(26,660)	30,201
Other identifiable intangible assets	60,984	(7,850)	53,134	39,863	(4,193)	35,670
Fishing authorizations	17,993	0	17,993	17,993	0	17,993
Water rights	5,838	0	5,838	5,804	0	5,804
Mining projects	85,736	(1,565)	84,171	10,234	(229)	10,005
Total intangible assets	**849,623**	**(95,441)**	**754,182**	**729,453**	**(31,082)**	**698,371**
Finite life	242,012	(68,801)	173,211	106,958	(31,082)	75,876
Indefinite life	607,611	(26,640)	580,971	622,495	0	622,495
Total	**849,623**	**(95,441)**	**754,182**	**729,453**	**(31,082)**	**698,371**

b) The detail and movement of the main classes of intangible assets is provided below:

	Patents, trademarks and other rights	IT programs	Fishing authorizations	Water rights	Other intangible assets	Mining projects	Total
Opening balance as of January 1, 2011	**598,698**	**30,201**	**17,993**	**5,804**	**35,670**	**10,005**	**698,371**
Movements in identificable intangible assets:							
Disposals	0	0	0	0	0	0	0
Additions	5,879	17,351	0	22	31,446	75,731	130,429
Retirements	(306)	(2)	0	0	0	0	(308)
Amortization	(28,552)	(14,979)	0	0	(5,956)	(1,565)	(51,052)
Increases (decreases) from revaluation and from impairment of the amount	0	0	0	0	0	0	0
recognized in net equity	0	0	0	0	0	0	0
Increase (decrease) from revaluation recognized in income	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(6,563)	(1,454)	0	12	(3,239)	0	(11,244)
Other increases (decreases)	(12,016)	4,789	0	0	(4,787)	0	(12,014)
Total movements in identificable intangible assets	**(41,558)**	**5,705**	**0**	**34**	**17,464**	**74,166**	**55,811**
Ending balance as of 12.31.11, identificable intangible assets	**557,140**	**35,906**	**17,993**	**5,838**	**53,134**	**84,171**	**754,182**

	Patents, trademarks and other rights	IT programs	Fishing authorizations	Water rights	Other intangible assets	Mining projects	Total
Opening balance as of January 1, 2010	**922**	**27,023**	**16,077**	**5,757**	**19,691**	**9,275**	**78,745**
Movements in identificable intangible assets:							
Disposals	0	0	0	0	0	0	0
Additions	597,743	9,272	1,916	47	15,711	959	625,648
Retirements	0	0	0	0	0	0	0
Amortization	0	(7,309)	0	0	(1,188)	(229)	(8,726)
Increases (decreases) from revaluation and from impairment of the amount	0	0	0	0	0	0	0
recognized in net equity	0	0	0	0	0	0	0
Increase (decrease) from revaluation recognized in income	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	2	1,357	0	0	1,351	0	2,710
Other increases (decreases)	31	(142)	0	0	105	0	(6)
Total movements in identificable intangible assets	**597,776**	**3,178**	**1,916**	**47**	**15,979**	**730**	**619,626**
Ending balance as of 12.31.10, identificable intangible assets	**598,698**	**30,201**	**17,993**	**5,804**	**35,670**	**10,005**	**698,371**

c) The useful lives applied to intangibles as of December 31, 2011 and December 31, 2010 are detailed as follows:

		Finite Life		Indefinite Life
		Minimum	Maximum	
Commercial relations with dealers and customers	Useful life (years)	-	7	-
Patents, trademarks and other rights	Useful life (years)	-	-	X
Trademarks of Accel Panama	Useful life (years)	-	2	-
Industrial patents	Useful life (years)	10	50	-
IT programs	Useful life (years)	3	16	-
Other identifiable intangible assets	Useful life (years)	3	25	-
Fishing authorizations	Useful life (years)	-	-	X
Water rights	Useful life (years)	-	-	X
Capitalized mining projects	Useful life (years)	3	10	-
Mining properties	Useful life (years)	-	-	X

The charge to income for the amortization of intangibles is recorded under “Administrative expenses” in the Statement of Comprehensive Income.

Assets listed in Item Mining projects are mainly the following:

- On July 15, 2010, the affiliate Compañía Minera Can-Can S.A. signed a Unilateral Option Contract Purchase of Mining Concessions and Irrevocable Promissory Purchase of Other Assets with Compañía Minera Don Alberto Bronce de Petorca (BdP), located in Region V (medium-scale mining of gold production).

On January 31, 2011, it signed contracts for the sale of assets and mining concessions and took operational control of those assets to count from 1 March 2011. Currently the task is in commercial operation by exporting to USA its production of doré metal and selling concentrate gold, silver and copper to ENAMI and traders recognized domestically and internationally.

- In addition, Can-Can, in March 2011, was awarded the bid Diego de Almagro Project, located in the district of that name, Region III. This has important mineral resource reserves of copper which suggests that it is possible to materialize within the next three years, a medium-sized project economically attractive production levels, in a first phase, 10,000 or 12,000 tons of fine copper cathodes. The purchase agreement was signed on March 9, 2011 and currently the Company is conducting the necessary studies to define the project to be implemented and environmental permitting, and construction sector of the job.

d) Other intangible assets – Goodwill

Purchased goodwill represents the excess of the acquisition cost over the fair value of the Group’s share in the net identifiable assets of the subsidiary/associate acquired on the acquisition date. Purchased goodwill is not amortized, but it is tested annually for impairment.

Purchased goodwill is assigned to the groups of cash generating units identified in the operating segments that gave rise to such goodwill. Purchased goodwill generated by the investment in Arauco do Brasil (ex-Tafisa) was assigned to the Pien plant from the panel segment. The recoverable amount of this cash generating unit was determined on the basis of calculations of its value in use, and for such calculations forecasts of cash flows based on the 10-year operating plan approved by Management were used.

During the current period, the affiliate Compañía de Petróleos de Chile Copec S.A. acquired 100% of the social rights of Copec Colombia Investments Ltd. and Copec Colombia Holdings Ltd. and 8.954% of Proenergía Internacional S.A.

The trading price for acquiring 100% of social rights of Copec Colombia Holdings Ltd. and Copec Colombia Investment Ltd. amounted to ThUS$ 239,936 and the price paid in the takeover for 8.954% of Proenergía Internacional S.A. amounted to ThUS$ 45,049. Both transactions were paid in cash.

The assets and liabilities acquired were valued at fair value and under IFRS standards as of December 31, 2010. As this date was determined the difference between purchase price and fair value, which generates a goodwill of ThUS$ 89,455, a value that was adjusted during the year 2011 in ThUS$ 11,133 mainly due to a revision in tax liabilities.

At December 31, 2011 Goodwill arises only under Copec Colombia Investments Ltd., a company which owns 56.146% of Proenergía Internacional S.A., after absorbing in December 2011, Colombia Copec Holdings Ltd. and buying Compañía de Petróleos de Chile COPEC S.A. participation that the latter had in Proenergía.

As a result of the valuation of the intangible assets identified on the purchase of Proenergía Internacional S.A. (Colombia), on the Consolidates Financial Statements and consequence of the fair value establishment, the brands Accel, Terpel, Oiltec, Maxter, Celerity, Tergas and Gazel, which have indefinite useful lives, except Accel. Have also been recognized as intangible assets related to the business of the acquired companies, Trade Relations with Dealers and Customers, to which are assigned a finite useful life according to the duration of contracts. Depreciation is calculated linearly depending on the particular life.

According to the explanation in Note N° 19, the mer ger process of the indirect affiliate Orizon S.A. generated a goodwill of ThUS$ 3,764.

As of December 31, 2011, this purchased goodwill totals ThUS$ 165,501 (As of December 31, 2010 totals ThUS$ 159,450).

	12.31.11			12.31.10		
	Gross value ThUS$	Amortization ThUS$	Net value ThUS$	Gross value ThUS$	Amortization ThUS$	Net value ThUS$
Opening balance	159,450	0	159,450	63,776	0	63,776
Additions	14,590	0	14,590	93,218	0	93,218
Disposals	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(8,539)	0	(8,539)	2,456	0	2,456
Total goodwill	**165,501**	**0**	**165,501**	**159,450**	**0**	**159,450**

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

a) Classes of net property, plant and equipment

	Figures in ThUS$ as of 12.31.11			Figures in ThUS$ as of 12.31.10		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Construction in progress	816,947	0	816,947	709,235	0	709,235
Land	1,307,436	0	1,307,436	1,354,628	0	1,354,628
Buildings	3,478,468	(1,326,462)	2,152,006	3,285,113	(1,214,825)	2,070,288
Plant and equipment	5,366,062	(2,371,395)	2,994,667	4,974,837	(2,226,107)	2,748,730
IT equipment	77,167	(46,003)	31,164	63,660	(36,316)	27,344
Fixed facilities and fittings	405,519	(91,739)	313,780	400,682	(69,924)	330,758
Motor vehicles	141,250	(63,935)	77,315	105,019	(59,503)	45,516
Improvements to leased goods	152,119	(53,385)	98,734	125,527	(40,219)	85,308
Other property, plant and equipment	590,054	(271,706)	318,348	667,346	(292,003)	375,343
Total property, plant and equipment	**12,335,022**	**(4,224,625)**	**8,110,397**	**11,686,047**	**(3,938,897)**	**7,747,150**

Depreciation for the period	12.31.2011 ThUS$	03.31.2010 ThUS$
Operating costs	347,892	261,146
Administrative expenses	30,000	24,477
Other miscellaneous operating expenses	21,313	40,800
Total	**399,205**	**326,423**

b) The detail of and movements in different categories of fixed assets are presented below:

As of December 31, 2011

	Construction in progress	Land	Buildings	Plant and equipment	IT equipment	Fixed facilities and fittings	Motor vehicles	Improvements to leased goods	Other property, plant and equipment	Property, plant and equipment
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	**709,235**	**1,354,628**	**2,070,288**	**2,748,730**	**27,344**	**330,758**	**45,516**	**85,308**	**375,343**	**7,747,150**
Changes:										
Additions	637,919	21,956	135,038	137,269	1,561	2,345	26,004	1,049	22,691	985,832
Acquisitions through business combinations	0	32,948	9,420	73,197	537	0	17,113	0	287	133,502
Disposals	(1,616)	(1,742)	(555)	(2,354)	(4)	(305)	(1,073)	0	(3,649)	(11,298)
Transfers to (from) investment properties	(87,115)	(31,346)	(15,648)	19,795	2,118	988	2,556	31,649	7,018	(69,985)
Retirements	(10,833)	(1,227)	(511)	(35,467)	(169)	(21)	(1,330)	(331)	(6,108)	(55,997)
Depreciation expenses	0	0	(108,007)	(230,313)	(7,565)	(10,890)	(12,951)	(18,366)	(23,380)	(411,472)
Increase (decrease) from revaluation and from impairment losses	(61,209)	0	7,198	75,653	65	(2)	(242)	0	7,497	28,960
Reversals of impairment recognized in income	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(21,934)	(63,047)	(62,377)	(52,065)	(4,121)	(28,642)	(3,017)	(2,377)	(27,858)	(265,438)
Other increases (decreases)	(347,500)	(4,734)	117,160	260,222	11,398	19,549	4,739	1,802	(33,493)	29,143
Total changes	**107,712**	**(47,192)**	**81,718**	**245,937**	**3,820**	**(16,978)**	**31,799**	**13,426**	**(56,995)**	**363,247**
Ending balance	**816,947**	**1,307,436**	**2,152,006**	**2,994,667**	**31,164**	**313,780**	**77,315**	**98,734**	**318,348**	**8,110,397**

As of December 31, 2010

	Construction in progress	Land	Buildings	Plant and equipment	IT equipment	Fixed facilities and fittings	Motor vehicles	Improvements to leased goods	Other property, plant and equipment	Property, plant and equipment
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	**523,738**	**1,086,056**	**1,787,374**	**2,606,548**	**23,210**	**308,828**	**34,043**	**0**	**318,537**	**6,688,334**
Changes:										
Additions	446,000	92,067	79,482	34,038	4,644	2,874	7,410	0	18,811	685,326
Acquisitions through business combinations	6,307	156,054	161,232	297,333	5,058	19,359	9,864	85,308	35,523	776,038
Disposals	(142)	(14,107)	(5,040)	(4,518)	(52)	(48)	(340)	0	(4,828)	(29,075)
Transfers to (from) investment properties	(30,565)	(2,661)	3,897	(477)	(4)	1,272	891	0	21,865	(5,782)
Retirements	(1,025)	(6)	(7,581)	(10,323)	(122)	(16,051)	(4,885)	0	(7,999)	(47,992)
Depreciation expenses	0	0	(98,010)	(187,105)	(2,476)	(6,936)	(3,041)	0	(20,900)	(318,468)
Increase (decrease) from revaluation and from impairment losses	0	0	(24,198)	(110,408)	(63)	0	(102)	0	(9,341)	(144,112)
Reversals of impairment recognized in income	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	3,318	33,432	38,549	28,482	(3,349)	20,094	302	0	1,808	122,636
Other increases (decreases)	(238,396)	3,793	134,583	95,160	498	1,366	1,374	0	21,867	20,245
Total changes	**185,497**	**268,572**	**282,914**	**142,182**	**4,134**	**21,930**	**11,473**	**85,308**	**56,806**	**1,058,816**
Ending balance	**709,235**	**1,354,628**	**2,070,288**	**2,748,730**	**27,344**	**330,758**	**45,516**	**85,308**	**375,343**	**7,747,150**

Property, plant and equipment pledged in guarantee:

With respect to Forestal Río Grande S.A., an affiliate of Fondo de Inversión Bío Bío, a special purpose vehicle, in October 2006, first- and second-degree mortgages were constituted in favor of JPMorgan Chase Bank N.A. and Arauco, respectively, as well as the prohibition to encumber and dispose of the real estate currently owned by the abovementioned special purpose vehicle in order to guarantee the fulfillment of the obligations of Fondo de Inversión Bío Bío.

In September 2007, Forestal Río Grande S.A. acquired property in the municipality of Yungay, in Region VIII of Chile, over which the company constituted a first-degree mortgage with a prohibition to encumber in favor of, among others, JPMorgan. Likewise, a second-degree mortgage with prohibitions to encumber and dispose were constituted in favor of the company.

	12.31.2011 ThUS$	**12.31.2010** ThUS$
Amount of property, plant and equipment pledged in guarantee	56,279	59,187

Commitment for disbursements for projects or to acquire property, plant and equipment

	12.31.2011 ThUS$	**12.31.2010** ThUS$
Amount of commitments to acquire property, plant and equipment	176,926	297,131

	12.31.2011 ThUS$	**12.31.2010** ThUS$
Amount of disbursements for property, plant and equipment in construction	732,315	516,954

NOTE 12. LEASES

Information to disclose about capital leases by class of assets, Lessee:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Total property, plant and equipment under capital lease, net	**4,986**	**1,972**
Plant and equipment	4,986	1,972

Reconciliation of minimum capital lease payments, Lessee:

Minimum lease payments, capital leases	12.31.2011		
	Gross ThUS$	Interest ThUS$	Value ThUS$
Not more than one year	1,682	(1)	1,681
More than one year but less than five years	10,047	0	10,047
More than five years	16,936	0	16,936
Total	**28,665**	**(1)**	**28,664**

Minimum lease payments, capital leases	12.31.2010		
	Gross ThUS$	Interest ThUS$	Value ThUS$
Not more than one year	354	(10)	344
More than one year but less than five years	50	(1)	49
More than five years	375	0	375
Total	**779**	**(11)**	**768**

These obligations are presented in the statement of financial position under "Current and non-current interest-bearing loans," depending on the expiration dates detailed above.

Reconciliation of minimum capital lease payments, lessor:

Minimum lease payments receivable, capital leases	12.31.2011 Gross ThUS$	12.31.2011 Interest ThUS$	12.31.2011 Value ThUS$
Not more than one year	3,510	(249)	3,261
More than one year but less than five years	2,766	(186)	2,580
More than five years	0	0	0
Total	**6,276**	**(435)**	**5,841**

Minimum lease payments receivable, capital leases	12.31.2010 Gross ThUS$	12.31.2010 Interest ThUS$	12.31.2010 Value ThUS$
Not more than one year	4,767	(450)	4,317
More than one year but less than five years	5,957	(358)	5,599
More than five years	0	0	0
Total	**10,724**	**(808)**	**9,916**

These receivables are presented in the Statement of Financial Position under “Current and non-current trade and other receivables,” depending on the expiration dates detailed above.

Arauco held leases under capital leases. These contracts incorporate forestry machinery and equipment, covering periods not exceeding five years and interest rate market. They also include early termination option of giving them, according to general and special conditions established in each contract.

There are no contingent payments or restrictions to report for capital leases as lessee and as lessor presented in the tables above.

NOTE 13. INVESTMENT PROPERTY

	12.31.2011 ThUS$	12.31.2010 ThUS$
Opening balance	**92,820**	**85,869**
Additions	31,147	50
Acquisitions through business combinations	0	323
Disposals	(77)	(45)
Disposals through divestitures of businesses	0	0
Transfers to (from) properties occupied by the owner	0	(100)
Transfers to (from) non-current assets and disposal groups held for sale	32,830	0
Removals	0	0
Impairment losses recognized in income	0	0
Reversals of impairment losses recognized in income	0	0
Depreciation expense	(39)	(36)
Other increases (decreases)	(13,556)	6,759
Total changes in investment properties	**50,305**	**6,951**
Ending balance	**143,125**	**92,820**

There are no significant rental income or operating expenses for investment properties.

There are no contractual obligations for the acquisition, construction or development of investment properties, or for the repair, maintenance or improvement of the same.

The addition and transfer of 2011, relate to land located in Las Salinas, Fifth Region.

NOTE 14. DEFERRED TAXES

a) Deferred tax assets and liabilities are detailed as follows:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Deferred tax assets relating to:		
Depreciation	17	151
Inventory	3,862	9,245
Allowance for bad and doubtful debts	7,021	4,861
Provision for vacations	1,945	1,801
Prepaid income	2,523	3,105
Obligations for post-employment benefits	12,641	12,781
Revaluations of financial instruments	885	1,531
Revaluations of property, plant and equipment	1,721	2,339
Tax losses	96,929	89,529
Differences for deferred liabilities	4,766	4,601
Differences for revaluations of intangibles	248	24,717
Differences for revaluations of biological assets	5,244	8,812
Differences for revaluations of trade and other receivables	4,458	3,940
Provisions	17,410	9,155
Other items	28,367	2,577
Total deferred tax assets	**188,037**	**179,145**

	03.31.2011 ThUS$	12.31.2010 ThUS$
Deferred tax liabilities relating to:		
Depreciation	67,191	70,130
Provisions	(149)	0
Obligations for post-employment benefits	561	579
Revaluations of property, plant and equipment	904,056	823,519
Revaluations of biological assets	448,136	511,401
Revaluations of expenses in advanced	41,487	35,130
Revaluations of income in advanced	0	76,539
Intangible assets	31,541	35,419
Revaluations of financial instruments	5,432	13,869
Inventory	16,263	14,786
Other items	41,083	60,390
Revaluations of assets at fair value	108,494	145,361
Total deferred tax liabilities	**1,664,095**	**1,787,123**

Deferred tax assets and liabilities can be offset only if the right has been legally recognized and the assets and liabilities are in reference to the same tax authority.

As of December, the tax rate applicable to the Parent Company's main affiliates is 20%.

On July 30th, Law N°20,455 of financing for national reconstru ction was published in the Chilean Official Gazette. One of the main amendments considers in this Law is a transitory increase on the First Category Tax over perceived or deferred income of the commercial years 2011 and 2012, with tax rate of 20% and 18.5%, respectively.

The change on the tax rates originated a deferred tax adjustment over the accounts of assets and liabilities of ThUS$ 9,590, according to the projected profile of temporary differences reverse, benefits for tax losses and other events that originate differences between the accounting and tributary basis of assets and liabilities.

b) Income (expenses) from current and deferred income taxes

	12.31.2011 ThUS$	03.31.2010 ThUS$
Current income tax expense		
Current tax expense	(346,777)	(157,726)
Tax benefit arising from tax assets not recognized previously used to reduce the current tax expense	2,105	8,320
Adjustment to current taxes from previous period	3,727	(594)
Other current tax expenses	(444)	(2,510)
Total current tax expense, net	**(341,389)**	**(152,510)**

	12.31.2011 ThUS$	03.31.2010 ThUS$
Deferred income tax expense		
Deferred expense (income) from taxes relating to the creation and reversal of temporary differences	52,172	(72,964)
Deferred expense (income) from taxes relating to changes in the tax rate or new rates	9,590	(21,123)
Tax benefit arising from tax assets not recognized previously used to reduce the deferred tax expense	30,368	1,802
Other deferred tax expenses	148	54
Total deferred tax expenses, net	**92,278**	**(92,231)**
Total income (expense) from income taxes	**(249,111)**	**(244,741)**

c) Income (expenses) from foreign and Chilean income taxes

	12.31.2011 ThUS$	12.31.2010 ThUS$
Current foreign tax	(79,726)	(52,567)
Current chilean tax	(261,663)	(99,943)
Total current tax	**(341,389)**	**(152,510)**
Deferred foreign tax	31,348	17,718
Deferred chilean tax	60,930	(109,949)
Total deferred tax	**92,278**	**(92,231)**
Total income (expense) from income taxes	**(249,111)**	**(244,741)**

d) Reconciliation of tax expense using the legal rate to tax expense using the effective rate

	12.31.2011 ThUS$	03.31.2010 ThUS$
Tax expense using the legal rate	**(322,043)**	**(211,408)**
Tax effect of rates from other jurisdictions	(7,599)	(24,714)
Tax effect of non-taxable operating revenues	66,199	18,510
Tax effect of non-tax-deductible expenses	(41,737)	(25,497)
Tax effect of the use of tax losses not recognized	59	0
Tax effect of tax benefit not previously recognized in income	0	0
Tax effect of a new evaluation of unrecognized deferred tax assets	4,868	0
Tax effect of change in tax rates	10,413	(21,843)
Tax effect of over or under provided tax in prior periods	5,252	(581)
Taxation calculated at applicable rate	1,220	(2)
Other increases (decreases) in charges for legal taxes	34,257	20,794
Total adjustments to tax expense using the legal rate	**72,932**	**(33,333)**
Tax expense using the effective rate	**(249,111)**	**(244,741)**

Deferred tax assets from negative tax bases that have not yet been offset are recognized to the extent that it is likely that the corresponding tax benefit will be realized through future tax benefits. In this regard, there are no unrecognized deferred tax assets.

	12.31.2011		12.31.2010	
	Deductible Difference ThUS$	Taxable Difference ThUS$	Deductible Difference ThUS$	Taxable Difference ThUS$
Deferred tax assets	93,813	0	104,693	0
Tax losses	94,224	20	74,452	0
Deferred tax liabilities	0	1,664,075	0	1,787,123
Total	**188,037**	**1,664,095**	**179,145**	**1,787,123**

Amount recognized in income	12.31.2011 Deductible Difference ThUS$	12.31.2010 Taxable Difference ThUS$
Deferred tax assets	(23)	8,935
Tax losses	22,430	(4,990)
Deferred tax liabilities	69,871	(96,176)
Decreases in foreign currency translation	0	0
Total	**92,278**	**(92,231)**

NOTE 15. TRADE AND OTHER PAYABLES

Trade and other payables are detailed as follows:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Current		
Trade payables	1,258,158	1,037,611
Lease liabilities	34,083	16,873
Other payables	14,255	24,806
Total	**1,306,496**	**1,079,290**

NOTE 16. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are carried out under market conditions.

Related companies are considered to be the entities defined according to the provisions of IAS 24, the standards of the Chilean Superintendency of Securities and Insurance, and the Corporations Law.

Balances receivable from and payable to related parties as of each period-end primarily arise from transactions within the consolidated line of business, are agreed in Chilean pesos and U.S. dollars, have terms of payment that do not exceed 60 days, and in general do not have indexation or interest clauses.

As of the date of these consolidated financial statements, no guarantees have been granted in relation to balances between related companies, and no provisions for doubtful accounts have been constituted.

The table “Transactions” includes all transactions with related entities with which the accumulated amounts in one or more periods exceed ThUS$ 200 (which amount represents 0.0095% of operating revenues and 0.0011% of the cost of sales).

16.1 Receivables from related entities

Current receivables from related companies		Country	Nature of relationship	12.31.2011 ThUS$	12.31.2010 ThUS$
0-E	Eufores S.A.	Brazil	Indirect associate	46,889	0
96.942.120-8	AIR BP COPEC S.A.	Chile	Indirect associate	43,020	34,198
96.505.760-9	Colbún S.A.	Chile	Director in Common	42,182	13,112
76.456.800-1	Sociedad Minera Isla Riesco S.A.	Chile	Associate	32,065	13,122
0-E	Forestal Cono Sur S.A	Chile	Indirect associate	19,106	0
96.893.820-7	Corpesca S.A.	Chile	Indirect associate	14,766	8,546
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	4,784	6,547
96.532.330-9	CMPC Celulosa S.A.	Chile	Director in Common	1,668	9,520
99.500.140-3	Eka Chile S.A.	Chile	Indirect associate	1,639	3,665
79.825.060-4	Forestal del Sur S.A.	Chile	Indirect associate	1,457	4,032
0-E	Stora Enso Arapoti Industria de Papel S.A.	Brazil	Indirect associate	822	1,112
76.384.550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	334	107
96.636.520-K	Gases y Graneles Líquidos S.A.	Chile	Indirect associate	229	0
96.731.890-6	Cartulinas CMPC S.A.	Chile	Director in Common	209	811
95.304.000-K	CMPC Maderas S.A.	Chile	Director in Common	124	88
91.440.000-7	Forestal Mininco S.A.	Chile	Director in Common	94	111
93.628.000-5	Molibdenos y Metales S.A.	Chile	Director in Common	72	0
82.777.100-7	Puerto de Lirquén S.A.	Chile	Associate	67	192
90.222.000-3	Empresas CMPC S.A.	Chile	Director in Common	65	0
0-E	Peruana de Gas	Perú	Indirect associate	39	39
96.925.430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	32	38
96.853.150-6	Papeles Cordillera S.A.	Chile	Director in Common	31	449
96.529.310-8	CMPC Tissue S.A.	Chile	Director in Common	30	23
99.285.000-0	Compañía de Seguros Cruz del Sur S.A.	Chile	Shareholders in common	22	32
79.895.330-3	Compañía Puerto Coronel S.A.	Chile	Indirect associate	20	1
89.201.400-0	Envases Impresos S.A.	Chile	Indirect associate	6	7
92.580.000-7	Entel S.A.	Chile	Director in Common	6	2
87.635.000-9	Sociedad Edificio Don Crescente Ltda.	Chile	Associate	3	3
71.625.000-8	Fundación Educacional Arauco	Chile	Indirect associate	0	340
91.656.000-1	Industrias Forestales S.A.	Chile	Indirect associate	0	240
0-E	PGNT GasSur SAC Colombia	Colombia	Indirect associate	0	0
0-E	PGNT GasNorte SAC Colombia	Colombia	Indirect associate	0	0
61.704.000-K	Codelco - Chile S.A.	Chile	Director in Common	0	1,084
96.792.430-K	Sodimac S.A.	Chile	Director in Common	0	7
0-E	Otras Empresas Colombia	Chile	Indirect associate	0	925
0-E	Promigas Comunicaciones	Colombia	Indirect associate	0	2
77.107.649-3	Sociedad de inversiones Coloso S.A.	Chile	Indirect associate	0	32
				209,781	**98,387**

Non-current receivables from related companies				12.31.2011 ThUS$	12.31.2010 ThUS$
96.641.810-9	Gas Natural Producción	Chile	Associate	444	491
76.040.469-1	Logistica Ados Ltda.	Chile	Director in Common	2,016	0
				2,460	**491**

16.2 Payables to related entities

Current payables to related companies		Country	Nature of relationship	12.31.2011 ThUS$	12.31.2010 ThUS$
96.636.520-K	Gases y Graneles Líquidos S.A.	Chile	Indirect associate	6,617	5,369
96.959.030-1	Portuaria del Sur S.A.	Chile	Indirect associate	1,349	0
76.384.550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	1,089	1,560
82.040.600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	813	801
96.628.780-2	Compañía de Seguros de Vida Cruz del Sur S.A.	Chile	Shareholders in common	637	0
86.370.800-1	Sigma Servicios Informáticos S.A.	Chile	Shareholders in common	388	544
96.722.460-K	Metrogas S.A.	Chile	Associate	209	90
82.777.100-7	Puerto de Lirquén S.A.	Chile	Associate	162	655
79.895.330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	157	237
96.924.170-6	PREGO S.A.	Chile	Indirect associate	138	312
78.096.080-9	Portaluppi Guzman, Bezanilla abogados	Chile	Partner as Society's Director	115	131
71.625.800-8	Fundación Educacional Arauco	Chile	Indirect associate	90	0
96.925.430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	50	75
96.942.120-8	AIR BP COPEC S.A.	Chile	Indirect associate	45	1
92.580.000-7	Entel S.A.	Chile	Director in Common	34	38
96.893.820-7	Corpesca S.A.	Chile	Indirect associate	21	17
96.529.310-8	CMPC Tissue S.A.	Chile	Director in Common	5	0
96.871.870-3	Depósitos Portuarios Lirquén S.A.	Chile	Indirect associate	4	32
93.305.000-9	Proveedora Industria Minera S.A.	Chile	Indirect associate	1	1
95.304.000-K	Sociedad Minera Isla Riesco S.A.	Chile	Associate	0	1,826
0-E	Condominio Industrial Terpel	Colombia	Control Society's Director	0	208
96.635.700-2	Empresas CMPC S.A.	Chile	Associate	0	1
0-E	Gases de Boyacá y Santander	Colombia	Control Society's Director	0	350
96.953.090-2	Boat Parking	Chile	Indirect associate	0	73
96.792.430-K	Sodimac S.A.	Chile	Director in Common	0	45
99.517.930-K	Cenelca S.A.	Chile	Director in Common	0	34
96.720.740-3	Petróleos Trasandinos S.A.	Chile	Indirect associate	0	23
76.107.649-3	Sociedad de Inversiones Coloso S.A.	Chile	Indirect associate	0	3
				11,924	**12,426**

Non-current payables to related companies	12.31.2011 ThUS$	12.31.2010 ThUS$
	0	**0**

16.3 Transactions with related entities

As of December 31, 2011

Related Party	Taxpayer ID	Country	Nature of Relationship	Good or Service Purchased	Amount of Purchases Net of VAT ThUS$	Effect on Income ThUS$
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Sale of fuel	442,588	442,588
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Rec. Expenses and other charges	(1,516)	0
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Miscellaneous purchases	55	(55)
Boat Parking	96.952.090-2	Chile	Indirect associate	Rental of vessel parking sites	182	(182)
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of market pulp	23,259	23,259
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of lubricants	179	179
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of mat., clothes and others	305	305
Celulosa y Energía Punta Pereira S.A.	0-E	Uruguay	Indirect associate	Loan and interest	112,943	0
Compañía de Seguros de Vida Cruz del Sur S.A.	96.628.780-2	Chile	Shareholders in common	Insurance policies	914	(914)
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Mobilization and stowage	6,882	(6,882)
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Inputs	178	178
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Sale of fuel	230	230
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Sale of lubricants	14	14
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of fuel	6,401	6,401
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of lubricants	713	713
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of mat., clothes and others	589	589
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Other sales	2,081	2,081
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Miscellaneous purchases	516	(516)
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Sale of lubricants	428	428
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Sale of fuel	131	131
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of fuel	229,874	229,874
Colbún S.A.	96.505.760-9	Chile	Director in common	Electricity	9,285	9,285
Colbún S.A.	96.505.760-9	Chile	Director in common	Other sales	15	15
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of lubricants	37	37
Colbún S.A.	96.505.760-9	Chile	Director in common	Purchase of energy	29	(29)
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Sale of fuel	61,159	61,159
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Sale of lubricants	1,938	1,938
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Rental of offices	249	249
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Other sales	61	61
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Administrative services	16	(16)
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Purchase of fish oil	5,275	0
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Sale of electricity	34,818	34,818
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Sodium chlorate	69,819	(69,819)
Eurofores S.A.	0-E	Brazil	Indirect associate	Loan and interest	79,994	374
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Associate	Sale of fuel	1,279	1,279
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Associate	Electric energy	1,430	1,430
Entel S.A.	92.580.000-7	Chile	Director in common	Sale of fuel	169	169
Entel S.A.	92.580.000-7	Chile	Director in common	Communications	744	(744)
Forestal Cono Sur S.A.	0-E	Brazil	Indirect associate	Loan and interest	24,548	144
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Sale of wood chips	28,543	28,543
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Purchase of logs and others	737	(737)
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Rec. expenses and fixed assets	9	(9)
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Sale of wood	742	742
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Sale of fuel	956	956
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Purchase of logs and others	1,013	(1,013)
GasMar S.A.	96.636.520-K	Chile	Associate	Purchase of fuel	167,767	(167,767)
GasMar S.A.	96.636.520-K	Chile	Associate	Sale of gas	192	192
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of fuel	127	127
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of mat., clothes and others	91	91
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of lubricants	68	68
Metrogas S.A.	96.722.460-K	Chile	Associate	Purchase of natural gas	1,071	(1,071)
Metrogas S.A.	96.722.460-K	Chile	Associate	Sale of fuel	10	10
Molibdenos y Metales S.A.	93.628.000-5	Chile	Director in common	Sale of fuel	712	712
Portaluppi, Guzmán y Bezanilla Abogados	78.096.080-9	Chile	Partner as Society's Director	Legal advisory	1,776	(1,776)
Prego S.A.	96.924.170-6	Chile	Indirect associate	Administrative services	928	(928)
Puerto de Lirquén S.A.	82.777.100-7	Chile	Associate	Port services	7,454	(7,454)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Administrative services	270	(270)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Operating advisory	224	(224)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Reim. Expenses and other payments	7	(7)
Sigma Servicios Informáticos S.A.	86.370.800-1	Chile	Shareholders in common	Computer services	1,828	(1,033)
Sociedad de Inversiones de Aviación Ltda.	82.040.600-1	Chile	Indirect associate	Storage services	3,931	(3,931)
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Administrative services	596	596
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Sale of lubricants	373	373
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Maritime transport	9,839	(9,839)
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Sale of fuel	194	194
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Sale of mat., clothes and others	17	17
Stora Enso Arapoti Industria de Papel S.A.	0-E	Brazil	Indirect associate	Sale of wood	8,897	8,897
Zona Franca Punta Pereira	0-E	Uruguay	Indirect associate	Loan and interest	27,629	0
Total					**1,383,812**	**584,230**

As of December 31, 2010

Related Party	Taxpayer ID	Country	Nature of Relationship	Good or Service Purchased	Amount of Purchases Net of VAT ThUS$	Effect on Income ThUS$
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Sale of fuel	281,049	281,049
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Rec. Expenses and other charges	362	0
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Miscellaneous purchases	62	(62)
Boat Parking	96.952.090-2	Chile	Indirect associate	Rental of vessel parking sites	107	(107)
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of market pulp	16,225	16,225
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of fuel	4,404	4,404
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of mat., clothes and others	163	163
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of lubricants	129	129
Compañía de Seguros de Vida Cruz del Sur S.A.	96.628.780-2	Chile	Shareholders in common	Insurance policies	803	(803)
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Sale of lubricants	2	2
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Sale of fuel	101	101
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of fuel	48,178	48,178
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of inputs	4,567	4,567
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of lubricants	594	594
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of mat., clothes and others	408	408
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Other pruchases	893	(893)
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Sale of lubricants	360	360
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Sale of fuel	64	64
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Purchase of logs and others	49	(49)
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Sale of fuel	120	120
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Sale of lubricants	104	104
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Miscellaneous purchases	37	(37)
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of fuel	3,460	3,460
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of lubricants	1,000	1,000
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of mat., clothes and others	371	371
Codelco - Chile	61.704.000-K	Chile	Director in common	Miscellaneous purchases	569	(569)
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of fuel	307,824	307,824
Colbún S.A.	96.505.760-9	Chile	Director in common	Electricity	2,418	2,418
Colbún S.A.	96.505.760-9	Chile	Director in common	Other sales	9,179	9,179
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of lubricants	20	20
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of mat., clothes and others	16	16
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Sale of fuel	33,971	33,971
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Sale of lubricants	1,492	1,492
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Rental of offices	228	228
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Other sales	26	26
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Administrative services	2	(2)
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Land purchase	2,717	(2,717)
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Sale of fuel	259	259
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Services provided	160	160
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Purchase of melamine paper	5,466	(5,466)
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Purchase of chemical products	9,695	(9,695)
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Sale of electricity	26,277	26,277
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Sodium chlorate	39,338	(39,338)
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Associate	Sale of fuel	3,911	3,911
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Associate	Reim. Expenses and other payments	21	(21)
Entel S.A.	92.580.000-7	Chile	Director in common	Sale of fuel	98	98
Entel S.A.	92.580.000-7	Chile	Director in common	Communications	574	(574)
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Sale of wood chips	26,985	26,985
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Purchase of logs and others	1,087	(1,087)
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Sale of wood	2,061	2,061
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Sale of fuel	663	663
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Purchase of logs and others	705	(705)
GasMar S.A.	96.636.520-K	Chile	Associate	Purchase of fuel	148,896	(148,896)
GasMar S.A.	96.636.520-K	Chile	Associate	Sale of fuel	5	5
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of fuel	2,303	2,303
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of mat., clothes and others	199	199
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of lubricants	97	97
Metrogas S.A.	96.722.460-K	Chile	Associate	Sale of fuel	8	8
Metrogas S.A.	96.722.460-K	Chile	Associate	Purchase of natural gas	535	(535)
Molibdenos y Metales S.A.	93.628.000-5	Chile	Director in common	Sale of fuel	775	775
Papeles Cordillera S.A.	96.853.150-6	Chile	Director in common	Sale of fuel	1,377	1,377
Papeles Cordillera S.A.	96.853.150-6	Chile	Director in common	Sale of lubricants	65	65
Portaluppi, Guzmán y Bezanilla Abogados	78.096.080-9	Chile	Partner as Society's Director	Legal advisory	1,432	(1,432)
Prego S.A.	96.924.170-6	Chile	Indirect associate	Administrative services	989	(989)
Puerto de Lirquén S.A.	82.777.100-7	Chile	Associate	Port services	7,049	(7,049)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Administrative services	238	(238)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Operating advisory	195	(195)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Reimbursement expenses	15	(15)
Sigma Servicios Informáticos S.A.	86.370.800-1	Chile	Shareholders in common	Computer services	2,039	(2,039)
Sociedad de Inversiones de Aviación Ltda.	82.040.600-1	Chile	Indirect associate	Storage services	3,094	(3,094)
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Administrative services	552	552
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Sale of lubricants	492	492
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Reim. Expenses and other payments	3	3
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Maritime transport	9,698	(9,698)
Sodimac S.A.	96.792.430-K	Chile	Director in common	Sale of wood	19,383	19,383
Sodimac S.A.	96.792.430-K	Chile	Director in common	Sale of fuel	272	272
Sodimac S.A.	96.792.430-K	Chile	Director in common	Miscellaneous purchases	26	26
Stora Enso Arapoti Industria de Papel S.A.	0-E	Brazil	Indirect associate	Sale of wood	8,839	8,839
Totales					**1,047,950**	**574,978**

16.4 Board of Directors and key members of Management

Remunerations of key personnel include directors, officers and senior managers and comprise a fixed monthly amount, as well as a potential discretionary annual bonus.

Compensation of directors and key members of Management.

Remunerations received by key members of Management and Board	**12.31.2011** ThUS$	**12.31.2010** ThUS$
Remunerations and benefits	65,329	58,204
Board expenses	3,458	3,146
Severance benefits	5,567	3,962
Total remunerations received by key members of Management	**74,354**	**65,312**

NOTE 17. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

I. Lawsuits and other legal actions, affiliate Celulosa Arauco y Constitución S.A. and its affiliates:

1. Alto Paraná S.A.:

1.1 (i) On October 8, 2007, the Federal Public Income Administration ("AFIP") initiated tax determination proceedings against the Argentine affiliate Alto Paraná S.A. (referred to herein as "APSA"), questioning deductions for certain expenses, interest and exchange differences generated by Private Negotiable Obligations that were issued by the Company in the year 2001 and paid in 2007.

On November 20, 2007, APSA presented its response to the notice served by the AFIP, completely rejecting the position of the Government, with the understanding that there are solid legal foundations proving the legitimacy of its actions in the determination of its tax liability, and consequently the AFIP's claim is unfounded.

On December 14, 2007, the AFIP notified APSA that the defense it presented was not sustained and proceeded to demand payment, within 15 business days, of the differences calculated for the income taxes for the tax periods 2002, 2003 and 2004 relating to capital and other items as compensatory interest and fines for failure to pay.

On February 11, 2008, APSA appealed the resolution before the National Tax Court ("TFN").

On February 8, 2010, APSA was notified of the sentence of the TFN, confirming the resolution of AFIP including costs, although the reasons for the decision differed from the reasons invoked by the AFIP in its original claim. This sentence exhausts the administrative appeals process, but the judicial process is still available (Federal

Appeals Chamber for Judicial Review and, subsequently, the National Supreme Court of Justice).

On February 15, 2010, APSA appealed the sentence before the Federal Appeals Chamber for Judicial Review and presented the necessary information in order to have the sentence revoked and to terminate the effects of the same. APSA paid litigation fees in the amount of $ 5,886,053 Argentine Pesos (ThUS$ 1,369 at December 31, 2011).

On March 18, 2010, the same Federal Chamber issued a measure to better resolve the dispute, in which it ordered the AFIP to abstain from requiring the impediment of injunctive measures, demanding payment through administrative means, issuing debt warrant or initiating judicial collections proceedings, including the impediment of embargos and other executive injunctive measures against APSA until such Court has come to a decision about the cautionary measure filed by APSA for the same purpose.

On May 13, 2010 the Federal Appeal Court decided to accept the precautionary ruling requested by APSA, ordering to suspend the enforcement of the AFIP resolution until the final decision on this matter. This precautionary ruling was granted by the Federal Appeal Court subject to the granting of a corresponding bond. On May 19, 2010, APSA filed with the Appeal Court a surety policy issued by Zurich Argentina Cía. de Seguros S.A. On May 20, 2010, the Federal Appeal Court request APSA some precisions about the items covered by the insurance surety. On May 28, 2010, APSA complied and included Endorsement N°1 of the surety policy . On June 2, 2010, the Federal Appeal Court accepted this surety filed by APSA and ordered to notify the precautionary ruling granted to the AFIP. On June 4, 2010 the AFIP was notified on this precautionary ruling at May 13, 2010, which is final since June 22, 2010.

Despite the TFN’s sentence, the opinion of APSA’s external advisors has not changed in that APSA’s deduction of the interest on the debt that is being questioned by the Government was legal. Therefore, such advisors continue to sustain that there is a good chance that the sentence of the TFN will be revoked and its original claim overturned. Consequently no provisions have been constituted for any of the periods in which the Negotiable Obligations were in effect.

(ii) During the course of this proceeding and with respect to the payment of the court tax to the Tax Court, on July 18, 2008, the judge in charge of the case requested that the Company pay $ 10,447,705 (Argentine pesos) (equivalent to ThUS$ 2,430 as of December 31, 2011) for the court tax to the National Tax Court. On August 14, 2008, APSA filed a motion to appeal this charge, on the grounds that the amount was unreasonable. In this same motion, APSA made a payment for $ 1,634,914 (Argentine pesos) (equivalent to ThUS$ 380 as of December 31, 2011), considering that this was the amount that the Company was legally required to pay for the court tax. On April 13, 2010, Room I of the Federal Appeals Chamber for Judicial Review denied the motion for appeal filed by APSA. On April 26, 2010, APSA filed an ordinary motion for appeal before the National Supreme Court of Justice; this appeal was denied by the Chamber on February 3, 2011. On June 23, 2011, was presented to the Court on memorial with the fundamentals of ordinary appeal. On July 14, 2011 the AFIP said the transfer of the memorial. On October 7, 2011, was presented a notice of the cause. The analysis of the basis of the challenge leads, in the opinion of legal advisers of APSA, an optimistic view of the case.

1.2 On November 28, 2008, APSA was notified of Resolution 212 issued by the Central Bank of the Republic of Argentina ("BCRA") on November 19, 2008. Through this resolution the BCRA decided to prepare Indictment No. 3991 questioning the timely settlement of currencies corresponding to export charges.

Alto Paraná S.A. presented the corresponding defense before the BCRA within the required period of time and in the required format.

As of the date of issuance of these financial statements and in consideration of the preliminary status of these proceedings, the Legal Advisors of APSA cannot estimate the outcome of the abovementioned indictment. Therefore, and given the understanding that these charges are unfounded, no provision for contingencies has been constituted for this matter.

2. Aserraderos Arauco S.A.:

2.1 On April 29, 2004, Aserraderos Arauco S.A. was notified of an application for contract compliance with compensation for damages, by Ingeniería y Construcciones Ralco Ltda. This application was filed with the 2nd Civil Court of Concepción, Rol 3218-2003.

The applicant contends that its contracts with managers of sawmills link Aserraderos Arauco S.A.

In this case was issued on self test but has not been reported to date. There have been no movement for over a year and is currently on file.

3. Bosques Arauco S.A.:

3.1 On November 17, 2003, Bosques Arauco S.A., affiliate of the Company, was notified of a lawsuit for replevin filed by Ms. Celmira María Curín Tromo, who was seeking the replevin and restitution of a property, the civil proceeds and the indemnification for damages in a Special Indigenous Trial. The plaintiff claimed to be the sole and exclusive owner of a property of 5.5 hectares that was materially occupied by Bosques Arauco S.A. and the ownership rights of which were unknown. On June 6, 2008, a first instance decision was issued, rejecting the lawsuit. The lawsuit was subsequently appealed before the Appeals Court of Temuco, which on January 6, 2009 revoked the first instance sentence and accepted the lawsuit in its entirety, include court costs, and decreeing that the property must be restituted along with the natural and civil proceeds, and the damages for which Bosques Arauco S.A. is responsible or liable must be indemnified. The determination of such damages was reserved for the compliance stage of the sentence.

On October 28, 2009, the plaintiff requested compliance with the sentence through a summons, asking that in addition to the restitution of the property and its proceeds, she be indemnified for the alleged moral damages she personally experienced. After being notified of such request, Bosques Arauco S.A. requested the annulment of the proceeding, based on the fact that the alleged moral damages were not included in the original dispute, and therefore the sentence does not apply to them.

3.2 On September 23, 2008, 28 workers sued their employer Range Services (who provided services to Bosques Arauco S.A., an affiliate of Celulosa Arauco y Constitucion S.A.), and Bosques Arauco S.A. for an alleged joint liability, requesting to be declared unjustified termination of their employment contracts, or invalidity thereof, for non-payment of contributions interim, demanding full payment of pension contributions and the payment of severance indemnities of service, severance, vacation, wages and overtime. That application was filed before the 5th Labour Court of Santiago, Rol 780-2008 and an undetermined amount claimed.

On January 4, 2011, Bosques Arauco S.A. was notified of the final judgment of first instance sentence Range Services to pay all the services required, including salaries and pension contributions until they validate the layoff or until the judgment becomes enforceable. Similarly, the court convicted Bosques Arauco severally to pay various benefits, excluding pension contributions, calculated to the date of termination. On January 10, 2011 Bosques Arauco lodged an appeal clarification and requesting full repeal of the sentence. That appeal was rejected for clarification. The case is on appeal pending.

4. Celulosa Arauco y Constitución S.A.:

4.1 On August 25, 2005, the Chilean Servicio de Impuestos Internos (the “Chilean IRS”) issued tax calculations No. 184 and No. 185 of 2005 objecting to certain capital reduction transactions effected by Arauco on April 16, 2001 and October 31, 2001, and furthermore, requested reimbursement from the Company for amounts returned to it in respect of certain claimed tax losses. On November 7, 2005, the Company requested a Review of the Supervision Action (Revisión de la Actuación Fiscalizadora, or “RAF”), which is an administrative review of the tax action brought by the Chilean IRS, and subsidiarily, a claim was filed against the abovementioned tax calculations No. 184 and 185 of 2005. The RAF was resolved on January 9, 2009 by the Chilean IRS, which resolution, however, only partially sustained the Company’s request. In response, the Company filed an additional complaint with regard to the portion of the RAF that was not granted by the administrative review. On February 19, 2010, the Court took note of the Company’s request; therefore the IRS should inform to the Court on this request. As of the date of issuance of these financial statements, the investigation in respect of this complaint is pending.

Considering that the position of the Company is supported by solid legal arguments, there is a reasonable likelihood of a favorable outcome for the Company.

Plants:

- Licancel Plant:

4.2 With respect to the Licancel Plant, on June 22, 2011, Arauco was notified by warrant of civil claim for compensation for damages for alleged torts brought by 12 fishermen Mataquito River at court of first instance, Warranty and Family Licantén, 73-2011 auto role, on the occasion of the fish kill occurred in the River Mataquito on 5 June 2007. The plaintiffs seek to compensate them for alleged damages as a result of the event indicated above, for actual damages, lost profits and moral damage, and contractual liability assumed. On

January 30, 2011, the applicant requested that test car was delivered. On January 2, 2012, the court provided "auto". Cause issued pending.

- Nueva Aldea Plant:

4.3 With respect to the Nueva Aldea Plant, on December 21, 2007, the Company was notified of nine similar lawsuits. Eight lawsuits were filed against the company Echeverría Izquierdo Montajes Industriales S.A., as employer, and against the Company, as a jointly and severally liable party, and additionally directly against the Company. The other lawsuit was filed against Mr. Leonel Enrique Espinoza Canales, as employer, and against the Company, as a jointly and severally liable party, and additionally directly against the Company.

The lawsuits seek the indemnification of each of the plaintiffs, 72 persons in total, for the alleged damages they suffered as a result of an accident involving three employees of the contractor Echeverría Izquierdo Montajes Industriales S.A. These employees were working on the construction of the Nueva Aldea wood pulp plant in December 2005.

After being notified of these lawsuits, the Company filed a motion for total judicial incompetence and subsidiarily responded to the main lawsuits, requesting that they be rejected on the grounds of being completely unfounded. In addition, it responded to the subsidiary lawsuits filed directly against the Company, asking the Court that they be rejected on the grounds of being unfounded. All of these lawsuits have been grouped together. The trial is currently in progress, and to date both parties have provided their testimony. On March 23, 2011 Echeverría Izquierdo Montajes Industriales S.A. recognizing no responsibility for the events, put an end to all trials held by settlement with all claimants, who gave up all actions and claims against the first and also against the other defendants Mr. Leonel Espinosa Channels and Celulosa Arauco y Constitucion S.A. On March 24, 2011 were presented to the respective withdrawals Court for approval. On April 27, 2011 the Court approved the withdrawals ordering the history file. This will put an end to the trial.

For these same events, on November 10, 2009, the Company was notified of a work-related lawsuit, in a general application procedure, filed by 14 former employees of the construction company Echeverría Izquierdo Montajes Industriales S.A., against the latter as the main defendant and against the Company as jointly and severally liable, and subsidiarily against the Company as the party that is allegedly directly responsible for the accident. The lawsuit seeks payment for emotional damages suffered as a result of the exposure that the parties allegedly experienced to a radioactive isotope during an accident that took place at the Nueva Aldea Plant on December 14 and 15, 2005. To this cause is also terminated by the transaction indicated above, found to date approved the withdrawal and the cause filed and completed.

For these same events, on January 29, 2008, the Company was notified of a lawsuit for the indemnification of damages for a workplace accident presented by Mr. Fernando Vargas Llanos. The lawsuit was filed against his former employer, Inspección Técnica y Control de Calidad Limitada (ITC), the construction company Echeverría Izquierdo Montajes Industriales S.A. and the Company. The lawsuit seeks the indemnification of Mr. Vargas for alleged damages suffered as a result of the event that took place in December 2005, as indicated above.

After being notified of this lawsuit, the Company filed a motion for total judicial incompetence and subsidiarily responded to the main lawsuit, requesting that it be rejected on the grounds of being completely unfounded. On July 20, 2009, the Court decreed that the proceeding was terminated, as the plaintiff had been inactive in the legal proceedings for more than six months. This resolution is currently being contested by the plaintiff, and such opposition has not yet been resolved. Therefore, resumed the processing of this case, a hearing was set for conciliation and testing for the day January 25, 2011. The hearing date was not held. The Tribunal was to set new date and time. This is the only cause that is still going on about these facts.

- Valdivia Plant:

4.4 With respect to the Valdivia Plant, on April 27, 2005, the Government Board of Defense filed a civil lawsuit against the Company for the repair and indemnification of environmental damages, before the First Civil Court of Valdivia (File 746-2005).

The Company filed its response, arguing that it is not responsible for the environmental damages and therefore that the indemnification payments as well as the alleged reparation, are inadmissible. This proceeding is still pending, having terminated the period in which the parties are allowed to gather and submit evidence. Currently, reports were surrendered, most of which were contrary to the position of the company. On September 5, 2011 were presented to the expert comments. Currently, the practice enacted a personal inspection of the Court, to be made in the month of March 2012. In parallel, an incident is still pending regarding the technical reports submitted by the Company in support of their comments to the expert.

5. Forestal Celco S.A.:

5.1 On December 1, 2007, Forestal Celco S.A., affiliate of Celulosa Arauco y Constitución S.A., was notified of a civil lawsuit filed by Ms. Marcela Larraín Novoa in representation of Nimia del Carmen Alvarez Delgado against Ms. Patricia del Carmen Muñoz Zamorano and Forestal Celco S.A. This lawsuit seeks the replevin of a payment for 88% of the rights to the property named “Loma Angosta”, which has a total surface area of 281.89 hectares. This property was acquired in 1994 by Forestal Celco S.A. through the purchase from Ms. Patricia del Carmen Muñoz Zamorano, who had acquired the property through the division of the property, which was annulled by a first instance sentence on October 22, 1998 and confirmed by the decision of the Supreme Court on July 18, 2006. To date, Ms. Patricia del Carmen Muñoz Zamorano has not been notified.

As a result on May 18, 2008, the Company filed a motion to correct the claim, which was allowed and accepted by the Court. As of this date, the plaintiff has not corrected the defects of its claim finding the cause filed.

5.2 On April 14, 2009, Forestal Celco S.A. was notified of a civil lawsuit filed by Mario Felipe Rojas Sepúlveda on behalf of Víctor Adrián Gavilán Villarroel against Cooperativa Eléctrica de Chillán Limitada and against Forestal Celco S.A. The lawsuit aims to make both companies jointly and severally liable for compensation of alleged material damages suffered as a result of a fire that occurred on January 12, 2007 on the El Tablón county property, which belongs to Forestal Celco S.A.

On April 30, 2009 Forestal Celco S.A. filed objections pointing to defects in the demand. The plaintiff rectified the defects, and the Company replied to the demand. On March 8, 2011 the Court delivered its judgment of first instance rejected the claim. On March 21, 2011, the plaintiff appealed in the manner and to appeal against the judgment of first instance. Currently the case is in the Court of Appeals Chillán to view and failure of both resources.

5.3 As of January 26, 2011, Forestal Celco S.A. was notified of a civil suit filed by Mr. Fritz Muller Hans Knoop against Cooperativa Eléctrica de Chillán Limitada and Forestal Celco S.A., claims that the two companies jointly pursued alleged damages compensate materials experienced on the occasion of the spread of a fire dated January 12, 2007 on the property called "the board" property of Forestal Celco S.A.

On March 10, 2011 Forestal Celco S.A. answered the complaint. As of December 28, 2011 began the trial period, beating ordinarily January 20, 2012.

6. Forestal Cholguán S.A.:

6.1 On December 12, 2010 Forestal Cholguán S.A. was notified of a demand demarcation and enclosure in summary proceedings, initiated by the trustee in bankruptcy of Banfactor Servicios Financieros Limitada in self role 12.825-2010 of the 30th Civil Court of Santiago, mislabeled " Banfactor Servicios Financieros Limitada with Forestal Cholguán S.A.", which seeks to proceed to close the boundary demarcation and where supposedly is close to the property owned by Forestal Cholguán S.A., called Hacienda Canteras with a property called "Fundo Roma." A survey determined that no adjoining property name "Fundo Roma" found around the perimeter of Hacienda Canteras closed and marked for many years. Currently the process is to failure. In this procedure, the Court in December 2010 issued a precautionary measure of ban on acts and contracts about flying forest located inside the "Fundo Roma" precautionary was challenged by the Company. On July 29, 2011 the Court decided to maintain the precautionary measure.

II. Lawsuits and other legal actions, affiliate Compañía de Petróleos de Chile Copec S.A. and its affiliates:

Contingencies:

At the close of the financial statements are the following trials for Compañía de Petróleos de Chile Copec S.A. and its affiliates:

1. Tax Closeouts Inmobiliaria Las Salinas Ltda.

On April 28, 2011, the Internal Revenue Service made tax payments of income tax for the years 2008, 2009 and 2010, totaling approximately ThCh$ 205,940 (ThUS$ 440), plus adjustments and interests, mainly on the grounds that no tax losses credited. Proceeds of the foregoing, the Service proceeded to reject applications for interim payment corresponding absorbed by utilities and priced at the same time tax revenues for those years as provided in Article 64 of the Tax Code.

The valuation applied to the subsidiary also affects the parent company Compañía de Petróleos de Chile Copec S.A., were rejected because costs allocated to the Single Tax with a rate of 35%.

The tax advisors replied to the above objecting to those notices and dated November 15, 2011, the auditor's report concludes that for the respective tax years 2008 and 2009 have conclusively proven losses, pending the decision of the Tax Court.

Regarding the tax year 2010, it is in the process and estimated tax advisors should also be resolved favorably to the interests of the Company.

2. Charges made by the Customs of Valparaiso

At year end there are several charges brought by the office of Valparaiso, Compañía de Petróleos de Chile Copec S.A., for formal comments to documentation relating to imports of fuels, such as errors in issuing certificates and signatures of the emission source and foreign supplier's invoice. The total estimated that Customs failed to receive by way of taxes (VAT and duties) reaches ThUS$ 10,661, of which ThUS$ 374 were made after the termination of the authority or jurisdiction of Customs.

The charges have been properly identified claimed before the Regional Directorate of Customs and to date there Valparaiso court rulings confirming the charges, which in the opinion of our consultants did not take into account all claims and defenses be asserted. Such rulings were appealed the matter to the Director General of Customs and its resolution still hangs in the headquarters.

Note that the sentence of the first missed that earlier, the Director General of Customs to similar cases made by the office of San Antonio, decided to waive all charges, which were essentially identical to those made by the Valparaiso Customs and can see no reason to not follow the same line of case law as established by the National Director, so that in the opinion of our legal advisers would reasonably expect that the decisions of second instance appeals derived in the cases of Valparaiso Customs.

3. Charges made by the Superintendency of Electricity and Fuels.

On November 2, 2011, by Resolution 3084, the SEC fined the company to pay a fine of 600 UTA, on charges relating to the situation that occurred on September 6, 2011, within the plant Pureo located in the Commune of Calbuco, Los Lagos Region, where there was a runoff of about 26 thousand liters of diesel oil from a tank of 20,000 m^3.

The Company filed a motion for reconsideration with the SEC, which is still pending and may appeal the complaint to the Court of Appeals if the replacement was rejected.

Our legal advisors consider that these resources should prosper because the authority did not properly weighed all the disclaimers, in effect, no injury, there are no users involved, do not report the fact no economic benefit to the alleged infringer, who also has no direct responsibility in the events.

4. Compensation for damages

Sociedad Molinera del Sur S.A. and Sociedad Induservcom Ltda., both of the city of Puerto Montt, sued Compañía de Petróleos de Chile Copec SA, in May 2009, citing potential environmental damage to both property located in the coastal city of Puerto Montt and that come from leaks of fuel from the former plant Copec held in that city. The amount is not set, the cause lies in their probationary period and our legal advisors consider that Copec can defend themselves with a good chance to exclude its liability.

5. Labor lawsuits

Labor lawsuits have been filed against the Company, which raises an alleged joint liability and / or subsidiary, pursuant to the terms of contract law (Art.183 and following of the Labour Code). The amount claimed, although difficult to quantify, our consultants estimate it at about ThUS$ 250 (ThCh$ 130,000). The Company has raised its defense arguing that timely requested Certificates of the Labour Inspectorate on compliance with labor laws and social security, by its contractors, usually up to date in this area.

Guarantees Granted:

Celulosa Arauco y Constitución S.A.

The date of these financial statements, the subsidiary Arauco maintains approximately MMUS$ 15 as financial assets passed to third parties (beneficiaries), as a direct guarantee. If the obligation is not satisfied by Arauco, the beneficiary may enforce this warranty.

As indirect guarantee to December 31, 2011 there are assets pledged by ThUS$ 999. Unlike these direct guarantees are granted to protect the obligation assumed by a third party, whether a company related or unrelated company (case of repurchase transactions which supports the requirement for forest service companies ThUS$ 52, in the case of default, cancel the obligation Arauco getting in return the contractual asset).

On September 29, 2011, Arauco signed Security Agreement under which it granted a bond of solidarity and not limited to guarantee 50% of the obligations Uruguayan companies (joint ventures) called Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A., under the IDB took Facility Agreement in the amount of US$ 454,000,000 and the Guaranteed Finnvera Facility Agreement in the amount of US$ 900,000,000, two loan agreements signed with the International Development Bank. In indirect guarantees attached table shows the equivalent to 50% who signed Arauco.

Below is a breakdown of the main direct and indirect guarantees given by Arauco:

Direct

Affiliate	Type of Guarantee	Committed Assets	Country Currency	ThUS$	Vendor Warranty
Arauco Forest do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	92	Banco Itaú BBA S.A.
Arauco Forest do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	466	Banco Itaú BBA S.A.
Arauco Forest do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	181	Banco Itaú BBA S.A.
Arauco Forest do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	512	Banco Itaú BBA S.A.
Arauco Forest do Brasil S.A.	Guarantee Deposit	-	U.S. dollar	4,801	Banco Votorantim S.A.
Arauco Forest do Brasil S.A.	Guarantee Deposit	-	U.S. dollar	2,747	Banco Santander S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	570	Banco Alfa S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	504	Banco Alfa S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	748	Banco Votorantim S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	284	Banco Votorantim S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	683	Banco Bradesco S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	235	Banco HSBC Bank Brasil S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	303	Banco Itaú BBA S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	1,556	Banco Itaú BBA S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	164	Banco Itaú BBA S.A.
Arauco do Brasil S.A.	Equipment	Property, Plant and Equipment	U.S. dollar	789	Banco do Brasil S.A.
Total				**14,635**	

Indirect

Affiliate	Type of Guarantee	Committed Assets	Country Currency	ThUS$	Vendor Warranty
Celulosa Arauco y Constitución S.A.	Not supportive and cumulative	-	U.S. dollar	677,000	Joint Venture - Uruguay
Celulosa Arauco y Constitución S.A.	Full Guarantee	-	U.S. dollar	270,000	Alto Paraná (Bond 144-A)
Bosques Arauco S.A.	Repurchase	-	U.F.	2,040	Banco Santander Lease
Bosques Arauco S.A.	Repurchase	-	U.F.	1,421	Banco de Chile Lease
Forestal Valdivia S.A.	Repurchase	-	U.F.	480	Banco Santander Lease
Forestal Valdivia S.A.	Repurchase	-	U.F.	895	Banco de Chile Lease
Forestal Celco S.A.	Repurchase	-	U.F.	13,086	Banco Santander Santiago
Forestal Celco S.A.	Repurchase	-	U.F.	34,037	Banco de Chile
Total				**998,959**	

Pesquera Iquique - Guanaye S.A.

The affiliate Orizon S.A. pledge 124,150 shares that belong to the associated Boat Parking S.A. in favor of that company, in order to ensure compliance with all obligations Orizon S.A. have current or future contract with Boat Parking S.A.

Minera Camino Nevado Limitada

On November 9, 2011, the affiliate Minera Camino Nevado Limitada, completed the process of creation of security Financing contract concluded by the associated Sociedad Minera Isla Riesco S.A. with Banco Itaú Chile as Agent Bank and Banco BICE and BCI as creditors and shareholders. In so doing, delivered in pledge the following assets:

1. - Credits subordinate Sociedad Minera Isla Riesco S.A. in favour of Minera Camino Nevado Limitada (active amount committed, ThUS$ 32,065).

2. - Shares of Sociedad Minera Isla Riesco owned by Minera Camino Nevado Limitada (active amount committed, ThUS$ 94).

3. - Shares of Inversiones Laguna Blanca S.A. owned by Minera Camino Nevado Limitada (active amount committed, ThUS$ 47,306).

4. - Social rights of service limited company (Equipos Mineros Rio Grande Limitada, Portuaria Otway Limitada, Eléctrica Río Pérez Limitada, Rentas y Construcciones Fitz Roy Limitada and Transportes Río Verde Limitada) in relation to the percentage that has Minera Camino Nevado in each (active amount committed, US$ 100 in each).

A closing date, there are no other contingencies which could significantly affect its financial condition, financial or operational.

Information to disclose about provisions

Provisions are recognized when there is a current legal or constructive obligation as a consequence of past events, it is likely that a payment will be necessary to settle the obligation, and the amount of such payment can be reliably estimated.

	Current		Non-current	
	12.31.2011	12.31.2010	03.31.2011	12.31.2010
Classes of provisions	ThUS$	ThUS$	ThUS$	ThUS$
Provision for guarantees	0	0	0	0
Provision for legal claims	9,070	6,023	6,702	7,609
Provision for onerous contracts	0	0	0	0
Dismantling, costs of restoration and rehabilitation	0	372	11,110	9,821
Share in profits and bonds	1,070	1,637	0	0
Other provisions	6,984	3,009	4,200	1,327
Total	**17,124**	**11,041**	**22,012**	**18,757**

Movements in provisions	Provision for guarantees	Provision for legal claims	Provision for onerous contracts	Dismantling, costs of restoration and rehabilitation	Share in profits and bonds	Other provisions	Total
Opening balance as of January 1, 2011	**0**	**13,632**	**0**	**10,193**	**1,637**	**4,336**	**29,798**
Movements in provisions:							
Increase (decrease) in existing provisions	0	3,933	0	1,299	(427)	4,097	8,902
Current provision for onerous contracts	0	0	0	0	0	0	0
Acquisitions through business combinations	0	686	0	0	0	101	787
Disposals through divestitures of businesses	0	0	0	0	0	0	0
Provision used	0	(520)	0	662	0	0	142
Reversal of unused provision	0	(533)	0	0	0	0	(533)
Increase for adjustment of the time value of money	0	0	0	0	0	0	0
Increase (decrease) from changes in discount rate	0	0	0	0	0	0	0
Exchange rate differences	0	48	0	(1,015)	(29)	(78)	(1,074)
Increase (decrease) in foreign currency exchange	0	(1,473)	0	0	0	0	(1,473)
Additional provisions	0	0	0	0	0	120	120
Other increases (decreases)	0	(1)	0	(29)	(111)	2,608	2,467
Total changes in provisions	**0**	**2,140**	**0**	**917**	**(567)**	**6,848**	**9,338**
Total provision, ending balance as of December 31, 2011	**0**	**15,772**	**0**	**11,110**	**1,070**	**11,184**	**39,136**

Movements in provisions	Provision for guarantees	Provision for legal claims	Provision for onerous contracts	Dismantling, costs of restoration and rehabilitation	Share in profits and bonds	Other provisions	Total
Opening balance as of January 1, 2010	**0**	**14,582**	**2,636**	**8,640**	**1,675**	**925**	**28,458**
Movements in provisions:							
Increase (decrease) in existing provisions	0	0	0	445	(335)	(43)	67
Current provision for onerous contracts	0	0	0	0	0	0	0
Acquisitions through business combinations	0	181	0	373	297	874	1,725
Disposals through divestitures of businesses	0	0	0	0	0	0	0
Provision used	0	(6,849)	0	0	0	(50)	(6,899)
Reversal of unused provision	0	0	0	0	0	0	0
Increase for adjustment of the time value of money	0	0	0	0	0	0	0
Increase (decrease) from changes in discount rate	0	0	0	0	0	0	0
Exchange rate differences	0	0	0	735	0	0	735
Increase (decrease) in foreign currency exchange	0	665	0	0	0	(108)	557
Additional provisions	0	5,024	0	0	0	100	5,124
Other increases (decreases)	0	29	(2,636)	0	0	2,638	31
Total changes in provisions	**0**	**(950)**	**(2,636)**	**1,553**	**(38)**	**3,411**	**1,340**
Total provision, ending balance as of December 31, 2010	**0**	**13,632**	**0**	**10,193**	**1,637**	**4,336**	**29,798**

The provision for legal claims primarily corresponds to labor- and tax-related lawsuits, and the term of payment is undetermined.

With respect to the entry for provisions for dismantling, restoration and rehabilitation costs, the Group recognizes a provision for the present value of the costs that will be incurred in the restoration of the locations of certain plants and service stations on property belonging to third parties. The term of payment is undetermined.

NOTE 18. OBLIGATIONS FOR POST-EMPLOYMENT BENEFITS

Termination Benefits	12.31.2011 ThUS$	12.31.2010 ThUS$
Current amount of liability recognized for termination benefits	5,729	5,627
Non-current amount of liability recognized for termination benefits	72,497	70,704
Total amount of liability recognized for termination benefits	**78,226**	**76,331**

The amounts recognized in the statement of financial position have been determined as follows:	12.31.2011 ThUS$	12.31.2010 ThUS$
Present value of financial obligations	78,226	76,331
Unrecognized actuarial losses	0	0
Unrecognized cost of past services	0	0
Total obligations for post-employment benefits	**78,226**	**76,331**

Movements in the obligation for defined benefits have been the following:	12.31.2011 ThUS$	12.31.2010 ThUS$
Opening balance	76,331	60,040
Cost of current services	6,067	6,467
Interest cost	5,605	5,023
Contributions from plan participants	449	0
Actuarial gains (losses)	7,246	12,415
Benefits paid	(11,549)	(12,764)
Reductions	0	0
Settlements	413	0
Increase (decrease) for changes in foreign currency	(6,336)	5,150
Closing balance	**78,226**	**76,331**

The amounts recognized in the statement of income have been the following:	12.31.2010 ThUS$	12.31.2009 ThUS$
Cost of current service	6,067	6,467
Interest cost	5,605	5,023
Cost of past services	0	0
Losses from plan reductions	0	0
Total (included in personnel expenses)	**11,672**	**11,490**

These amounts correspond to obligations for personnel service termination indemnities for certain workers, based on the provisions of collective and individual employment contracts.

The liability recognized in the statement of financial position is the present value of the obligation for defined benefits as of the reporting date. This amount is calculated annually by independent actuaries, and it is determined by discounting estimated future outflows of cash at interest rates of instruments denominated in the currency in which the benefits will be paid and with terms similar to the corresponding obligations. Personnel turnover rates are determined by the actuaries on the basis of the actual situation in each business.

Losses and gains arising from experience and from changes in actuarial hypotheses are charged or credited to income in the period in which they occur.

Costs for past services are recognized immediately in income.

NOTE 19. INVESTMENTS IN AFFILIATES AND ASSOCIATES ACCOUNTED FOR USING THE *EQUITY METHOD*

a) The complete list of companies included in consolidation in presented below:

Taxpayer ID	Company Name	Ownership Interest %			
		12.31.2011			12.31.2010
		Direct	Indirect	Total	Total
91.806.000-6	ABASTECEDORA DE COMBUSTIBLES S.A.	99.0481	0.0000	99.0481	99.0481
79.927.130-3	ADM. CENTRAL DE ESTACIONES DE SERVICIOS LTDA.	0.0000	100.0000	100.0000	100.0000
79.689.550-0	ADM. DE ESTACIONES DE SERVICIOS SERCO LTDA.	0.0000	100.0000	100.0000	100.0000
77.614.700-1	ADM. DE SERVICIOS DE RETAIL LTDA.	0.0000	59.9400	59.9400	59.9400
79.927.140-0	ADM. DE SERVICIOS GENERALES LTDA.	0.0000	100.0000	100.0000	100.0000
77.215.640-5	ADM. DE VENTAS AL DETALLE ARCO PRIME LTDA.	0.0000	60.0000	60.0000	60.0000
96.765.270-9	ARAUCO DISTRIBUCION S.A.	0.0000	99.9779	99.9779	99.9779
96.547.510-9	ARAUCO BIOENERGIA S.A. (EX ARAUCO GENERACION S.A.)	0.0000	99.9779	99.9779	99.9779
96.563.550-5	INVERSIONES ARAUCO INTERNACIONAL(EX ARAUCO INTERNACIONAL S.A.)	0.0000	99.9779	99.9779	99.9779
76.000.605-K	ARCO ALIMENTOS LTDA.	0.0000	59.9999	59.9999	59.9999
96.565.750-9	ASERRADEROS ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
82.152.700-7	BOSQUES ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
93.458.000-1	CELULOSA ARAUCO Y CONSTITUCION S.A.	99.9779	0.0000	99.9779	99.9779
79.874.200-0	COMPAÑIA DE INVERSIONES MOBILIARIAS LTDA. - CIMOL	0.0000	100.0000	100.0000	100.0000
99.520.000-7	COMPAÑIA DE PETROLEOS DE CHILE COPEC S.A.	99.9996	0.0004	100.0000	100.0000
85.840.100-3	COMPAÑIA DE SERVICIOS INDUSTRIALES LTDA.(EX COMPAÑIA DE INVE	0.0000	100.0000	100.0000	100.0000
96.668.110-1	COMPAÑIA LATINOAMERICANA PETROLERA S.A.	0.0000	60.0000	60.0000	60.0000
96.623.630-2	COMPAÑIA MINERA CAN CAN S.A.	0.0000	0.0000	0.0000	100.0000
76.188.354-2	COMPAÑÍA MINERA LA MERCED LTDA.	0.0000	100.0000	100.0000	0.0000
76.188.363-1	COMPAÑÍA MINERA LA SAN FRANCISCO S.A.	0.0000	100.0000	100.0000	0.0000
76.188.378-K	COMPAÑÍA MINERA SIERRA NORTE S.A.	0.0000	100.0000	100.0000	0.0000
96.657.900-5	CONTROLADORA DE PLAGAS FORESTALES S.A.	0.0000	59.6239	59.6239	59.6639
76.068.320-5	ESTUDIOS Y DESARROLLOS DE GAS LTDA.	0.0000	99.0575	99.0575	99.0575
96.573.310-8	FORESTAL ARAUCO S.A.	0.0752	99.9027	99.9779	99.9779
85.805.200-9	FORESTAL CELCO S.A.	0.0000	99.9779	99.9779	99.9779
93.838.000-7	FORESTAL CHOLGUAN S.A.	0.0000	97.4799	97.4799	97.4799
78.049.140-K	FORESTAL LOS LAGOS S.A.	0.0000	79.9824	79.9824	79.9824
96.567.940-5	FORESTAL VALDIVIA S.A.	0.0000	99.9779	99.9779	99.9779
76.107.630-2	GAS LICUADO MOTOR LTDA.	0.0000	99.0575	99.0575	99.0575
77.660.290-6	INMOBILIARIA CONO SUR CHILE LTDA.	0.0000	100.0000	100.0000	100.0000
85.759.000-7	INMOBILIARIA LAS SALINAS LTDA.	0.0000	100.0000	100.0000	100.0000
79.990.550-7	INVESTIGACIONES FORESTALES BIOFOREST S.A.	0.0000	99.9779	99.9779	99.9779
76.160.625-5	MINERA CAMINO NEVADO LTDA.	99.9986	0.0014	100.0000	0.0000
76.268.260-5	MUELLE PESQUERO MARIA ISABEL LTDA.	0.0000	27.9129	27.9129	27.9129
96.768.760-K	PANELES ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
91.123.000-3	PESQUERA IQUIQUE-GUANAYE S.A.	50.2180	31.7150	81.9330	81.9330
88.840.700-6	SERVICIOS DE COMBUSTIBLES LTDA.	99.9740	0.0260	100.0000	100.0000
96.637.330-K	SERVICIOS LOGISTICOS ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
78.953.900-6	SERVICIOS Y TRANSPORTES SETRACOM LTDA.	1.0000	98.0576	99.0576	99.0576
77.090.440-4	SOCIEDAD CONTRACTUAL MINERA VILACOLLO	0.0000	100.0000	100.0000	100.0000
81.095.400-0	SOCIEDAD NACIONAL DE OLEODUCTOS S.A.	0.0000	52.6857	52.6857	52.6857
96.929.960-7	ORIZON S.A. (EX SOUTHPACIFIC KORP S.A.)	0.0000	41.0484	41.0484	41.0484
79.904.920-1	TRANSPORTES DE COMBUSTIBLES CHILE LTDA.	0.0000	100.0000	100.0000	100.0000
0-E	AGENCIAMIENTO Y SERV. PROFESIONALES S.A.	0.0000	99.9779	99.9779	99.9779
0-E	ALTO PARANA S.A. (ARGENTINA)	0.0000	99.9554	99.9554	99.9554
0-E	ARAUCO AUSTRALIA S.A.	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO COLOMBIA	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO DENMARK APS. (DINAMARCA)	0.0000	0.0000	0.0000	99.9779
0-E	ARAUCO DO BRASIL	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO ECUADOR S.A.	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO FLORESTAL ARAPOTI S.A.	0.0000	79.9823	79.9823	79.9823
0-E	ARAUCO FOREST BRASIL S.A.	0.0000	99.9777	99.9777	99.9777
0-E	ARAUCO FOREST PRODUCTS B.V. (HOLANDA)	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO HOLANDA COOPERATIEF U.A.	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO PERU S.A.	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO PISOS LAMINADOS	0.0000	99.9779	99.9779	0.0000
0-E	ARAUCO WOOD PRODUCTS INC (USA)	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCOMEX S.A. DE C.V.	0.0000	99.9779	99.9779	99.9779
0-E	CATAN EMPREENDIMIENTOS E PARTICIPACOES S.A.	0.0000	99.9712	99.9712	0.0000
0-E	CENTRO NACIONAL DE REPARACIÓN COLGAS S.A.	0.0000	50.5145	50.5145	0.0000
0-E	COLGAS DE OCCIDENTE S.A. ESP.	0.0000	50.5145	50.5145	0.0000
0-E	COMBUSTIBLES ECOLÓGICOS MEXICANOS S.A.	0.0000	20.6100	20.6100	20.6100
0-E	COMERCIAL INDUSTRIAL NACIONAL S.A.	0.0000	50.5145	50.5145	0.0000
0-E	COMPAÑIAS ASOCIADAS DE GAS S.A. ESP ASOGAS	0.0000	50.5145	50.5145	0.0000
0-E	CAMPAÑIA DE TRASPORTES DE COLOMBIA S.A.	0.0000	50.5145	50.5145	0.0000
0-E	CONDOMINIO INDUSTRIAL TERPEL LTDA.	0.0000	26.3500	26.3500	26.3500
0-E	COPEC CANAL INC.	0.0000	100.0000	100.0000	100.0000
0-E	COPEC COLOMBIA HOLDINGS LTD.	0.0000	0.0000	0.0000	100.0000
0-E	COPEC INTERNATIONAL INC.	100.0000	0.0000	100.0000	100.0000
0-E	COPEC INVESTMENTS LTD.	0.0000	100.0000	100.0000	100.0000
0-E	EC INVESTRADE INC. (PANAMA)	100.0000	0.0000	100.0000	100.0000
0-E	EMPREENDIMIENTOS FLORESTAIS SANTA CRUZ Ltda.	0.0000	99.9542	99.9542	99.9542
0-E	FORESTAL NUESTRA SEÑORA DEL CARMEN S.A. (EX. LA SEÑORA DEL M	0.0000	99.9558	99.9558	99.9558
0-E	FORESTAL TALAVERA S.A.	0.0000	99.9726	99.9726	0.0000
0-E	FUEL PETROLEUM SERVICE S.A.	0.0000	26.3500	26.3500	26.3500
0-E	GASAN DE COLOMBIA S.A. ESP.	0.0000	50.5145	50.5145	0.0000
0-E	GAS NATURAL COMPRIMIDO S.A. (Gazel)	0.0000	26.3500	26.3500	26.3500
0-E	GASES DE ANTIOQUIA S.A. ESP.	0.0000	50.5145	50.5145	0.0000
0-E	GASES DE SANTANDER S.A. ESP.	0.0000	50.5145	50.5145	0.0000
0-E	GREENAGRO S.A	0.0000	99.9554	99.9554	0.0000
0-E	GNC INVERSIONES S.A.S.	0.0000	24.9800	24.9800	24.9800
0-E	INDUSTRIAS FORESTALES S.A. (ARGENTINA)	0.0000	99.9779	99.9779	99.9779
0-E	INVERSIONES CELCO S.L. (ESPAÑA)	0.0000	99.9779	99.9779	99.9779
0-E	INVERSIONES DEL NORDESTE S.A.S.	0.0000	50.5145	50.5145	0.0000
0-E	INVERSIONES ORGANIZACIÓN TERPEL CHILE LTDA.	0.0000	26.3500	26.3500	26.3500
0-E	LEASING FORESTAL S.A.	0.0000	99.9559	99.9559	99.9559
0-E	LODGE BUSSINES INC.	0.0000	99.0481	99.0481	0.0000
0-E	LUTEXA INDUSTRIAL COMERCIAL LTDA.	0.0000	26.3400	26.3400	26.3400
0-E	MAHAL EMPREENDIMEINTOS E PARTICIPACOES S.A.	0.0000	99.9710	99.9710	0.0000
0-E	NOLIBER S.A.	0.0000	26.3400	26.3400	26.3400
0-E	NORTESANTANDEREANA DE GAS S.A. ESP	0.0000	50.4749	50.4749	0.0000
0-E	ORGANIZACIÓN TERPEL S.A.	0.0000	26.3500	26.3500	26.3500
0-E	ORLYN S.A.	0.0000	26.3500	26.3500	26.3500
0-E	OT INVERSIONES LTDA.	0.0000	26.3400	26.3400	26.3400
0-E	PETROLERA NACIONAL S.A.	0.0000	26.3500	26.3500	26.3500
0-E	PROENERGIA	0.0000	56.1500	56.1500	56.1500
0-E	SAVITAR S.A.	0.0000	99.9712	99.9712	99.9778
0-E	SOCIEDAD DE INVERSIONES EN ENERGÍA S.A.	0.0000	29.6400	29.6400	29.6400
0-E	TERPEL CENTRO S.A.	0.0000	22.4300	22.4300	22.4300
0-E	TRANMARINE TRANSPORTATION & BURGING S.A.	0.0000	26.3500	26.3500	26.3500

The financial information of the main affiliates is presented in Note N° 29 (Segments).

The main operations of purchase and sale of investments and capital increases related affiliates are:

- On January 4, 2010, the societary reorganization was approved as a consequence of themerging by absorption done by the subsidiary Alto Paraná S.A, of Faplac S.A. and Flooring S.A. effective last January 1, 2010.

- On March 15, 2010 Arauco, through its subsidiary Placas do Paraná S.A. made a contribution of ThUS$ 15,000 (ThUS$ 6,977 net of cash and cash equivalent) to acquire 50% of the shares of Dynea Brasil S.A. This resulted in Placas do Paraná S.A. holding 100% of participation in Dynea Brasil S.A. This investment generated negative goodwill of ThUS$ 1,113 presented in the income statement under Other income (loss).

Dynea Brasil S.A. was merged by Placas do Paraná S.A. in April, 2010.

- On June 28 and July 14, 2010 the Alto Paraná subsidiary made two additional capital contributions to the brasilian society Empreendimentos Florestais Santa Cruz Ltda. The first amount of ThReal$ 17,150 (ThUS$ 9,190 as of December 31, 2011), and the second one in the amount of ThReal$ 880 (ThUS$ 472 as of December 31, 2011). The abovementioned investments were done as part of the expansion policy of the business throughout the acquisition of forest assets in Brazil. That operation will be carried out by the related society Catan Empreendimentos e Participaçiónes S.A., of which, Empreendimentos Florestais Santa Cruz Ltda. and Arauco Forest Brasil S.A. owns the 25.24% and 74.76%, respectively.

- On February 2, March 12, May 10 and July 9, 2010 capital contributions amounted to ThUS$ 2,000 each one, were made to the associated company Inversiones Puerto Coronel S.A. This capital contributions don´t change the participation in this company.

- On December 27, 2010, Inversiones Arauco International Ltda. and Celulosa Arauco y Constitucion S.A., made a contribution to MEUR 99 (ThUS$ 128 at December 31, 2011) and MEUR 1 (ThUS$ 1 to December 31, 2011) respectively , the new subsidiary called Arauco Holanda Coöperatief U.A.

- On January 7, 2011, the subsidiary Arauco Denmark Aps sold 100% of its shares in the company Arauco Forest Products B.V. to the company Arauco Holanda Coöperatief U.A. in MEUR 731.

- On March 29, 2011 was established Novo Oeste Gestao de Ativos Florestais S.A., making the subsidiary Arauco Forest Brasil S.A. a contribution by ThR$ 1,225, equivalent to 1,225,000 shares and 48.9912% stake. The object of this society is active forest management and timber marketing.

- On June 13, 2011, Inversiones Arauco International Ltda. and Celulosa Arauco y Constitucion S.A., sold their shares (82.42% and 9.16%, respectively) in the subsidiary Nuestra Señora del Carmen S.A. to the subsidiary Alto Paraná S.A. in ThUS$ 5,400, leaving the latter with a 100% return on investment.

- On October 20, 2011 was established in Brazil Arauco Pisos Laminados S.A. effected by the subsidiary Arauco do Brasil S.A. a contribution of ThR$ 10,000 (ThUS$ 5,359 to December 31, 2011) equivalent to 100% participation. This company is dedicated to the manufacture, processing, manufacturing and trade of wood laminate floors.

- On November 17, 2011, the subsidiary Arauco Forest Brasil S.A. made contributions to Brazilian society Centaurus Holding S.A. for the equivalent of Th$ 232,916 which corresponds to 43.05% share. This investment was made in conjunction with Klabin S.A., a leading forest industry companies in the industry in Brazil.

In the same month, Centaurus Holding S.A. acquired 100% of the social rights of the Brazilian company Florestal Vale do Corisco Ltda., a company that has an endowment of 107,000 hectares in the State of Paraná. This transaction strengthens the position of Arauco in the forestry sector in Brazil, for the development of its industrial operations and to ensure the supply of wood for future projects. This transaction had no impact on the results of Arauco.

- On December 14, 2011, was made a capital contribution by ThUS$ 5,004 to an associate Inversiones Puerto Coronel S.A. This capital contribution did not change the percentage share is associated.

- On December 20, 2011 Alto Parana S.A. has acquired 100% stake in society Greenagro S.A. by an equivalent amount of ThUS$ 10,746 (of which at closing have been paid ThUS$ 6,972).

This partnership will complement the productive activities linked to the industrial plant operations of the subsidiary Alto Paraná S.A. located in the city of Zárate, Buenos Aires. The price paid is representative of the market value of assets acquired, which mainly correspond to the land and plantations. Arauco made a provisional estimate of market value of net assets acquired, assigning the highest value of MMUS$ 7.1 the value of land, according to the requirements of IFRS 3. Arauco has 12 months from the date of acquisition for final evaluation.

- On December 21, 2011 was made by increased capital contribution for the equivalent of ThUS$ 3,799 to society Puerto de Lirquén S.A. This contribution implies that at year-end 2011, Arauco has a stake of 20.20% and Empresas Copec S.A. of 3.03% on the capital of that company.

- On May 14, 2010, through the affiliated Compañía de Petróleos de Chile Copec S.A., acquired 100% of the rights of AEI Colombia Investments Ltd. and AEI Colombia Holdings Ltd., companies incorporated in Cayman Islands subsequently changed its name to Copec Investments Ltd and Copec Colombia Holdings Ltd., respectively. At the time of purchase these companies together held the 47.196% of the shares issued by "Proenergía Internacional S.A." (Proenergía), a Colombian corporation.

Proenergía, in turn, owns 52.7% of the shares of "Sociedad de Inversiones en Energía S.A." (SIE), a Colombian company that is traded on the stock of that country, which in turn owns directly and indirectly - through Colombian society also "Terpel del Centro S.A." - 88.9% of the shares of "Organización Terpel S.A." (Terpel Colombia), Colombian corporation with investments in different countries of the region.

Terpel Colombia distributes fuel in Colombia under the "Terpel" in that country and sells natural gas vehicles (NGV) under the "Gazel". The remaining assets are in Ecuador, Panama, Peru, Mexico and Chile.

In December 2010 and after materialize the opening of Proenergía to trade its shares on the Colombian stock market, Compañía de Petróleos de Chile Copec S.A. launched a takeover bid in the market to acquire up to 100% of the shares of Proenergía Internacional S.A. in circulation, a process that ended on 15 December of that year, achieving a 8.95% gain additional. With this acquisition the Company gained control of Proenergía Internacional S.A. having at December 31, 2010 and to date a direct or indirect ownership of 56.15%.

During the month of October 2011, the Company launched a takeover bid again in the Colombian market, this time to acquire shares in Sociedad de Inversiones en Energía S.A. (SIE), a subsidiary of Proenergía, a process which closed on October 27, 2011, achieving 14.39% purchase of the outstanding shares of that company.

On the other hand, with the purpose of a reorganization of the Company holds investments in Colombia, 29 December 2011 merged the two existing companies in the Cayman Islands, subsisting only Copec Investments Ltd.

In addition to this the Company transferred to the same company all the shares held directly in Proenergía and representing a 8.95% stake, thereby concentrating on its subsidiary Copec Investments Ltd. the 56.15% shares, which controls Proenergía.

The Company has taken measures necessary to dispense with its indirect stake in Organización Terpel Chile Ltda. Meanwhile, from now until the separation is realized, the Society encouraged to corporate chain it belongs to Organización Terpel Chile Ltda. take other measures to ensure the complete independence and autonomy of Organización Terpel Chile Ltda. and Compañía de Petróleos de Chile Copec S.A. (Copec Fuels) in the domestic market.

Companies are selling subsidiaries of "Organización Terpel S.A.", in Colombia, which our affiliate Compañía de Petróleos de Chile Copec S.A. ("COPEC") is indirect controller.

On September 2, 2011, the Colombian subsidiary Organización Terpel S.A. signed a stock purchase agreement, subject to condition precedent, between Organización Terpel S.A. and Petrolera Nacional S.A. (subsidiaries that the company has in Chile and Panama, respectively) as vendors, and Organización Terpel S.A., as guarantor and Quiñenco S.A. (Chilean society) as a purchaser, under which the sellers transferred to the buyer 100% of ownership on Petróleos Transandinos S.A. and Operaciones y Servicios Terpel Ltda., companies conducting the business of distribution of liquid fuels in Chile.

The value of the transaction amount to US$ 320 million, which would be adjusted for debt and working capital adjustment. The development of that contract is conditional to the competition authority of Chile approved the transaction, which means that until that happens, the administration, governance, business and management of Petróleos Transandinos S.A. and Operaciones y Servicios Terpel Ltda., are still being conducted as to date has been made, subject to the provisions in the contract of sale of shares.

- On June 30, 2011 were implemented and formalized agreements relating to the incorporation of the affiliate Abastecedora de Combustibles S.A. as partner, with 51% stake in the Colombian "Inversiones del Nordeste S.A.S." ("IN"). This involved a total outlay of about COL$ 139 billion, equivalent to approximately US $ 76.5 million, principally to capitalize IN, in order to provide it with resources for future development.

IN, through affiliates and related companies, participates in the distribution of liquefied petroleum gas ("LPG") in most departments of the Republic of Colombia, with annual sales of around 200,000 tonnes, representing approximately 34% of that market. Additionally, IN owns companies engaged in the manufacture of cylinders and tanks, and transport of bottled and bulk LPG.

Merger by business combination

On November 30, 2010, concluded the merger process by incorporation in SouthPacific Korp S.A.of Pesquera San José S.A.

To incorporate the assets and liabilities of Pesquera San José S.A. in SouthPacific Korp S.A. (now Orizon S.A.), we determined the appropriate settings designed to express these assets and liabilities at their fair value.

Goodwill acquired through business combinations is presented in the following table:

Pesquera San José S.A.	**11.30.2010** ThUS$
Cash	14,477
Other non-financial assets, current	2,555
Trade receivables and other receivables, current	50,434
Current receivables from related parties	511
Inventory	25,301
Biological assets, current	4,216
Current tax assets	2,279
Other financial assets, non current	294
Fees receivable	1,048
Investment property from equity method	118
Intangible assets other than goodwill	12,798
Property, plant and equipment, net	205,455
Deferred tax assets	1,107
Total assets	**320,593**
Other financial liabilities, current	104,386
Trade and other payables	12,631
Current payables to related parties	4
Other short-term provisions	175
Current tax liabilities	151
Other non financial liabilities, current	81
Other financial liabilities, non current	12,667
Deferred tax liabilities	32,772
Total liabilities	**162,867**

	ThUS$
Amount paid	161,490
Fair value of acquired assets and liabilities	(157,726)
Purchased goodwill	**3,764**

The summarized fair values of the acquired assets and liabilities as of the acquisition date are presented in the tables below:

Greenagro S.A.	**12.20.2011** ThUS$
Cash	537
Trade receivables	32
Inventory	826
Property, plant and equipment	7,970
Biological assets	1,838
Other assets	7
Total assets	**11,210**
Trade payables	37
Deferred taxes	386
Other liabilities	19
Total liabilities	**442**

Dynea Brasil S.A.	03.15.2010 ThUS$
Cash	8,023
Trade receivables	3,621
Inventory	4,535
Property, plant and equipment	29,212
Deferred taxes	140
Other assets	933
Total assets	**46,464**
Trade payables	6,707
Deferred taxes	8,267
Other liabilities	854
Total liabilities	**15,828**

	Dynea ThUS$
Amount paid	15,000
50% acquired in previous years	14,523
Fair value of the acquired assets and liabilities	(30,636)
Purchased goodwill	**(1,113)**

Proenergía	12.15.2010 ThUS$
Cash	115,365
Trade receivables	167,904
Inventory	175,063
Property, plant and equipment	544,106
Deferred taxes	85
Other assets	996,252
Total assets	**1,998,775**
Trade payables	140,359
Deferred taxes	197,600
Other liabilities	864,452
Total liabilities	**1,202,411**

	Proenergía ThUS$
Amount paid	290,496
% acquired in the period	56.15%
Fair value of the acquired assets and liabilities	(191,396)
Purchased goodwill	**99,100**

b) The ownership interest of Grupo Empresas Copec S.A. in its main associates is the following:

As of December 31, 2011

Taxpayer ID	Name	Country of Constitution	Functional Currency	Cost of Investment in Associates ThUS$	Income ThUS$	Ownership Interest %
0-E	Uruguay Group (*)	Uruguay	U.S. dollar	523,908	(14,026)	50.00000
96.722.460-K	Metrogas S.A.	Chile	Chilean peso	240,731	46,381	39.82970
0-E	Centaurus Holding Brasil	Brazil	Real	218,972	(184)	43.05000
96.893.820-7	Corpesca S.A.	Chile	U.S. dollar	137,316	8,111	30.64000
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	U.S. dollar	137,739	15,554	25.00000
82.777.100-7	Puerto de Lirquén S.A.	Chile	U.S. dollar	53,173	1,708	23.15879
76.456.800-1	Sociedad Minera Isla Riesco S.A.	Chile	U.S. dollar	65	(1,337)	0.10000
0-E	Stora Enso Arapoti Industria de Papel S.A.	Brazil	U.S. dollar	36,280	1,988	20.00000
96.785.680-0	Inversiones Puerto Coronel S.A.	Chile	U.S. dollar	36,273	(141)	50.00000
99.500.140-3	Eka Chile S.A.	Chile	Chilean peso	23,501	3,141	50.00000
96.636.520-K	Gases y Graneles Líquidos S.A.	Chile	Chilean peso	18,373	5,472	29.00000
76.384.550-8	Sociedad Nacional Marítima S.A.	Chile	U.S. dollar	7,044	191	30.00000
96.942.120-8	AIR BP Copec S.A.	Chile	Chilean peso	5,033	398	50.00000
82.040.600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Chilean peso	1,993	1,579	33.33330
96.925.430-1	Servicios Corporativos Sercor S.A.	Chile	Chilean peso	1,153	(108)	20.00000
96.953.090-2	Boat Parking S.A.	Chile	Chilean peso	1,114	29	21.36000
70.037.855-0	Inversiones Laguna Blanca S.A	Chile	U.S. dollar	32,936	(1,331)	50.00000
76.659.730-0	Elemental S.A.	Chile	Chilean peso	302	131	40.00000
76.743.130-9	Genómica Forestal S.A.	Chile	Chilean peso	69	13	25.00000
76.122.974-5	Algae Fuels S.A:	Chile	Chilean peso	0	0	25.00000
0-E	Novo Oeste Gestao de Ativos Floresrais S.A.	Brazil	Real	0	(4,029)	48.99990
0	Consorcio Tecnológico Bionercel S.A.	Chile	Chilean peso	312	(36)	20.00000
0-E	Peruana de Gas	Peru	Nuevo sol	14,369	801	23.46000
0-E	Montagas s.a. esp	Colombia	Colombian peso	2,484	499	33.33300
0-E	Energas S.A. ESP	Colombia	Colombian peso	906	(19)	27.70000
0-E	Gas Mocoa S.A. ESP	Colombia	Colombian peso	29	(45)	33.33300
O-E	Sociedad de Inversiones en Energía S.A.	Colombia	Colombian peso	0	0	14.38900
87.635.000-9	Sociedad Edificio Don Crescente Ltda.	Chile	Chilean peso	0	0	50.00000
	TOTAL			**1,494,075**	**64,740**	

As of December 31, 2010

Taxpayer ID	Name	Country of Constitution	Functional Currency	Cost of Investment in Associates ThUS$	Income ThUS$	Ownership Interest %
0-E	Uruguay Group (*)	Uruguay	U.S. dollar	362,210	(8,105)	50.00000
96.722.460-K	Metrogas S.A.	Chile	Chilean peso	280,781	27,846	39.82970
96.893.820-7	Corpesca S.A.	Chile	U.S. dollar	137,296	6,546	30.64000
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	U.S. dollar	125,571	21,181	25.00000
82.777.100-7	Puerto de Lirquén S.A.	Chile	U.S. dollar	50,689	2,494	23.15879
0-E	Grupo AEI Colombia	Colombia	Colombian peso	0	12,944	47.19600
76.456.800-1	Sociedad Minera Isla Riesco S.A.	Chile	U.S. dollar	43,072	(2,846)	50.00000
0-E	Stora Enso Arapoti Industria de Papel S.A.	Brazil	U.S. dollar	38,694	277	20.00000
96.785.680-0	Inversiones Puerto Coronel S.A.	Chile	U.S. dollar	31,453	(1,173)	50.00000
99.500.140-3	Eka Chile S.A.	Chile	Chilean peso	20,359	(1,494)	50.00000
96.636.520-K	Gases y Graneles Líquidos S.A.	Chile	Chilean peso	18,326	6,579	29.00000
76.384.550-8	Sociedad Nacional Marítima S.A.	Chile	U.S. dollar	7,271	774	30.00000
96.942.120-8	AIR BP Copec S.A.	Chile	Chilean peso	5,175	239	50.00000
82.040.600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Chilean peso	1,976	1,259	33.33330
96.925.430-1	Servicios Corporativos Sercor S.A.	Chile	Chilean peso	1,349	(53)	20.00000
96.953.090-2	Boat Parking S.A.	Chile	Chilean peso	1,204	24	21.36000
70.037.855-0	Laguna Blanca S.A	Chile	U.S. dollar	478	(22)	50.00000
76.659.730-0	Elemental S.A.	Chile	Chilean peso	200	67	40.00000
76.743.130-9	Genómica Forestal S.A.	Chile	Chilean peso	62	46	25.00000
0-E	Dynea Brasil S.A.	Brazil	U.S. dollar	0	640	48.19300
0-E	Peruana de Gas	Peru	Nuevo sol	12,742	0	23.46000
87.635.000-9	Sociedad Edificio Don Crescente Ltda.	Chile	Chilean peso	0	0	50.00000
	TOTAL			**1,138,908**	**67,223**	

* Uruguay Group is conformed with the societies Celulosa y Energía Punta Pereira S.A., Forestal Cono Sur S.A., Euforest S.A. and Zona Franca Punta Pereira S.A.

Summarized financial information of associates:

	12.31.2011		12.31.2010	
	Assets ThUS$	**Liabilities** ThUS$	**Assets** ThUS$	**Liabilities** ThUS$
Current of associates	1,164,872	1,028,330	859,237	543,032
Non-current of associates	4,978,769	1,564,294	4,211,739	1,394,894
Total of associates	**6,143,641**	**2,592,624**	**5,070,976**	**1,937,926**

	12.31.2011 ThUS$	**12.31.2010** ThUS$
Operating revenues of associates	3,429,775	1,827,688
Operating expenses of associates	(2,011,654)	(1,671,349)
Net income (loss) of associates	**1,418,121**	**156,339**

c) Movements in investments in associates

	12.31.2011 ThUS$	**12.31.2010** ThUS$
Investments in associates accounted for using the equity method - opening balance	**1,138,908**	**1,045,385**
Additions, investments in associates and joint ventures	419,757	62,637
Disposals, investments in associates	0	0
Immediately recognized purchased negative goodwill	0	1,113
Profits from the incorporation of joint ventures	0	222
Share in operating income (loss)	64,740	67,223
Share in entries from previous periods	0	(1,115)
Dividends received	15,336	(14,206)
Impairment	0	0
Reversal of impairment	0	0
Increases (decreases) in foreign currency exchange	(48,554)	8,373
Other increases (decreases)	(86,296)	(38,394)
Exchange rate differences	(9,816)	7,670
Total changes in investments in associates	**355,167**	**93,523**
Ending balance	**1,494,075**	**1,138,908**

d) Interest in joint ventures

- The Group has a 50% interest in the joint venture, Eka Chile S.A., which sells sodium chlorate to pulp mills in Chile. The Group holds a contractual agreement with this company in which the affiliate Celulosa Arauco y Constitución S.A. has undertaken economic activity subject to joint control.

- Between August and December 2011, the subsidiary Arauco Holanda Coöperatief U.A. made contributions to the joint venture Celulosa y Energía Punta Pereira S.A. (Uruguay) for a total of ThUS$ 138,904, leaving with a participation rate of 38.09%. Product of these contributions, Inversiones Arauco Internacional Ltda., who in 2011 made contributions for ThUS$ 21,993, reduced its stake to 11.91%, remaining at Arauco group 50% of the control and joint venture. This operation has no effect on the Consolidated Financial Statements of Affiliated Arauco.

- Through the societies Eufores S.A. and Forestal Cono Sur S.A., the group participates in the forestry business in Uruguay, joint control with the company Stora Enso.

In 2009, it acquired the following assets to Ence: 130,000 hectares of land, of which 73,000 are forest plantations, 6,000 hectares under agreements, industrial land, environmental permits necessary for construction of a pulp mill, a terminal river, a chip manufacturing plant, and a nursery.

All these assets are added to the land and plantations that the affiliate Arauco and Stora Enso controlled through a joint venture in Uruguay. All this allows the company to form joint forestry assets in Uruguay of approximately 265 thousand hectares of land, of which 149 000 are planted.

During 2010, Arauco made contributions to companies in Uruguay for a total of ThUS$ 39,559. In fiscal 2011, Arauco has made contributions to these companies for a total of ThUS$ 177,397, to be performed in conjunction with Stora Enso, the project called "Montes del Plata", to build a state of the art cellulose plant, with a guaranteed capacity of 1.3 million tons per year, a port and a power generating unit based on renewable resources, which will be located in the town of Punta Pereira, Department of Colonia, Uruguay.

Investments in Uruguay above qualify as joint ventures by the existence of contracts that both the affiliate Arauco and Stora Enso undergo such investments to joint control.

- In addition, the Group holds an interest in Air BP Copec S.A. This company is the result of a joint venture established in 2001 between Copec and BP Global Investments Ltd., in which each partner holds a 50% interest. The company sells fuel for commercial and civil aviation. Currently, Air BP Copec operates in eight airports throughout the country and holds the leading market share in Chile, supplying the fuel needs of LAN Chile and international airlines arriving in Santiago, such as American Airlines, Aerolíneas Argentinas, Delta, Varig, Avianca and Pluna, among others. The company also serves important consumers in the cargo air industry such as Polar Cargo and Cielos Airlines and numerous civil aviation customers.

- Through the new affiliate Camino Nevado Limitada, the Company has a 50% interest in Inversiones Laguna Blanca S.A. This company is the result of a strategic alliance initiated in 2007 split equally between Empresas Copec and Inversiones Ultraterra. The company’s purpose is to develop a coal exploration and production project in Isla Riesco, located north of Punta Arenas, in Chile’s Magallanes Region. In 2007 Sociedad Minera Isla Riesco was awarded tender by CORFO to explore with the option to purchase two coalfields located on the island, where the largest known proven sub-bituminous coal reserves are found. The deposits “Mina Elena”, “Río Eduardo” and “Estancia Invierno” together cover nearly 7,000 hectares. The purchase option was exercised in January 2009. The Company also owns its own deposit named “Adela” on the same island, which has more than 70 million tons of reserves.

There are no contingent liabilities corresponding to the Group’s interest in joint ventures.

The most significant joint ventures are outlined below:

a) Eka Chile S.A.

	12.31.2011 ThUS$	12.31.2010 ThUS$
Assets:		
Current assets	25,312	19,546
Non-current assets	30,446	31,524
Total assets	**55,758**	**51,070**
Liabilities:		
Current liabilities	5,235	6,582
Non-current liabilities	3,521	3,768
Equity	47,002	40,720
Total liabilities	**55,758**	**51,070**

	12.31.2011 ThUS$	12.31.2010 ThUS$
Income	75,219	42,467
Expenses	(68,937)	(45,454)
Net income (loss) from joint ventures	**6,282**	**(2,987)**

b) Air BP Copec S.A.

	12.31.2011 ThUS$	12.31.2010 ThUS$
Assets:		
Current assets	46,435	43,155
Non-current assets	8,783	10,559
Total assets	**55,218**	**53,714**
Liabilities:		
Current liabilities	44,104	42,081
Non-current liabilities	1,047	1,284
Equity	10,067	10,349
Total liabilities	**55,218**	**53,714**

	12.31.2011 ThUS$	12.31.2010 ThUS$
Income	452,561	287,884
Expenses	(451,765)	(287,406)
Net income (loss) from joint ventures	**796**	**478**

c) Inversiones Laguna Blanca S.A.

	12.31.2011 ThUS$	12.31.2010 ThUS$
Assets:		
Current assets	50,820	1,793
Non-current assets	163,704	7,029
Total assets	**214,524**	**8,822**
Liabilities:		
Current liabilities	125,596	7,862
Non-current liabilities	9,277	0
Equity	79,651	960
Total liabilities	**214,524**	**8,822**

	12.31.2011 ThUS$	12.31.2010 ThUS$
Income	61	0
Expenses	(4,170)	0
Net income (loss) from joint ventures	**(4,109)**	**0**

d) Eufores S.A.

	12.31.2011 ThUS$	12.31.2010 ThUS$
Assets:		
Current assets	44,531	26,252
Non-current assets	552,130	415,532
Total assets	**596,661**	**441,784**
Liabilities:		
Current liabilities	165,823	31,120
Non-current liabilities	28,178	23,358
Equity	402,660	387,306
Total liabilities	**596,661**	**441,784**

	12.31.2011 ThUS$	12.31.2010 ThUS$
Income	32,929	43,298
Expenses	(48,552)	(51,318)
Net income (loss) from joint ventures	**(15,623)**	**(8,020)**

e) Forestal Cono Sur S.A.

	12.31.2011 ThUS$	12.31.2010 ThUS$
Assets:		
Current assets	26,137	13,735
Non-current assets	288,733	274,224
Total assets	**314,870**	**287,959**
Liabilities:		
Current liabilities	45,384	4,792
Non-current liabilities	13,289	13,060
Equity	256,197	270,107
Total liabilities	**314,870**	**287,959**

	12.31.2011 ThUS$	12.31.2010 ThUS$
Income	2,584	3,372
Expenses	(16,494)	(9,337)
Net income (loss) from joint ventures	**(13,910)**	**(5,965)**

NOTE 20. LOCAL AND FOREIGN CURRENCY

Foreign Currency: Assets

	12.31.2011 ThUS$	12.31.2010 ThUS$
Liquid assets	**1,225,122**	**1,812,538**
U.S. dollar	727,915	852,334
Euro	58,335	73,579
Other currency	153,612	156,358
Non-indexed Chilean peso	285,252	730,233
U.F.	8	34
Cash and cash equivalents	**1,131,981**	**1,739,692**
U.S. dollar	727,915	849,075
Euro	58,335	73,579
Other currency	153,612	156,358
Non-indexed Chilean peso	192,111	660,646
U.F.	8	34
Other current financial assets	**93,141**	**72,846**
U.S. dollar	0	3,259
Euro	0	0
Other currency	0	0
Non-indexed Chilean peso	93,141	69,587
U.F.	0	0
Short- and long-term receivables	**1,959,385**	**1,828,240**
U.S. dollar	707,435	686,830
Euro	25,803	31,651
Other currency	341,583	249,047
Non-indexed Chilean peso	871,495	845,632
U.F.	13,069	15,080
Current trade and other receivables	**1,747,144**	**1,729,362**
U.S. dollar	558,143	649,823
Euro	25,803	31,651
Other currency	330,887	247,266
Non-indexed Chilean peso	821,138	786,786
U.F.	11,173	13,836
Current receivables from related parties	**209,781**	**98,387**
U.S. dollar	149,292	37,007
Euro	0	0
Other currency	10,696	1,781
Non-indexed Chilean peso	47,897	58,355
U.F.	1,896	1,244
Non-current receivables from related parties	**2,460**	**491**
U.S. dollar	0	0
Euro	0	0
Other currency	0	0
Non-indexed Chilean peso	2,460	491
U.F.	0	0
Other assets	**16,910,371**	**15,809,020**
U.S. dollar	10,698,506	11,376,226
Euro	51	458
Other currency	3,601,397	1,761,070
Non-indexed Chilean peso	2,598,390	2,626,499
U.F.	12,027	44,767
Total assets	**20,094,878**	**19,449,798**
U.S. dollar	12,133,856	12,915,390
Euro	84,189	105,688
Other currency	4,096,592	2,166,475
Non-indexed Chilean peso	3,755,137	4,202,364
U.F.	25,104	59,881

Foreign Currency: Liabilities

	12.31.2011 ThUS$		12.31.2010 ThUS$	
	Up to 90 days	**91 days to 1 year**	**Up to 90 days**	**91 days to 1 year**
Current liabilities				
Other current financial liabilities	**404,707**	**288,096**	**409,061**	**494,676**
U.S. dollar	167,229	123,592	131,264	446,336
Euro	0	0	0	0
Other currency	66,253	74,118	93,143	16,581
Non-indexed Chilean peso	168,259	73,649	181,393	28,769
U.F.	2,966	16,737	3,261	2,990
Bank loans	**366,485**	**260,848**	**349,395**	**99,936**
U.S. dollar	132,769	113,980	76,015	55,731
Euro	0	0	0	0
Other currency	65,802	72,987	93,143	15,249
Non-indexed Chilean peso	167,914	73,649	180,176	28,769
U.F.	0	232	61	187
Capital leases	**482**	**1,199**	**94**	**250**
U.S. dollar	13	40	0	0
Euro	0	0	0	0
Other currency	451	1,131	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	18	28	94	250
Bank overdrafts	**345**	**0**	**0**	**0**
U.S. dollar	0	0	0	0
Euro	0	0	0	0
Other currency	0	0	0	0
Non-indexed Chilean peso	345	0	0	0
U.F.	0	0	0	0
Other loans	**37,395**	**26,049**	**59,572**	**394,490**
U.S. dollar	34,447	9,572	55,249	390,605
Euro	0	0	0	0
Other currency	0	0	0	1,332
Non-indexed Chilean peso	0	0	1,217	0
U.F.	2,948	16,477	3,106	2,553
Other current liabilities	**1,630,742**	**381,138**	**1,237,796**	**417,870**
U.S. dollar	700,627	63,251	739,199	19
Euro	43,470	1,825	5,105	1,332
Other currency	555,868	284	185,153	139,362
Non-indexed Chilean peso	329,642	311,659	305,128	275,904
U.F.	1,135	4,119	3,211	1,253
Total current liabilities	**2,035,449**	**669,234**	**1,646,857**	**912,546**
U.S. dollar	867,856	186,843	870,463	446,355
Euro	43,470	1,825	5,105	1,332
Other currency	622,121	74,402	278,296	155,943
Non-indexed Chilean peso	497,901	385,308	486,521	304,673
U.F.	4,101	20,856	6,472	4,243

	12.31.2011 ThUS$		12.31.2010 ThUS$	
	13 months to 5 years	**More than 5 years**	**13 months to 5 years**	**More than 5 years**
Non-current liabilities				
Other non-current financial liabilities	**2,291,216**	**2,326,776**	**1,745,932**	**2,322,587**
U.S. dollar	1,291,173	1,278,879	1,051,393	1,277,490
Euro	0	0	0	258,881
Other currency	510,874	387,658	43,857	4,940
Non-indexed Chilean peso	342,389	157,196	159,650	0
U.F.	146,780	503,043	491,032	781,276
Bank loans	**1,499,463**	**175,140**	**625,417**	**264,633**
U.S. dollar	622,876	79	385,217	347
Euro	0	0	0	258,881
Other currency	500,954	16,531	43,857	4,940
Non-indexed Chilean peso	342,389	157,196	159,650	0
U.F.	33,244	1,334	36,693	465
Capital leases	**10,047**	**16,936**	**57**	**374**
U.S. dollar	127	0	8	374
Euro	0	0	0	0
Other currency	9,920	16,936	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	0	0	49	0
Bank overdrafts	**0**	**0**	**0**	**0**
U.S. dollar	0	0	0	0
Euro	0	0	0	0
Other currency	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	0	0	0	0
Other loans	**781,706**	**2,134,700**	**1,120,458**	**2,057,580**
U.S. dollar	668,170	1,278,800	666,168	1,276,769
Euro	0	0	0	0
Other currency	0	354,191	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	113,536	501,709	454,290	780,811
Other non-current liabilities	**906,132**	**1,067,021**	**1,499,460**	**533,236**
U.S. dollar	564,648	318,890	588,116	36,239
Euro	0	0	0	0
Other currency	556,994	303,594	491,951	244,998
Non-indexed Chilean peso	(215,511)	87,014	419,393	176,944
U.F.	1	357,523	0	75,055
Total non-current liabilities	**3,197,348**	**3,393,797**	**3,245,392**	**2,855,823**
U.S. dollar	1,855,821	1,597,769	1,639,509	1,313,729
Euro	0	0	0	258,881
Other currency	1,067,868	691,252	535,808	249,938
Non-indexed Chilean peso	126,878	244,210	579,043	176,944
U.F.	146,781	860,566	491,032	856,331

NOTE 21. SHARES

	No. Shares	Ordinary Shares	Own Shares	Total
As of January 1, 2011	1,299,853,848	1,299,853,848	-	1,299,853,848
Capital expansion	-	-	-	-
Acquisition of dependent	-	-	-	-
Purchase of own shares	-	-	-	-
Balance as of December 31, 2011	**1,299,853,848**	**1,299,853,848**	**-**	**1,299,853,848**

	No. Shares	Ordinary Shares	Own Shares	Total
As of January 1, 2010	1,299,853,848	1,299,853,848	-	1,299,853,848
Capital expansion	-	-	-	-
Acquisition of dependent	-	-	-	-
Purchase of own shares	-	-	-	-
Balance as of December 31, 2010	**1,299,853,848**	**1,299,853,848**	**-**	**1,299,853,848**

NOTE 22. NET DISTRIBUTABLE INCOME AND EARNINGS PER SHARE

The Board of Directors of Empresas Copec S.A. agreed to establish as a general policy that net income to be distributed for the payment of dividends shall be determined on the basis of earned income, subtracting any significant variations in the value of unrealized assets and liabilities, which are reintegrated into the calculation of net income for the period in which these variations are realized.

As a result, for the purposes of determining the Company's net distributable income, that is, the net income to consider in the calculation of the mandatory minimum and additional dividends, the following categories of unearned income are not included in income for the period.

1. Income related to the recording at fair value of forestry assets regulated by IAS 41; such income is reintegrated into net income upon realization. For this purpose, the portion of such increases in fair value corresponding to sold or disposed of assets is considered realized.

2. Income generated in the acquisition of entities. These results will be reintegrated into net income upon realization. For this purpose, income generated by the entities following their acquisition, or when these entities are divested, is considered realized.

The effects of deferred taxes associated with the items mentioned in points 1) and 2) will follow the same procedure as the item that gave rise to them.

Concept	Distributable earnings ThUS$
Income attributable to equity holders as of 12.31.2011	**932,725**
Adjustments:	
Biological assets	
Unrealized	(229,838)
Realized	252,963
Deferred taxes	(11,767)
Biological assets (net)	**11,358**
Income for incorporation of joint venture	**0**
Purchased negative goodwill and others	**0**
Total adjustments	**11,358**
Distributable earnings as of 12.31.2011	**944,083**

The general dividend policy that the Company expects to carry out in future periods consists of distributing 40% of distributable net income for each period, including the possibility of an interim dividend at the end of the year.

As of December 31, 2011, in the classified Statement of Financial Position the amount of ThUS$ 234,403 under “Other current liabilities” corresponded to the minimum dividend provision. That amount corresponds to 40% of the distributable earnings less the interim dividend of ThUS$ 143,230 paid on December 15, 2011 and charged to net income for that period.

On October 27, 2011 the Company’s Board of Directors agreed to distribute an interim dividend of US$ 0.110189 per share, which was paid starting on December 15, 2011 with a charge to net income for that period.

In Ordinary Session No. 76 held on April 27, 2011, the Board agreed to distribute a final dividend of US$ 0.20236 per share, which was paid beginning on May 12, 2011.

On October 28, 2010 the Company’s Board of Directors agreed to distribute an interim dividend of US$ 0.102215 per share, which was paid starting on December 16, 2010 with a charge to net income for that period.

In Ordinary Session No. 75 held on April 28, 2010, the Board agreed to distribute a final dividend of US$ 0.0915 per share, which was paid beginning on May 12, 2010.

Earnings per share are calculated by dividing income attributable to the Company’s shareholders by the weighted average of common shares in circulation; the Company does not record diluted shares.

Earnings (loss) per share	12.31.2011 ThUS$	12.31.2010 ThUS$
Earnings (loss) attributable to net equity holders of parent company	932,725	1,013,789
Weighted average number of shares	1,299,853,848	1,299,853,848
Earnings (loss) per share (US$ per share)	0.72	0.78

Rights, Privileges and Restrictions for Ordinary Share Capital Class:

For liabilities recorded under “Interest-bearing loans, the Parent Company must maintain a consolidated indebtedness ratio no greater than 1.2; otherwise the debt under these contracts could become current. As of the reporting date, the Group is in compliance with this restriction.

NOTE 23. OPERATING REVENUES

	12.31.2011 ThUS$	12.31.2010 ThUS$
Sale of goods	20,804,291	11,573,521
Provision of services	320,287	576,257
Interest income	0	0
Royalty income	0	0
Dividend income	0	0
Total	**21,124,578**	**12,149,778**

NOTE 24. FINANCIAL INCOME AND EXPENSES

Financial expenses are detailed as follows:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Interest and readjustments for bank loans	(254,800)	(198,474)
Financial cost of post-employment obligations	(2,553)	(1,832)
Other financial costs	(38,531)	(42,124)
Interest expenses, others	(6,568)	0
Amortization of additional cost	0	0
Exchange losses from foreign currency loans	(674)	0
Financial cost of remediation provision	0	0
Difference conversion	(445)	0
Total financial costs	**(303,571)**	**(242,430)**

Financial income is detailed as follows:

	12.31.2011 ThUS$	12.31.2010 ThUS$
Income from interest on financial instruments	28,518	20,343
Income from financial assets at fair value through profit and loss	0	0
Interest on loans and receivables	18,644	13,865
Other income	1,663	15
Total financial income	**48,825**	**34,223**

NOTE 25. EXCHANGE DIFFERENCES

	12.31.2011 ThUS$	12.31.2010 ThUS$
Exchange differences generated by assets		
Cash equivalent	968	(351)
Investments in mutual funds, short term deposits and pacts	(16,783)	(11,460)
Trade and other receivables	(13,328)	11,392
Tax receivables	(12,205)	5,506
Receivables from related parties	(34,662)	34,014
Other financial assets	(3,392)	1,490
Other assets	3,393	1,944
Total	**(76,009)**	**42,535**
Exchange differences generated by liabilities		
Trade and other payables	16,929	12,522
Payables to related parties	(11,365)	(3,758)
Loans with financial institutions (include bonds)	(3,411)	(36,957)
Dividends to be paid	1,446	54
Other financial liabilities	46,407	(15,314)
Other liabilities	(5,961)	(4,450)
Total	**44,045**	**(47,903)**
Total	**(31,964)**	**(5,368)**

NOTE 26. IMPAIRMENT OF ASSETS

As of the end of the present period, the following impairment indicators were considered:

Effects of the economic crisis:

The decrease in demand for sawn timber products due primarily to the credit crisis and the continued downturn in the real estate market in the United States have led Arauco to decide to permanently close during the fiscal year 2009 and 2008 the sawmills La Araucana, Escuadrón, Lomas Coloradas, Coronel and Coelemu, and temporarily close the sawmill Horcones II and the remanufacturing plant Lomas Coloradas. All closed facilities are located in Chile.

During May 2010, Horcones II plant started to operate again and in June the Plant of Coronel was sold. By the continuing investment in equipments and technologies and more intensive use of our facilities, an important part of the production capacity of the plants have been supplied, and determined that the closure of La Araucana, Escuadron, Aserradero Lomas Coloradas, Coelemu and Remanufacturas Lomas Coloradas plants is considered as permanent. To the closing date of these Consolidated Financial Statements, the assets associated with these plants located in Chile are classified as Assets held for sale.

Due to the complex market situation since the beginning of 2009 that came through Bosseti sawmill operation located in Argentina, the Company decided to close it in December 2010 and to adapt its operational structure to the reality of the business, converting the operation using its land and buildings as a logistic center. At December 31, 2010, the Company registered ThUS$ 2,000 as impairment provision related with machinery and installations which at December 31, 2011 have a value net of provision of ThUS$ 1,500. To date we are working on the classification and management of these assets to be approved by the Administration for resale.

The recoverable value of the permanently closed facilities was determined based on sales estimates and residual value, making the corresponding provision in the event that the recoverable value is less than the book value. These estimates were made by both external and internal evaluators.

Effects of the earthquake and tsunami:

As a result of the earthquake and tsunami that primarily affected the south-central region of Chile on February 27, 2010, area in which the Company maintains its industrial operations, all of our production units applied their contingency plans, which involved shutting down operations. At the same time started the evaluation of the state of each facility and the damage presented.

Forestry sector:

Mutrún sawmill located in Constitución was destroyed by floodwaters. This facility represented a 6% of the Arauco' saw timber production capacity in Chile.

Arauco's industrial facilities, 34 in Chile, have resumed their activities in the shortest time possible. As of the date of this Financial Statement, all of its facilities are operating including line II of the Arauco Pulp Mill from February, 2011.

The suspension of the Company's operations in Chile resulted in a decrease in sales volumes and adverse effects on the result of the Company.

Damages caused by the earthquake are adequately covered by the following insurance policies:

- All risk of physical assets and income (loss)
- All transport risk and all inventory losses
- Residential Fire
- All construction risk

Financial Statement as of December 31, 2010 includes a payment compensation amounting to US$ 285 million and financial statement of December 31, 2011 includes a payment of US$ 254 million, totaling US$ 539 million (US$ 211 million associated with physical damages and US$ 328 million associated to losses caused by downtime), corresponding to the total compensation received by Arauco and settled by insurance companies by the earthquake and tsunami that occurred on February 27, 2010.

Related expenses to the damaged produced by the earthquake has been recognized at the moment when events occurred, but accounts receivable from insurance companies related to this expenses, and the effects of the downtime of the plant as a consequence of this event, are recognized only when this charges are virtually certain.

Other effects:

In December 2011 were closed the particleboard lines of Curitiba plant (Brazil), a decision was taken due to the high cost of maintaining them with consequent loss this created. There was deterioration in the provision of machinery and equipment for a total of ThUS$ 6,088.

Fishing sector:

As a result of the earthquake and tsunami that affected the south-central region of Chile on February 27, 2010, the affiliate SouthPacific Korp S.A. (now Orizon S.A.) suffered significant damages at unloading points processing plants, material supply warehouses, spare parts, raw materials and finished products. At the end of these financial statements Orizon S.A., has made the drop in their sinister assets.

The cash generating units affected by the earthquake and tsunami of the last February 27, 2010 weren’t fixed for its operation and were classified as assets held for sale.

The book value of these assets is close to the recoverable value.

Insurance policies covers the damages caused by the earthquake.

Fuel sector:

For its part, the plants (San Vicente and San Fernando), service stations and sale points of the affiliate Compañía de Petróleos de Chile Copec S.A. had no major damage significantly jeopardizing their correct operation, as a result of damages from the earthquake and tsunami that affected the south-central region of Chile on February 27, 2010. Total losses caused by physical damages, downtime and stocks losses amount to ThUS$ 7,670.

Detail of asset impaiment:

At December 31, 2011 and December 31, 2010, respectively under the following provisions of impairment of Property, plant and equipment product technical obsolescence and damage following the earthquake and tsunami.

Disclosure of asset impairment		
Principal classes of assets affected by impairment and reversion losses	Machinery and equipment	
Principal facts and circumstances that lead to recognizing impairment and reversion losses	Technical Obsolescense	
	12.31.2011 ThUS$	**12.31.2010** ThUS$
Information relevant to the sum of all impairment	**3,492**	**2,769**

Disclosure of asset impairment		
Principal classes of assets affected by impairment and reversion losses	Machinery and equipment	
Principal facts and circumstances that lead to recognizing impairment and reversion losses	Assets affected by earthquake and tsunami	
	12.31.2011 ThUS$	**12.31.2010** ThUS$
Information relevant to the sum of all impairment	**36,124**	**144,207**

At the date of these financial statements has reversed a portion of the associated impairment provision of physical damage of property, plant and equipment from the earthquake and tsunami. The amount of the existing provision is referred to goods that are in the process of repair and / or replacement, the majority expected to be completed at the end of this year.

NOTE 27. RETAINED EARNINGS

	12.31.2011 ThUS$	12.31.2010 ThUS$
Opening balance	8,230,537	7,621,923
Income (loss) for the period	932,725	1,013,789
Dividends paid	(143,230)	(132,865)
Interim dividends	(234,403)	(263,037)
Actuarial losses and gains	0	0
Other items	0	(9,273)
Exchange differences	0	0
Ending balance	**8,785,629**	**8,230,537**

NOTE 28. ENVIRONMENT

For Empresas Copec S.A., sustainability translates into a management strategy that incorporates values, commitments and standards, together with adoption of the best practices and technologies available in the industry, seeking ongoing improvement in the company's environmental management. The Environment department, with its specialists in each business area, ensures that these guidelines are put into practice in day-to-day operations.

All of the affiliate Arauco's production units have certified environmental management systems that reinforce the Company's commitment to environmental performance and ensure the traceability of raw materials.

In its production processes, the affiliate Arauco uses various inputs, such as wood, chemicals, water, etc., which in turn generate liquid and gaseous emissions. In an effort to improve the company's operating efficiency, significant advances have been made in reducing consumption and emissions.

Environmental investments were made related to atmospheric emission control, processes improvements, water management, waste management and tributary treatments in order to improve environmental performance in business units.

Expenditures incurred and committed during the period related to environmental protection are detailed below:

Forestry Sector

Company	12.31.2011	Disbursements Made in 2011				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Celulosa Arauco y Constitución S.A.	Construction of outlets	Complete	330	Asset	Property, plant and equipment	0	-
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	Complete	132	Asset	Property, plant and equipment	0	-
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	Complete	54	Asset	Property, plant and equipment	0	-
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	1,744	Asset	Property, plant and equipment	3,506	2012
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	Complete	1,965	Asset	Property, plant and equipment	0	-
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	1,711	Asset	Property, plant and equipment	4,344	2012
Celulosa Arauco y Constitución S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	3,583	Asset	Property, plant and equipment	2,426	2012
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	In progress	1,832	Asset	Property, plant and equipment	590	2012
Alto Paraná S.A.	Construction of outlets	In progress	39	Asset	Property, plant and equipment	774	2012
Alto Paraná S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	2	Asset	Property, plant and equipment	2,606	2012
Paneles Arauco S.A.	Management for the implementation of environmental improvements	In progress	247	Asset	Property, plant and equipment	546	2012
Paneles Arauco S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	390	Expense	Administrative expenses	400	2012
Paneles Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	3,288	Expense	Operating costs	2,510	2012
Paneles Arauco S.A.	Management for the implementation of environmental improvements	In progress	1,416	Expense	Administrative expenses	1,976	2012
Paneles Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	474	Asset	Property, plant and equipment	257	2012
Forestal Celco S.A.	Management for the implementation of environmental improvements	Complete	853	Asset	Property, plant and equipment	0	2012
Forestal Celco S.A.	Management for the implementation of environmental improvements	In progress	407	Expense	Administrative expenses	552	2012
Forestal Valdivia S.A.	Management for the implementation of environmental improvements	In progress	244	Expense	Administrative expenses	126	2012
Arauco Do Brasil S.A.	Management for the implementation of environmental improvements	In progress	4,721	Asset	Property, plant and equipment	6,244	2012
Total			**23,432**			**26,857**	

Company	12.31.2010	Disbursements Made in 2010				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Celulosa Arauco y Constitución S.A.	Construction of outlets	Complete	3,915	Asset	Property, plant and equipment	0	-
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	In progress	1,752	Asset	Property, plant and equipment	158	2011
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	Complete	19,142	Expense	Operating costs	0	-
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	Complete	1,096	Expense	Administrative expenses	0	-
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	5,410	Asset	Property, plant and equipment	251	2011
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	370	Expense	Operating costs	28	2011
Celulosa Arauco y Constitución S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	Complete	1,125	Asset	Property, plant and equipment	0	-
Celulosa Arauco y Constitución S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	Complete	394	Expense	Operating costs	0	-
Alto Paraná S.A.	Construction of outlets	In progress	705	Asset	Property, plant and equipment	813	2011
Alto Paraná S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	726	Asset	Property, plant and equipment	3,486	2011
Paneles Arauco S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	467	Expense	Administrative expenses	500	2011
Paneles Arauco S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	1,696	Asset	Operating costs	2,264	2011
Paneles Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	Complete	3,329	Expense	Administrative expenses	0	-
Paneles Arauco S.A.	Management for the implementation of environmental improvements	In progress	898	Asset	Property, plant and equipment	2,080	2011
Paneles Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	702	Asset	Property, plant and equipment	22	2011
Forestal Celco S.A.	Management for the implementation of environmental improvements	In progress	853	Asset	Property, plant and equipment	853	2012
Forestal Celco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	Complete	586	Asset	Property, plant and equipment	0	-
Arauco Do Brasil S.A.	Management for the implementation of environmental improvements	In progress	1,820	Asset	Property, plant and equipment	2,285	2011
Total			**44,986**			**12,740**	

Fuel Sector

Company	12.31.2011	Disbursements Made in 2011				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Compañía de Petróleos de Chile Copec S.A.	Sewage treatment plant	In force	17	Asset	Works in progress	8	2012
Compañía de Petróleos de Chile Copec S.A.	Spill recovery and containers	In force	100	Asset	Works in progress	146	2012
Compañía de Petróleos de Chile Copec S.A.	Fire protection system	In force	83	Asset	Works in progress	222	2012
Compañía de Petróleos de Chile Copec S.A.	Environmental evaluation	-	92	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Waste removal	-	18	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Sewage treatment	-	8	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Plant repair	-	116	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Dangerous waste removal	In progress	33	Expense	Administrative expenses	44	-
Abastecedora de Combustibles S.A.	Transport and collection of garbage	In progress	42	Expense	Administrative expenses	22	-
Abastecedora de Combustibles S.A.	Liquid waste treatment	In progress	71	Expense	Administrative expenses	12	-
Abastecedora de Combustibles S.A.	Plant cleaning and maintenance	In progress	258	Expense	Administrative expenses	70	-
Abastecedora de Combustibles S.A.	Marine monitoring program and proposed dredging	In progress	41	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Sewer connection and potable water for sales office in Los Angeles	Complete	4	Investment	Works in progress	33	2011
Abastecedora de Combustibles S.A.	Clean system for PCY cylinders	In progress	54	Investment	Works in progress	34	2011
Abastecedora de Combustibles S.A.	Sewage treatment plant at PLE	Ready to begin	0	Investment	Works in progress	142	2011
Abastecedora de Combustibles S.A.	Sewage treatment plant at PED	Ready to begin	2	Investment	Works in progress	77	2011
Total			**939**			**810**	

Company	12.31.2010	Disbursements Made in 2010				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Compañía de Petróleos de Chile Copec S.A.	Sewage treatment plants	Complete	315	Asset	Works in progress	0	-
Compañía de Petróleos de Chile Copec S.A.	Spill recovery and containers	Complete	24	Asset	Works in progress	0	-
Compañía de Petróleos de Chile Copec S.A.	Fire protection system	In force	956	Asset	Works in progress	21	2011
Compañía de Petróleos de Chile Copec S.A.	Environmental evaluation	In force	44	Expense	Administrative expenses	16	2011
Compañía de Petróleos de Chile Copec S.A.	Waste removal	Complete	28	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Sewage treatment	Complete	14	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Plant repair	Complete	19	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Dangerous waste removal	In progress	48	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Transport and collection of garbage	In progress	16	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Liquid waste treatment	In progress	96	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Plant cleaning and maintenance	In progress	11	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Sewer connection and potable water for sales office in Los Angeles	In progress	1	Investment	Works in progress	37	2010
Abastecedora de Combustibles S.A.	Chillán sewer connection	Complete	16	Investment	Works in progress	0	2010
Abastecedora de Combustibles S.A.	Lenga plant sewage treatment plant	Ready to begin	0	Investment	Works in progress	137	2010
Abastecedora de Combustibles S.A.	Marine monitoring program and proposed dredging	In progress	92	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Sewage treatment plant at PED	Ready to begin	0	Investment	Works in progress	64	2011
Abastecedora de Combustibles S.A.	Clean system for PCY cylinders	In progress	10	Investment	Works in progress	31	2011
Abastecedora de Combustibles S.A.	Disposal of surplus earthworks in San Vicente storage facility	Complete	1,527	Investment	Works in progress	1,077	2010
Total			**3,217**			**1,383**	

Fishing Sector

Company	12.31.2011	Disbursements Made in 2011				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Pesquera Iquique y Guanaye S.A.	Adjustment of systems in plants	Active	118	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Improvements to unloading system of non professional fishing	Active	407	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Environmental impact study	In progress	122	Asset	Works in progress	12	2012
Total			**647**			**12**	

Company	12.31.2010	Disbursements Made in 2010				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Pesquera Iquique y Guanaye S.A.	Upgrade of fleet	In progress	451	Asset	Works in progress	0	-
Pesquera Iquique y Guanaye S.A.	Improvement of sanitary facilities	Active	2	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Adjustment of systems in plants	In progress	56	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Adjustment of systems in plants	In progress	78	Asset	Works in progress	2	2011
Pesquera Iquique y Guanaye S.A.	Improvements to unloading system of non professional fishing	Active	289	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Environmental impact study	In progress	13	Asset	Works in progress	0	2011
Total			**889**			**2**	

NOTE 29. OPERATING SEGMENTS

Operating segments have been defined according to the manner in which senior management reports on their segments internally in order to make operating decisions and to allocate resources. In addition, the availability of relevant financial information has also been considered in the defining of operating segments.

The segments were divided according to the main direct affiliates: Celulose Arauco y Constitución S.A., Compañía de Petróleos de Chile Copec S.A., Abastible S.A. and Pesquera Iquique-Guanaye S.A. These Companies together represent more than 90% of the sales, EBITDA, net income, and consolidated assets and liabilities.

- Celulosa Arauco y Constitución S.A.:

Arauco has established itself as one of the leading forestry companies in Latin America, in terms of area and yield of its plantations, market kraft pulp manufacturing, and sawn timber and panel production.

Arauco's plantations and forest lands span 1.7 million hectares in Chile, Argentina, Brazil and Uruguay. In the first three countries the Company also has modern industrial facilities, which include six pulp mills, with a production capacity of 3.2 million tons per year; 9 operating sawmills that produce 2.8 million m^3 of timber per year and 8 panel plants whose production capacity reaches 3.2 million m^3 per year.

During 2011, Arauco's production totaled 2,815,879 tons of pulp, 2,525,829 m^3 of sawn timber and 2,968,388 m^3 of panels. Sales totaled US$ 4,374.5 million, of which 49.4% corresponded to pulp, 16.8% to sawn timber, 29.5% to panels and 4.3% to other products.

Of the total sales, 29% was sold in the Chilean market and the rest overseas, primarily to Asia and the Americas.

- Compañía de Petróleos de Chile Copec S.A.:

Compañía de Petróleos de Chile Copec S.A. is one of the country's most important sellers and distributors of fuel for domestic and industrial use. It was established in 1934 and began selling gasoline the following year. Over time, the company expanded its line of business and diversified its activities. Copec has 621 service stations throughout the country, forming the most extensive network in Chile, which includes 70 Pronto convenience stores and 200 Punto stores. The company also manages an industrial channel that supplies nearly 4,000 customers, belonging to the most important segments of the national economy. The company manages the Mobil and Esso brand lubricants for vehicles and machinery and has 15 fuel storage plants between Arica and the Chacabuco Port, with a total capacity of 384,000 m^3.

In 2010, the company took over the Colombian society, Terpel. With this, the company started the internationalization of the sale business, accessing into five markets: Colombia, Ecuador, Panama, Peru y Mexico.

Organización Terpel has a service station network with 1,967 sales points, of which 1,801 are in Colombia where it has a market share of 43.3%. The company also has 289 natural gas sales points through Gazel, a company that was acquired in 2008. It is also the main wholesale distributor in Colombia with 900 customers in industry, transport and aviation, a sector where it has a 50.6% share.

- Abastible S.A.:

Abastecedora de Combustibles S.A., Abastible, was founded in 1956 with the purpose of selling liquefied petroleum gas for domestic, commercial and industrial use. The company, which provides storage, packaging and distribution services of liquefied petroleum gas have established itself as a major player in the national energy sector.

Abastible serves more than 1.6 million customers, between Atacama and Aysén. It has a network of 1,488 distributors, 15 sales and distribution offices, 49,000 tanks, 5.6 million cylinders, 7 cylinder filling plants and a marine fuel terminal for loading and unloading of liquefied and gaseous fuels.

In June 2011, the company acquired a controlling participation in the society Inversiones del Nordeste S.A., which has a share of 34% in the liquefied petroleum gas market in Colombia.

- Pesquera Iquique - Guanaye S.A.:

Empresas Copec S.A. has been present in the Chilean commercial fishing sector since 1980 through Pesquera Guanaye Ltda., which many years later merged with Pesquera Iquique S.A. producing Pesquera Iquique-Guanaye Igemar as a result.

Through its partner Corpesca S.A., Igemar operates in the north of Chile, and with its affiliate Orizon S.A., recently created from the merger between SouthPacific Korp S.A. and Pesquera San José S.A., in the country’s central-south region.

These companies’ products include fishmeal, which is mainly used as a raw material in food production for aquaculture and livestock, due to its high level of protein, Omega 3 fatty acids and favorable digestibility. Fish oil, another of its products, is used extensively in aquaculture. However, in recent years, it has been gaining importance as a nutritional supplement in human nutrition and the pharmaceutical industry. Canned and frozen products, using mackerel as the main raw material, are produced for human consumption. Mussel are produced canned and frozen.

The primary destinations of these products are the domestic market and Asian and European market.

- Sociedad Nacional de Oleoductos S.A.:

Copec, Enap and Esso Chile established Sociedad Nacional de Oleoductos S.A., Sonacol, in 1957 to create an oil pipeline network to transport fuels and other oil byproducts. In 1979, the company added a maritime division to deliver fuels to the most distant parts of the country.

Sonacol became an affiliate of Empresas Copec in 2004 and the following year it split the ocean and land shipping businesses, thereby giving rise to Sociedad Nacional Marítima S.A. (Sonamar). Copec reduced its stake in Sonamar in 2006 when Sociedad de Inversiones Monterrey joined the company.

Sonacol currently has a 465-kilometer oil pipeline network that runs from Quintero to San Fernando, which transports 98% of the fuels for the Metropolitan Region. The company also has 9 pumping stations, a product delivery terminal and a central dispatch facility strategically located in the corporate building.

Sonamar has a fleet of four oil tankers with a total capacity to ship 255.7 thousand m^3 of oil and its byproducts to the centers of greater demand at Chile.

The main performance figures associated with these segments, as of December 31, 2011 and 2010, respectively, are outlined below:

Segments 2011	Arauco ThUS$	Copec ThUS$	Abastible ThUS$	Sonacol ThUS$	Igemar ThUS$	Others ThUS$	Subtotal ThUS$	Elimination ThUS$	Total ThUS$
Operating revenues from external customers	4,374,495	15,728,619	722,196	42,396	235,063	21,809	21,124,578	0	21,124,578
Inter-segment operating revenues	0	145,618	5,997	32,904	0	2,894	187,413	(187,413)	0
								0	
Interest income	24,589	11,583	948	293	670	10,742	48,825	0	48,825
Interest expense	(196,356)	(89,558)	(9,993)	(7,226)	(1,545)	1,107	(303,571)	0	(303,571)
Interest expense, net	**(171,767)**	**(77,975)**	**(9,045)**	**(6,933)**	**(875)**	**11,849**	**(254,746)**	**0**	**(254,746)**
Operating income	598,891	375,180	86,149	53,748	(9,133)	(1,693)	1,103,142	0	1,103,142
EBITDA	**1,312,667**	**511,371**	**115,806**	**60,732**	**19,853**	**1,424**	**2,021,853**	**0**	**2,021,853**
Depreciation and amortization	230,737	136,191	29,657	6,984	28,986	3,117	435,672	0	435,672
Income (loss) from the reporting segment	**620,786**	**241,044**	**65,812**	**37,747**	**(7,058)**	**36,439**	**994,770**	**0**	**994,770**
Share in income (loss) of associates	(11,897)	18,394	10,197	0	8,140	39,906	64,740	0	64,740
Income (expense) from income taxes	(152,499)	(73,808)	(16,117)	(9,656)	2,961	8	(249,111)	0	(249,111)
Investments by segment									
Incorporations of property, plant and equipment	591,328	210,274	66,049	18,590	69,019	4,071	959,331	0	959,331
Payments to achieve biological assets	138,198	0	0	0	0	0	138,198	0	138,198
Payments to acquire affiliates and associates	426,729	182,000	78,941	0	0	0	687,670	0	687,670
Loans to related companies	7,619	35,045	0	0	250	75,882	118,796	0	118,796
Payments to acquire other investments	0	0	0	0	0	0	0	0	0
Total investments	**1,163,874**	**427,319**	**144,990**	**18,590**	**69,269**	**79,953**	**1,903,995**	**0**	**1,903,995**
Country of origin of operating revenues									
Operating revenues - local (Chilean companies)	3,366,525	11,517,133	722,196	42,396	235,063	21,809	15,905,122	0	15,905,122
Operating revenues - foreign (foreign companies)	1,007,970	4,211,486	0	0	0	0	5,219,456	0	5,219,456
Total operating revenues	**4,374,495**	**15,728,619**	**722,196**	**42,396**	**235,063**	**21,809**	**21,124,578**	**0**	**21,124,578**
Assets by segment	**12,457,722**	**4,769,184**	**781,560**	**351,851**	**788,208**	**946,353**	**20,094,878**	**0**	**20,094,878**
Equity method investments	886,706	90,248	44,563	0	138,430	334,128	1,494,075	0	1,494,075
Liabilities by segment	5,427,572	3,050,090	414,089	192,233	231,797	(19,953)	9,295,828	0	9,295,828
Country of origin of non-current assets									
Chile	7,040,425	1,154,525	686,057	341,064	635,516	455,945	10,313,532	0	10,313,532
Foreign	2,954,637	1,191,141	0	0	0	0	4,145,778	0	4,145,778
Total non-current assets	**9,995,062**	**2,345,666**	**686,057**	**341,064**	**635,516**	**455,945**	**14,459,310**	**0**	**14,459,310**

Segments 2010	Arauco ThUS$	Copec ThUS$	Abastible ThUS$	Sonacol ThUS$	Igemar ThUS$	Others ThUS$	Subtotal ThUS$	Elimination ThUS$	Total ThUS$
Operating revenues from external customers	3,788,354	7,775,363	470,502	40,075	69,949	5,535	12,149,778	0	12,149,778
Inter-segment operating revenues	0	88,983	4,503	27,245	0	2,665	123,396	(123,396)	0
Interest income	22,154	3,713	360	60	335	7,601	34,223	0	34,223
Interest expense	(213,912)	(15,611)	(6,971)	(6,010)	(1,001)	1,075	(242,430)	0	(242,430)
Interest expense, net	**(191,758)**	**(11,898)**	**(6,611)**	**(5,950)**	**(666)**	**8,676**	**(208,207)**	**0**	**(208,207)**
Operating income	786,668	246,173	72,944	47,851	(2,598)	(5,282)	1,145,756	0	1,145,756
EBITDA	**1,405,931**	**296,261**	**89,637**	**53,909**	**11,675**	**(4,150)**	**1,853,263**	**0**	**1,853,263**
Depreciation and amortization	233,655	50,088	16,693	6,058	14,273	1,132	321,899	0	321,899
Income (loss) from the reporting segment	**700,749**	**210,116**	**61,797**	**34,322**	**(7,943)**	**36,293**	**1,035,334**	**0**	**1,035,334**
Share in income (loss) of associates	(7,693)	28,961	11,461	0	6,570	27,924	67,223	0	67,223
Income (expense) from income taxes	(198,018)	(30,010)	(10,805)	(7,356)	2,218	(770)	(244,741)	0	(244,741)
Investments by segment									
Incorporations of property, plant and equipment	516,001	94,443	45,152	14,931	36,365	0	706,892	0	706,892
Payments to achieve biological assets	116,191	0	0	0	0	0	116,191	0	116,191
Payments to acquire affiliates and associates	54,536	284,985	0	0	0	78	339,599	0	339,599
Loans to related companies	0	0	0	0	0	0	0	0	0
Payments to acquire other investments	0	0	0	0	0	992	992	0	992
Total investments	**686,728**	**379,428**	**45,152**	**14,931**	**36,365**	**1,070**	**1,163,674**	**0**	**1,163,674**
Country of origin of operating revenues									
Operating revenues - local (Chilean companies)	2,846,179	7,775,363	470,502	40,075	52,492	5,535	11,190,146	0	11,190,146
Operating revenues - foreign (foreign companies)	942,175	0	0	0	17,457	0	959,632	0	959,632
Total operating revenues	**3,788,354**	**7,775,363**	**470,502**	**40,075**	**69,949**	**5,535**	**12,149,778**	**0**	**12,149,778**
Assets by segment	**12,506,332**	**4,322,427**	**610,506**	**376,734**	**787,414**	**846,385**	**19,449,798**	**0**	**19,449,798**
Equity method investments	498,204	95,877	43,309	0	138,500	363,018	1,138,908	0	1,138,908
Liabilities by segment	5,665,757	2,244,469	313,117	199,659	240,809	(3,193)	8,660,618	0	8,660,618
Country of origin of non-current assets									
Chile	6,780,458	2,359,594	522,211	364,743	595,543	409,068	11,031,617	0	11,031,617
Foreign	2,573,758	0	0	0	0	0	2,573,758	0	2,573,758
Total non-current assets	**9,354,216**	**2,359,594**	**522,211**	**364,743**	**595,543**	**409,068**	**13,605,375**	**0**	**13,605,375**

NOTE 30. BORROWING COSTS

The Group capitalizes interest on current investment projects by calculating the average rate of loans dedicated to financing these investment projects.

Costs of capitalized interest for property, plant and equipment	January - December	
	2011 ThUS$	2010 ThUS$
Capitalization rate for costs of capitalized interest for property, plant and equipment	4.92%	5.59%
Amount of costs of capitalized interest for property, plant and equipment	6,790	7,531

NOTE 31. SUBSEQUENT EVENTS

- From the affiliate Celulosa Arauco y Constitución S.A.:

1. The following was reported on January 15, 2012:

"The undersigned, in representation of the corporation Celulosa Arauco y Constitución S.A., hereinafter "Arauco" or the "Company", both domiciled in the Metropolitan Region, at Avenida El Golf No. 150, 14th, in the Council of Las Condes, the company registered in the Securities Registry under No. 42, Tax ID Number 93.458.000-1, communicates the following essential information related to the Society and its business areas by virtue of that disposed on the Article 9th and subsection 2nd of the Article 10th, both registered under the Law N°18,045 and in the General Rule N°30 of the Superintendency of Se curities:

On January 4, 2012, Celulosa Arauco y Constitución S.A. established the price and conditions of the bonds issued in the United States of America on January 11, 2012 of US$500 million. These bonds have 10-year maturity and an interest rate of 4.75% a year. The capital will be paid on the bond maturity date of January 11, 2022, and interest will be paid half yearly.

The proceeds from this issuance will be allocated to refinancing the company's liabilities and for other corporate purposes."

2. The following was reported on January 2, 2011:

"The undersigned, in representation of the corporation Celulosa Arauco y Constitución S.A., hereinafter "Arauco" or the "Company", both domiciled in the Metropolitan Region, at Avenida El Golf No. 150, 14th, in the Council of Las Condes, the company registered in the Securities Registry under No. 42, Tax ID Number 93.458.000-1, communicates the following essential information related to the Society and its business areas by virtue of that disposed on the Article 9th and subsection 2nd of the Article 10th, both registered under the Law N°1 8,045 and in the General Rule N°30 of the Superintendency of Se curities:

As of Saturday, December 31, 2011, there have been various outbreaks of fires in the Bío Bío Region and, due to the high temperatures and strong winds, the fires intensified, affecting the plantations of Arauco's forestry affiliates, and also, as of the early hours of January 2, 2012, the Nueva Aldea industrial and forestry complex in the Ranquil district.

Up to that day, the fire had affected about 4,000 hectares of Arauco's plantations.

The fire that reached the Nueva Aldea complex seriously damaged the panel mill, which had a production capacity of 450,000 m^3 a year.

The fire did not damage any other facilities of the Nueva Aldea complex. Besides the panel mill, this has a wood pulp mill, a log plant, a sawmill and biomass-fired electricity generating plants. All the preventive action possible was taken so the fire would not reach these other industrial facilities.

As a prevention measure, Arauco shut down all the facilities of the Nueva Aldea complex, made sure its employees were safe and protected and none of them were harmed.

Arauco is assessing the damage caused by these fires, and we are therefore not yet able to quantify the effect on its results.

Lastly, it should be highlighted that the plantations and industrial assets have insurance coverage."

- From the affiliate Compañía de Petróleos de Chile S.A.:

1. The following was reported on February 15, 2012:

"The financial Superintendency of Colombia authorized the takeover bid of Proenergía Internacional S.A. by the subsidiary Copec Investments Ltd.

The main characteristics of this takeover bid are:

a) The beneficiaries shall be all those shareholders holding common and outstanding stock of Proenergía, other than Copec Investments, its parent company and/or subsidiaries.

b) The aim is to acquire a minimum of one share and a maximum of 58,285,355 shares.

c) Copec Investments currently holds 74,629,442 shares (56.15%).

d) The target price to be paid for each share is COL$9,280.

e) The deadline for submitting acceptance is ten business days from February 27, 2012 to March 9, 2012.

f) Copec Investments and the Colombian Financial Corporation signed a pre-agreement to sell 13,278,232 shares (9.99%) that the latter holds of Proenergía."

There have been no other subsequent events between December 31, 2011 and the date of issuance of these consolidated financial statements, which could affect the financial situation of the companies significantly.