

We endeavour to develop our work with commitment and responsibility; through generating employment, profitability for our shareholders, with quality products for our clients, education and training for our workers and neighbours, and concern for the environment; just like a tree that bears fruit when tended carefully.



i n d e x  
**2007**  
annual report

**04**

**The Company**

06/ Letter to Shareholders  
10/ Company History  
12/ Board of Directors, Committee of  
Directors and Management  
14/ The Company  
16/ Subsidiaries

**24**

**Sustainability,  
Community and  
Environment**

**30**

**Business Development**

32/ Forestry  
34/ Pulp  
36/ Paper  
38/ Tissue  
40/ Paper Products

**42**

**Financial Information**

44/ Financial Analysis  
66/ Ownership Structure  
68/ General Information

**79**

**Financial Statements**

80/ Consolidated Financial Statements  
132/ Overseas Representatives  
136/ Banks  
137/ General Information







## The Company



Letter to  
Shareholders

Company History

Board of Directors,  
Committee of  
Directors and  
Management

Subsidiaries

Our roots bear  
witness to the  
development of our  
work since 1920.

The mission of CMPC is to produce and sell wood, pulp, paper, tissue products and paper products of a superior and competitive quality, which add value to shareholders and clients and create development opportunities for the workers and communities living adjacent to the company's premises and mills.





## Letter to Shareholders

Dear Shareholders,

I would like to start this letter with which I present the Annual Report and Financial Statements of our Company for the recent financial year, by remembering Mr Ernesto Ayala Oliva, who tirelessly dedicated almost 50 years of his life to the development of CMPC.

2007 was a year of important events for CMPC. The start of operations and consolidation of new projects, which entailed investments of more than US\$2,100 million during the last four years, and favourable market conditions for the main export products, produced a large increase both in sales as well as profits, placing the Company in a promising position for the future.

During the year CMPC achieved consolidated sales of \$1,603,610 million (US\$3,227 million), up 24.2% compared to the previous year. The total year's net income reached \$249,370 million (US\$502 million), a 112.4% increase compared to the previous year. These achievements are the outcome of the work undertaken in all the business areas where each one, with effort, vision and initiative has fulfilled its potential to create value and enlarge CMPC.

The economic environment of 2007 was highlighted by a fast growing world economy; however, despite the favourable situation abroad, Chile did not achieve significant growth. The appreciation of the *peso* is a worrying fact that has forced us to seek greater efficiency in all activities in order to counteract the

loss of our competitiveness caused by this situation.

I would like to make brief reference to our operations, highlighting the most relevant market conditions and the investment projects implemented.

In forestry and solid wood products, sales increased significantly because of the greater demand for pulp due to the start of operations of the second line at Santa Fe Mill; however, the sharp fall in the construction market in the United States has caused a reduction in demand for the products of this sector, affecting the prices of reprocessed products sold in this market.

Over the course of the year more than 30,000 hectares were planted and the yield levels for eucalyptus reached around 3.1 million m<sup>3</sup> per annum, which supplied the Santa Fe pulp plant. This, in addition to the volume of pine, brought production to almost 9 million m<sup>3</sup>. The operational results of Forestal Mininco were adversely affected by cost increases due to the rise in oil prices and the drop in the exchange rate.

With regard to investments and projects, operations began at Plywood Mill, which, with an investment of over US\$70 million, will produce 250,000 m<sup>3</sup> of high quality plywood panels.

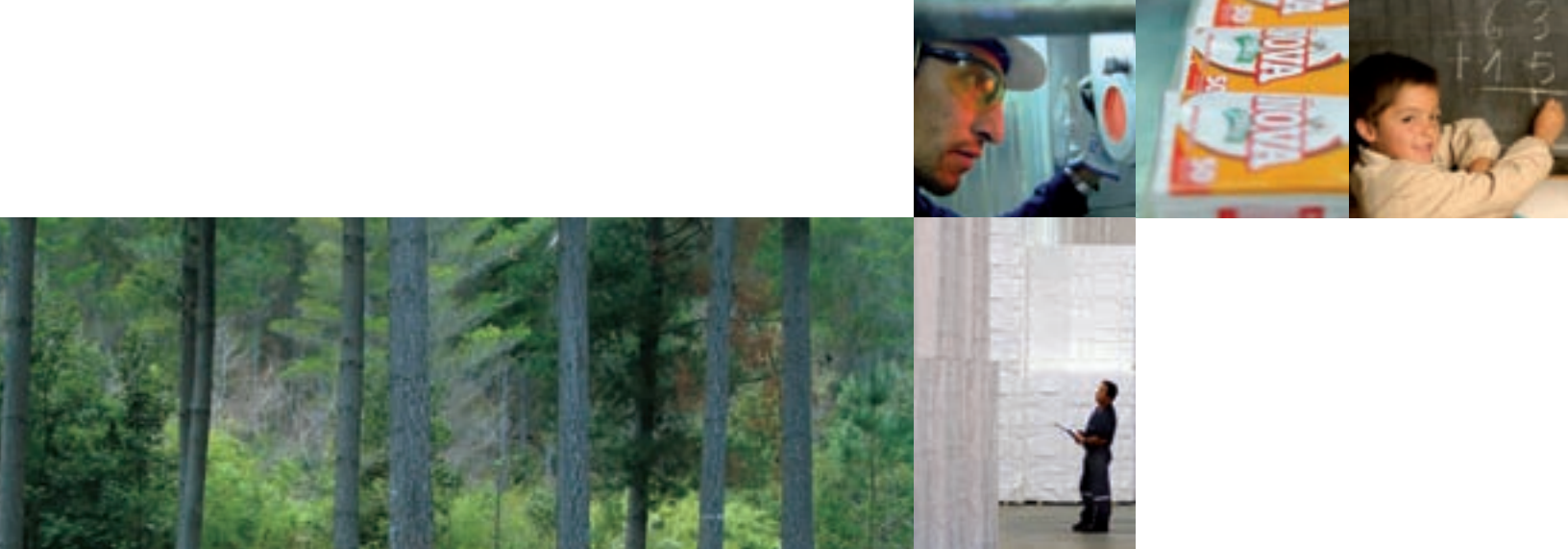
Regarding land acquisitions, 5,027 hectares were bought at Hacienda Rupanco in Los Lagos region, which are

in addition to 4,023 hectares acquired the previous year, and to the forestry assets of Fourcade Companies, with an approximate area of 5,300 hectares of radiata pine in the Loncoche area. CMPC will build a sawmill in this region with an initial production capacity of 120,000 m<sup>3</sup> per annum and an agreed investment of US\$10.7 million.

In the pulp market international prices showed steady growth during 2007, despite at a notably slower rate than other commodities.

The start of operations of the second production line at Santa Fe made a significant achievement during its 'learning phase'. In a brief period of time it managed to reach its design capacity, attaining a production of almost 720,000 tonnes during 2007. At the request of the authorities, two environmental audits were carried out at this plant, one national and one international, in which strict compliance with the obligations and commitments of the project were verified, within the framework of its Environmental Standards Resolution.

At Páficco Mill an investment of US\$55 million will be made to improve environmental performance, which is subject to approval from the environmental authorities. Substantial improvements in the recovery and management of both liquid and air emissions are being considered, including the replacement of the secondary treatment plant. This is likely



to be completely finalised towards the end of 2009, although some of the environmental benefits will be seen beforehand.

The paper business, including boxboard, corrugated paper and newsprint, had sales of 881,000 tonnes, a growth of 12% compared to 2006, mainly in boxboard and corrugated paper. The different types of paper saw their prices increase during the year, except newsprint that continued with the downward trend in price started at the end of 2006, a situation that began to reverse towards the end of the year.

In corrugated paper, during the final months of 2007, the expected production targets in the expansion project of the Paper Machine 20, developed in 2006 and which required an investment of US\$36 million were archived. In boxboard, Maule Mill is currently being expanded, which will enable it to obtain an additional 60,000 tonnes, with an investment of US\$25 million, with the start of operations expected in June 2008. Meanwhile in 2007, SOREPA retrieved a total of 301,000 tonnes of recycling paper, 5% more than in 2006.

During 2007 important advances were made with regard to CMPC Tissue's international development plans, with the acquisition of the operations of the Mexican group PIMABE in Colombia and Uruguay. These acquisitions will provide interesting opportunities for future development, and will enable to take advantage and optimise the existing diaper business, as well as to initiate activities in the tissue business in Colombia.

Due to the expected growth in tissue products sales, it was decided to undertake a number of investments, which consider the installation of 5 new paper machines in Chile, Argentina, Peru, Uruguay and Mexico, with a total investment of US\$150 million.

The paper products section, including the corrugated boxes business, industrial bags and moulded pulp trays, performed well mainly due to the important recovery of sales to the fruit and vegetable markets and the growth in the sale of industrial bags.

CMPC looks towards the future with confidence. To have an overview, it is worth bearing in mind that ten years ago, when we took over Pacífico and Santa Fe Mills, annual sales were US\$1,204 million and profits were US\$108 million. At that time the company had 371,000 hectares of plantations and wood pulp production had not reached 1 million tonnes. Today, CMPC has 535,000 hectares of plantations, an annual pulp production capacity of 2 million tonnes, and paper production that has almost tripled. Also in 1997 we faced markets with uncertain prospects due to the crisis which affected the emerging Asian countries and which then spread to the developed economies three years later.

Today, once again we face uncertainties with a crisis currently surfacing in the most developed markets. However, CMPC is now much larger and much more diversified. Its solid base will enable it to operate its businesses on a larger scale, provide it with better market positions and greater efficiency. To continue along this path of development and progress,

which has placed us amongst the most renowned companies in the country, we will have to face challenges that will not just be limited to production and business areas. Today's companies must definitely meet requirements in health and safety, the environment, labour conditions and community relations. To tackle them correctly we believe it is essential to comply strictly with the law. The traditional open and constructive relationship of the Company with its workers, trade unions and communities must be reinforced by open and permanent communication; not only with the workers directly, but also with those that work for contractors who offer specialist services at our mills. Despite the fact that the contractual relationship with their employers is not our responsibility, the conditions under which they carry out their work is.

To conclude, I would like to thank all our clients and suppliers for their support and loyalty; and everyone who works at the Company for their commitment, dedication and efforts to meet responsibilities; and finally our shareholders for their ongoing belief in our institution.

Eliodoro Matte Larraín  
Chairman  
Empresas CMPC S.A.





# Ernesto Ayala Oliva

Last year, on June 17<sup>th</sup> we said a sad farewell to Ernesto Ayala Oliva. He passed away at 92, having led a life that was a great example to others in many ways. It is difficult to say which of his virtues stood out the most. He was outstanding. I paid my respects to him at the cemetery, in my capacity as Chairman of Empresas CMPC, representing my family and above all, as a friend to whom I was very close during the last 35 years.

He was very involved in numerous activities and possessed great personal qualities; a fighter, with a wonderful sense of humour, generous and very caring; a great businessman and trade leader; a staunch defender of free enterprise. His main concerns were focussed on the country's development, company results and the quality of the workers' lives.

He had great passions, defined by the increasingly rare character trait of people who are fully committed to the tasks they undertake, and who would defend their ideals to the last. At CMPC he followed on from his predecessor Mr Jorge Alessandri and the founders of the company Mr Luis and Mr Arturo Matte Larraín. The tradition of honesty, austerity, serving the public and social interest, marked his life and became permanent company policy.

He was born in 1916. For more than 60 years he was married to Adriana Marfil Labarca, with whom he had 6 children, 28 grandchildren and 10 great grandchildren.

His first ten years were spent in Antofagasta near the nitrate fields.

He was educated at the National Institute and then at the Engineering School of the University of Chile, from where he graduated with honours and won a scholarship to the United States.

When he was General Manager of Fensa in 1957, Jorge Alessandri Rodríguez, presidential candidate, summoned him to Empresas CMPC, so that he could take over his place.

From then on Don Ernesto worked tirelessly day in and day out for CMPC, leading the company for almost half a century, first as CEO and then as Director and Chairman.

One of the most important events that he lived through was the defence of CMPC during the 'Unidad Popular' government. He spoke about this with pride and it is not to be belittled, as arbitrarily they tried to expropriate one of the most important companies in the country. Mr. Ernesto started a campaign and persuaded all the company workers to side against the nationalisation with the resounding cry, "¡La Papelera No!", ("The Paper Mill No!"). Workers, students, housewives and businessmen all joined in, making this cry a symbol of the struggle for freedom in Chile.

For him the word 'promise' was unbreakable. He was a simple man. He always said that he preferred a party at a trade union a thousand times more to one in a great hall. "They are more fun", he confessed.

We were very close; when my father asked me to join CMPC in 1976 as a young engineer, he welcomed me with open arms, and for 5 years trained me enthusiastically and affectionately to replace him at the General Manager's office, and thereafter and for more than 30 years, we shared experiences and worked together to develop the company. I am grateful for the opportunity that God gave me to get to know him; definitely a gift that life has bestowed on me.

Since his demise, we have celebrated his life at CMPC with the publication of a biography that has been distributed to all the workers; a portrait has been hung in the Directors' Boardroom and a bust has been placed at the entrance to the Laja Pulp Mill. His legacy is enormous and we shall continue to go on learning from it. We shall share it with future generations, always keeping his memory alive.

*Written by Eliodoro Matte L., Chairman of Empresas CMPC, and published by El Mercurio Newspaper on December 30<sup>th</sup> 2007.*

## Company History

**1920**

CMPC is founded. It produces paper, cardboard and pulp from wheat chaff in the Puente Alto Mill.

**1938**

Start of newsprint production in Chile in paper Machine N° 9 at Puente Alto Mill.

**1940**

Acquisition of the Pinares Estate and the establishment of the first radiata pine plantations in Region VIII.

**1951**

Start of operations of Valdivia paper mill, initially with the production of newsprint and kraft. Towards

the end of the decade, boxboard production begins.

**1980**

New tissue products mill in Puente Alto.

**1983**

Creation of Prosan subsidiary and entry into the disposable diaper market in Chile.

**1985**

Start of operations of the Mulchén saw mill.

**1986**

Purchase of INFORSA, and sale of Bio Bio Newsprint Mill.

**1988**

Acquisition of corrugated boxes mill at Buin.

**1994**

Acquisition of IPUSA in Uruguay (tissue) and FABI in Argentina (industrial bags).

**1995**

Start up of two new tissue paper mills in Talagante (Chile) and Zárate (Argentina).

CMPC adopts a holding structure, dividing its five business divisions into subsidiaries.

**1996**

Acquisition of the La Papelera del Plata, Argentinian tissue producer.

Start of tissue operations in Peru.

**1999**

CMPC becomes one of the main suppliers of tissue paper in Latin America, after setting up its second paper machine in Argentina.

**2001**

Acquisition of the corrugated boxes mill, Til Til, from Inland.

**2002**

Inauguration of the new container board, Minimill, at Puente Alto Mill.

**2003**

Acquisition of Forestal y Agrícola Monteáguila with important eucalyptus plantations in Chile.

**2004**

Construction of the second pulp line at Santa Fe Mill begins, with a capacity of 780,000 tonnes per year.



**1957**

New Bío Bío newsprint mill in San Pedro de la Paz.

**1959**

The first pulp mill in Chile starts operations: Laja Mill.

**1960**

First CMPC exports of Chilean pulp to South America.

**70s**

New industrial paper bag factory at Chillán.

Start of vast radiata pine plantation programme.

Modernisation of paper machines at Puente Alto, Laja and Valdivia mills.

Construction of new moulded pulp tray mill and corrugated boxes factory, both located in Puente Alto.

**1990**

Start of eucalyptus planting programme.

**1991**

First foreign investment with the purchase of the Argentinian diaper producer Química Estrella San Luis S.A.

Start up of a new pulp mill in Chile, Pacífico Mill (Region IX).

**1993**

Sale of 50% of the Prosan subsidiary to Procter & Gamble, establishing a joint-venture for the development

of the disposable diaper and sanitary towels market in Chile, Argentina, Bolivia, Uruguay and Paraguay.

**1997**

Acquisition of 100% of Santa Fe and Pacifico mills.

A new corrugated box production line begins operations in Puente Alto.

Inauguration of the new industrial paper bag factory in Lima, Peru.

**1998**

Start up of Maule Mill which produces boxboard in the Yervas Buenas area.

Finalisation of the joint venture with Procter & Gamble.

Start of the production of tissue paper in Peru, at the new Santa Anita mill, Lima.

**2005**

Modernisation of operations at Mulchén sawmill, expansion of the Tissue Mill in Talagante and the boxboard mill in Maule.

Creation of the subsidiary CMPC Shared Services.

**2006**

Acquisition of ABSORMEX in Mexico (tissue).

Start up of the second production line at Santa Fe Mill in Nacimiento.

**2007**

Start of operations of new Plywood Mill in Region IX, Mininco area.

Acquisition of the Colombian company, Drypers Andina, producing and selling babies' diapers.

## Board of Directors, Committee of Directors and Management



▲ **CMPC Board of Directors:** Martín Costabal LL., Patricio Grez M., Gonzalo García B. (General Secretary), Bernardo Matte L., Eliodoro Matte L., Jorge Gabriel Larraín B., Juan Claro G., Arturo Mackenna I. (CEO) and Jorge Marín C.

The Company is headed by a Board of Directors, elected at the Annual Shareholders Meeting formed by seven members who hold their seats for three years. Their main function, regulated by law 18,046 on corporations ("Sociedad Anónima"), consists of managing the Company. The aforementioned law details, amongst other issues, the administrative function of the Board of Directors, setting out members' competencies, duties and responsibilities. The Board of Directors also represents the Company judicially and extra-judicially, in all areas necessary for it to comply with its social objectives, and thus it has all the administrative and regulatory powers that the law or statute do not deem exclusive to the Annual Shareholders Meeting. This Board of Directors meets on a monthly basis, to review and guide the development of the company in economic, environmental and social issues.

The shareholders can make their views known on the corporation's progress in legally convened ordinary and extraordinary meetings.

The remuneration of the Board of Directors varies according to the dividends awarded to the shareholders. Directors remuneration does not vary in accordance with meeting targets in economic, social or environmental areas.

The Board of Directors of Empresas CMPC is as follows:

**Chairman:** Eliodoro Matte L.  
*Industrial Civil Engineer*

**Directors:** Juan Claro G.  
*Businessman*

Martín Costabal LL.  
*Economist*

Patricio Grez M.  
*Civil Engineer*

Jorge Gabriel Larraín B.  
*Economist*

Jorge Marín C.  
*Business Administrator*

Bernardo Matte L.  
*Economist*

### Committee of

**Directors:** Martín Costabal LL.  
Patricio Grez M.  
Jorge Marín C.





## Management



◀  
**Chief  
Executive  
Officer**  
Arturo Mackenna I.  
*Industrial  
Civil Engineer*



◀  
**General  
Secretary**  
Gonzalo García B.  
*Lawyer*



◀  
**Chief Financial  
Officer**  
Luis Llanos C.  
*Industrial Civil  
Engineer*

EXTERNAL AUDITORS: PricewaterhouseCoopers



The Company

year|2007



## The Company



### ◀ Forestry

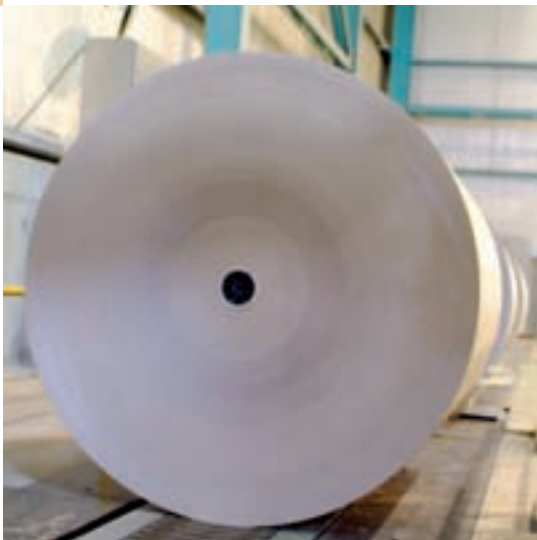
#### Forestal Mininco S.A.

Plantations in Chile and Argentina

4 Sawmills

2 Remanufacturing plants

1 Plywood Plant



### Paper ▶

#### CMPC Papeles S.A.

Papeles Cordillera S.A.

Cartulinas CMPC S.A.

Industrias Forestales S.A.

Edipac S.A.

Sorepa S.A.

### ▲ Pulp

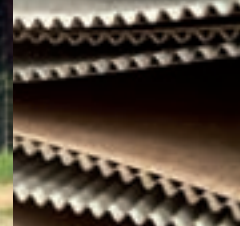
#### CMPC Celulosa S.A.

Pacifico Mill

Santa Fe Mill

Planta Laja Mill





## Tissue ►

### CMPC Tissue S.A.

Mills in:  
Chile  
Argentina  
Peru  
Uruguay  
Mexico  
Colombia



## ◀ Paper Products

CMPC Productos de Papel S.A.

Envases Impresos S.A.

Envases Roble Alto S.A.

Propa S.A. (Mills in Chile, Argentina and Peru)

Chimolsa S.A.

**Empresas CMPC S.A., founded in 1920, is a corporation ("Sociedad Anónima"), of private Chilean capital distributed in: 200 million shares and 7,377 shareholders.**

The Company

year|2007

## Subsidiaries







## Forestry

This area of CMPC develops business through the subsidiaries Forestal Mininco, responsible for managing the Company's forestry estates; and CMPC Maderas operating in solid wood products, such as sawn wood, remanufactured wood and plywood panels.

The Company owns forestry resources of more than 468,000 hectares of pine, eucalyptus and other species, located between Region VII and XI in Chile. In addition, in North Eastern Argentina, the subsidiary Bosques del Plata owns a forestry base of 67,000 hectares of mainly taeda and elliotti pine.

CMPC Maderas owns four sawmills in Region VII and VIII: Las Cañas, Bucalemu, Mulchén and Nacimiento, with an annual production capacity of around 1.4 million m<sup>3</sup> of radiata pine. CMPC Maderas exports 83% of its production to five continents. In addition, it owns two remanufacturing plants in Coronel and Los Ángeles that produce 180,000 m<sup>3</sup> of products derived from dry sawn wood (moulds, planks and laminates), and one plywood mill that recently started operations with an annual production capacity of 250,000 m<sup>3</sup>.



**Chairman**  
Eliodoro Matte L.

**Vice Chairman**  
Arturo Mackenna I.

**Directors**  
Gonzalo García B.  
Jorge Gabriel Larraín B.  
José Ignacio Letamendi A.  
Leonidas Montes L.  
Pedro Schlack H.

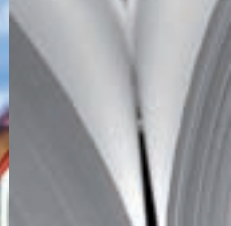
**Managing Director**  
Hernán Rodríguez W.





The Company

year|2007



## Subsidiaries



## Pulp

CMPC Celulosa operates three mills in Chile with a total annual production capacity of approximately 750,000 metric tonnes of bleached long fibre kraft, pulp (BSKP, from radiata pine wood) and 1.13 million tonnes of bleached short fibre kraft, pulp (BHKP, from eucalyptus wood).

Not counting the pulp consumed in other CMPC subsidiaries, it has a market pulp production capacity of 690,000 metric tonnes a year of long fibre and 1 million metric tonnes of short fibre, which places it among the ten greatest producers of market pulp in the world, with 3% of the global market.

CMPC Celulosa deals with more than 200 clients in America, Europe, Asia and Australasia. It is placed among the leading companies in the industrial world and has an efficient logistics network enabling it to offer its clients excellent distribution services.

### **Chairman**

Eliodoro Matte L.

### **Vice Chairman**

Arturo Mackenna I.

### **Directors**

Gonzalo García B.  
Jorge Gabriel Larraín B.  
Luis Llanos C.  
Jorge Matte C.  
Bernardo Matte L.

### **Managing Director**

Sergio Colvin T.







## Paper

This area of CMPC has a business structure consisting of five subsidiaries that produce and sell boxboard, corrugating materials, paper for industrial use and newsprint. In addition, it owns a subsidiary specializing in paper distribution and another in recycling.

Cartulinas CMPC S.A. sells 330,000 tonnes of boxboard each year, produced in the mills in Maule (Region VII) and Valdivia (Region X), to more than 40 countries in Latin America, Europe, Asia and the United States.

Papeles Cordillera S.A., located in Puente Alto (Metropolitan Region), sells a variety of corrugating materials, paper for packaging and construction, laminated paper and paper for industrial use, produced by four paper machines. The most important machine is the one

that produces corrugating materials from recycled fibres, with an annual capacity of 280,000 tonnes.

INFORSA S.A. sells newsprint produced at its mill in Nacimiento (Region VIII), which has an annual capacity of 200,000 tonnes, and is sold both in Chile and abroad. The main destination of its exports is Latin America; however, it also sells to North American, Caribbean, European and Asian markets.

In addition to these paper producing subsidiaries there is EDIPAC S.A., a distribution company mainly responsible for selling CMPC paper to the Chilean market, and SOREPA S.A., a company responsible for collecting paper and used cardboard boxes in Chile, to be recycled and used as a raw material in a variety of mills in Chile.

**Chairman**  
Eliodoro Matte L.

**Vice Chairman**  
Arturo Mackenna I.

**Directors**  
Jorge Araya D.  
Juan Claro G.  
Andrés Echeverría S.  
Luis Llanos C.  
Bernardo Matte L.

**Managing Director**  
Washington Williamson B.





The Company

year|2007



## Subsidiaries

### Tissue

CMPC Tissue produces and sells tissue products (toilet paper, paper towels, paper serviettes and tissues), sanitary products (diapers for children, pads for adults and sanitary towels) and specialised hygiene products available in institutions and public places in Chile, Argentina, Peru, Uruguay and Colombia.

CMPC offers a wide variety of products that vary according to quality and price. The products are mainly sold under their own brands, which have achieved high levels of recognition from consumers. Elite is the regional brand used by CMPC. Likewise, Confort and Nova in Chile, and Higienol and Sussex in Argentina, are leading brands in their respective markets in terms of toilet paper and paper towels. Disposable diapers for children, pads for adults and sanitary towels are sold under the respective brand names Babysec, Cotidian and Ladysoft.



**Chairman**  
Eliodoro Matte L.

**Vice Chairman**  
Arturo Mackenna I.

**Directors**  
Gonzalo García B.  
Jorge Hurtado G.  
Bernardo Larraín M.  
Luis Llanos C.  
Bernardo Matte L.

**Managing Director**  
Jorge Morel B.







## Paper Products

CMPC Productos de Papel has six subsidiaries producing and selling paper products such as corrugated boxes, paper bags or industrial sacks and moulded pulp trays.

The corrugated boxes business is handled by Envases Impresos S.A., which produces corrugated boxes for the fruit sector and salmon industry in two mills located to the south of Santiago in the Buin area, and Envases Roble Alto S.A., which manufactures corrugated boxes for the industrial and wine sectors at two industrial plants located in the Til Til and Quilicura areas of the Metropolitan Region of Chile.

The multiwall paper sack business is operated by the subsidiaries PROPA in Chile, with a mill in the city of Chillán; FABI in Argentina, located in the town of Olavarría and FORSAC in Peru, with operations in Lima. Local markets are served by the aforementioned plants, mainly the cement and construction materials industries, and in addition there are exports to several Latin American countries and the United States.

Chimolsa, whose industrial plant is located in Puente Alto, produces and sells moulded pulp trays for exporting apples and avocado, as well as egg trays and boxes.



**Chairman**  
Eliodoro Matte L.

**Vice Chairman**  
Arturo Mackenna I.

**Directors**  
Juan Carlos Eyzaguirre E.  
Gonzalo García B.  
Patricio Grez M.  
Andrés Infante T.  
Bernardo Matte L.

**Managing Director**  
Francisco Ruiz-Tagle E.

## Service Subsidiaries

### CMPC Shared Services

This subsidiary – created in 2005 – aims to provide high quality and competitively priced administrative services in accountancy, IT and communications, procurement and payroll, to meet the requirements of CMPC's business areas.

One of the benefits of this subsidiary is the improvement and standardisation of the administrative processes that provide back up and support for the various businesses, ensuring excellent customer service.

The accounting management section records and analyses general ledger accountancy, and consolidation, financial reporting and taxes to be paid by CMPC and all its subsidiaries in Chile.

The procurement section deals with all company purchases, taking advantage of economies of scale and more favourable business terms, due to the large volumes purchased.

The IT and communications services section automates administrative, planning and production programme processes, as well as operations control and other technological solutions to ensure the functioning of all the Company's businesses. At the same time, it supports the infrastructure, networks and workstations.



In the payroll services section the payroll is processed for all the staff of all the subsidiaries of Empresas CMPC S.A. in Chile, and other linked administrative processes are also carried out.

**Chairman**  
Luis Llanos C.

**Directors**  
Sergio Colvin T.  
Jorge Morel B.  
Hernán Rodríguez W.  
Francisco Ruiz-Tagle E.  
Washington Williamson B.

**Managing Director**  
Jorge Araya D.



## Portuaria CMPC

Portuaria CMPC S.A. is a port and logistics services company with one of its roles being port integration and coordination for Empresas CMPC and its subsidiaries, managing the designation of departure ports and the distribution of cargo from the mills, sawmills and other places. In addition, it coordinates the contracting of cargo ships.

Some of its main functions are controlling stock at ports, logistics, supervising the cargos to be exported and the administration of export documentation and port contracts.

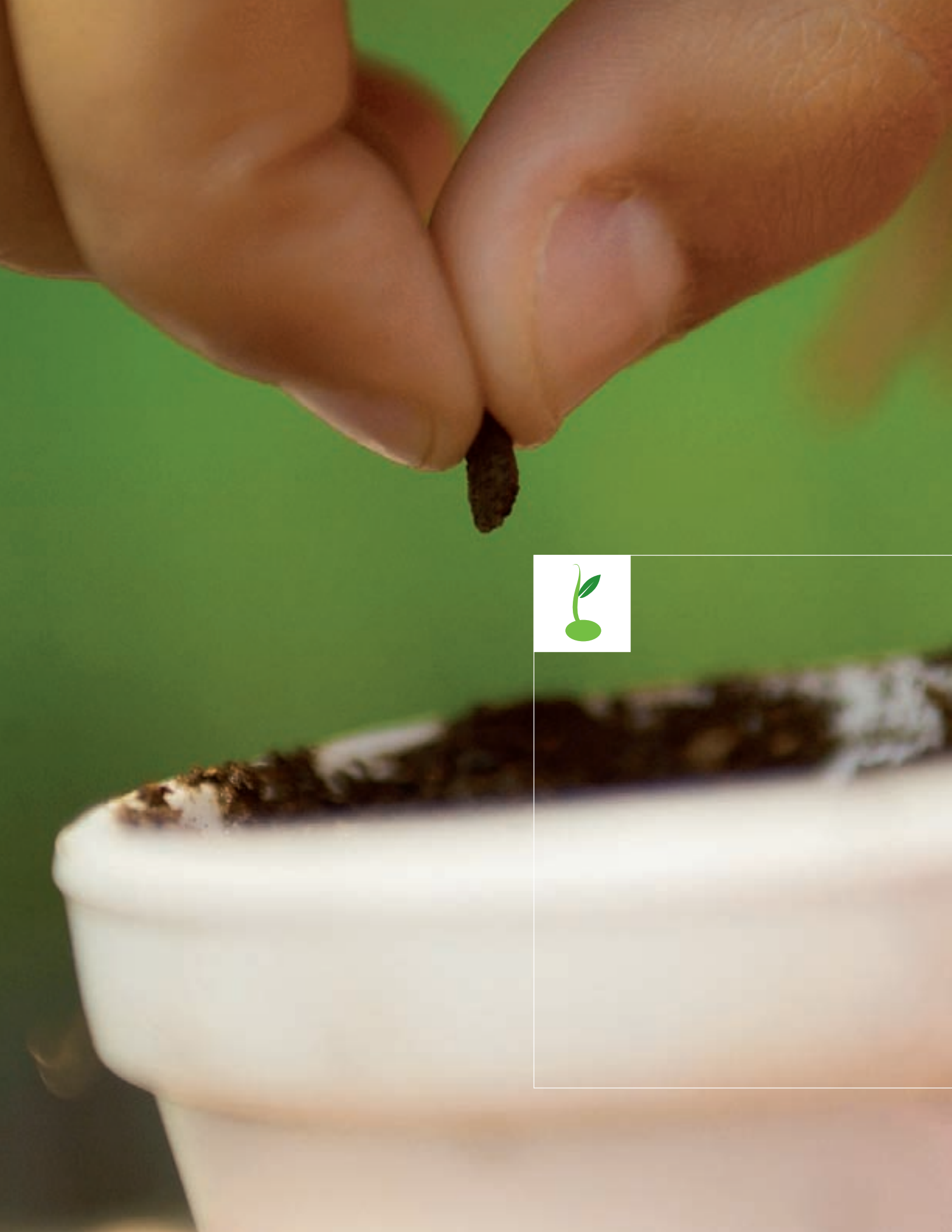
**Chairman**  
Andrés Larraín M.

**Directors**  
Guillermo Mullins P.  
Rafael Campino J.

**Managing Director**  
Gabriel Spoerer O.









These seeds  
give value to the  
communities that  
receive them, growing  
into opportunities for  
education and further  
employment.

CMPC tries to go beyond its industrial work by getting involved with the challenges and aims of the communities where its operations are based.  
The work of the CMPC Foundation and the Jorge Alessandri Educational Park are two examples, as is the Good Neighbourhood Plan that mainly benefits the Mapuche communities.

## **Sustainability, Community and Environment**

CMPC is committed to social responsibility through implementing a range of policies related to its business chain, shareholders, workers, community and the environment.

### **BUSINESS CHAIN**

In the countries where CMPC is present, it contributes by generating employment and wealth. To this end, it produces and sells quality products, with a serious and efficient commitment to its shareholders, customers and suppliers.

CMPC responds to the trust of its shareholders through efficient resource administration and the sustainable development and growth of its areas of business.

### **WORKERS**

It is fundamental for CMPC that the workers feel that they are an important part of the Company, valuing ethical principles and sharing an identity. Given this objective, the establishment of direct and open communication lines based on trust is fundamental. In this regard, union relationships play an important role.

At the same time, staff training is an essential tool, providing an opportunity for the worker to develop professionally, in addition to creating commitment resulting in long-term relationships.

One relevant characteristic is CMPC's concern for the well being of its staff, which is evident in the benefits provided for them and their families.

CMPC has a long-standing tradition of commitment to its workers, which was initially inspired by its main shareholders and has now been in existence for 87 years.

### **COMMUNITY**

CMPC has also demonstrated long-term commitment to the community. On the basis of this relationship, the work with the community is currently developed along the following lines:







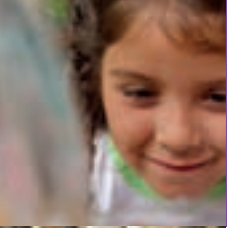
#### A. CMPC FOUNDATION

This non-profit institution created in 2000, aims to improve language and maths learning in the primary schools of Chilean districts where the company carries out its industrial activities.

To this end, it implements a full educational training programme for teachers and head teachers, providing tools for effective practice both in the classroom and in the management of schools.

These programmes have contributed to improving the results of the SIMCE assessments, where important improvements in academic performance have been recorded compared to previous years, and in comparison with schools of a similar socio-economic level and nature.

During 2007, the Foundation developed a programme that supported 53 schools, more than 350 teachers and head teachers, benefiting 7,400 children.



#### B. GOOD NEIGHBOURHOOD PLAN

In the forestry and solid wood division of the company there is an open door policy for the community, which has evolved into a programme called the Good Neighbourhood Plan, designed to generate jobs and greater productivity in the neighbouring communities, especially mapuches, as well as raising the standard of education in the rural schools close to the estates. These educational programmes, which started in 1999 in the schools of Pichipellahuén and Capitán Pastene, are, to date, run in 57 basic rural schools in Region VIII and IX, benefiting the teaching staff and almost 5,000 children.

At the same time, the Good Neighbourhood Plan runs work programmes that have improved the quality of life of the neighbouring communities. During 2007, 736 jobs were allocated to local people, of which 65% were Mapuche.







#### C. JORGE ALESSANDRI EDUCATIONAL PARK

This attractive leisure facility, which is free to the general public, spans an area of 11 hectares and is located 18 km from San Pedro de la Paz towards Coronel, in Region VIII of Chile. Since it was set up, in 1993, it has played an important role in the education and culture of the region.

During 2007, Jorge Alessandri Educational Park ([www.parquealessandri.cl](http://www.parquealessandri.cl)) received 108,363 visits and was awarded with the Landscape Design and Improvement of Industrial Surroundings Award by the National Environment Commission of Chile (CONAMA), Confederación de la Producción y el Comercio (CPC), the School of Architects of Chile and the Institute of Landscape Architects. This prize highlights the companies' commitment to the regeneration of brownfield public sites that are then provided for community use, under the auspices of social responsibility.

#### D. WEBSITE [WWW.PAPELNET.CL](http://WWW.PAPELNET.CL)

With this initiative, it is possible to access teaching materials on industrial processes and products made by the Company.

Together with the educational projects it has designed and implemented, the Company is also an active patron of the arts in Chile supporting the Artequín Museum, the Municipal Theatre of Santiago and sponsoring literary competitions organised by the cultural supplement of the El Mercurio newspaper. In addition, the company is involved with a variety of associations and social organisations such as CORMA, SOFOFA, Confederación de la Producción y el Comercio (CPC), ICARE, Paz Ciudadana, Centro de Estudios Públicos (CEP), amongst others.

#### ENVIRONMENT

At CMPC industrial activities and forestry are guided by the principles of sustainable development, as an essential element of market competition, ensuring the existence and success of its businesses. The Company has an environmental policy underlying its activities and those of its employees, which guarantees responsible behaviour towards the environment. In addition, the vast majority of its industrial and forestry activities have international certifications, mainly ISO, OHSAS and CERTFOR-PEFC, which ratify its accreditation.









Forestry

Pulp

Paper

Tissue

Paper  
Products

**This tree trunk  
represents the  
different growth  
stages of our  
company.**

CMPC develops production activities by combining a variety of factors. Regarding the business chain, the Company is constantly aware of the needs of its shareholders, suppliers, workers and customers. Equally important for the Company is safeguarding the environment and hence all investments incorporate the relevant environmental issues.



## Forestry

### Market and Industry Background Information

Chile currently has 15.9 million hectares of forests, representing 21.1% of national territory. However, only 2.2 million hectares of forestry plantations provide wood for industry use. The main species that are planted in Chile are radiata pine, and eucalyptus globulus and nitens. At a national level, the annual plantation yield is currently 25.5 million m<sup>3</sup> for pine and 6.8 million m<sup>3</sup> for eucalyptus.

In 2007, the construction market in the United States suffered a sharp drop in demand. This was reflected in the construction index, which fell from 2.2 million home units per year in 2005, to levels of around 1.2 million at the end of 2007, the lowest in the last 14 years. This caused a reduction in the demand for products for this sector, affecting significantly the prices of remanufactured wood and wood look-alikes sold to this market. This situation was even further aggravated for the remanufactured wood

industry, due to the fact that Middle Eastern and Japan markets had high levels of demand and paid high prices for sawn wood, which increased the cost of the raw material for mouldings production. In compensation, the sawn wood industry, aimed mainly at these markets, developed positively this year.

In Chile, the prices of sawing logs remained high, due to high market demands and increased activity in sawmills. The price of eucalyptus also showed an upward trend, due to higher prices in the Japanese market, and internal consumption was greater due to the establishment of new pulp mills.

#### FOREST ASSETS AS OF DECEMBER 31<sup>ST</sup> 2007

| Hectares                          | Pine           | Eucalyptus     | Other Species | To be planted | Other Uses     | Total          |
|-----------------------------------|----------------|----------------|---------------|---------------|----------------|----------------|
| <b>Forestal Mininco</b>           | 258,577        | 72,200         | 18,138        | 22,725        | 133,601        | 505,241        |
| <b>Forestal Crecex</b>            | 64,211         | 26,077         | 288           | 5,482         | 35,831         | 131,889        |
| <b>Forestal Monte Águila</b>      | 5,214          | 22,982         | 227           | 2,530         | 14,107         | 45,060         |
| <b>Subtotal Chile</b>             | <b>328,002</b> | <b>121,259</b> | <b>18,653</b> | <b>30,737</b> | <b>183,539</b> | <b>682,190</b> |
| <b>Forestal Bosques del Plata</b> | 65,228         | 1,239          | 346           | 1,302         | 26,168         | 94,283         |
| <b>Total CMPC Forestal</b>        | <b>393,230</b> | <b>122,498</b> | <b>18,999</b> | <b>32,039</b> | <b>209,707</b> | <b>776,473</b> |





## Business Development

The adverse effects of the crisis in the US market, the high cost of oil and the drop in the exchange rate adversely affected business development in this area during 2007. However, this was partly offset by improved results from the sawmills and better prices and volumes for forestry products.

Eucalyptus to supply production lines 1 and 2 of Santa Fe pulp mill, increased significantly. When added to the volume of pine, including both the crop and pruning, production reached almost 9 million m<sup>3</sup>.

In 2007, Forestal Mininco reached a record number of plantations, with more than 30,000 hectares of pine and eucalyptus.

Regarding investments and projects, Plywood Plant, which, with an investment of more than US\$70 million, will produce 250,000 m<sup>3</sup> of high quality panels per year, began operations. In October 2007, the first shipment was sent to Europe.

Mulchén sawmill completed its learning phase, achieving full production; in

August it produced a record 46,000 m<sup>3</sup>, 20% more than its design capacity.

The land and forests acquisition programme continued, notably with the incorporation of part of Hacienda Rupanco and the purchase of forestry assets of Empresas Fourcade, in the Loncoche area.

At the beginning of 2007 there were large-scale forest fires in Region VIII and IX of Chile, which affected 5,313 hectares of plantations, a significant increase compared with previous years.

In other areas, Forestal Mininco has been singled out as one of the 35 best companies to work for in Chile, according to the 2007 study, "Great Place to Work". It was also awarded with the "Effective Action 2006" prize by the Chilean Safety Association (ACHS), for its work on staff health and safety during the last three years.

Forestal Mininco has environmental and sustainable management certifications, ISO 14.001, and CERTFOR-PEFC for its forestry operations, and OHSAS 18.001 in areas of health and safety.

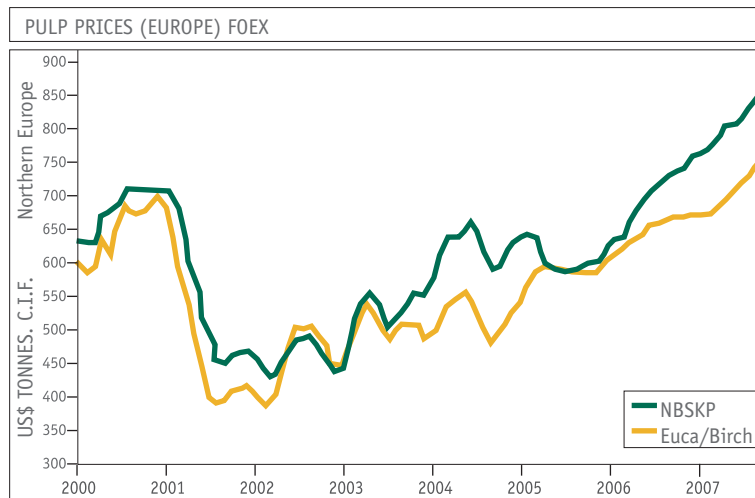


## Pulp Market and Industry Background Information

Pulp is the main raw material used in paper and cardboard production. It is a natural fibre that is mainly derived from wood. Out of the total worldwide production of pulp, the majority is used for paper production. It is estimated that in 2007, approximately 51 million tonnes of pulp were traded between producers and consumers in a market known as “market pulp”.

CMPC Pulp has been present in this market since 1960, being the pioneer among Chilean companies with regard to pulp exports. The world market is characterised by global coverage: more than 80% of “market pulp” is exported from the producers to countries deficient in this raw material.

Contrary to the predictions of several analysts at the end of 2006, the international prices of pulp showed an upward trend during 2007, but at a noticeably slower rate than other raw materials traded in international markets, like oil for example. The growth rate of the world economy was slower than the previous year, thus also slowing down growth in pulp demand. Given this situation, China has, without a doubt, played a significant role, with a concentration of 50% of world growth in demand. From the supply point of view, a number of chance events have caused severe restrictions to producers’ full capacity use –lack of wood, strikes, equipment failure–, which were serious factors affecting the price increases.



Source: FOEX Indexes Ltd., Finland

## Business Development

In 2007 it was taken into consideration that market conditions, both in Chile and abroad, caused a huge pressure on the costs of the main materials for CMPC Celulosa, particularly wood and oil.

The start of operations of the second production line at Santa Fe demonstrated a significant achievement during its 'learning phase' when, in a short amount of time, it achieved the objective of operating for 30 consecutive days at its design capacity. Also, at the request of the authorities, two environmental audits were carried out, one national and one international, which verified strict compliance with the obligations and commitments of the project, as detailed in the Resolution on Environmental Impact.

At Pacifico Mill the PROAMP project was approved, which, with a total investment of US\$55 million, will improve the environmental performance of the mill. This project, subject to the authorisation of the environmental authority, will be finished towards the end of 2009, and hopes to make substantial improvements in the recovery and management of both liquid and air emissions, including the replacement of the secondary treatment plant.

Meanwhile, at Laja Mill, during the second half of 2007, a study was initiated to create long-term modernisation alternatives for the mill, which will enable it to remain competitive and in compliance with the strictest environmental demands of the industry. The objective of this study is to generate the technical and economic information necessary to take investment decisions during 2008.

Lastly, the implementation of the "*Cero Falta*" strategy continued in its three main areas: firstly, the modernisation of facilities to minimise the risk of environmental consequences, which meant proceeding with a number of projects which in total cost close to US\$3 million. Secondly, the updating of all operational and emergency procedures, and lastly developing training programmes for all staff and contractors, with the purpose of strengthening pro-environmental activities. On these same lines, all the mills successfully completed the reaccreditation process for the ISO 9.001, ISO 14.001 and OSHAS 18.001 standards.





## Paper

### Market and Industry Background Information

A wide variety of different types of paper are produced and sold in the world. CMPC is mainly focussed on the production of newsprint, boxboard and corrugated paper.

Newsprint is sold both in the domestic, and export markets. Its price varies according to international variables over which CMPC has no control.

The Company produces high quality newsprint in two paper machines at Nacimiento Mill. This, together with providing a good service, quick and flexible in terms of production and distribution, enables it to satisfy orders of different sizes both quickly and efficiently, creating long-term relationships with its main clients.

Boxboard is a product that is used in the production of cereal boxes, cosmetics, medicines and detergent, amongst many other products. More than 80% of CMPC's production is exported to diverse markets all over the world. The

competitive production costs, together with the cutting-edge technology of its industrial facilities, enables Cartulinas CMPC to produce a high quality product which is very well received in export markets.

Corrugating papers are used for the production of corrugated boxes. Production of this papers increased significantly at CMPC after the installation in 2001 of a new paper machine at Puente Alto, which produces liner and medium paper, using recycled paper as a raw material.



### Business Development

Consolidated sales increased by 12% compared with 2006, meanwhile turnover reached 16% more than the previous year.

The results were severely affected by a general increase in wood costs, fibres, fuel, chemicals and energy.

INFORSA obtained similar sales in 2007 to those in 2006. This is set against the backdrop of a decrease in prices for newsprint, whose main reference index, the United States market, decreased by US\$75 per tonne during the year.



Cartulinas CMPC achieved sales of 11% more than 2006, and a turnover 17% higher.

The internal market grew by 10% and exports by 11% compared to 2006.

Maule Mill achieved production of 288,000 tonnes, 9% more than the previous year. An expansion of the mill is being carried out which will enable it to produce 60,000 additional tonnes with an investment of US\$25 million. The start of operations is expected in June 2008.

Valdivia Mill produced 50,000 tonnes and is now undertaking the task of achieving the design capacity of the expansion project, which will enable it to produce 65,000 tonnes a year.

Papeles Cordillera achieved historic sales in tonnes, 26% more than 2006 and a 34% higher turnover.

In particular, the sale of corrugating papers and paper for industrial use must be highlighted, in a scenario of high costs and prices.

In the last few months of 2007 the production target predicted in the expansion project of the Paper Machine 20, which is operating at a rate of 25,000 tonnes of corrugating papers per month, was met.

EDIPAC has been in operations for 25 years, becoming the most important paper distributor in Chile, with total tonnes sold 3% higher than the previous year and a turnover 11% higher than 2006.

Its contribution to the sale of boxboard and photocopying paper, has been particularly important, with growth of 13% and 6% more than 2006 respectively.

Since the last quarter of 2007, EDIPAC has taken over the entire sales of printing, writing and packaging paper produced by Laja Mill and Papeles Cordillera.

In 2007, SOREPA retrieved a total of 301 million tonnes of used paper or cut offs, a figure 6% higher than, that of 2006, and imported an additional 68,000 tonnes to meet the needs of Papeles Cordillera and the tissue mills.

In addition, it continued with its equipment plan, installing automatic baling machines at the cities of Coquimbo, Talca and Temuco. Also, a new branch is being opened at Puerto Montt to increase the amount of cut offs collected in the south, to meet CMPC's consumption requirements for recycled paper.





## Tissue

### Market and Industry Background Information

The tissue products market is classified into two big groups: consumer products (aimed at consumption in homes) and away from home (for consumption outside of the home). The tissue products are grouped into: toilet paper, paper towels, paper handkerchiefs and napkins.

CMPC is one of the main tissue paper companies in South America. In Chile, the company is a market leader in this business area.

It also develops the diaper business for babies, pads for adults and sanitary towels.

### Business Development

The economic situations of the countries in which the subsidiary operates, showed solid growth in 2007. This was in a scenario in which the tissue business in all countries was affected by the increase in the cost of energy and fibres, as well as the cost of labour.

In Chile, in addition to the impact of oil increases, large rises in electricity prices and the lack of Argentinian gas, also had to be confronted. These issues make it difficult to profitably export products from Chile to other countries in the region.







On the other hand there was a lot of activity among the supermarket customers, with attempted mergers, local acquisitions and a greater push towards the internationalisation of their businesses in Latin America.

In Argentina, La Papelera del Plata achieved growth in actual sales of 10% in tissue and 6% in diapers.

In Mexico, work has been underfoot to enter a highly competitive market, gaining entry to several major supermarket chains in this country.

In Peru, PROTISA has consolidated its market position, facing intense competition in product launch, promotions and advertising support.

IPUSA has retained its leading position in the tissue and diaper market in Uruguay.

Also, during 2007 important advances were made in the international development projects of CMPC Tissue by finalising the acquisition of Drypers Andina in Colombia. This business has a production plant located south of Cali and commercial offices in Bogotá.

The acquisition has meant 200 million additional diaper sales, equivalent to US\$20 million per year.

Due to the growth in sales, it has been possible to undertake a number of investment projects involving new paper machines in Chile, Argentina, Peru, Uruguay and Mexico. This is complemented with investments needed in paper conversion, in accordance with growth predictions. From the second half of 2008 this will enable sales to be made in these countries, as well as exports to Brazil, Ecuador, Bolivia, Paraguay, Colombia and parts of Central America.



## **Paper Products**

### **Market and Industry Background Information**

The corrugated boxes packaging industry has several uses and is aimed at markets both in Chile and worldwide. A large number of products exist which use this type of packaging. Amongst the users, the food industry stands out, both perishable and non-perishable (fresh fruit, groceries in general, fruit preserves, frozen products and meat), as do manufacturers of detergents and construction materials. The various uses mean that the market is dynamic, which requires flexibility and the ability to adapt to the needs of different industries. Its growth is very much linked to the development of different sections of the economy, in particular those associated with exports, like fresh fruit, frozen salmon and wine. In Chile, this market has reasonably well defined seasons, due to the fruit and salmon sectors, which means that demand for corrugated boxes is concentrated in certain months of the year.

The worldwide industry of multiwall paper sacks has been consolidated over time with a number of special participants, mainly producers involved in the production of sackraft paper.

Its main uses are found in construction products, chemicals, foodstuffs and animal feed.







## Business Development

CMPC's total sales of corrugated boxes were 11% higher this year than in 2006, mainly due to larger sales in the fruit, wine and other food markets. In addition, greater export volumes were reached in comparison to 2006.

During the fruit season 2006-2007, which runs from September to August, the fruit and vegetable markets showed a 7% increase in the consumption of cardboard. For its part, Envases Roble Alto managed to increase its actual sales by 7%.

During the year, several projects for equipment modernisation and production capacity expansion were approved, which required an investment of US\$6 million, in particular a Rotary Die Cutter machine installed at Til Til Mill in October.

In the multiwall paper sack business, the total sales for the financial year reached its historical maximum, 12% up compared to the previous year.

In Chile, exports are an important source of growth, forming 62% of the total of multiwall sacks sold by PROPA, Mexico being the most important market.

At Chillán Mill a new state-of-the-art production line of paper sacks began operations, which will contribute 50 million units per year. The investment, including warehouse expansions came to US\$8.2 million.

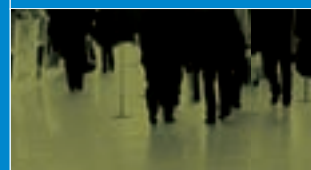
In Argentina, the sales of FABI increased by 6%. During 2007, an expansion project for the mill was approved which will enable sales to increase by 18 million paper sacks per year, in the last quarter of 2008.

FORSAC Peru closed the year with a growth in sales of 16%, meaning that it has beaten its record for the third consecutive year, since the start of operations ten years ago.

In Chimolsa, the sale of export trays for apples, its main product, showed an increase of 18%, compared to 2006. Avocado trays also had good sales growth.







Financial  
Analysis

Ownership  
Structure

General  
Information

In 2007 we brought  
important projects to  
completion.  
The results have given  
our shareholders  
confidence and meant  
greater development  
and progress for our  
workers.

CMPC continues to work towards consolidating its position as a world-class company, operating its businesses efficiently and using cutting-edge technology that meet strict health and safety requirements and environmental criteria.



## Financial Analysis

Detailed Analysis of CMPC's Individual and Consolidated Financial Statements as of 31 December 2007

### 1. Overview

- The start of operations and consolidation of new projects, with investments of more than US\$2,100 million during the last 4 years, and favourable circumstances in the markets for its main export products, have resulted in increases of 24% in sales and 70% in operating results for the year. Hence, operating profits of 8.1% were achieved compared with 5% in the previous year.

- The income from the consolidated sales of Empresas CMPC S.A. (henceforward "CMPC") measured in actual chilean pesos, was 24% higher than in the previous year. Given that these sales are highly indexed to the US dollar, a better view of the sales performance can be obtained by analysing variations in that currency. Indeed, if the income from aggregate sales at December 2007 is compared with the previous year in nominal US dollars, the increase was 35.6%(1). During 2007, sales volumes were up and better prices were achieved in all business areas, with the exception of newsprint which saw a decrease in its sales prices.

- During 2007, the prices of pulp rose, both in long fibre and short fibre. This was due to a number of factors, in particular: a shutting down of capacity by producers in the Northern Hemisphere due to unfavourable production costs, production problems in Asia, problems with the supply of wood for pulp in Canada and Scandinavia, and robust demand in China and Europe. In general, paper showed price increases compared with the previous year, except for newsprint that continued to follow the downward trend that began at the end of 2006 and only started to correct towards the end of 2007. On the other hand, the price of reprocessed wood has been affected by the weakness of North American demand, the main destination of these exports; this decrease has been compensated by an increase, both in demand and price, for sawn wood in the Middle East and Japan.

- The operating results at December 2007 reflect the outcome of a successful maturing of the last four year's investment projects. Additional production capacity and a higher forestry crop yield stemming from these projects, together with favourable prices, has had a positive effect on the Company results.

On the other hand, cost pressures have continued with an increase in the price of wood for pulp, greater energy costs as a result of the increase in oil prices, cutbacks in the supply of natural gas and the effects of the rise of the chilean peso on costs paid in that currency. The EBITDA(2) showed an increase of 56% in actual chilean pesos. When expressed in nominal dollars, this increase was 70%.

- The year's profit increased to Ch\$249,370 million (Chilean pesos) (Ch\$1,246.85 per share) - an increase of 112% in pesos compared with the previous year.

The new Plywood plant, which had received an investment of over US\$70 million, started commercial production in August 2007 and has gradually increased its output during the year.

Recently, the Company approved capacity expansion projects in the Tissue business in Chile, Argentina, Peru, Uruguay and Mexico.

During the financial period 2007, the operations of the different businesses progressed normally and without any major setbacks. Demand also remained strong for the majority of the products sold by CMPC, and that will probably

1 Total sales to December 2006 are expressed in nominal dollars through the use of a conversion factor of actual pesos to nominal dollars (See Table N°2).

2 EBITDA: earnings before interest, taxes, depreciation, amortization and exceptional items. It is calculated as: Operating Income + Depreciation + Other profit items that do not represent cash flow (stumpage).





continue, to be followed by a slight decrease towards the middle of 2008. At the same time, efforts to contain cost pressures will be continued.

## 2. RESULTS

### 2.1 Consolidated Figures for CMPC and its subsidiaries

CMPC is one of the main producers of forestry products in Latin America. Its main products are timber, sawn and remanufactured wood, long fibre and

short fibre pulp, folding boxboard, newsprint, packaging and other paper, tissue products, diapers, corrugated cardboard boxes and multiwall sacks. CMPC has five principal business areas: Forestry, Pulp, Paper, Tissue and Paper Products, which, although coordinated at a strategic level and sharing support functions, act independently to service markets with very different and dynamic products.

Table N° 1 shows a summary of the Consolidated Results of Empresas CMPC

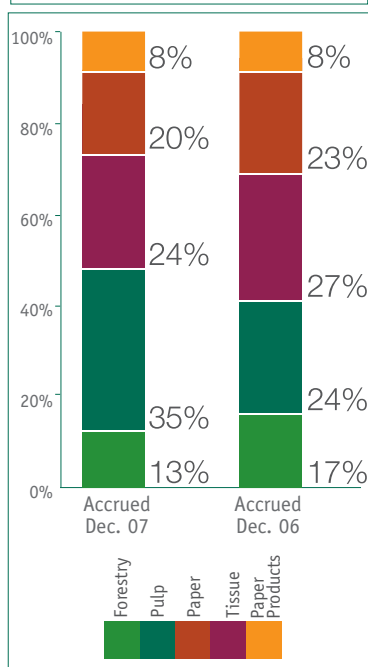
S.A. The respective contribution of each one of the business areas to the consolidated sales is shown in Fig. N° 1, which analyses the distribution of consolidated sales to third parties.

During 2007, Pulp showed the highest sales to third parties, at 35% of total income, followed by Tissue with 24% and Paper with 20%. Forestry and Paper Products comprised 13% and 8% of sales respectively.

TABLE N° 1: INCOME STATEMENT  
Figures in millions of chilean pesos

|   | 2007           | 2006           |
|---|----------------|----------------|
| Sales                                       | 1,603,610      | 1,290,832      |
| Cost of Sales                               | (1,008,773)    | (860,456)      |
| Operating Margin                            | 594,838        | 430,376        |
| Sales and Administrative Expenses           | (301,300)      | (257,813)      |
| <b>EBITDA</b>                               | <b>460,006</b> | <b>295,551</b> |
| % EBITDA/Sales                              | 29%            | 23%            |
| Depreciation and Stumpage                   | 166,468        | 122,989        |
| <b>Operating Profit</b>                     | <b>293,538</b> | <b>172,562</b> |
| Net Financial Costs                         | (36,111)       | (35,855)       |
| Other Non Operating Income/Expenditure      | (997)          | 1,051          |
| Price Restatements and exchange differences | 47,517         | 12,022         |
| Taxes                                       | (52,437)       | (29,559)       |
| Minority Interest                           | (2,141)        | (2,832)        |
| <b>Net Income</b>                           | <b>249,370</b> | <b>117,389</b> |

FIG. N° 1: DISTRIBUTION OF CONSOLIDATED SALES TO THIRD PARTIES BY BUSINESS AREA  
Based on chilean pesos values





With regard to the same period of the previous year, the Pulp business showed a strong increase in its contribution to consolidated sales, going from 24% to 35%, due mainly to the effect of the additional production volume coming from the second production line at Santa Fe Mill, and to a lesser degree by better prices. Meanwhile, the other business areas, despite having increased their sales, represented a smaller proportion of

the total because of the strong growth experienced in Pulp.

CMPC is characterised by diversity not just of products but also with regard to markets. Fig. N° 2 shows that in 2007 approximately 56% of consolidated sales were exports from Chile, 30% were sales within Chile and 14% relate to sales made by subsidiaries outside Chile. The main destinations of the exports are Asia

(34.3% of total exports), Europe (26.7% of total exports), Latin America (25.8% of total exports), and the United States (7.4% of total exports).

Table N° 2 shows Chilean peso/US dollar exchange rates at the end of each month and the average exchange rate for each year, as well as the variation factor in the average exchange rate used in the analysis to convert real pesos to nominal US dollars:

FIG. N° 2: SALES DISTRIBUTION BY GEOGRAPHICAL AREA  
Based on Chilean peso values

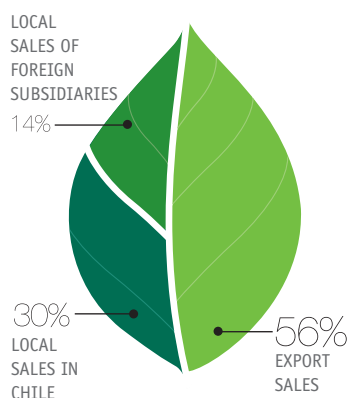


TABLE N° 2: EXCHANGE RATES AT THE END OF EACH MONTH (CH\$/US\$ DOLLAR)

|  | 2007   | 2006   |
|--|--------|--------|
| January                                | 544.49 | 524.37 |
| February                               | 540.07 | 517.33 |
| March                                  | 539.21 | 526.18 |
| April                                  | 525.96 | 514.97 |
| May                                    | 525.10 | 531.87 |
| June                                   | 526.86 | 539.44 |
| July                                   | 521.17 | 540.02 |
| August                                 | 523.25 | 539.61 |
| September                              | 511.23 | 537.03 |
| October                                | 493.14 | 524.75 |
| November                               | 505.38 | 527.69 |
| December                               | 496.89 | 532.39 |
| Exchange Rate End of December          | 496.89 | 532.39 |
| Average Exchange Rate January-December | 521.06 | 529.64 |
| Average Exchange Rate Variation        | -1.6%  |        |
| Chilean Consumer Price Index Variation | 7.4%   |        |
| Average Exchange Rate Variation Factor | 0.9162 |        |

(1) Calculation of the average exchange rate variation factor  $(1-1.6\%)(1+7.4\%)$



### 2.1.1. Sales Analysis

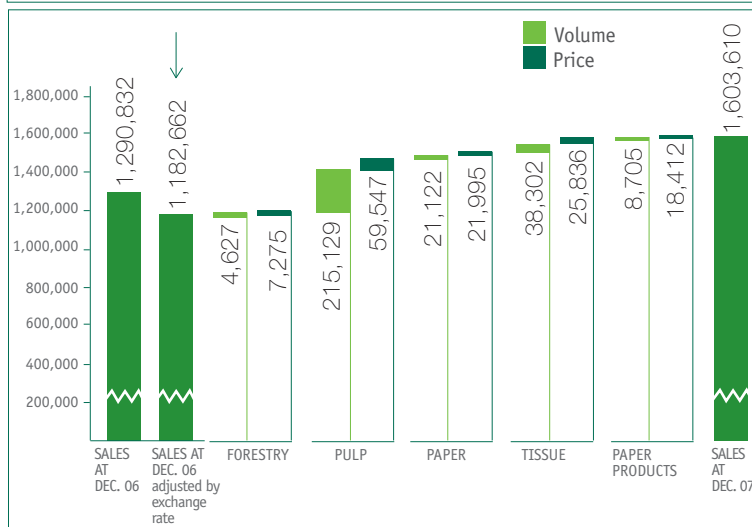
CMPC's consolidated sales in Chilean pesos have risen by 24% compared with 2006, totalling Ch\$1,603,610 million. Given that these sales are highly indexed to the US dollar, a better analysis can be obtained by focussing on the effect of exchange rate variations between both periods. Comparing 2007 sales with those of the previous year, in nominal US dollars, these show an increase of 35%. A more detailed analysis of prices and volumes underlying this increase in sales, adjusted for exchange rate variance is presented in Fig. N° 3.

- **The Forestry Business** showed a decrease of 3% in sales to third parties measured in Chilean pesos. Expressed in nominal US dollars, this represents a 6% rise. This increase is mainly due to higher average sales prices, caused by rises in the export prices of sawn wood, which was partly offset by lower sales prices for remanufactured wood for export. Meanwhile, the sales volume to third parties experienced an increase of 2%, with a rise of 4% in the sales of sawn wood but lower sales of timber for sawing. However, the Forestry business area showed a significant increase in its overall sales, which increased

in volume by 23% mainly due to the greater demand from the Pulp business caused by the start of operations of the second production line at Santa Fe Mill. The lower level of activity in the construction sector in the United States has continued to affect the wood business adversely, mainly in the remanufactured wood segment. The good performance of the sawn wood business in Middle Eastern and Japanese markets has helped to compensate for the drop in demand for other products.

- **The Pulp business** saw an increase in sales of 79%, in Chilean pesos terms. Expressed in nominal US dollars, this increase is 95% compared to the same period last year. The significant increase in sales is mainly due to the additional volume of short fibre from the second production line at Santa Fe Mill, which started operations in December 2006. Also, higher sales prices were experienced, both in long fibre pulp and short fibre. The average cash sales price of long fibre pulp for the accounting period was US\$696 per tonne

FIG. N° 3: ANALYSIS OF VARIATION CONSOLIDATED SALES  
(EFFECT ON PRICE AND VOLUME)  
Figures in millions of Chilean pesos







CIF compared with US\$588 per tonne CIF in 2006. With regard to short fibre pulp the average price reached US\$622 per tonne CIF compared to US\$573 per tonne the previous year.

• **The Paper business** experienced a 6% increase in sales in chilean peso terms. Expressed in nominal US dollars, this increase comes to 16%. These higher sales are due to an increase both in volume, as well as in average sales price. The rise in the sales volume is mainly due to the increase in the volumes of folding boxboard and corrugating cardboard, both linked to capacity increases from the previous year. Although during the first three months of the year, the board mills experienced lower production than planned, the production has been normalized and today the mills are operating close to their design capacity. Meanwhile, the higher average sales price was caused by an increase in the export price for boxboard, and to a lesser degree, by a small rise in the price of liner and medium, which reached record levels in nominal dollars. This rise was partly offset by a fall both in Chile and in overseas markets in the price of newsprint, since its peak in September 2006, the downward trend only beginning to reverse towards the end of the year.

• **The Tissue Business**, consolidating its operations in Chile, Argentina, Peru, Uruguay, Brazil, Ecuador and Mexico, showed a 10% increase in sales income in chilean peso terms. This rise is 20% if expressed in nominal US dollars. The larger income in US dollars in is mainly due to a rise in sales volumes, both for sales within Chile and sales made by foreign subsidiaries, including the subsidiary in Mexico which was incorporated into CMPC during the first months of the previous year. Meanwhile, average sales prices also experienced an increase in comparison with the same period the previous year. The recent purchase of companies in Colombia and Uruguay in December 2007 does not affect this analysis, as they will be incorporated from 2008 onwards.

• **The Paper Products business** showed an increase in sales of 16% in chilean peso terms. Expressed in nominal US dollars, this was an increase of 27%. The rise is mainly due to an increase in the average sales price and, to a lesser extent, in sales volumes. During the period, corrugated cardboard boxes and paper sacks experienced increases both in volumes and in sales prices. On the other hand, sales volumes of pulp trays dipped by 8%.

Table N° 3 shows the position of each one of the business areas of Empresas CMPC S.A. This information includes both third parties and related companies.

## 2.1.2. EBITDA Analysis

The consolidated EBITDA of CMPC showed a 56% increase in chilean peso terms. With the income being indexed to the US dollar, the results are affected by fluctuations in the US dollar exchange rate during the year. Indeed, if the 2007 EBITDA is compared with the previous year in nominal US dollars, there is a 70% increase.

The 2007 results have been influenced by a considerable increase in sales volumes relating to new projects, in particular the second pulp production line at Santa Fe, and the increase of the forest harvest.

This increase in volume, together with rises in the prices of the majority of products, has lead to significant growth in the consolidated EBITDA of the Company.

On the other hand, the increase in the prices of wood for pulp, higher energy costs caused by fuel increases, the



TABLE N° 3: BUSINESS AREAS RESULTS AS OF DECEMBER 2007  
Figures in millions of chilean pesos

|                     | Forestal Mininco<br>S.A. and its<br>Subsidiaries | CMPC Celulosa<br>S.A. and its<br>Subsidiary | CMPC Papeles<br>S.A. and its<br>Subsidiaries | CMPC Tissue<br>S.A. and its<br>Subsidiaries | CMPC Productos de<br>Papel S.A. and its<br>Subsidiaries |
|---------------------|--|---|--|---|---|
| Sales               | 311,068  | 698,367                                     | 390,427                                      | 391,049                                     | 142,596   |
| Cost of Sales       | (257,221)  | (385,211)                                   | (300,559)                                    | (270,491)                                   | (111,186)   |
| Operating Profit    | 7,956  | 195,595                                     | 59,133                                       | 34,242                                      | 8,740   |
| Financial Result    | (14,382)   | (35,407)                                    | (3,965)                                      | (2,270)                                     | (5,719)   |
| Non-Operating Items | (10,298)   | (449)                                       | (5,767)                                      | (8,005)                                     | (1,872)   |
| <b>Net Income</b>   | <b>(980)</b>                                     | <b>159,213</b>                              | <b>46,921</b>                                | <b>27,331</b>                               | <b>6,703</b>  |

interruptions of natural gas supplies, and the effect of the appreciation of the chilean peso, affected the EBITDA. The EBITDA margin (EBITDA/Sales) experienced an important increase, reaching 29% compared with 23% for the same period last year.

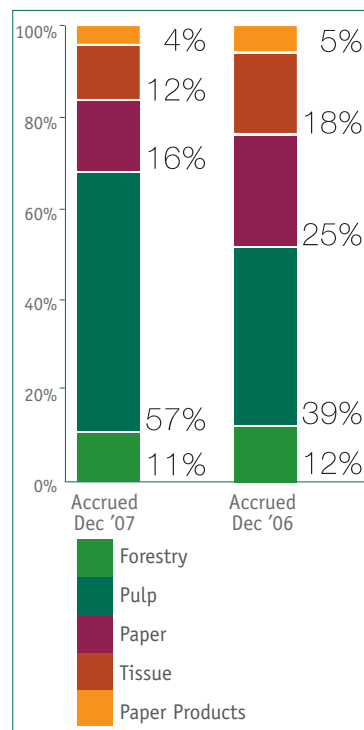
The respective contribution of each one of the business areas to the consolidated EBITDA can be seen in Fig. N° 4.

The Pulp business showed an important increase in its contribution to consolidated EBITDA compared with the same period in 2006. This is primarily explained by the considerable increase in sales volumes due to the start of operations of the second production line at Santa Fe Mill, and to a lesser extent, by better prices.

An analysis of the EBITDA of each business area follows:

- **The Forestry business** experienced a 37% rise in EBITDA in chilean peso terms. Expressed in nominal US dollars, this increase was 50%. This is explained mainly by the increase in the forest harvest and greater use of its own wood, thus reducing the amount purchased from third parties. The average sales price in 2007 was higher than the previous year, due to an increase in the export price of sawn wood. This was partly offset by higher energy costs, affecting both harvesting costs, as well as wood processing in sawmills, and higher expenses relating to road construction.

FIG N° 4:  
BREAKDOWN OF EBITDA BY BUSINESS AREAS  
Based on chilean peso values





• **The Pulp business** showed a rise of 127% in EBITDA in Chilean peso terms. This increase reaches 148% when expressed in nominal US dollars. The rise is mainly due to the greater volume of short fibre pulp from the new second production line at Santa Fe Mill, and to a lesser extent, to an increase in sales prices during the reported period. Also, the greater efficiency achieved by the start of operations of the second production line at Santa Fe meant a reduction in the average direct cost of short fibre pulp. On the other hand, there were increases in costs caused

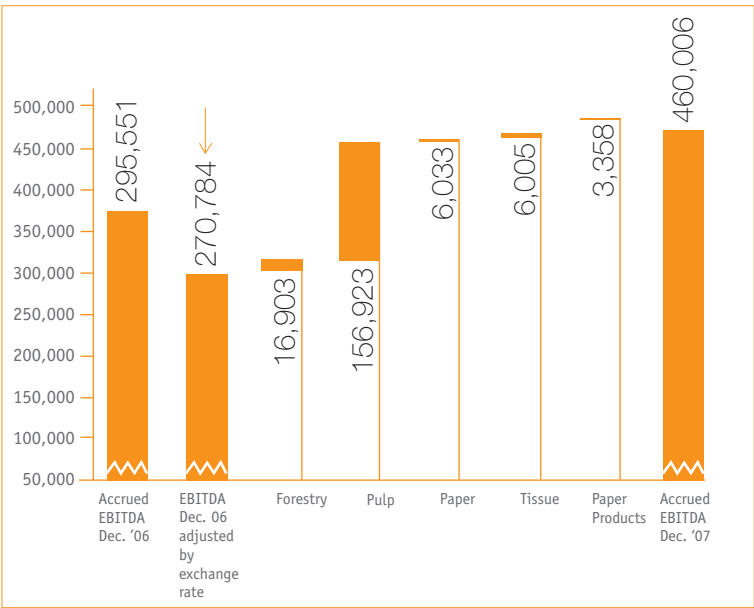
by the rise in prices of wood for pulp, both pine and eucalyptus, higher energy costs due to the use of oil during the interruption of gas supplies, and the effect of the rise of the peso.

• **The Paper business** did not experience an increase in EBITDA measured in actual Chilean pesos in comparison with the previous year, but when expressed in nominal US dollars, there was a rise of 9%. This increase is mainly due to the solid performance of folding boxboard and containerboard terms of greater volumes and better

prices, whilst the newsprint business experienced lower sales and an increase in its production costs. The paper business in general was also affected by an increase in the costs of certain raw materials, particularly pulp and wood, as well as rises in energy costs due to the use of oil as a substitute of gas supplies.

• **The Tissue business** experienced an increase of 3% in EBITDA in Chilean peso terms. When expressed in nominal US dollars, this represents a rise of 12%. During 2007, higher sales were experienced, mainly due to an increase in volumes and, to a lesser degree, in average sales prices, which was offset by rises in the costs of raw materials. It is worth mentioning that the rise of local currencies has a positive effect on the figures for this business, which can be seen in higher US dollar sales prices.

FIG N° 5: Consolidated EBITDA Analysis by Business  
Figures in millions of Chilean pesos







#### • The Paper Products business

experienced an increase of 14% in its EBITDA in Chilean peso terms. Expressed in nominal US dollars, this is an increase of 24%. This rise is mainly due to a significant increase in the sale of corrugated boxes and multiwall paper sacks, which was partly offset by higher prices for materials, mainly paper for corrugating and paper for sacks, but also higher energy costs.

CMPC's operations are affected by the Chilean peso/ US dollar exchange rate. Company estimates show that under current conditions a variation of 10% in the exchange rate, excluding other variables, has an approximate impact of between 3% and 7% on the consolidated EBITDA in US dollar terms. Exports represented 56% of CMPC's total sales at December 2007, the majority of which were made in US dollars. Sales in Chile, as in the subsidiaries in Argentina, Peru, Uruguay, Brazil, Ecuador and Mexico, are made both in local currency and are also US dollar-indexed. Subsequently,

the total revenue flows in US dollars or indexed to the US dollar, represent no less than 70% of CMPC's total sales. The Company's costs both for raw materials and investments in fixed assets, are also mainly in, or indexed to, the US dollar. To minimise the exchange rate risk in non US dollar currencies, derivatives are used to fix the relevant exchange rates. At December 31<sup>st</sup>, 2007, a high proportion of expected revenue from European sales of folding boxboard and wood has been hedged through forward sales.

## 2.2 Analysis of Individual Results

Industrial and business operations are carried out by the subsidiaries of CMPC. Therefore, an analysis of the results has to be based on the Consolidated Financial Statements of Empresas CMPC S.A. and its subsidiaries.

Table N° 4 shows the main figures from the Individual Financial Statement of Empresas CMPC S.A. at December 31<sup>st</sup>, 2007.

Net profit reached Ch\$249,370 million (Ch\$117,389 million at 31 December 2006) and reflects the income of related companies, particularly the increase in the profits of Inversiones CMPC S.A., whose income comes mainly from its operational subsidiaries, as detailed in the financial analysis of the Consolidated Financial Statements of CMPC and Subsidiaries.

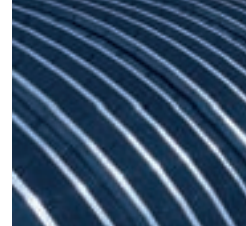
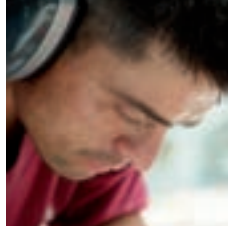


TABLE N° 4: INDIVIDUAL FINANCIAL STATEMENT  
Figures in millions of chilean pesos

|                                   | Dec.2007       | Dec.2006       |
|-----------------------------------|----------------|----------------|
| Sales                             | -              | -              |
| Cost of Sales                     | -              | -              |
| Operating Margin                  | -              | -              |
| Sales and Administrative Expenses | (6,708)        | (8,491)        |
| <b>Operating Income</b>           | <b>(6,708)</b> | <b>(8,491)</b> |
| <b>Non Operating Income</b>       | <b>255,485</b> | <b>124,762</b> |
| Income before Income tax          | 248,776        | 116,271        |
| Income Tax                        | (615)          | (101)          |
| Amortization on negative goodwill | 1,209          | 1,219          |
| <b>Net Income</b>                 | <b>249,370</b> | <b>117,389</b> |

### 3. Balance Sheet Analysis

#### 3.1. Valuation of Assets and Liabilities

The assets and liabilities in the consolidated financial statements are valued according to chilean generally accepted standards accounting principles and to the instructions issued by the Chilean Regulator: Superintendence of Securities and Insurance. These principles and standards are described in

Note N° 2 of the Consolidated Financial Statements.

The following criteria are worthy of note:

- Term deposits and marketable securities are shown at their investment or purchase cost, plus adjustments and interest accrued. The book value of these investments does not exceed their respective market values.
- Trade debtors for sales and notes receivable are shown at their estimated

realizable value and include deductions for provisions to cover non performing debt and debts that are difficult to recover.

- Inventories of manufactured goods are valued at direct production cost plus some indirect materials. This cost is below market value, as the sales price includes a profit margin.
- Property, buildings, machinery and equipment are valued at their acquisition cost plus price-level



restatements, and have been duly depreciated. Forestry plantations are shown at their assessed value. This valuation method aims to reflect in the accounts the higher asset and equity values that result from the natural growth of plantations. Forest plantations due to be harvested within a year are shown in current assets under Inventories.

- Investments in related companies represent Empresas CMPC S.A.'s and its subsidiaries' equity share of the respective companies' net worth.
- Empresas CMPC S.A.'s and its subsidiaries' liabilities are shown according to payments to be made, both in the short term and long term (Notes 15, 16 and 17).
- Assets and liabilities in foreign currencies are shown in Chilean pesos converted at the relevant exchange rate at the close of each financial year.
- The fixed industrial assets in foreign subsidiaries in Argentina, Uruguay, Peru, Colombia and Mexico, are valued at the equivalent price in US dollars to their purchase price, less depreciation. They total ThCh\$115,956,701, (equivalent to US\$233 million) at 31 December 2007

and ThCh\$114,382,257, (equivalent to US\$200 million) at 31 December 2006.

This valuation is based on the regulations of the Technical Bulletin N° 64 of the Colegio de Contadores de Chile A.G. (Chilean Certified Accountants Institute).

The management of the Company considers that the book value of its fixed assets does not exceed their replacement or market value under the current tems.

The accounting standards applied are intended to describe the consolidated financial position of Empresas CMPC S.A. and its subsidiaries. Consequently there should not be significant differences between the financial or market value and the book value of assets at December 31<sup>st</sup>, 2007.

### 3.2 Analysis of the Consolidated Balance Sheet

Current assets show a net increase of Ch\$58,819 million, principally due to the increase in trade receivables by Ch\$42,735 million, term deposits by Ch\$28,192 million, sundry debtors by Ch\$8,443 million, inventories by \$7,028 million, notes receivable by \$2,136 million and cash by Ch\$1,023

million. This is offset by the decrease in marketable securities (including those with a resale agreement) by Ch\$28,508 million, recoverable taxes by Ch\$5,971 million, expenses paid in advance by Ch\$528 million and deferred taxes by Ch\$496 million.

The fixed assets showed a net increase of Ch\$7,808 million. The principal movements of fixed assets correspond to:

- The incorporation of new fixed assets by Ch\$191,321 million.
- Increase due to forest growth, equivalent to Ch\$78,127 million in 2007.
- Decrease of Ch\$139,541 million due to depreciation during the financial year.
- Decrease of Ch\$110,005 due to the cost of forest exploitation.
- Decrease of Ch\$12,094 due to conversion of the fixed assets of foreign subsidiaries.

Liquidity did not have large variations mainly due to the rise in term deposits by Ch\$28,192 million, offset by a decrease in marketable securities by Ch\$28,508 million.





CMPC's total financial debt came to Ch\$759,848 million in December 2007, showing a decrease of Ch\$121,177 million in comparison to the same month in 2006. This decrease can be explained by the depreciation of the US dollar with regard to the Chilean peso and by the amortization of a proportion of the long-term credits.

Net financial debt totalled Ch\$676,823 million as of December 2007, experiencing a drop of Ch\$121,883 million compared with the same month of the previous year. This is explained by the decrease in the long-term debt previously described, the increase in liquidity due to the generation of funds, and the completion of investment projects during the financial year.

With regard to debt structure, CMPC actively manages the term structure of its debt through derivatives in order to optimise financial expenditure based on operating income. A combination of derivatives and interest rate swaps enables the company to fix the Libor within certain ranges, outside of which it goes back to variable rates in its liabilities. 86% of the Company's consolidated debt has fixed rates and 14% has variable rates. With this combination, and given the levels

of Libor at December 31<sup>st</sup>, 2007, the average cost of finance for CMPC is 4.9% per annum in US dollars.

Shareholders equity showed an increase of Ch\$149,224 million, which corresponds principally to the net income obtained in the financial year, including the addition of the revaluations of forest plantations

and the deduction of shared dividends, as well as the decrease of reserves from the partial harvest of the forests.

The main financial indicators of the consolidated Balance Sheet relating to liquidity, debt and activity are shown in Table N° 5.

TABLE N° 5: FINANCIAL INDICATORS OF CONSOLIDATED BALANCE SHEET

| Liquidity (times)   | Dec.2007  | Dec.2006  |
|---|-----------|-----------|
| Current liquidity:<br><i>Current assets/Current Liabilities</i>             | 2.0       | 2.0       |
| Quick (or Acid Test) Ratio:<br><i>Available assets/Current Liabilities</i>  | 1.1       | 1.0       |
| Debt  |           |           |
| Debt to Equity Ratio<br><i>Total Debt/Shareholders Equity</i>               | 0.42      | 0.47      |
| Proportion of Short Term Debt<br><i>Short Term Liabilities/Total Debt</i>   | 35.1%     | 29.8%     |
| Proportion of Long Term Debt<br><i>Long Term Liabilities/Total Debt</i>     | 64.9%     | 70.3%     |
| Financial Expense Cover <sup>(1)</sup> :                                    | 8.5       | 4.7       |
| Book Value Per Share<br><i>Assets/N° of Shares</i>                          | \$13.600  | \$12.854  |
| Activity  |           |           |
| Total Assets Turnover<br><i>Sales/Average total assets</i>                  | 0.41      | 0.35      |
| Inventory Turnover<br><i>Cost of Sales/Average Inventory <sup>(2)</sup></i> | 4.3       | 4.1       |
| Stockholding period<br><i>Average inventory (2) * 360/Cost of Sale</i>      | 84.5 days | 88.1 days |

(1) Corresponds to profit before taxes and interest, divided by financial expenses

(2) Average inventory of products and raw materials.



### 3.3 Individual Balance Sheet Analysis

Although a financial analysis must be made on the basis of the Consolidated Financial Statement, an analysis of the Individual Financial Statement of the holding company Empresas CMPC S.A. follows, for information purposes.

Table N° 6 shows the main components of the balance sheet in cash at December 2007. Current assets show an increase of Ch\$14,380, million derived mainly from the increase of Ch\$14,647 million in the short term balance of notes receivable and trade debtors for related companies, offset by smaller decreases of Ch\$267 million in other areas.

Fixed assets show a decrease of Ch\$507 million, coming mainly from a depreciation of Ch\$562 million during the 2007 financial period.

In other non current assets there was an increase of Ch\$215,778 million, coming principally from an increase of

TABLE N° 6: INDIVIDUAL BALANCE SHEET  
Figures in millions of Chilean pesos

|                          | Dec.2007         | Dec.2006         |
|--------------------------|------------------|------------------|
| Current Assets           | 47,670           | 33,290           |
| Fixed Assets             | 17,330           | 17,837           |
| Other Assets             | 2,878,099        | 2,662,322        |
| <b>Total Assets</b>      | <b>2,943,099</b> | <b>2,713,448</b> |
| Current Liabilities      | 37,931           | 20,321           |
| Long-Term Liabilities    | 185,212          | 122,396          |
| Shareholders' Equity     | 2,719,955        | 2,570,731        |
| <b>Total Liabilities</b> | <b>2,943,099</b> | <b>2,713,448</b> |

Ch\$214,597 million in the investment balance in related companies, due to net income of Ch\$243,084 million during the 2007 financial period, and offset by the net decrease of Ch\$4,087 million in the forestry reserves of related companies.

Current liabilities show an increase of Ch\$17,610 million, principally from an increase of Ch\$17,887 in dividends to be paid and offset by smaller decreases of Ch\$277 million.

Long-term liabilities mainly correspond to debts with related companies, which experienced an increase of Ch\$62,816 million.

The shareholders' equity shows a net increase of Ch\$149,224, million which mainly corresponds to the net income obtained during the 2007 financial period, with the addition of the net revaluations of forest plantations and the deduction of shared dividends.

The most relevant financial indicators relating to the Balance Sheet must be determined on the basis of the Consolidated Financial Statement. In Table N° 7 the main financial indicators are calculated on the Individual Balance Sheet.

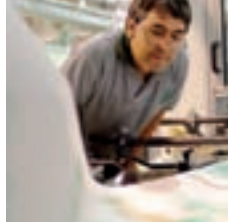


TABLE N° 7: FINANCIAL INDICATORS OF INDIVIDUAL BALANCE SHEET

|                                    | Dec.2007    | Dec.2006    |
|------------------------------------|-------------|-------------|
| <b>Debt</b>                        |             |             |
| Financial Expenses Cover(1):       | 26,0        | 19,8        |
| Book value per share               |             |             |
| Shareholders' Equity/ N° of shares | \$13.599,78 | \$12.853,66 |

(1) Income before tax and interest/financial expenses.

## 4. Cash Flow Analysis

### 4.1 Analysis of Consolidated Cash Flow

The main components of consolidated cash flow for each period are as follows:

TABLE N° 8: NET CASH FLOW  
Figures in millions of chilean pesos

|   | Dec.2007      | Dec.2006        |
|---|---------------|-----------------|
| Net cash flow from operational activity                       | 298,815       | 187,294         |
| Positive net cash flow from financing activity                | (84,990)      | 171,040         |
| Net cash flow (negative) applied to investment activity       | (206,247)     | (390,989)       |
| <b>Positive cash flow (negative) for the financial period</b> | <b>7,577</b>  | <b>(32,655)</b> |
| Effect of inflation on cash and cash equivalent               | (6,870)       | 2,604           |
| <b>Net variation of cash and cash equivalent</b>              | <b>707</b>    | <b>(30,051)</b> |
| Provisional balance of cash and cash equivalent               | 82,318        | 112,370         |
| <b>Final balance of cash and cash equivalent</b>              | <b>83,025</b> | <b>82,318</b>   |

Consolidated liquid financial investments and cash reached Ch\$83,025 million at December 31<sup>st</sup> 2007 (Ch\$82,318 million at December 31<sup>st</sup> 2006).

Consolidated operating activities generated positive operational cash flows of Ch\$298,815 million in 2007 (Ch\$187,294 million the previous year).

Negative net consolidated financing flows for 2007 represent a net generation of funds of Ch\$84,990 million, basically derived from the





payment of Ch\$60,400 million in dividends and the net loans of Ch\$24,590 million. The positive net consolidated financing flows the previous year represented net funds of Ch\$171,040 million, basically due to acquiring net loans of Ch\$125,979 million and a UF 4 million bond issue, offset by a dividend payment of Ch\$31,981 million.

Consolidated investment activities for the 2007 financial period

used Ch\$206,247 million in funds (Ch\$390,989 million the previous year). These cash flows correspond to the net investment in fixed assets of Ch\$197,900 million (Ch\$395.289 million the previous year), the purchase of land and legal rights from the Cooperativa Agrícola y Forestal El Proboste Ltda. for Ch\$5,283 million, and the purchase of shares in Drypers Andina S.A. for Ch\$2,783 million and in Valor Brands S.A. for Ch\$347 million (the previous year corresponds to options and shares in Grupo ABS Internacional S.A. de C.V.).

## 4.2 Analysis of Individual Cash Flow

As has been stated previously, forestry, commercial, industrial operations and the main financial operations are carried out through subsidiaries, so any analysis must be made on the basis of the Consolidated Financial Statement. However, the performance of the main components of Individual Cash Flow follows with the values at December 31<sup>st</sup>, 2007:

TABLE N° 9: INDIVIDUAL NET CASH FLOW  
(Figures in millions of chilean pesos)

|   | Dec.2007     | Dec.2006    |
|---|--------------|-------------|
| Net cash flow from operational activity                             | 14,410       | 1,815       |
| Positive net cash flow (negative) from financing activity           | (14,479)     | 21,222      |
| Net cash flow (negative) applied to investment activity             | (72)         | (23,037)    |
| <b>Total positive cash flow (negative) for the financial period</b> | <b>(141)</b> | <b>0</b>    |
| Effect of inflation on cash and cash equivalent                     | 1            | (88)        |
| <b>Net variation of cash and cash equivalent</b>                    | <b>(141)</b> | <b>(88)</b> |
| Provisional balance of cash and cash equivalent                     | 289          | 377         |
| <b>Final balance of cash and cash equivalent</b>                    | <b>148</b>   | <b>289</b>  |



In operational activity there were cash flows of Ch\$14,410 million at December 31<sup>st</sup>, 2007 (Ch\$1,815 million at December 31<sup>st</sup>, 2006).

The net financing cash flows represent use of Ch\$14,479 million in funds at December 31<sup>st</sup>, 2007 (Ch\$21,222 million at December 31<sup>st</sup>, 2006), which are mainly for the payment of dividends for both accounting periods.

With regard to investments, net cash flows of Ch\$72 million had been invested by December 31<sup>st</sup>, 2007 (Ch\$23,037 million at December 31<sup>st</sup>, 2006). During the last accounting period investment corresponded to the capital increase in Forestal Coihueco S.A.

## 5. Analysis of Non Operating Results

The non-operating results of Empresas CMPC S.A. and its subsidiaries show profits of Ch\$8,624 million in the 2007 accounting period, whilst last year they saw a loss of Ch\$24,581 million. This variation is best explained by better results obtained by the exchange rate differential during the accounting period.

## 6. Analysis of Net Income and Dividends

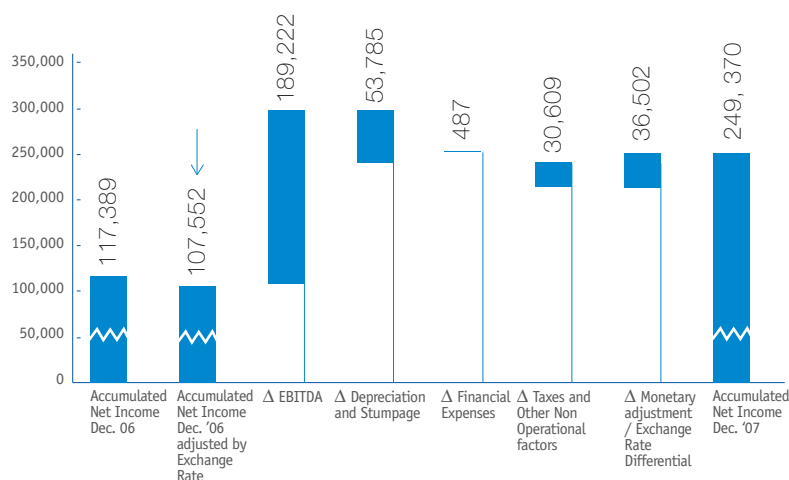
The Company obtained a net income of Ch\$249,370 million during the 2007 financial period, which represents an increase of 112% compared with the same period in the previous year. This higher income is largely explained by the increase in the operating profits of the Company, due mainly to the incorporation of the second pulp production line at Santa Fe mill and the increase in harvest yields.

Fig. N° 6 shows a more detailed analysis of the net income variation between both periods:

When comparing the net income of the last quarter of 2007 with the third quarter, both in real pesos, the former shows a decrease of 27.4%.

At a meeting on December 7<sup>th</sup>, 2006 the Board of Directors agreed to distribute an interim dividend, N°238 at Ch\$66 per share, taken from 2006 profits. The dividend was paid on January 10<sup>th</sup> 2007.

FIG N° 6: ANALYSIS OF VARIATION OF CONSOLIDATED NET INCOME  
Figures in millions of chilean pesos





The Annual Shareholders' meeting held on April 27<sup>th</sup>, 2007 agreed to distribute a final dividend N° 239 at Ch\$87 per share, taken from the profits of the year ending December 31<sup>st</sup>, 2006, which was paid on 10 May 2007. In addition, the Shareholders agreed the dividend policy for the financial year 2007, consisting of the payment of two interim dividends, payable in September, December or January, and a final dividend, to be agreed at the next meeting, payable in May 2008, such that total dividend

payments amount to 40% of 2007 net income.

During a meeting on 9 August 2007, the Board of Directors agreed to distribute an interim dividend, N° 240 at Ch\$120 per share, taken from 2007 profits. The dividend was paid on September 5<sup>th</sup>, 2007. During a meeting on December 6<sup>th</sup>, 2007, the Board of Directors agreed to distribute an interim dividend N° 241 of Ch\$160 per share, taken from 2007 profits. The dividend was paid on

January 8<sup>th</sup>, 2008. The main indicators of consolidated profitability are shown in Table N° 10. These indicators were affected by the higher results previously explained.

TABLE N° 10: PROFITABILITY INDICATORS (ANNUALIZED)

|   | Dec.2007   | Dec.2006 |
|---|------------|----------|
| Earnings on Income (annual):<br><i>Annualised Net Income/Sales</i>  | 15.6%      | 9.1%     |
| Annual Return on Equity:<br><i>Earnings for the Financial Year/Average equity</i>                               | 9.4%       | 4.6%     |
| Annual Return on Assets:<br><i>Annual Net Income/Average Assets</i>   | 6.4%       | 3.2%     |
| Annual Yield of Operational Shareholding:<br><i>Operating Profits/Average Operational Assets</i> <sup>(1)</sup> | 8.1%       | 5.0%     |
| Return of Dividends:<br><i>Dividends Paid (last 12 months)/Market price of Share</i> <sup>(2)</sup>             | 1.5%       | 0.7%     |
| Earnings Per Share:<br><i>Net Income from the financial year/N° of shares</i>                                   | \$1.246.85 | \$586.95 |

(1) Operational Assets: Trade debtors receivable + notes receivable + inventories + fixed assets

(2) Market price of the share: closing stock market price of the share



The profit indicators must be determined on the basis of the Consolidated Financial Statements, however, the most relevant financial indicators relating to the Individual Statement of Results are presented in Table N° 11.

| TABLE N° 11: INDIVIDUAL PROFITABILITY INDICATORS (ANNUALIZED)                            |             |           |
|--|-------------|-----------|
|  | Dec.2007    | Dec.2006  |
| Annual Return on Equity:<br><i>Earnings for the Financial Year/Average equity</i>        | 9.4%        | 4.6%      |
| Annual Return on Assets:<br><i>Annual Net Income/Average Assets</i>                      | 8.8%        | 4.4%      |
| Return of Dividends:<br><i>Dividends Paid (last 12 months)/Market price of Share (1)</i> | 1.5%        | 0.7%      |
| Earnings Per Share:<br><i>Net Income from the financial year/N° of shares</i>            | \$ 1.246.85 | \$ 586.95 |

(1) Market price of the share: closing stock market price of the share

## 7. Risk Analysis and Exchange Rate Exposure

Empresas CMPC S.A. and its subsidiaries export approximately 56% of its total sales, principally to markets in Asia, Europe, Latin America and the United States. The majority of these sales are made in US dollars.

Domestic sales, both in Chile and made by subsidiaries in Argentina, Peru, Uruguay, Brazil, Ecuador and Mexico, are both in local currencies as well as indexed to the US dollar. Consequently,

the proportion of Empresas CMPC S.A.'s and its subsidiaries' cash flow that is either in US dollars, or indexed to the US dollar, amounts to no less than 70% of total sales. At the same, the Company's costs, both of raw materials and investments in fixed assets are also mainly in or indexed to US dollars.

In special cases, sales or payment agreements are made in foreign currencies other than the US dollar. To avoid the exchange rate risk of non-US dollar currencies, derivatives are used to fix the relevant exchange rates. At December 31<sup>st</sup>, 2007 a high proportion

of the expected income from sales to Europe of folding boxboard and wood was hedged through forward sales.

As CMPC's cash flows are highly indexed to the US dollar, the contracts for liabilities are in this currency. It is company policy to reduce the accounting discrepancy between assets and liabilities expressed in US dollars to minimise the extent to which exchange rate fluctuations affect profits for the year.

To this end, the currency composition of the financial investment portfolio



is carefully managed and contracts for forward sales are drawn up occasionally in different currencies.

The relative stability of the Argentinian and Uruguayan peso and the peruvian sol during the last few years, has limited the effects of exchange rate fluctuations when using these currencies.

### 7.1 Risks of Fluctuations in Export Markets and Cyclical Prices

As exports account for approximately 56% of sales, CMPC's operating profit can be affected by the levels of economic activity, government and exchange rate policies, as well as political and economic events in the main overseas markets.

Consequently, factors that affect export markets like recession, inflation, interest rate variations or currency parities, protectionism, state subsidies, price controls, exchange rate controls, tax fixing, terrorism, import restrictions, social stability, transport restrictions and so forth, can adversely affect the Company's operations and financial position.

At the same time, several of the products that CMPC sells like timber, sawn and remanufactured wood, pulp, newsprint and corrugating paper, behave like commodities. The prices that CMPC can get for these products depend on the prevailing international prices, so the Company has no control over the factors that affect them.

Some of the main factors are fluctuations in world demand (determined by economic conditions in Asia, North America, Europe and Latin America), variations in the production capacity of the industry, stock levels, the business strategies and the competitive advantages of the major players in the forestry industry, and the availability of substitute products.

### 7.2 Financial Risks

In its financial operations CMPC is exposed to credit risks from the counterparts of its transactions.

There are commercial credit risks in that clients will not be able to meet their obligations. CMPC manages this exposure by constantly reviewing the payment capacity of its clients using information

from various sources. Potential losses are also limited by the broad spread and distribution of these liabilities and by insuring the majority of export sales and some domestic sales.

CMPC likewise faces the risk of refinancing and liquidity, that is, the risk of being unable to meet its obligations as a result of insufficient liquidity or being unable to obtain credit. CMPC's company policy is to centralize its debts through its subsidiary, Inversiones CMPC. CMPC's objective is that counterparts have an equal or better risk classification than the Company. Debt in the other subsidiaries occurs only when this is advantageous or as a result of the geographical distribution of their activities.

CMPC limits these risks by effective distribution, extending payment schedules, limiting the amount of debt and by maintaining liquid reserves.

### 7.3 Risks to Foreign Investments

CMPC has production plants in Argentina, Uruguay, Peru, Mexico and Colombia and forests in Argentina. These countries have experienced periods of



political and economic instability during recent decades, during which governments have intervened in business and financial affairs thus affecting foreign investors.

#### 7.4 Risks to Energy Supplies and Costs

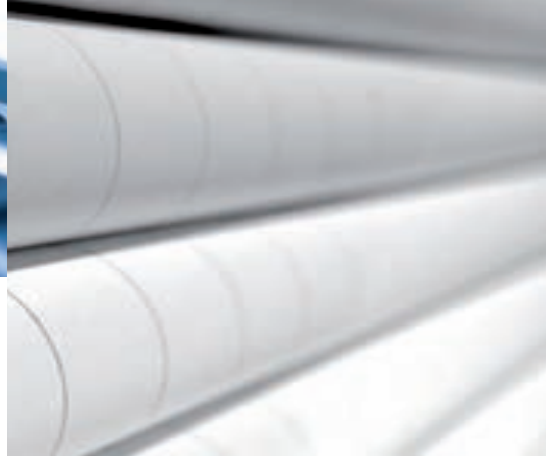
In recent years there have been sharp increases in international oil prices, which have risen steeply again in recent months, reaching record levels towards the end of the financial year. This has continued to affect costs at some of CMPC's mills, which have increased their oil consumption in place of natural gas. Gas supplies in Chile have been increasingly restricted by Argentina during the last three years, with supplies almost totally cut off to CMPC's mills from May 2007 onwards, a situation that for all practical purposes remains unchanged to date. Likewise, cost pressures are still being experienced on products and services indexed to or dependent on oil prices, such as transport and some important raw materials.

#### 7.5 Environmental Risks

CMPC's operations are subject to environmental regulations in Chile and in other countries. CMPC'S business management is guided by the principles of sustainable development. This has allowed it to adapt swiftly to changes in environmental legislation, so that the impact of its operations duly comply with these regulations. Future changes in environmental regulations or their interpretation could have an impact on the Company.







### 7.6 Risks associated with Community Relations

CMPC'S company policy is guided by a close relationship with the communities located near to its operations, collaborating in a number of areas, for example educational support provided over a number of years by Fundación CMPC.

In the last 16 years conflict has arisen between ethnic Mapuche groups living in communities in the south of Chile, between Region VIII and north of Region IX, and the farmers and forestry companies of these areas. The basis of this conflict is the poverty and social problems that affect these communities.

Less than 10% of the land owned by CMPC is located in areas near to indigenous communities. In those places, the Company has focussed on expanding its programme of special employment for ethnic Mapuches in all its forestry activities.

This has been carried out in addition to Government's social programmes aimed at mitigating the difficult social and economic circumstances of these communities.

On the other hand, it is worth mentioning that judicial action is taken both by the Government and privates, to pursue illegal activities of minority groups. This combination of strategies has eased the conflict, but nevertheless new disputes could arise in the future that may adversely affect CMPC.

### 7.7 Risks from Service Companies

Among the numerous suppliers of products and services that CMPC uses in Chile, some are contractors that provide specialist support services for the forestry and industrial operations. If these services do not perform to the standards expected, or if the contractual relationship with the contractors is affected by regulations or other factors, CMPC's operations could be adversely affected.

CMPC manages to maintain a close relationship with its contractors, working towards developing high standards of operation with an emphasis on the healthy and safety of workers and the general improvement of working conditions.



### 7.8 Operational and Fixed Assets Risks

The operational risks of CMPC are managed by each business area of the Company in accordance with the standards and procedures defined at corporate level.

The company's entire assets in terms of infrastructure, that is buildings, installations, machinery, etc, are adequately covered for operational risks by the relevant insurance policies, as stated in Note 11 of the financial statement. The plantations could be at risk of fire, which is covered by insurance, and risk of diseases that could also adversely affect operations. Although in the past these factors have not caused any significant damage to CMPC's plantations, it is not possible to ensure that they will not do so in the future.

## 8. Trends

During 2007 operations of the different businesses have progressed normally and without significant hindrance, a

situation that is likely to continue during 2008.

The world economy is showing signs of a slowdown. The so-called "subprime crisis" has significantly affected the housing market of the United States, and has entailed considerable losses in many types of financial assets. This has been felt by many financial institutions and has led to a tightening of credit markets. It is still not clear what the repercussions of this crisis might be on economic growth and consumption.

Nevertheless, it is predicted that demand will remain for the majority of products sold by CMPC in 2008. However, the risks of this forecast cannot be ignored, given the dependency of world economy prospects on two key countries: the United States, greatly affected in some sectors of its economy by the effects of this crisis, and China, whose growth depends on the demand for goods and services from the rest of the world.

Increases in the costs of raw materials and the appreciation of the Chilean peso adversely affected the operating

profit of CMPC during 2007. These effects are expected to continue and indeed worsen during 2008. Hence, the Company has endeavoured to make all the necessary efforts to contain rising costs and achieve greater efficiency and competitiveness in all its business processes.

In recent months, a number of labour conflicts have arisen in the country that have escalated beyond normal collective bargaining processes. CMPC is known for its good labour relations with its workers, with mutual respect for each other's commitments. The Company views the tense nature of labour relations at national level with concern. CMPC endeavours to establish collaborative relationships with its workers and union representatives to jointly resolve with respect, and in accordance with the law and current regulations, the daily problems encountered in the work place.

With regard to the development of its main projects, the second production line at Santa Fe Mill, which started operations mid December 2006,



managed to successfully complete its learning curve process during the financial year, and has performed well operationally. It is expected that it will reach its design capacity during 2008, which will mean an approximate increase in the production volume of pulp of 8%, compared to 2007.

The new Plywood plant, which meant an investment of more than US\$70 million, started industrial production in August, managing to gradually increase production and to start exporting during the financial year. It is expected to produce around 240,000 cubic metres per year, which should be attainable during 2009.

With regard to the expansion project for the production capacity of folding boxboard, this has continued as planned. Maule Mill is carrying out a project to expand its capacity to 350,000 tonnes per year, which should be finished by mid 2008.

CMPC recently approved projects to expand the production capacity of the Tissue business area in Chile, Argentina,

Uruguay, Peru and Mexico, with the purchase of 5 new paper machines, additional conversion lines and equipment, which, when added to other smaller projects, means an estimated total investment in the order of US\$150 million for this business. These projects will enable CMPC Tissue to strengthen its position and participate in the growth of the respective markets, and it should gradually begin production from the first half of 2008, completing this process in 2009.

In addition, an investment project of US\$55 million was approved to make environmental and operational improvements at Pacífico Pulp Mill, which will be completed at the end of 2009, subject to the approval of the environmental authority. Likewise, a new saw mill will be constructed with a capacity of 120,000 m<sup>3</sup> in Loncoche, which will entail an investment of US\$10.7 million, with the start of operations expected mid 2009.

In December, the Company acquired the operations of the firm, Productos Internacionales Mabe S.A., in Colombia

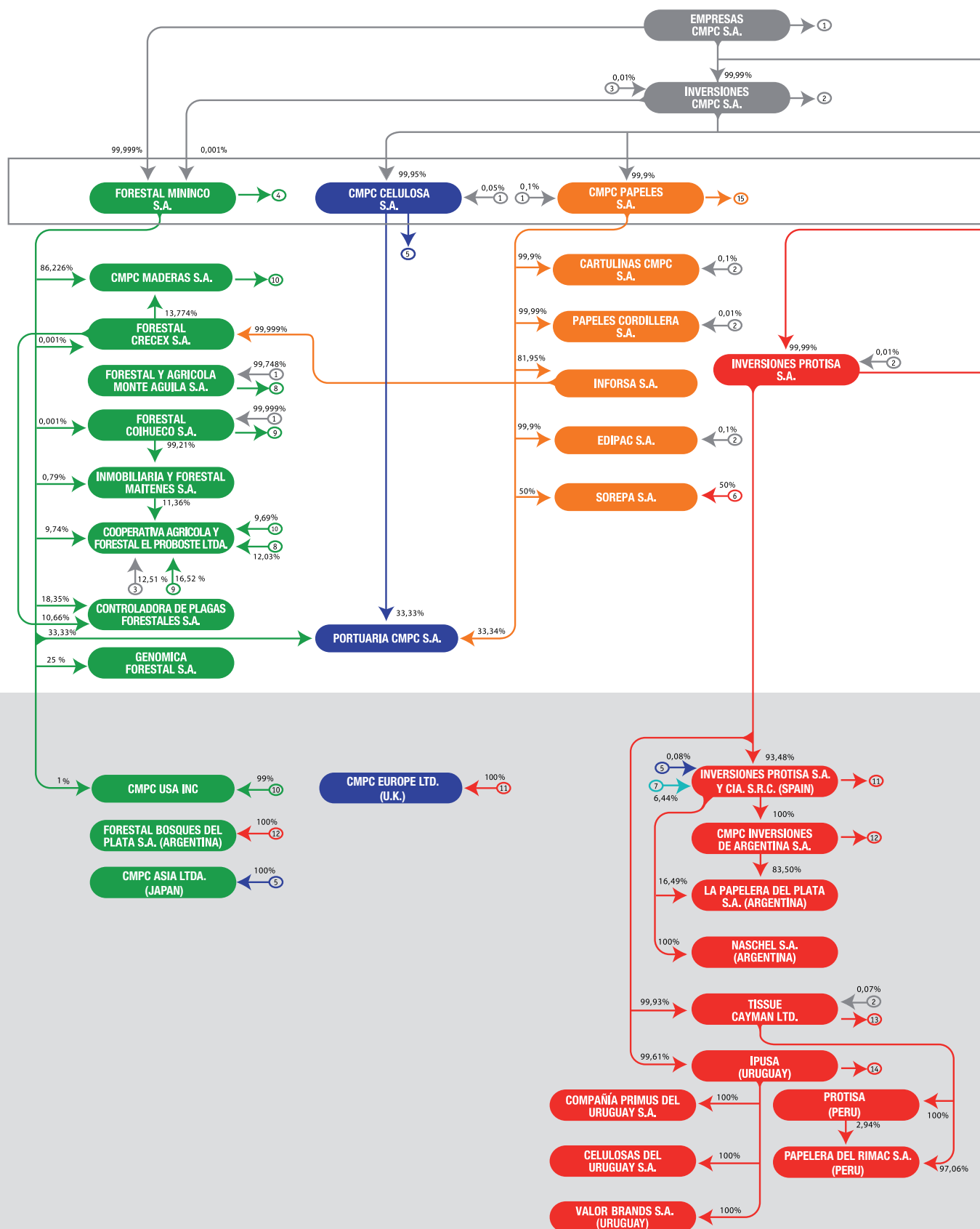
and Uruguay, with production plants in both countries, for a total sum of US\$6,3 million. This investment will enable CMPC to enter the disposable diaper market in Colombia and reinforce its Uruguayan market position for this products.

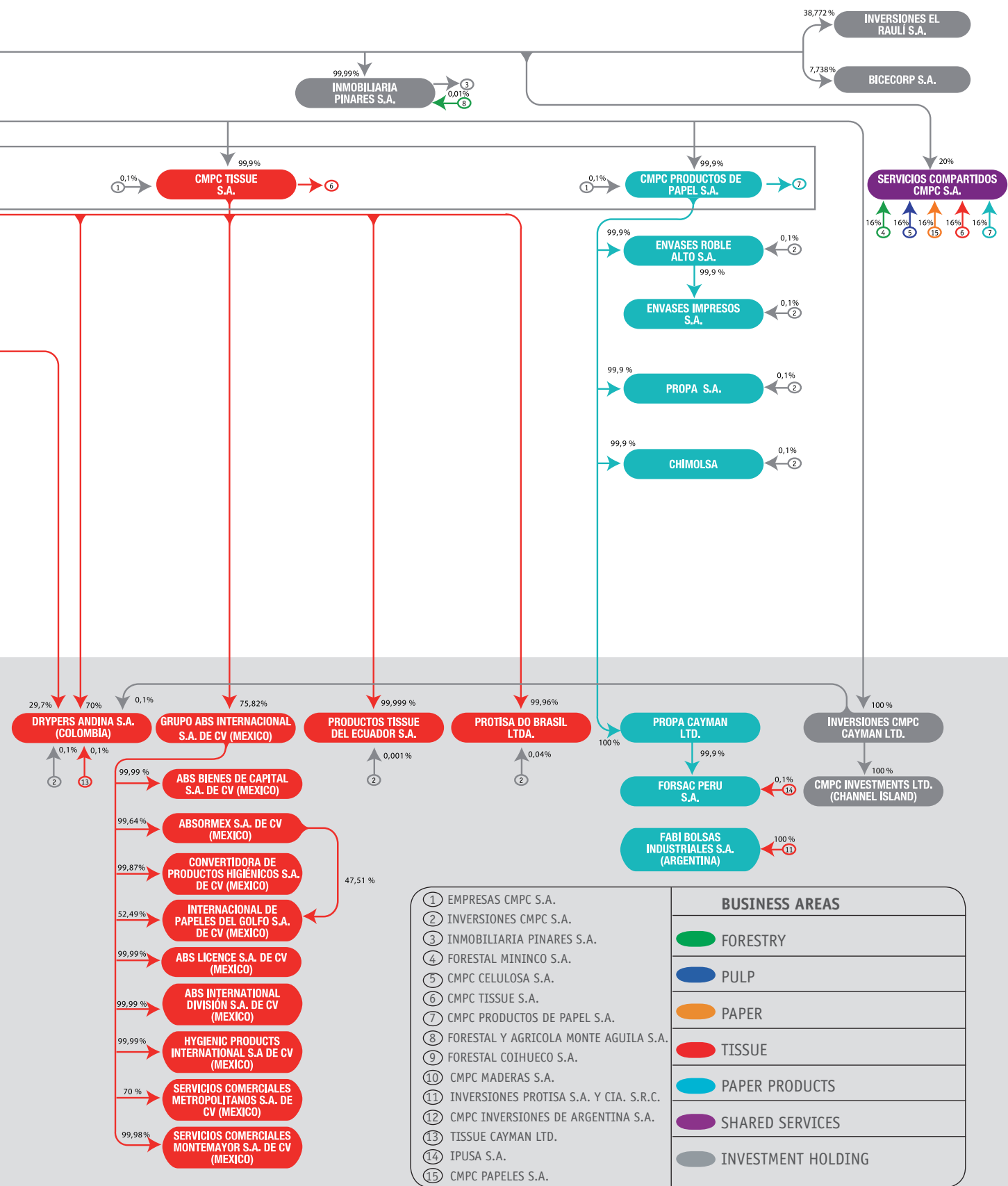


## Ownership Structure

Chile

Abroad





## General Information

### Equity

The Company's Paid-in Capital at December 31<sup>st</sup>, 2007 after legal annual restatement, amounts to ThCh\$112,420,839 (thousand Chilean pesos) divided into 200 million shares. Empresas CMPC S.A.'s net worth at December 31<sup>st</sup>, 2007 amounts to ThCh\$ 2,719,955,315.

### Share Ownership

In compliance with the General Rule N° 30 issued by the Chilean Superintendence of Securities and Insurance, the 12 largest shareholders are listed in Table N° 1, displaying the number of shares owned by each at December 31<sup>st</sup>, 2007.

In addition, Table N° 2 details Empresas CMPC S.A.'s shares belonging to companies that either directly control 55.44% of the capital with the right to vote, or do so through some sort of mutual relationship.

All these shareholders belong to the same corporate group, they do not have a formal joint action agreement.

Final controllers are the following individuals:

Mr. Eliodoro Matte Larraín, Identity N° 4.436.502-2, Ms. Patricia Matte Larraín, Identity N° 4.333.299-6 and Mr. Bernardo Matte Larraín, Identity N° 6.598.728-7.

The final controllers share the control of the companies detailed below equally.

TABLE N° 1: TWELVE LARGEST SHAREHOLDERS AT 31/12/2007

| Shareholder   | N° of Shares |
|---|--------------|
| Forestal Cominco S.A. _____                                   | 39,254,440   |
| Forestal Constructora y Comercial del Pacífico Sur S.A. _____ | 38,432,339   |
| Forestal O'Higgins S.A. _____                                 | 13,976,744   |
| AFP Provida S.A. for pension fund _____                       | 11,133,162   |
| AFP Habitat S.A. for pension fund _____                       | 8,070,820    |
| Forestal Bureo S.A. _____                                     | 8,068,615    |
| AFP Cuprum S.A. for pension fund _____                        | 5,670,288    |
| Inmobiliaria Ñague S.A. _____                                 | 4,145,628    |
| AFP Bansander S.A. for pension fund _____                     | 3,865,288    |
| AFP Santa María S.A. for pension fund _____                   | 3,721,056    |
| Coindustria Ltda. _____                                       | 3,577,021    |
| Citibank Chile account third chapter XIV _____                | 3,519,840    |

TABLE N° 2: CONTROLLERS AT 31/12/2007

| Shareholder  | N° of Shares |
|--|--------------|
| Forestal Cominco S.A. _____                                    | 39,254,440   |
| Forestal, Constructora y Comercial del Pacífico Sur S.A. _____ | 38,432,339   |
| Forestal O'Higgins S.A. _____                                  | 13,976,744   |
| Forestal Bureo S.A. _____                                      | 8,068,615    |
| Inmobiliaria Ñague S.A. _____                                  | 4,145,628    |
| Coindustria Ltda. _____  | 3,577,021    |
| Forestal y Minera Ebro Ltda. _____                             | 795,534      |
| Forestal y Minera Volga Ltda. _____                            | 712,069      |
| Inmobiliaria y Forestal Chigualoco Ltda. _____                 | 523,112      |
| Forestal Peumo S.A. _____                                      | 414,930      |
| Forestal Calle Las Agustinas S.A. _____                        | 311,792      |
| Forestal Choapa S.A. _____                                     | 188,222      |
| Others _____   | 475,080      |





## Share Transactions

CMPC share transactions in 2007 made by shareholders connected to the company are as follow:

| TABLE N° 3: SHARE TRANSACTIONS 2007                  |                               |                          |                  |
|--|-------------------------------|--------------------------|------------------|
|  | Quantity<br>Purchase/ (Sales) | Unit Price<br>Ch\$/Share | Amount<br>ThCh\$ |
| <b>RELATED TO A DIRECTOR</b>                         |                               |                          |                  |
| Algeciras S.A.                                       | 6,108                         | 18,503,58                | 113,020          |
| Clarial S.A.   | 6,401                         | 18,503,58                | 118,441          |
| Don Guillermo S.A.                                   | 3,513                         | 17,333,72                | 60,893           |
| Doña María Loreto S.A.                               | 531,320                       | 984,15                   | 522,899          |
| Eduardo Muñoz Marín                                  | (46)                          | 18,860,00                | 868              |
| El Magnolio S.A.                                     | 6,108                         | 18,503,58                | 113,020          |
| Inmobiliaria Cauqueses S.A.                          | 6,108                         | 18,503,58                | 113,020          |
| Inmobiliaria Josema S.A.                             | 15,641                        | 18,494,68                | 289,275          |
| Inversiones La Pinta Ltda.                           | (5,000)                       | 17,682,18                | 88,411           |
| Foger Sociedad de Gestión Patrimonial Ltda.          | 20,000                        | 18,650,09                | 373,002          |
| Laguna Icalma S.A.                                   | 6,108                         | 18,503,58                | 113,020          |
| María Josefina Correa Salas                          | (6,083)                       | 19,900,00                | 121,052          |
| María Loreto Marín Estévez                           | (531,320)                     | 984,15                   | 522,899          |
| María Luz Muñoz Marín                                | (315)                         | 18,884,86                | 5,949            |
| Mariana Bull Haeussler                               | (1,613)                       | 18,853,54                | 30,411           |
| Rentas Cauqueses Dos Ltda.                           | 1,500                         | 19,010,00                | 28,515           |
| Rentas El Magnolio Dos Ltda.                         | 3,000                         | 18,505,00                | 55,515           |
| Rentas Laguna Icalma Dos Ltda.                       | 3,000                         | 18,505,00                | 55,515           |
| Rentas Riñihue Dos Ltda.                             | 1,500                         | 19,010,00                | 28,515           |
| Riñihue S.A.   | 6,108                         | 18,503,58                | 113,020          |
| Santa Marta S.A.                                     | 6,333                         | 17,220,74                | 109,059          |
| Sociedad de Rentas Don Ernesto Ltda.                 | 14,479                        | 17,662,34                | 255,733          |
| Volcán Tolhuaca S.A.                                 | 6,108                         | 18,503,58                | 113,020          |
| <b>MANAGERS AND EXECUTIVES</b>                       |                               |                          |                  |
| Luis Llanos Collado                                  | 160                           | 18,875,00                | 3,020            |
| Gonzalo García Balmaceda                             | 31                            | 18,354,84                | 569              |
| <b>RELATED TO MANAGERS AND EXECUTIVES</b>            |                               |                          |                  |
| Gonzalo García Mekis                                 | 55                            | 17,860,00                | 982              |
| Gonzalo García Mekis                                 | (55)                          | 18,000,00                | 990              |
| Leslie Wilson Wood                                   | (2,000)                       | 19,400,00                | 38,800           |
| <b>DIRECTOR OF MAJORITY SHAREHOLDER</b>              |                               |                          |                  |
| Emilio Pellegrini Ripamonti                          | 4,000                         | 17,850,00                | 71,400           |
| <b>RELATED TO A DIRECTOR OF MAJORITY SHAREHOLDER</b> |                               |                          |                  |
| Ingeniería y Comercial Helvetica S.A.                | 6,000                         | 17,600,00                | 105,600          |
| <b>RELATED TO A DIRECTOR OF SUBSIDIARY</b>           |                               |                          |                  |
| José María Ayala Oliva                               | (651)                         | 18,800,00                | 12,239           |

| TABLE N° 4: QUARTERLY STATISTICS OF SHARE TRANSACTIONS |           |                 |                          |
|--|-----------|-----------------|--------------------------|
| Quarter  | Units     | Amount Ch\$     | Average Price Ch\$/share |
| 1st Quarter 2005                                       | 1,681,911 | 22,007,785,179  | 13,084.99                |
| 2nd Quarter 2005                                       | 2,818,749 | 36,889,578,987  | 13,087.22                |
| 3rd Quarter 2005                                       | 3,355,043 | 46,163,217,894  | 13,759.35                |
| 4th Quarter 2005                                       | 3,857,764 | 52,992,411,162  | 13,736.56                |
| 1st Quarter 2006                                       | 2,877,861 | 39,577,002,193  | 13,752.23                |
| 2nd Quarter 2006                                       | 4,166,781 | 60,736,924,180  | 14,576.46                |
| 3rd Quarter 2006                                       | 3,640,578 | 54,043,877,045  | 14,844.86                |
| 4th Quarter 2006                                       | 4,034,892 | 69,489,458,142  | 17,222.14                |
| 1st Quarter 2007                                       | 3,917,293 | 71,158,472,065  | 18,165.22                |
| 2nd Quarter 2007                                       | 4,424,398 | 82,714,387,105  | 18,695.06                |
| 3rd Quarter 2007                                       | 4,222,896 | 69,489,660,791  | 16,455.45                |
| 4th Quarter 2007                                       | 7,868,823 | 147,769,946,799 | 18,779.17                |

Note: Statistics include data from the Santiago Stock Exchange; Electronic Stock Exchange of Chile and Securities Market.

| TABLE N° 5: REMUNERATION OF THE BOARD OF DIRECTORS |                |                |
|--|----------------|----------------|
| Director   | 2007           | 2006           |
|  | ThCh\$         | ThCh\$         |
| Eliodoro Matte Larraín                             | 71,202         | 240,328        |
| Patricio Grez Matte                                | 35,601         | 120,163        |
| Martín Costabal Llona                              | 35,601         | 49,788         |
| Juan Claro González                                | 35,601         | 49,788         |
| Jorge Marín Correa                                 | 35,601         | 120,163        |
| Jorge Gabriel Larraín Bunster                      | 35,601         | 120,163        |
| Bernardo Matte Larraín                             | 35,601         | 120,163        |
| Manuel Mardones Restat                             | -              | 70,375         |
| Ernesto Ayala Oliva                                | -              | 70,375         |
| <b>Total</b>                                       | <b>284,808</b> | <b>961,306</b> |

## Remuneration and Expenses of the Board and Committee of Directors and Management Remuneration

Under the provisions of Chilean Law 18.046, it was agreed during the Annual Shareholders Meeting of Empresas CMPC S.A., held on April 27<sup>th</sup>, 2007, as in the previous year, that the remuneration of the Board of Directors' should be 1% of the regular dividends to be paid during 2007, duly restated and shared out equally among them, with the Chairman entitled to a double share.

At December 31<sup>st</sup>, 2007, a provision of ThCh\$ 574,294 was set up for this purpose, corresponding to 1% of dividends paid during the period. This remuneration will be paid during the first half of 2008. The Board of Directors' remuneration paid during 2007 and 2006 (at current accounting values) is detailed in Table N° 5.

This remuneration corresponds to 1% of the dividends paid in 2007 and 2006, which were agreed and ratified by the respective Annual Shareholders Meeting of the Company.



In addition, Mr. Eliodoro Matte L. received ThCh\$69,470 (ThCh\$72,040 in 2006), for financial consultancy services in business strategy, projects development and comparative analysis of both the domestic and international industries.

The remuneration paid to the Directors of the subsidiaries who are also Directors of Empresas CMPC S.A. is detailed in Table N° 6.

This remuneration refers to financial and economic consultancy regarding the development of domestic and export markets; analysis and development of investment projects; technological support for business development; a comparative analysis of competition

both in CMPC's industry and other industries, and an analysis of all the domestic and international businesses.

During 2007 and 2006, the Board of Directors did not incur in expenses. Total gross remuneration received by the Company's managers came to ThCh\$1,252,646 in 2007 (ThCh\$1,216,968 in 2006).

The executive staff have an incentive plan consisting of an annual bonus which depends on net income and on meeting operational profitability targets for each business area. The amount of this variable remuneration is included in the above figure.

Managers and Executive severance indemnity pay for 2007 came to ThCh\$48,892.

## Committee of Directors

The Committee of Directors formed under Chilean Law N° 18,046 has the powers and duties contained in Article N°50 Bis of this law. The fees paid (at current accounting values) and their position within the controlling group is detailed in Table N° 7.

The main activities of the Committee of Directors during the financial period were:

In the meetings during the financial period, the Committee drew up detailed monthly transaction analyses, governed by Articles Ns° 44, 89 and 93 of Chilean Law N° 18.046 regulating companies, to check that these were fairly priced according to the market, and corresponded to ordinary company practice. The details of these transactions are to be found in Note N° 4 of

| Director                      | 2007<br>ThCh\$ | 2006<br>ThCh\$ |
|-------------------------------|----------------|----------------|
| Eliodoro Matte Larraín        | 65,434         | 75,785         |
| Patricio Grez Matte           | 14,820         | 14,904         |
| Juan Claro González           | 14,818         | 16,154         |
| Jorge Gabriel Larraín Bunster | 30,873         | 29,819         |
| Bernardo Matte Larraín        | 61,703         | 60,878         |
| <b>Total</b>                  | <b>187,648</b> | <b>197,540</b> |

| Director              | Position    | 2007<br>ThCh\$ | 2006<br>ThCh\$ |
|-----------------------|-------------|----------------|----------------|
| Patricio Grez Matte   | Controller  | 2,112          | 2,105          |
| Jorge Marín Correa    | Independent | 2,112          | 2,105          |
| Martín Costabal Llona | Independent | 2,112          | 2,105          |
| <b>Total</b>          |             | <b>6,336</b>   | <b>6,315</b>   |





the Individual Financial Statements and Note N° 6 of the Consolidated Financial Statements of Empresas CMPC and its subsidiaries.

In the meeting on January 24<sup>th</sup>, 2007, the purchase of emissions reduction equipment for Industrias Forestales S.A., to meet the emission standards for Santa Fe Mill was approved for US\$969,000. This transaction was also analysed and approved by the Committee of Directors of Industrias Forestales S.A. At the same meeting, the Committee assessed the list of external audit companies to be invited to tender for the audit services for the 2007 financial period. The Committee decided to propose to the Board of Directors that Deloitte, Ernst & Young and KPMG should tender for services in Chile, but not PricewaterhouseCoopers.

At the meeting on February 27<sup>th</sup>, the Committee revised the financial statements of the company at December 31<sup>st</sup>, 2006 and the external auditors' report from PricewaterhouseCoopers dated January 26<sup>th</sup>, 2007, referring to these statements, minuting that there were no observations.

In the meeting on April 4<sup>th</sup>, 2007, the Committee analysed the tenders

presented by external auditors, which included a tender for Chile from the auditors PricewaterhouseCoopers, which considered a change in the auditing staff in charge of the account. The Committee decided to consider this bid in its selection process, voting against Mr. Martín Costabal, and asked the Management to review the proposals in detail and draw up a report with recommendations.

During the meeting on April 25<sup>th</sup>, 2007, the Committee reviewed the financial statements of the company at March 31<sup>st</sup>, 2007, and made no observations. At the same time, the Management's report referring to the evaluation of the proposed tenders for external auditors was analysed, deciding to propose PricewaterhouseCoopers to the Board of Directors as auditors for 2007 for Empresas CMPC and its Chilean subsidiaries, voting against Mr Martín Costabal, and on the condition that a change was made with regard to the partner in charge and the team assigned.

In addition, the designation of risk rating agencies was analysed, and the Committee agreed to propose the nomination of Fitch Chile Clasificadora de Riesgos Ltd. and Feller Rate Clasificadora

de Riesgos Ltda. to the Board of Directors.

In both cases, these designations were approved by the Annual General Meeting of Shareholders. In the meeting held on June 6<sup>th</sup>, 2007, the Committee analysed the remuneration and compensation systems for the executives of the company, without any observations.

In the meeting on July 23<sup>rd</sup>, the Committee analysed the work schedule for the financial period in 2007 presented by the external auditors, who took recommendations and comments regarding their proposals.

In a meeting on August 8<sup>th</sup>, the Committee analysed the company's telephone services and the negotiations undertaken to obtain the best services. Authorisation was given to continue with this process, and the outcome was to be reported. At the same meeting, the conditions proposed by Management for receiving bids and awarding contracts for the renewal of the supply of liquid fuels, were analysed. Authorisation was given to continue with this process and the outcome was to be reported. Finally, the Committee revised the financial statement of the company at June 30<sup>th</sup>,



2007 and the interim reports from the external auditors; no observations were made.

At a meeting on October 4<sup>th</sup>, the Committee analysed the outcome of negotiations regarding telephone services contracts, selecting and approving the company ENTEL.

At a meeting on October 24<sup>th</sup>, the Committee reviewed the financial statements of the company at September 30<sup>th</sup>, 2007; no observations were made.

At a meeting on December 5<sup>th</sup>, the Committee analysed the outcome of the renewal process for the contracts for the supply of liquid fuels, approving the Management recommendations of Empresas COPEC and SHELL; no further observations were made. At the same meeting, the outcome of renewing the complementary health insurance for supervisors was analysed, approving with no further observations the Management's recommendation to remain with Empresa Cigna, now part of the group 'Security'.

## Financial Statements

Empresas CMPC S.A.'s Financial Statements submitted to the shareholders for the year end December 31<sup>st</sup>, 2007, have been prepared in accordance with the rules issued by the Chilean Superintendence of Securities and Insurance. These require the inclusion of the proportion of assets and profit/loss corresponding to Empresas CMPC S.A. from related companies at the close of the financial period. These Financial Statements show a net income of ThCh\$249,370,087, which may be fully distributed as dividends, and includes the amortization of the large investments in related companies of ThCh\$1,785,490 as per Note N° 13 of the Consolidated Financial Statements.

## Distribution of Net Income

In accordance with General Rule N° 30, issued by the Securities and Insurance Authority, the dividends paid per share during the last five years follow:

| Year | Ch\$/Share |
|------|------------|
| 2003 | 181        |
| 2004 | 260        |
| 2005 | 427        |
| 2006 | 132        |
| 2007 | 273        |

During a meeting on December 7<sup>th</sup>, 2006, the Board of Directors approved the issue of an interim dividend, N° 238 at Ch\$66 per share, from the year's profits to December 31<sup>st</sup>, 2006. This dividend was paid on January 10<sup>th</sup>, 2007.

During the Annual General Meeting of Shareholders on April 27<sup>th</sup>, 2007, the issue of a final dividend, N° 239 at Ch\$87 per share, from the year's profits to December 31<sup>st</sup>, 2006, was approved. This dividend was paid on May 10<sup>th</sup>, 2007.

The dividend policy approved at the Annual Shareholders Meeting, consisted of the issue of two interim dividends, to be paid in September or December 2007 or January 2008 and a final dividend, to be approved by the next Meeting of Shareholders, to be paid in May 2008, such that total dividend payments amount to 40% of 2007 profits.

During a meeting on August 9<sup>th</sup>, 2007, the Board of Directors approved the issue of an interim dividend, N° 240 at Ch\$120 per share, from the year's profits to December 31<sup>st</sup>, 2007. This dividend was paid on September 5<sup>th</sup>, 2007.

During a meeting on December 6<sup>th</sup>, 2007, the Board of Directors' approved the issue of an interim dividend, N° 241 at Ch\$160 per share, from the year's profits to December 31<sup>st</sup>, 2007. This dividend was paid out on January 8<sup>th</sup>, 2008.

Note N° 21 of the Consolidated Financial Statements includes details of the dividends paid during the financial year.

In accordance with legal requirements, the Shareholders' Meeting decides on the distribution of the financial year's profits and the dividend amount.

TABLE N° 8: PERSONNEL

| Companies                       | SENIOR<br>MANAGEMENT | PROFESSIONALS<br>AND<br>TECHNICIANS | WORKERS      | TOTAL         |
|---------------------------------|----------------------|-------------------------------------|--------------|---------------|
| Empresas CMPC S.A.              | 6                    | 43                                  | 2            | 51            |
| Forestal Mininco S.A.           | 23                   | 590                                 | 1.618        | 2,231         |
| CMPC Celulosa S.A.              | 59                   | 425                                 | 1.043        | 1,527         |
| CMPC Papeles S.A.               | 38                   | 547                                 | 1.333        | 1,918         |
| CMPC Tissue S.A.                | 63                   | 643                                 | 3.271        | 3,977         |
| CMPC Productos de Papel S.A.    | 34                   | 262                                 | 1.607        | 1,903         |
| Servicios Compartidos CMPC S.A. | 5                    | 273                                 | 34           | 312           |
| <b>Totales</b>                  | <b>228</b>           | <b>2,783</b>                        | <b>8,908</b> | <b>11,919</b> |

## Personnel

On December 31<sup>st</sup>, 2007 the number of employees at the company totalled 11,919 workers, as detailed in Table N° 8.

## Insurance

Empresas CMPC S.A. and its subsidiaries have insurance cover for the main risks to their industrial and forest assets, cash flow and financial risks. This insurance cover, the goods covered and the sums insured, are detailed in Note N° 11 of

TABLE N° 9: INSURANCE

| MAIN AREAS                  | SUMS INSURED<br>MILLIONS OF DOLLARS |
|-----------------------------|-------------------------------------|
| Pulp Mills                  | 2,737                               |
| Sawmills                    | 370                                 |
| Paper Mills                 | 1,100                               |
| Tissue Products Plants      | 774                                 |
| Converters and other plants | 319                                 |
| Forestry Plantations        | 2,040                               |
| <b>Total</b>                | <b>7,340</b>                        |





the Consolidated Financial Statements and are summarised in Table N° 9.

### Further Items Of Note

At a meeting on December 6<sup>th</sup>, 2007, the Board of Directors approved the issue of an interim dividend, N° 241 at Ch\$160 per share, from the 2007 profits. This dividend was paid out on January 8<sup>th</sup>, 2008.

At a meeting on August 9<sup>th</sup>, 2007, the Board of Directors approved the issue of an interim dividend, N° 240 at Ch\$120

per share, from the 2007 profits. This dividend was paid on September 5<sup>th</sup>, 2007.

During the Annual Shareholders Meeting on April 27<sup>th</sup>, 2007, the issue of a final dividend N° 239 at Ch\$87 per share from the year's profits to December 31<sup>st</sup>, 2006, was approved. This dividend was paid out on May 10<sup>th</sup>, 2007.

In addition, the dividend policy approved at the Annual Shareholders Meeting, consisted of the issue of two interim dividends, to be paid

in September or December 2007 or January 2008 and a final dividend, to be approved at the next Meeting of Shareholders, to be paid in May 2008, such that total dividend payments amount to 40% of 2007 profits.

The remuneration of the Board of Directors, as in the previous year, was fixed at 1% of the dividends issued during the year, duly restated, to be shared equally, but with the Chairman entitled to a double share.



## Financial Information





## Endorsement of the Annual Report

The Directors and the Chief Executive Officer of EMPRESAS CMPC S.A., listed below declare themselves liable regarding the truth of all the information included in this annual report, and sign hereafter.

ELIODORO MATTE LARRAÍN  
Chairman  
Identity Number: 4.436.502-2

JUAN CLARO GONZÁLEZ  
Director  
Identity Number: 5.663.828-8

MARTÍN COSTABAL LLONA  
Director  
Identity Number: 5.593.528-9

PATRICIO GREZ MATTE  
Director  
Identity Number: 1.854.776-7

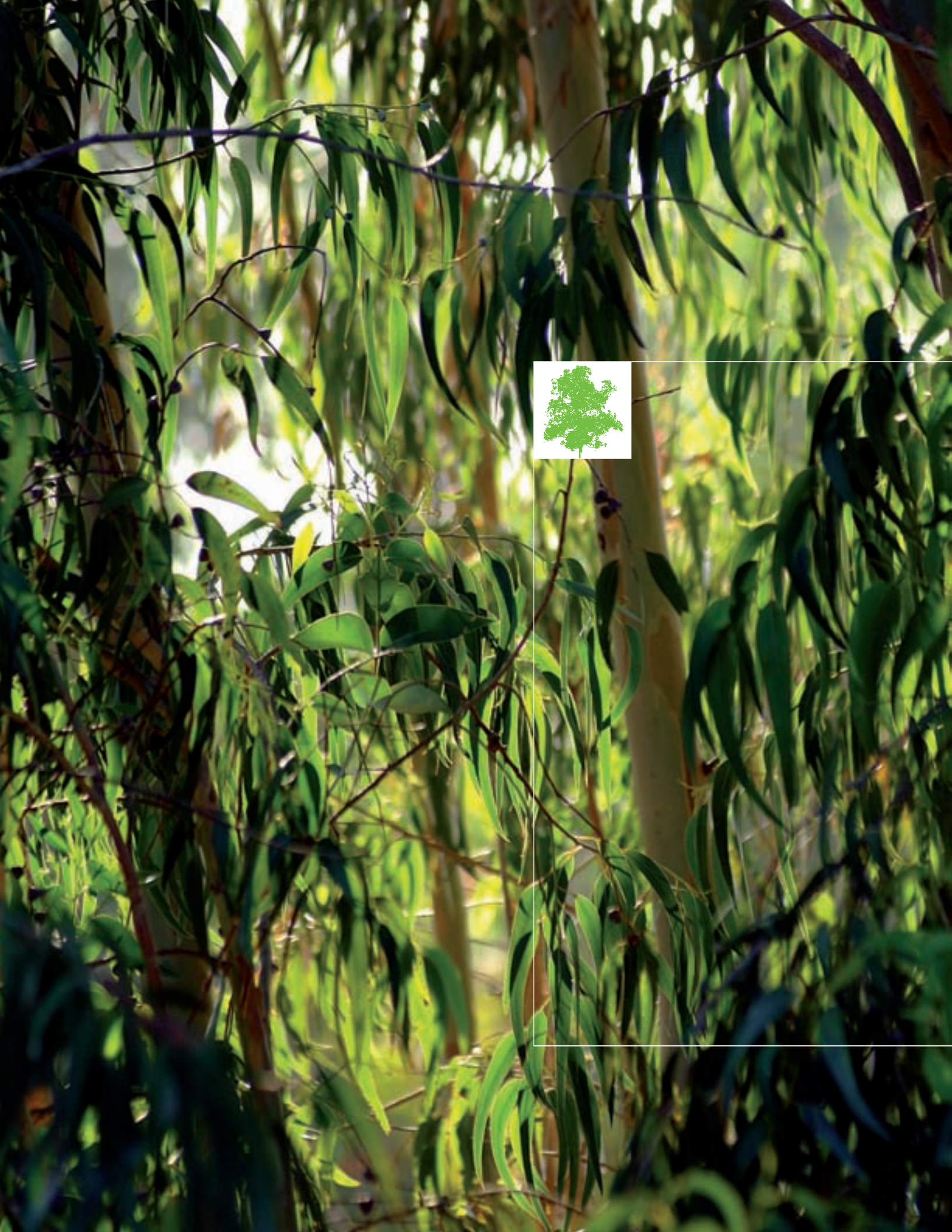
JORGE EDUARDO MARÍN CORREA  
Director  
Identity Number: 7.639.707-4

JORGE GABRIEL LARRAÍN BUNSTER  
Director  
Identity Number: 4.102.581-6

BERNARDO MATTE LARRAÍN  
Director  
Identity Number: 6.598.728-7

ARTURO MACKENNA ÍÑIGUEZ  
Chief Executive Officer  
Identity Number: 4.523.287-5





December 31<sup>st</sup>, 2007  
(Translation of the original in Spanish)

- Ch\$ - Chilean pesos
- ThCh\$ - Thousands of Chilean pesos
- US\$ - United States dollars
- ThUS\$ - Thousands of United States dollars
- A\$ - Argentinean pesos
- Ur\$ - Uruguayan pesos
- S\$ - New Peruvian soles
- Mex\$ - Mexican pesos
- C\$ - Colombian pesos
- UF - The Unidad de Fomento is a Chilean inflation index-linked,  
peso-denominated unit, set daily in advance on the basis  
of the previous month's inflation rate
- € - Euros

We are like a tree  
with firm roots and  
many branches; we  
form a solid company,  
whose investments  
become profitable  
businesses,  
sustainable over  
time.

CMPC is a company that makes investments in Chile and abroad, and believes in the capability of its workers and the stability of its business; a company that actively seeks to make continual improvements, remaining faithful to its traditions and innovative at the same time.



## Consolidated Financial Statements



Consolidated  
Balance Sheet

Consolidated  
Statement of  
Income

Consolidated  
Statement of  
Cash Flows

Notes to  
Consolidated  
Financial  
Statements

Report of  
Independent  
Accountants



## Consolidated Balance Sheet

| ASSETS   | At December 31,      |                  |                      |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | 2007                 |                  | 2006                 |                  |
|  | ThCh\$               | ThUS\$           | ThCh\$               | ThUS\$           |
| <b>CURRENT ASSETS</b>                                    |                      |                  |                      |                  |
| Cash and banks   | 7,132,265            | 14,354           | 6,109,366            | 10,685           |
| Time deposits  | 54,704,413           | 110,094          | 26,512,488           | 46,368           |
| Marketable securities                                    | 881,917              | 1,775            | 258,161              | 451              |
| Trade accounts receivable (net)                          | 244,424,521          | 491,909          | 201,689,863          | 352,736          |
| Notes receivable (net)                                   | 44,252,239           | 89,058           | 42,116,720           | 73,658           |
| Sundry debtors   | 29,069,981           | 58,504           | 20,627,461           | 36,075           |
| Notes and accounts receivable from related companies     | 1,395,463            | 2,808            | 1,181,407            | 2,066            |
| Inventories (net)  | 360,571,033          | 725,656          | 353,543,389          | 618,313          |
| Recoverable taxes  | 21,403,728           | 43,075           | 27,374,498           | 47,875           |
| Prepaid expenses   | 5,444,193            | 10,957           | 4,915,952            | 8,598            |
| Deferred taxes   | 4,648,563            | 9,355            | 4,152,340            | 7,262            |
| Other current assets                                     | 23,208,467           | 46,707           | 49,834,030           | 87,155           |
| <b>Total current assets</b>                              | <b>797,136,783</b>   | <b>1,604,252</b> | <b>738,315,675</b>   | <b>1,291,242</b> |
| <b>FIXED ASSETS</b>                                      |                      |                  |                      |                  |
| Land and plantations                                     | 1,357,408,821        | 2,731,809        | 1,302,216,921        | 2,277,452        |
| Buildings and constructions                              | 812,032,895          | 1,634,231        | 526,593,785          | 920,962          |
| Machinery and equipment                                  | 2,198,943,733        | 4,425,414        | 1,874,881,077        | 3,278,986        |
| Other fixed assets                                       | 131,502,561          | 264,651          | 670,200,287          | 1,172,116        |
| Increased value from technical appraisal of fixed assets | 52,577,123           | 105,812          | 52,577,123           | 91,952           |
| Depreciation   | (1,527,205,592)      | (3,073,529)      | (1,409,017,233)      | (2,464,235)      |
| <b>Total net fixed assets</b>                            | <b>3,025,259,541</b> | <b>6,088,388</b> | <b>3,017,451,960</b> | <b>5,277,233</b> |
| <b>OTHER ASSETS</b>                                      |                      |                  |                      |                  |
| Investment in related companies                          | 46,535,660           | 93,654           | 43,815,784           | 76,630           |
| Investment in other companies                            | 142,267              | 286              | 147,619              | 258              |
| Goodwill (net)   | 48,598,552           | 97,805           | 55,063,283           | 96,300           |
| Negative goodwill (net)                                  | (23,101,067)         | (46,491)         | (24,886,585)         | (43,524)         |
| Long-term debtors  | 26,397,371           | 53,125           | 14,791,333           | 25,869           |
| Intangibles (net)  | 2,074,525            | 4,175            | 1,996,442            | 3,492            |
| Others   | 16,094,322           | 32,390           | 11,775,287           | 20,594           |
| <b>Total other assets</b>                                | <b>116,741,630</b>   | <b>234,944</b>   | <b>102,703,163</b>   | <b>179,619</b>   |
| <b>Total assets</b>                                      | <b>3,939,137,954</b> | <b>7,927,584</b> | <b>3,858,470,798</b> | <b>6,748,094</b> |

The accompanying Notes N°s 1 to 36 are an integral part of these consolidated financial statements.





| LIABILITIES, MINORITY INTEREST<br>AND SHAREHOLDERS' EQUITY           | At December 31,      |                  |                      |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | 2007                 |                  | 2006                 |                  |
|  | ThCh\$               | ThUS\$           | ThCh\$               | ThUS\$           |
| <b>Current Liabilities</b>   |                      |                  |                      |                  |
| Liabilities with banks and financial institutions                    |                      |                  |                      |                  |
| short term   | 83,770,384           | 168,589          | 89,678,341           | 156,839          |
| Short-term portion of long-term                                      |                      |                  |                      |                  |
| liabilities with banks and financial institutions                    | 78,520,197           | 158,023          | 52,886,664           | 92,494           |
| Short-term portion of bonds  | 2,538,499            | 5,109            | 2,583,274            | 4,518            |
| Current portion of other long-term liabilities                       | 2,187,753            | 4,403            | 3,919,984            | 6,856            |
| Dividends payable  | 32,985,101           | 66,383           | 15,188,550           | 26,563           |
| Accounts payable   | 154,230,089          | 310,391          | 156,513,793          | 273,728          |
| Notes payable  | 693,791              | 1,396            | 741,098              | 1,296            |
| Sundry creditors   | 2,804,349            | 5,644            | 1,264,786            | 2,212            |
| Notes and accounts payable to related companies                      | 9,091,535            | 18,297           | 10,905,229           | 19,072           |
| Provisions   | 19,735,276           | 39,718           | 16,423,118           | 28,722           |
| Withholdings   | 10,854,306           | 21,844           | 10,729,762           | 18,765           |
| Income tax   | 2,786,937            | 5,609            | 473,518              | 828              |
| Unearned income  | 1,031,679            | 2,076            | 595,111              | 1,041            |
| Other current liabilities  | 1,996,964            | 4,019            | 399,067              | 698              |
| <b>Total current liabilities</b>                                     | <b>403,226,860</b>   | <b>811,501</b>   | <b>362,302,295</b>   | <b>633,632</b>   |
| <b>Long-term Liabilities</b>   |                      |                  |                      |                  |
| Liabilities with banks and financial institutions                    | 245,353,090          | 493,777          | 351,251,351          | 614,305          |
| Bonds  | 364,916,260          | 734,400          | 388,162,051          | 678,858          |
| Notes payable  | 1,963,857            | 3,952            | 4,703,889            | 8,227            |
| Provisions   | 33,378,172           | 67,174           | 33,256,022           | 58,162           |
| Deferred taxes   | 92,781,028           | 186,723          | 74,011,362           | 129,439          |
| Other liabilities  | 8,515,295            | 17,137           | 3,983,148            | 6,966            |
| <b>Total long-term liabilities</b>                                   | <b>746,907,702</b>   | <b>1,503,163</b> | <b>855,367,823</b>   | <b>1,495,957</b> |
| <b>Minority Interest</b>   | <b>69,048,077</b>    | <b>138,961</b>   | <b>70,069,460</b>    | <b>122,545</b>   |
| <b>Shareholders' Equity</b>  |                      |                  |                      |                  |
| Paid-in capital  | 112,420,839          | 226,249          | 112,420,839          | 196,613          |
| Other reserves   | 802,368,571          | 1,614,781        | 827,156,762          | 1,446,617        |
| Reserve for future dividends   | 16,847,854           | 33,907           | 16,847,854           | 29,465           |
| Accumulated earnings   | 1,595,739,964        | 3,211,455        | 1,525,256,063        | 2,667,526        |
| Net income for the year  | 249,370,087          | 501,862          | 117,389,125          | 205,302          |
| Interim dividends  | (56,792,000)         | (114,295)        | (28,339,423)         | (49,563)         |
| <b>Total shareholders' equity</b>                                    | <b>2,719,955,315</b> | <b>5,473,959</b> | <b>2,570,731,220</b> | <b>4,495,960</b> |
| <b>Total liabilities, minority interest and shareholders' equity</b> | <b>3,939,137,954</b> | <b>7,927,584</b> | <b>3,858,470,798</b> | <b>6,748,094</b> |

The accompanying Notes N°s 1 to 36 are an integral part of these consolidated financial statements.

## Consolidated Statement of Income

|  | For the years ended December 31, |                  |                     |                 |
|--|----------------------------------|------------------|---------------------|-----------------|
|  | 2007                             |                  | 2006                |                 |
|  | ThCh\$                           | ThUS\$           | ThCh\$              | ThUS\$          |
| <b>OPERATING RESULTS</b>                               |                                  |                  |                     |                 |
| Sales  | 1,603,610,139                    | 3,227,294        | 1,290,831,841       | 2,257,540       |
| Cost of sales  | (1,008,772,554)                  | (2,030,173)      | (860,456,228)       | (1,504,855)     |
| <b>Gross margin</b>                                    | <b>594,837,585</b>               | <b>1,197,121</b> | <b>430,375,613</b>  | <b>752,685</b>  |
| Administrative and selling expenses                    | (301,299,669)                    | (606,371)        | (257,813,181)       | (450,890)       |
| <b>Operating income</b>                                | <b>293,537,916</b>               | <b>590,750</b>   | <b>172,562,432</b>  | <b>301,795</b>  |
| <b>NON OPERATING RESULTS</b>                           |                                  |                  |                     |                 |
| Financial income                                       | 4,133,372                        | 8,319            | 4,090,777           | 7,154           |
| Gain on investment in related companies                | 6,355,187                        | 12,790           | 6,190,343           | 10,826          |
| Other non-operating income                             | 1,349,700                        | 2,716            | 2,274,892           | 3,979           |
| Loss on investment in related companies                | (4,166)                          | (8)              | -                   | -               |
| Amortization of goodwill                               | (4,880,759)                      | (9,823)          | (5,116,907)         | (8,949)         |
| Financial expenses                                     | (40,244,225)                     | (80,992)         | (39,945,762)        | (69,861)        |
| Other non-operating expenses                           | (5,602,077)                      | (11,274)         | (4,096,594)         | (7,164)         |
| Price-level restatements net                           | (6,676,009)                      | (13,436)         | 6,200,098           | 10,843          |
| Foreign exchange rate differences                      | 54,192,917                       | 109,064          | 5,822,057           | 10,182          |
| <b>Non-operating income (loss)</b>                     | <b>8,623,940</b>                 | <b>17,356</b>    | <b>(24,581,096)</b> | <b>(42,990)</b> |
| Income before income taxes                             | 302,161,856                      | 608,106          | 147,981,336         | 258,805         |
| Income taxes   | (52,436,677)                     | (105,530)        | (29,559,417)        | (51,697)        |
| <b>Income before minority interest</b>                 | <b>249,725,179</b>               | <b>502,576</b>   | <b>118,421,919</b>  | <b>207,108</b>  |
| Minority interest                                      | (2,140,582)                      | (4,308)          | (2,832,030)         | (4,953)         |
| <b>Income before amortization of negative goodwill</b> | <b>247,584,597</b>               | <b>498,268</b>   | <b>115,589,889</b>  | <b>202,155</b>  |
| Amortization of negative goodwill                      | 1,785,490                        | 3,593            | 1,799,236           | 3,147           |
| <b>NET INCOME FOR THE YEAR</b>                         | <b>249,370,087</b>               | <b>501,862</b>   | <b>117,389,125</b>  | <b>205,302</b>  |

The accompanying Notes N°s 1 to 36 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

|  | For the years ended December 31, |                  |                      |                  |
|--|----------------------------------|------------------|----------------------|------------------|
|  | 2007                             |                  | 2006                 |                  |
|  | ThCh\$                           | ThUS\$           | ThCh\$               | ThUS\$           |
| <b>Cash Flows From Operating Activities</b>                                    |                                  |                  |                      |                  |
| Net income for the year  | 249,370,087                      | 501,862          | 117,389,125          | 205,302          |
| Loss (profit) on sale of fixed assets  | 222,940                          | 449              | (150,897)            | (264)            |
| <b>Charges (Credits) Not Representing Movement of Funds:</b>                   |                                  |                  |                      |                  |
| Depreciation   | 139,540,876                      | 280,829          | 103,093,967          | 180,301          |
| Amortization of intangible assets  | 47,414                           | 95               | 51,983               | 91               |
| Write-offs and provisions  | 1,403,890                        | 2,825            | 1,347,310            | 2,356            |
| Net income on investment in related companies                                  | (6,355,187)                      | (12,790)         | (6,190,343)          | (10,826)         |
| Net loss on investment in related companies                                    | 4,166                            | 8                | -                    | -                |
| Goodwill amortization  | 4,880,759                        | 9,823            | 5,116,907            | 8,949            |
| Negative goodwill amortization   | (1,785,490)                      | (3,593)          | (1,799,236)          | (3,147)          |
| Price-level restatements net   | 6,675,342                        | 13,434           | (6,200,098)          | (10,843)         |
| Foreign exchange rate differences net  | (54,192,917)                     | (109,064)        | (5,822,057)          | (10,182)         |
| Other charges not representing movement of funds                               | 26,927,033                       | 54,191           | 19,894,581           | 34,794           |
| <b>Changes In Assets Which Affect Cash Flows:</b>                              |                                  |                  |                      |                  |
| Increase in trade accounts receivable  | (79,960,803)                     | (160,923)        | (46,948,123)         | (82,108)         |
| Increase in inventories  | (34,753,834)                     | (69,943)         | (35,326,098)         | (61,782)         |
| Decrease in other assets   | 3,814,225                        | 7,676            | 2,875,176            | 5,028            |
| <b>Changes In Liabilities Which Affect Cash Flows:</b>                         |                                  |                  |                      |                  |
| Increase (decrease) in accounts payable related to operating results           | (9,385,972)                      | (18,889)         | 7,651,521            | 13,382           |
| Increase in interest payable   | 2,054,530                        | 4,135            | 2,023,658            | 3,539            |
| Increase in taxes payable  | 32,750,696                       | 65,911           | 23,949,835           | 41,886           |
| Increase (decrease) in other accounts payable related to non-operating results | (196,899)                        | (396)            | 1,156,336            | 2,022            |
| Decrease in Value Added Tax and other similar taxes payable                    | 15,613,202                       | 31,422           | 2,347,953            | 4,106            |
| Profit minority interest   | 2,140,582                        | 4,308            | 2,832,030            | 4,953            |
| <b>Net positive cash flows from operating activities</b>                       | <b>298,814,640</b>               | <b>601,370</b>   | <b>187,293,530</b>   | <b>327,557</b>   |
| <b>Cash Flows From Financing Activities:</b>                                   |                                  |                  |                      |                  |
| Issuance of common stock   | -                                | -                | 1,755,232            | 3,070            |
| Loans received   | 503,294,555                      | 1,012,889        | 400,282,264          | 700,055          |
| Bonds issued   | -                                | -                | 76,579,448           | 133,930          |
| Other financial sources  | -                                | -                | 68,570               | 120              |
| Payment of dividends   | (60,400,433)                     | (121,557)        | (31,980,994)         | (55,932)         |
| Payment of loans   | (527,884,551)                    | (1,062,377)      | (274,302,926)        | (479,729)        |
| Payment of bond issuance cost  | -                                | -                | (1,362,032)          | (2,382)          |
| <b>Net (negative) positive cash flows from financing activities</b>            | <b>(84,990,429)</b>              | <b>(171,045)</b> | <b>171,039,562</b>   | <b>299,132</b>   |
| <b>Cash Flows From Investment Activities:</b>                                  |                                  |                  |                      |                  |
| Proceeds from sale of fixed assets   | 1,107,307                        | 2,228            | 5,280,569            | 9,235            |
| Other investment income  | -                                | -                | 197,417              | 345              |
| Fixed assets investments   | (199,007,019)                    | (400,505)        | (390,570,298)        | (683,070)        |
| Permanent investments  | (7,868,407)                      | (15,835)         | (5,896,192)          | (10,312)         |
| Other investment costs   | (479,178)                        | (964)            | -                    | -                |
| <b>Net negative cash flows from investment activities</b>                      | <b>(206,247,297)</b>             | <b>(415,076)</b> | <b>(390,988,504)</b> | <b>(683,802)</b> |
| <b>Net positive (negative) cash flows for the year</b>                         | <b>7,576,914</b>                 | <b>15,249</b>    | <b>(32,655,412)</b>  | <b>(57,113)</b>  |
| Price-level restatement of cash and cash equivalents                           | (6,870,105)                      | (13,826)         | 2,604,037            | 4,554            |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENT</b>                                  | <b>706,809</b>                   | <b>1,423</b>     | <b>(30,051,375)</b>  | <b>(52,559)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                          | <b>82,318,395</b>                | <b>165,667</b>   | <b>112,369,770</b>   | <b>196,528</b>   |
| <b>CASH AND CASH EQUIVALENT AT END OF YEAR</b>                                 | <b>83,025,204</b>                | <b>167,090</b>   | <b>82,318,395</b>    | <b>143,969</b>   |

The accompanying Notes N°s 1 to 36 are an integral part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements

As of December 31, 2007 and 2006

## NOTE 1 COMPANY'S REGISTRATION

Empresas CMPC S.A. is registered as N° 0115 in the Official Company Register and is under the supervision of the Chilean Superintendency of Securities and Insurance (the "Superintendency").

The subsidiaries Industrias Forestales S.A., and Inversiones CMPC S.A. are registered under N° 0066, and N° 0672, respectively.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Accounting period

The consolidated financial statements cover the period January 1 to December 31, 2007 and are compared to the same period in 2006.

### b) Basis of preparation

The consolidated financial statements have been prepared in accordance with Superintendency of Securities and Insurance regulations, which are consistent with accounting principles generally accepted in Chile issued by the Chilean Institute of Accountants. In the event of discrepancy, the Superintendency of Securities and Insurance regulations shall prevail.

### c) Basis of presentation

To enable a better comparison with the balances as of December 31, 2007, the balances in the consolidated financial statements as of December 31, 2006 have been restated out-of-book by the variation in the Consumer Price Index (CPI) for the period December 1, 2006 to November 30, 2007, which amounted to 7.4%. In addition, minor reclassifications were made to 2006 for consistency with the 2007 period.

### d) Basis of consolidation

The consolidated financial statements include the assets, liabilities, income statement accounts and cash flows of the Parent Company Empresas CMPC S.A. and its subsidiaries.

Significant amounts and results of transactions between the consolidated companies have been eliminated and the participation of the minority shareholders has been recognized in the financial statements as Minority interest.

### e) Price-level restatements

The consolidated financial statements have been restated in order to reflect the effect of price-level changes on the Chilean peso in each year (Note N° 23). Restatements have been calculated on the basis of the Consumer Price Index published by the Chilean Institute of Statistics, which shows a variation of 7.4% for the period December 1, 2006 to

November 30, 2007 (2.1% for the same period in the preceding year). Income and expense accounts have also been restated to present them in year-end constant pesos.

The values in indexed unit have been translated into Chilean pesos at 1 UF: Ch\$ 19,622.66 as of December 31, 2007 (Ch\$ 18,336.38 to UF 1 at December 31, 2006).

### f) Currency translation

Assets and liabilities in foreign currency have been translated into Chilean pesos at the year-end exchange rate Ch\$ 496.89 to US\$ 1 as of December 31, 2007 (Ch\$ 532.39 to US\$ 1 as of December 31, 2006) and Ch\$730.94 to 1 euro at December 31, 2007 (Ch\$ 702.08 to 1 euro as of December 31, 2006)

The effect of translating assets and liabilities held in foreign currency is shown in the Statement of Income under Foreign exchange rate differences, net of local inflation effects.

The financial statements of foreign producing subsidiaries were incorporated into the consolidated financial statements with their assets and liabilities translated into US dollars at the following exchange rates: A\$ 3.15 Argentinean pesos to 1 US\$ (A\$ 3.06/US\$ in 2006), Uruguayan pesos at UR\$ 21.5 to 1 US\$ (UR\$ 24.42/US\$ in 2006), New Peruvian soles at the rate of S\$ 3.00 to 1 US\$ (S\$ 3.20/US\$ in 2006), Mexican pesos at Mex\$ 10.92 to 1 US\$ (Mex\$ 10.81/US\$ in 2006) and Colombian pesos at C\$ 2,014.76 to 1 US\$.

### g) Time deposits and marketable securities

Time deposits in banks and financial institutions are valued at restated cost plus interest accrued at each year end.

Fixed-income securities are shown at restated investment cost plus interest accrued at each year end at the real interest rate determined on the purchase date.

Mutual fund units and foreign investment funds are presented at the year-end unit value. Promissory notes and other bonds are shown at their restated purchase cost plus interest accrued at year end.

The resulting amounts do not exceed their market values, and adjustments have been made when the market value is lower.

The Company has invested resources in time deposits and marketable securities with resale agreements in Chilean pesos, some of these have been complemented with derivatives in dollars, whereby the operation is redenominated to such currency.



#### h) Inventories

Inventories of finished and work in progress products have been valued at the most recent direct production cost, including certain indirect inputs, excluding labor costs.

Forest plantations which are estimated to be exploited within one year are included under inventories.

Raw materials, supplies, spare parts and other operating supplies are valued at restated cost at each year end.

The resulting amounts do not exceed their corresponding net realizable and replacement values, respectively.

A provision has been set up to cover obsolescence of supplies, raw materials and other inputs based on the turnover and historical movements of these inventories.

#### i) Allowance for unrecoverable accounts

The Company and subsidiaries have set up a provision to cover the risk of unrecoverable notes and/or accounts receivable, which is determined on the basis of historical movements in the client portfolio and an analysis of accounts due from clients exceeding the normal period of collection.

#### j) Fixed assets

Fixed assets are shown at restated cost (Note N° 11). In addition, this caption includes the effect of technical reappraisals registered by Empresas CMPC S.A. and subsidiaries in prior years.

Forest plantations have been appraised considering the market values in conformity with current accounting standards and technical principles generally accepted for the appraisal of these assets. The higher value so determined above the restated balance in books, increases the plantation assets and is credited to Forest Reserve, an Equity account included under Other reserves. The corresponding deferred tax is deducted from these amounts.

The portion of the Forest Reserve corresponding to the plantations exploited is annually netted off against the Forest Reserve account and credited to income in the corresponding sales' year.

#### k) Fixed asset depreciation

Fixed assets depreciation is calculated using the straight-line method over the restated cost of assets, considering the remaining useful lives of the assets.

#### l) Leased assets

Fixed assets acquired under leasing contracts are recorded at the current value of the contract and are presented under Other fixed

assets. These assets are not legally owned by the Company until they exercise the purchase option.

#### m) Intangible assets

Intangible assets are valued at restated purchase cost and are amortized over the estimated years of investment return.

#### n) Investment in related companies (associates)

Investments in related companies are valued using the equity method of accounting. This valuation includes recognizing participation in their results on an accrual basis after eliminating unrealized gains and losses on transactions with related companies. In the cases of buying companies, the difference between the Company's equity value and the purchase price is shown as Goodwill/Negative goodwill under Other assets (Circular N° 368 dated December 12, 1983, issued by the Superintendency of Securities and Insurance).

According to the new instructions issued by the Superintendency of Securities and Insurance through Circular N° 1,697 dated December 30, 2003 and technical Bulletin N°72 of the Chilean Institute of Accountants, the new investments made as from January 1, 2004, are valued through the equity method, which considers the valuation of the investment upon buying at "fair value" of the equity of the acquired Company (market value of assets and liabilities).

Investments in foreign companies are valued in accordance with Technical Bulletin N° 64 of the Chilean Institute of Accountants and Official Circular N° 5,294 dated October 20, 1998 issued by Superintendency of Securities and Insurance.

In conformity with these regulations, the foreign subsidiaries, CMPC Investments Ltd., Inversiones CMPC Cayman Ltd., Gestum Inversiones S.L., Tissue Cayman Ltd., CMPC Europe Ltd., CMPC Asia Ltd. and Propa Cayman Ltd. are considered an extension of the Parent Company and are therefore controlled in Chilean pesos, restated by local inflation (CPI).

Investments in subsidiaries in Argentina: CMPC Inversiones de Argentina S.A., La Papelera del Plata S.A., Naschel S.A., Forestal Bosques del Plata S.A. and Fabi S.A., the subsidiaries in Uruguay: Ipusa and Valor Brand S.A. the subsidiary in Colombia; Drypers Andina S.A., the subsidiaries in Perú: Forsac Perú S.A., Protisa Perú S.A. and Papelera del Rimac S.A., and the subsidiaries in Mexico: Grupo ABS International S.A., ABS Bienes de Capital S.A., Convertidora de Productos Higiénicos S.A., International de Papeles del Golfo S.A., Hygienic Products International S.A., are considered productive companies with own activities, and are therefore controlled in US dollars.

### o) Goodwill and negative goodwill

The difference generated between the purchase of shares and interests in companies and their net book value, calculated on the respective purchase date is presented in Other Assets (as negative goodwill/goodwill). These differences are amortized over the estimated period of investment return, which is estimated to be 20 years in the forest industry.

### p) Financial investments under resale agreements

Securities purchased under resale agreements are valued at restated cost plus interest accrued at year end in accordance with their respective agreement's clauses. These values are shown under Other current assets.

The Company has invested resources in instruments with resale agreement in Chilean pesos, complemented with derivatives in dollars, whereby the operation is redenominated to such currency.

### q) Bonds payable

This caption represents the obligation arising from three bonds issued by the Company, one placed abroad and the other two in the local market. These obligation have been registered, under the Securities Registry of the Superintendency of Securities and Insurance. All of them are recorded at the restated nominal value and interest accrued at year end. Commissions and others costs associated with placing the bonds were charged to income when incurred. The discount on the local placement is recognized as a deferred asset and will be amortized over the life of the bond.

### r) Income taxes and deferred taxes

The Parent Company and subsidiaries set up income tax provisions, which were charged to income for each year, in conformity with current tax legislation in Chile and/or countries in which the respective income is generated or the tax liability should be paid.

In accordance with instructions issued by the Superintendency under Circular N° 1466, as stipulated under Technical Bulletins N° 60, 68, 69 and 71 issued by the Chilean Institute of Accountants the deferred tax impact of all temporary differences existing between the tax and financial balance sheets have been recognized based on the current tax rate on the estimated date of reverse. The effects of deferred income taxes that existed at the date the relevant legislation was implemented, and which were not previously recorded will be recognized in income as the temporary differences are reversed.

### s) Staff benefits

The provision set up to cover the liability for severance indemnities agreed with the Company's staff is presented at the accrued value at each year end. That portion estimated to be paid within one year is shown under short-term liabilities.

Staff vacations costs are recorded on an accrued basis.

### t) Sales

Sales correspond to products dispatched and recorded at their invoice value. In the case of export sales, these are valued using the exchange rate on the date of invoicing.

### u) Derivative contracts

Derivative contracts have been subscribed in order to cover global exchange rate risks of the Company and its subsidiaries. Such contracts are valued according to the fair value they present at year end, and the difference against the face value are recorded in the respective income or deferred accounts based on the nature of the contracts, in accordance to Technical Bulletin N° 57 issued by the Chilean Institute of Accountants.

### v) Computer software

Expenses related to computer software used for administrative purposes by the Company and subsidiaries, which were developed internally, are charged to income as incurred in the respective periods.

The cost of computer software purchased from third parties is charged to expenses during the course of its implementation or start-up.

The cost of software associated to machines and other production assets is charged to income on the start-up date.

### w) Research and development costs

The Parent Company and subsidiaries have recorded research and development costs in the production process under expenses during the year as the costs are incurred.

### x) Cash flows

In the preparation of the statement of cash flows, cash equivalents are considered to be short term financial investment which are part of the general administration of cash surpluses. Cash equivalents include time deposits and marketable securities such as short-term investments under resale and repurchase agreements, Chilean Central Bank Promissory Notes, units in investment Funds, investments in mutual fund units and other investments, in conformity with Technical Bulletin N° 50 issued by the Chilean Institute of Accountants.

Cash flows from operating activities include all business-related cash flows as well as interest paid, financial income, dividends and other distributions received and, in general, all cash flows not defined as from investment or financing activities. The concept of operations used in this statement is more comprehensive than that used in the consolidated statement of income.





y) Consolidated subsidiaries

The following subsidiaries have been included in consolidation:

| Tax Number   | Company   | Ownership interest |          |          |          |
|--------------|---|--------------------|----------|----------|----------|
|              |   | 2007               |          |          | 2006     |
|              |   | Direct             | Indirect | Total    | Total    |
| 91.440.000-7 | Forestal Mininco S.A.                             | 99.9999            | 0.0001   | 100.0000 | 100.0000 |
| 96.596.540-8 | Inversiones CMPC S.A.                             | 99.9988            | 0.0012   | 100.0000 | 100.0000 |
| 79.879.430-2 | Forestal Coihueco S.A.                            | 99.9999            | 0.0001   | 100.0000 | 100.0000 |
| 78.000.190-9 | Inmobiliaria Pinares S.A.                         | 99.9900            | 0.0100   | 100.0000 | 100.0000 |
| 96.500.110-7 | Forestal y Agrícola Monte Águila S.A.             | 99.7480            | 0.0000   | 99.7480  | 99.7480  |
| 79.818.600-0 | CMPC Papeles S.A.                                 | 0.1000             | 99.9000  | 100.0000 | 100.0000 |
| 96.529.310-8 | CMPC Tissue S.A.                                  | 0.1000             | 99.9000  | 100.0000 | 100.0000 |
| 96.757.710-3 | CMPC Productos de Papel S.A.                      | 0.1000             | 99.9000  | 100.0000 | 100.0000 |
| 96.532.330-9 | CMPC Celulosa S.A.                                | 0.0480             | 99.9520  | 100.0000 | 100.0000 |
| 96.601.000-2 | Inmobiliaria y Forestal Maitenes S.A.             | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 78.549.280-3 | Envases Roble Alto S.A.                           | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 79.943.600-0 | Propa S.A.  | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 84.552.500-5 | Portuaria CMPC S.A.                               | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 86.359.300-K | Sociedad Recuperadora de Papel S.A.               | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 88.566.900-K | Empresa Distribuidora de Papeles y Cartones S.A.  | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 89.201.400-0 | Envases Impresos S.A.                             | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 96.731.890-6 | Cartulinas CMPC S.A.                              | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 96.768.750-2 | Servicios Compartidos CMPC S.A.                   | 20.0000            | 80.0000  | 100.0000 | 100.0000 |
| 96.850.760-5 | Inversiones Protisa S.A.                          | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 96.853.150-6 | Papeles Cordillera S.A.                           | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 93.658.000-9 | Chilena de Moldeados S.A.                         | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| 95.304.000-K | CMPC Maderas S.A.                                 | 0.0000             | 97.5138  | 97.5138  | 97.5138  |
| 91.656.000-1 | Industrias Forestales S.A.                        | 0.0000             | 81.9500  | 81.9500  | 81.9500  |
| 84.126.300-6 | Forestal Crece S.A.                               | 0.0000             | 81.9500  | 81.9500  | 81.9500  |
| 70.029.300-9 | Cooperativa Agrícola y Forestal el Proboste Ltda. | 0.0000             | 71.8600  | 71.8600  | 0.0000   |

| Tax Number | Company  | Ownership interest |          |          |          |
|------------|--|--------------------|----------|----------|----------|
|            |  | 2007               |          |          | 2006     |
|            |  | Direct             | Indirect | Total    | Total    |
| Foreign    | Inversiones CMPC Cayman Ltd. - Cayman Island             | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | CMPC Investments Ltd. - Channel Island                   | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Inversiones Protisa S.A. y Cia S.R.C. - Spain            | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | CMPC Inversiones de Argentina S.A.                       | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | CMPC Asia Ltd. - Japan                                   | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Forestal Bosques del Plata S.A. - Argentina              | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Naschel S.A. - Argentina                                 | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Fabi Bolsas Industriales S.A. - Argentina                | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Tissue Cayman Ltd. - Cayman Island                       | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Protisa S.A. - Perú                                      | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Papelera del Rimac S.A. - Perú                           | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Compañía Primus del Uruguay S.A.                         | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Celulosas del Uruguay S.A.                               | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Valor Brands S.A. - Uruguay                              | 0.0000             | 100.0000 | 100.0000 | 0.0000   |
| Foreign    | CMPC Europe Ltd. - United Kingdom                        | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Protisa do Brasil Ltda.                                  | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Propa Cayman Ltd. - Cayman Island                        | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | Forsac Perú S.A.   | 0.0000             | 100.0000 | 100.0000 | 100.0000 |
| Foreign    | La Papelera del Plata S.A. - Argentina                   | 0.0000             | 99.9914  | 99.9914  | 99.9999  |
| Foreign    | Ipusa - Uruguay  | 0.0000             | 99.6100  | 99.6100  | 99.6100  |
| Foreign    | CMPC USA Inc. - United States                            | 0.0000             | 97.5386  | 97.5386  | 97.5386  |
| Foreign    | Grupo ABS Internacional S.A. de CV - México              | 0.0000             | 75.8200  | 75.8200  | 66.7000  |
| Foreign    | ABS Bienes de Capital S.A. de CV - México                | 0.0000             | 75.8100  | 75.8100  | 66.6600  |
| Foreign    | Absormex S.A. de CV - México                             | 0.0000             | 75.5500  | 75.5500  | 66.4300  |
| Foreign    | Convertidora de Productos Higiénicos S.A. de CV - México | 0.0000             | 75.7200  | 75.7200  | 66.5800  |
| Foreign    | Internacional de Papeles del Golfo S.A. de CV - México   | 0.0000             | 75.8200  | 75.8200  | 66.7000  |
| Foreign    | ABS License S.A. de CV - México                          | 0.0000             | 75.8100  | 75.8100  | 66.6600  |
| Foreign    | ABS International División S.A. de CV - México           | 0.0000             | 75.8100  | 75.8100  | 66.6600  |
| Foreign    | Hygienic Products International S.A. de CV - México      | 0.0000             | 75.8100  | 75.8100  | 66.6600  |
| Foreign    | Productos Tissue del Ecuador S.A.                        | 0.0000             | 100.0000 | 100.0000 | 0.0000   |
| Foreign    | Drypers Andina S.A. - Colombia                           | 0.0000             | 100.0000 | 100.0000 | 0.0000   |

## NOTE 3 ACCOUNTING CHANGES

There are no changes in the application of generally accepted accounting principles in Chile in relation to the previous year which could significantly affect the interpretation of these financial statements.

## NOTE 4 MARKETABLE SECURITIES

Marketable securities correspond to funds (cash surpluses) invested in securities, which are used in the normal operations of the Company and its subsidiaries according to their requirements.

The Company expects total instruments to be settled in the short term. The book value of these investments does not exceed their market value, with adjustments being recorded in case the former were higher than the latter.

At December 31, 2007 and 2006 this caption includes the following instruments:

### a) Detail of marketable securities

- Investments in mutual fund units:

| Financial Institution                            | ThCh\$         |          |
|--|----------------|----------|
|  | 2007           | 2006     |
| BCI Administradora General de Fondos Mutuos S.A. | 645,496        | -        |
| <b>Total</b>                                     | <b>645,496</b> | <b>-</b> |
| <b>ThUS\$</b>                                    | <b>1,299</b>   | <b>-</b> |

- Investments in foreign fund units

| Financial Institution       |           | ThCh\$         |                |
|-----------------------------|-----------|----------------|----------------|
|                             |           | 2007           | 2006           |
| JP Morgan Money Market Fund | (dollars) | 66,570         | 73,727         |
| JP Morgan Money Market Fund | (euros)   | 33,790         | 33,529         |
| BBH & Co, Money Market Fund | (dollars) | 802            | 882            |
| <b>Total</b>                |           | <b>101,162</b> | <b>108,138</b> |
| <b>ThUS\$</b>               |           | <b>204</b>     | <b>189</b>     |

- Other

|   | ThCh\$         |                |
|---|----------------|----------------|
|   | 2007           | 2006           |
| Other                                     | 135,259        | 150,023        |
| <b>Total</b>                              | <b>135,259</b> | <b>150,023</b> |
| <b>ThUS\$</b>                             | <b>272</b>     | <b>262</b>     |
| <b>Total Marketable securities ThCh\$</b> | <b>881,917</b> | <b>258,161</b> |
| <b>Total Marketable securities ThUS\$</b> | <b>1,775</b>   | <b>451</b>     |

### b) Marketable securities recorded under Other current assets

As outlined in Note N° 9, Other current assets include the following marketable securities:

|  | ThCh\$            |                   |
|--|-------------------|-------------------|
|  | 2007              | 2006              |
| Marketable securities under resale agreement re-denominated in dollars | 9,944,912         | 11,451,653        |
| Marketable securities under resale agreement in Chilean Pesos          | 10,361,697        | 37,986,727        |
| <b>Total</b>   | <b>20,306,609</b> | <b>49,438,380</b> |
| <b>ThUS\$</b>  | <b>40,867</b>     | <b>86,463</b>     |

### ACCOUNT COMPOSITION

| Instruments                        | ThCh\$         |                |
|------------------------------------|----------------|----------------|
|                                    | 2007           | 2006           |
| Mutual fund units                  | 645,496        | -              |
| Investment fund units              | 101,162        | 108,138        |
| Others                             | 135,259        | 150,023        |
| <b>Total marketable securities</b> | <b>881,917</b> | <b>258,161</b> |
| <b>ThUS\$</b>                      | <b>1,775</b>   | <b>451</b>     |

### NOTE 5 SHORT-AND LONG-TERM RECEIVABLES

These balances as of December 31, 2007 and 2006 are presented net of provisions as follows

|  | 2007               |            | 2006               |            |
|--|--------------------|------------|--------------------|------------|
|  | ThCh\$             | %          | ThCh\$             | %          |
| <b>a) Trade accounts receivable, net</b> |                    |            |                    |            |
| Domestic customers                       | 86,020,115         | 35.2       | 77,616,922         | 38.5       |
| Foreign customers                        | 129,247,044        | 52.9       | 99,454,672         | 49.3       |
| Clients from foreign subsidiaries        | 29,157,362         | 11.9       | 24,618,269         | 12.2       |
| <b>Total</b>                             | <b>244,424,521</b> | <b>100</b> | <b>201,689,863</b> | <b>100</b> |
| <b>ThUS\$</b>                            | <b>491,909</b>     | <b>100</b> | <b>352,736</b>     | <b>100</b> |

### b) Notes receivable, net

|                                   |                   |            |                   |            |
|-----------------------------------|-------------------|------------|-------------------|------------|
| Domestic customers                | 10,630,967        | 24.0       | 10,602,780        | 25.2       |
| Foreign customers                 | 29,584,000        | 66.9       | 28,119,336        | 66.8       |
| Clients from foreign subsidiaries | 4,037,272         | 9.1        | 3,394,604         | 8.0        |
| <b>Total</b>                      | <b>44,252,239</b> | <b>100</b> | <b>42,116,720</b> | <b>100</b> |
| <b>ThUS\$</b>                     | <b>89,058</b>     | <b>100</b> | <b>73,658</b>     | <b>100</b> |

### c) Sundry debtors

|                                     |                   |            |                   |            |
|-------------------------------------|-------------------|------------|-------------------|------------|
| Advance payment to suppliers        | 13,899,082        | 47.8       | 8,182,897         | 39.7       |
| Current accounts with third parties | 5,385,790         | 18.5       | 2,393,844         | 11.6       |
| Insurance claims                    | 4,583,477         | 15.8       | 3,981,075         | 19.3       |
| Loans to personnel                  | 3,981,992         | 13.7       | 4,004,429         | 19.4       |
| Debtors on fixed assets sales       | -                 | -          | 1,069,561         | 5.2        |
| Drawbacks                           | 227,866           | 0.8        | 320,858           | 1.6        |
| Others                              | 991,774           | 3.4        | 674,797           | 3.2        |
| <b>Total</b>                        | <b>29,069,981</b> | <b>100</b> | <b>20,627,461</b> | <b>100</b> |
| <b>ThUS\$</b>                       | <b>58,504</b>     | <b>100</b> | <b>36,075</b>     | <b>100</b> |

The provision net of short-term receivables amounts to ThCh\$ 4,981,817- ThUS\$ 10,026 in 2007 (ThCh\$ 5,259,081- ThUS\$ 9,198 in 2006).



## d) Long-term debtors

|   | 2007              |            | 2006              |            |
|---|-------------------|------------|-------------------|------------|
|   | ThCh\$            | %          | ThCh\$            | %          |
| Cross Currency Swap (Note 17)                 | 19,402,229        | 73.5       | 12,161,167        | 82.2       |
| Recoverable taxes in Argentina and Perú (1)   | 2,728,813         | 10.4       | 2,403,384         | 16.3       |
| Advances for purchase of standing forest wood | 4,021,173         | 15.2       | -                 | -          |
| Others  | 245,156           | 0.9        | 226,782           | 1.5        |
| <b>Total</b>                                  | <b>26,397,371</b> | <b>100</b> | <b>14,791,333</b> | <b>100</b> |
| <b>ThUS\$</b>                                 | <b>53,125</b>     | <b>100</b> | <b>25,869</b>     | <b>100</b> |

(1) Amount included under the caption Sundry Debtors - long term (see next table).

## - Receivable Insurance

This kind of insurance cover the risk for unrecoverable accounts, mainly foreign customers.

|                                 | MATURITIES             |             |                                 |            |             |                        |             |                       |            |
|---------------------------------|------------------------|-------------|---------------------------------|------------|-------------|------------------------|-------------|-----------------------|------------|
|                                 | Maturity up to 90 days |             | Maturity 90 days up to one year |            |             | Total short-term (net) |             | Total long-term (net) |            |
|                                 | 2007                   | 2006        | 2007                            | 2006       | Subtotal    | 2007                   | 2006        | 2007                  | 2006       |
|                                 | ThCh\$                 | ThCh\$      | ThCh\$                          | ThCh\$     | ThCh\$      | ThCh\$                 | ThCh\$      | ThCh\$                | ThCh\$     |
| Trade accounts receivable       | 236,504,802            | 189,642,381 | 12,752,000                      | 12,047,482 | 249,256,802 | 244,424,521            | 201,689,863 | -                     | -          |
| Allowance for doubtful accounts | -                      | -           | -                               | -          | 4,832,281   | -                      | -           | -                     | -          |
| Notes receivable                | 40,202,691             | 36,875,321  | 4,199,084                       | 5,241,399  | 44,401,775  | 44,252,239             | 42,116,720  | -                     | -          |
| Allowance for doubtful accounts | -                      | -           | -                               | -          | 149,536     | -                      | -           | -                     | -          |
| Sundry debtors                  | 23,730,558             | 18,068,547  | 5,339,423                       | 2,558,914  | 29,069,981  | 29,069,981             | 20,627,461  | 26,397,371            | 14,791,333 |
| Allowance for doubtful accounts | -                      | -           | -                               | -          | -           | -                      | -           | -                     | -          |
| Total                           |                        |             |                                 |            |             |                        |             | 26,397,371            | 14,791,333 |
| ThUS\$                          |                        |             |                                 |            |             |                        |             | 53,125                | 25,869     |

## NOTE 6 BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

In general, transactions with related companies correspond to commercial operations performed at market value.

For disclosure purposes, significant transactions are considered to be those greater than UF 10,000 annually.

Transactions with Copec S.A. (fuel) are based on contracts indexed to ENAP's prices and are payable within 60 days. Transactions with Colbún S.A. and Nehuenco S.A. relate to purchases of energy and power whose invoiced values show 90-day payment terms, based on contracts stated in dollars. The remaining transactions are carried out in non-indexed Chilean pesos.

Wood purchase and sales transactions between the Company's subsidiaries and Bosques Arauco S.A. and Forestal Celco S.A. are mainly ordinary business

transactions conducted at market prices and have payment terms between 30 and 60 days. The prices are based on current market prices on the day of the transaction.

The transactions with the ENTEL group refer mainly to fixed and cellular telephone services, data transmission, network security and electronic invoicing and trading. There are contracts for these services that contain fixed and variable charges as a function of volume; the amounts invoiced are payable at 60 days.

The transactions with Metrogas relate mainly to purchases of natural gas for industrial use under contracts that include prices indexed to the dollar and market conditions for the sale of industrial gas. The amounts invoiced are payable at 60 days.

The transactions with Puerto Lirquen mainly relate to port services under contracts that contain fixed and variable charges as a function of volume (tons and cubic meters) indexed to the dollar. The amounts invoiced are payable within 30 days.



The transactions with Cigna Security relate to health insurances contracts for the employees of Empresas CMPC and its subsidiaries which are denominated in UF and which are invoiced monthly.

Accounts receivable with Sociedad Industrial Romeral S.A.; Lafarge Chile S.A.(ex-Empresa Melón S.A.); Pesquera Friosur S.A. and Compañía Industrial El Volcan S.A. relate to the sale of company's products which were carried out under ordinary market conditions.

### Financial transactions

Financial transaction with entities of Banco Bice and those related to Banco Security relate mainly to investments of surplus cash and foreign exchange transactions at market conditions. The balances maintained at the end of both years are shown in the Balance sheet accounts that represent the nature of the investment (Cash and banks, Time deposits and Other current assets), and the terms agreed for each transaction can be seen in each of the respective notes.

As each type of transaction is related to the term and rates applicable to the amount invested, for the purposes of a better explanation and relation, the figures corresponding to each transaction shown in the accompanying table are averaged, using the method of the daily average invested. This shows the relationship between the interest on a monthly basis and the average principal shows the market conditions prevailing in each period.

The accounts payable described in this note with Banco BICE and Bice Factoring, mainly relate to factoring transactions done by some suppliers with these financial institutions.

The composition of related-company accounts receivable and payable is as follows:

#### a) Notes and accounts receivable

| Company                                     | Tax number   | Short-term       |                  |
|---|--------------|------------------|------------------|
|   |              | 2007<br>ThCh\$   | 2006<br>ThCh\$   |
| Sociedad Industrial Romeral S.A.            | 86,113,000-2 | 716,865          | 535,279          |
| Lafarge Chile S.A. (Ex Empresas Melon S.A.) | 93,390,000-2 | 289,853          | 407,131          |
| Pesquera Frio Sur S.A.                      | 86,577,500-8 | 151,341          | 187,109          |
| Compañía Industrial el Volcan S.A.          | 90,209,000-2 | 210,177          | 51,888           |
| Forestal Celco S.A.                         | 85,805,200-9 | 27,227           | -                |
| <b>Total</b>                                |              | <b>1,395,463</b> | <b>1,181,407</b> |
| <b>ThUS\$</b>                               |              | <b>2,808</b>     | <b>2,066</b>     |

#### b) Notes and accounts payable

| Company                                   | Tax number   | Short-term       |                   |
|---|--------------|------------------|-------------------|
|   |              | 2007<br>ThCh\$   | 2006<br>ThCh\$    |
| Compañía de Petroleos de Chile COPEC S.A. | 99,520,000-7 | 2,544,390        | 889,421           |
| Bice Factoring S.A.                       | 96,677,280-8 | 2,134,991        | 1,902,590         |
| Aserraderos Arauco S.A.                   | 96,565,750-9 | 1,717,454        | 5,477,889         |
| Colbun S.A.                               | 96,505,760-9 | 1,680,123        | 1,739,636         |
| Puerto de Lirquen S.A.                    | 82,777,100-7 | 326,500          | 526,340           |
| Entel Telefonía Local S.A.                | 96,697,410-9 | 227,737          | 21,887            |
| Banco Bice                                | 97,080,000-k | 222,948          | 211,462           |
| Entel PCS Telecomunicaciones S.A.         | 96,806,980-2 | 100,732          | 46,985            |
| Entel Chile S.A.                          | 92,580,000-7 | 91,324           | 86,530            |
| Controladora de Plagas Forestales S.A.    | 96,657,900-5 | 37,617           | -                 |
| Portuaria Lirquen S.A.                    | 96,560,720-k | 6,873            | 1,665             |
| Entel Call Center S.A.                    | 96,563,570-k | 846              | 824               |
| <b>Total</b>                              |              | <b>9,091,535</b> | <b>10,905,229</b> |
| <b>ThUS\$</b>                             |              | <b>18,297</b>    | <b>19,072</b>     |

## c) Transactions

| Company  | Tax number   | Relation                      | Description   |
|--|--------------|-------------------------------|---|
| Administradora General de Fondos Security S.A. | 96,639,280-0 | Director in common in Holding | Investment in mutual funds                                  |
| Aserraderos Arauco S.A.                        | 96,565,750-9 | Director in common in Holding | Collection operation  |
|  |              | Director in common in Holding | Timber buyin  |
| Banco BICE                                     | 97,080,000-k | Controller in common          | Dollar selling  |
|  |              | Controller in common          | Dollar buying   |
|  |              | Controller in common          | Dollar selling Forwards                                     |
|  |              | Controller in common          | Average investment in financial paper with resale agreement |
| BICE Administradora General                    | 96,514,410-2 | Director in common in Holding | Investment in mutual funds                                  |
| BICE Corredores de Bolsa S.A.                  | 79,532,990-0 | Director in common in Holding | Average investment in financial paper with resale agreement |
|  |              |                               |   |
| Celulosa Arauco y Constitución S.A.            | 93,458,000-1 | Director in common in Holding | Subproducts selling   |
| CGE Distribución S.A.                          | 99,513,400-4 | Director in common            | Electric power buying                                       |
| Colbún S.A.                                    | 96,505,760-9 | Director in common            | Electric power buying                                       |
| Compañía de Petróleos de Chile COPEC S.A.      | 99,520,000-7 | Director in common in Holding | Fuel buying   |
|  |              | Director in common in Holding | Lubricants buying   |
| Compañía Industrial El Volcán S.A.             | 90,209,000-2 | Director in common            | Product selling   |
| Entel Chile S.A.                               | 92,580,000-7 | Director in common in Holding | Service buying  |
| Entel PCS Telecomunicaciones S.A.              | 96,806,980-2 | Director in common in Holding | Service buying  |
| Entel Telefonía Local S.A.                     | 96,697,410-9 | Director in common in Holding | Service buying  |
| Forestal Celco S.A.                            | 85,805,200-9 | Director in common in Holding | Product selling   |
| Lafarge Chile S.A (Ex Empresas Melon S.A.)     | 93,390,000-2 | Director in common in Holding | Product selling   |
| METROGAS S.A.                                  | 96,722,460-K | Director in common in Holding | Natural gas buying  |
| Pesquera Frio Sur S.A.                         | 78,997,880-8 | Director in common            | Product selling   |
| Puerto de Lirquen S.A.                         | 82,777,100-7 | Director in common in Holding | Service buying  |
| Sociedad Industrial Pizarreño S.A.             | 96,569,760-8 | Director in common in Holding | Product selling   |
| Sociedad Industrial Romeral S.A.               | 86,113,000-2 | Director in common in Holding | Product selling   |
| Sofruco Alimentos Ltda.                        | 78,023,030-4 | Director in common in Holding | Product selling   |
| Cigna Cía. De Seguros de vida Chile S.A.       | 99,156,000-9 | Director in common in Holding | Insurance polices buying                                    |



| 2007               |         |                                    |        | 2006               |         |                                    |        |
|--------------------|---------|------------------------------------|--------|--------------------|---------|------------------------------------|--------|
| Transaction amount |         | Effect on results (expense) income |        | Transaction amount |         | Effect on results (expense) income |        |
| ThCh\$             | ThUS\$  | ThCh\$                             | ThUS\$ | ThCh\$             | ThUS\$  | ThCh\$                             | ThUS\$ |
| 9,289,200          | 18,695  | 45,068                             | 91     | 4,131,821          | 7,226   | 17,929                             | 31     |
| 25,593,670         | 51,508  | -                                  | -      | 13,393,575         | 23,424  | -                                  | -      |
| -                  | -       | -                                  | -      | 636,377            | 1,113   | -                                  | -      |
| 54,491,090         | 109,664 | 31,427                             | 63     | 98,372,793         | 172,045 | 86,807                             | 152    |
| 11,846,142         | 23,841  | -                                  | -      | 15,408,087         | 26,947  | -                                  | -      |
| 5,293,500          | 10,653  | 21,050                             | 42     | -                  | -       | -                                  | -      |
| -                  | -       | -                                  | -      | 3,086,458          | 5,398   | 13,323                             | 23     |
| 8,006,600          | 16,113  | 41,919                             | 84     | 1,641,117          | 2,870   | 7,143                              | 12     |
| 124,734,858        | 251,031 | 592,785                            | 1,193  | 79,785,128         | 139,536 | 367,438                            | 643    |
| -                  | -       | -                                  | -      | 794,255            | 1,389   | 66,640                             | 117    |
| 8,450,785          | 17,007  | -                                  | -      | 3,837,114          | 6,711   | -                                  | -      |
| 19,783,246         | 39,814  | -                                  | -      | 19,155,889         | 33,502  | -                                  | -      |
| 36,180,142         | 72,813  | -                                  | -      | 25,200,029         | 44,072  | -                                  | -      |
| -                  | -       | -                                  | -      | 703,285            | 1,230   | -                                  | -      |
| 2,307,601          | 4,644   | 828,842                            | 1,668  | 2,734,761          | 4,782   | 1,149,366                          | 2,010  |
| 746,541            | 1,502   | -746,541                           | -1,502 | 807,413            | 1,412   | -807,413                           | -1,412 |
| 786,271            | 1,582   | -786,271                           | -1,582 | 688,703            | 1,205   | -688,703                           | -1,205 |
| 605,818            | 1,219   | -605,818                           | -1,219 | 509,183            | 890     | -509,183                           | -890   |
| 433,046            | 872     | 398,488                            | 802    | 1,396,006          | 2,441   | 984,336                            | 1,722  |
| 1,271,322          | 2,559   | 569,075                            | 1,145  | -                  | -       | -                                  | -      |
| 1,607,132          | 3,234   | -                                  | -      | 7,112,738          | 12,439  | -                                  | -      |
| 374,734            | 754     | 155,500                            | 313    | 523,173            | 915     | 155,741                            | 272    |
| 3,077,955          | 6,194   | -3,077,955                         | -6,194 | 2,689,760          | 4,704   | -2,689,760                         | -4,704 |
| 1,487,224          | 2,993   | 905,280                            | 1,822  | 1,983,844          | 3,470   | 1,155,066                          | 2,020  |
| 1,545,353          | 3,110   | 575,202                            | 1,158  | 1,641,811          | 2,871   | 698,809                            | 1,222  |
| 370,015            | 745     | 124,380                            | 250    | 233,145            | 408     | 97,518                             | 171    |
| 195,512            | 393     | -32,585                            | -66    | -                  | -       | -                                  | -      |



## NOTE 7 INVENTORIES

Inventories include the following balances:

|                                   | 2007               | 2006               |
|-----------------------------------|--------------------|--------------------|
|                                   | ThCh\$             | ThCh\$             |
| Finished products                 | 92,905,868         | 83,556,308         |
| Products in process               | 8,860,424          | 6,998,657          |
| Raw materials                     | 86,335,182         | 81,293,526         |
| Suppliers, spare parts and others | 78,577,599         | 69,272,180         |
| Forestry plantations              | 87,361,801         | 105,257,228        |
| Agricultural and other products   | 6,530,159          | 7,165,490          |
| <b>Total</b>                      | <b>360,571,033</b> | <b>353,543,389</b> |
| <b>ThUS\$</b>                     | <b>725,656</b>     | <b>618,313</b>     |

The Company estimates that these inventories will be sold and/or consumed in the normal course of operations.

The item Forestry plantations includes estimated plantations that will be exploited during the next twelve months.

A provision has been set up to cover the likelihood of obsolescence of raw materials, supplies and spare parts amounting to ThCh\$ 3,217,832-ThUS\$ 6,476 as of December 31, 2007 (ThCh\$ 3,906,809-ThUS\$ 6,833 as of December 31, 2006), which is shown net of the respective Inventory accounts.

## NOTE 8 INCOME TAXES AND DEFERRED TAXES

### a) Income tax provisions and recoverable tax

Recoverable tax include the following balances:

|  | 2007              | 2006              |
|--|-------------------|-------------------|
|  | ThCh\$            | ThCh\$            |
| Prepaid income tax   | 159,065           | -                 |
| Recoverable tax corresponding to profits with income tax paid and absorbed by tax losses | 1,931,300         | 3,628,022         |
| Other income taxes in recover process  | 3,299,252         | 6,921,909         |
| VAT fiscal credit  | 16,014,111        | 16,824,567        |
| <b>Total</b>   | <b>21,403,728</b> | <b>27,374,498</b> |
| <b>ThUS\$</b>  | <b>43,075</b>     | <b>47,875</b>     |

Income tax include the following balances:

|   | 2007               | 2006             |
|---|--------------------|------------------|
|   | ThCh\$             | ThCh\$           |
| Income tax provision  | (30,360,820)       | (19,868,362)     |
| Prepaid income taxes, credit on training expenses and other credits | 27,573,883         | 19,394,844       |
| <b>Total income tax</b>   | <b>(2,786,937)</b> | <b>(473,518)</b> |
| <b>ThUS\$</b>   | <b>(5,609)</b>     | <b>(828)</b>     |

Tax losses presented by some of the companies total ThCh\$ 89,641,336 – ThUS\$ 180,405 as of December 31, 2007 (ThCh\$ 66,271,825 – ThUS\$ 115,903 as of December 31, 2006). The amount include at December 31, 2007 ThCh\$ 22,144,229 – ThUS\$ 44,566 from foreign subsidiaries.

### b) Tax profits

The balance of undistributed profits in Empresas CMPC S.A. with Corporate income tax paid and subject to distribution with credit for the shareholders is composed of:

|                           | 2007               |                | 2006               |                |
|---------------------------|--------------------|----------------|--------------------|----------------|
|                           | ThCh\$             | ThUS\$         | ThCh\$             | ThUS\$         |
| Profits with 17% credit   | 11,525,831         | 23,196         | 5,412,622          | 9,466          |
| Profits with 16.5% credit | 119,880            | 241            | 117,549            | 206            |
| Profits with 16% credit   | 1,253,141          | 2,522          | 1,253,140          | 2,192          |
| Profits with 15% credit   | 117,689,588        | 236,852        | 172,922,807        | 302,425        |
| Profits with 10% credit   | 1,065,231          | 2,144          | 2,384,095          | 4,170          |
| Profits without credit    | 32,270,838         | 64,946         | 31,911,297         | 55,810         |
| <b>Total</b>              | <b>163,924,509</b> | <b>329,901</b> | <b>214,001,510</b> | <b>374,268</b> |



In addition, accumulated non-taxable income amounting to ThCh\$ 212,959,035 - ThUS\$ 428,584 (ThCh\$ 212,953,229 - ThUS\$ 372.435 in 2006) are distributed upon depletion of the accumulated taxable income mentioned earlier.

### c) Deferred taxes

Restatement of Forest Plantations and the corresponding credit to the Forest Reserve equity account is recorded net of the Deferred Tax impact (Note 2 j).

### Income tax

|   | 2007<br>ThCh\$      | 2006<br>ThCh\$      |
|---|---------------------|---------------------|
| Income tax provision  | (30,360,820)        | (19,868,362)        |
| Prior-year expense adjustment   | (66,432)            | 633,953             |
| Deferred tax assets or liabilities for year                                 | (22,441,056)        | (12,124,799)        |
| Tax refund (due to accumulated tax losses)                                  | 565,141             | 1,270,852           |
| Amortization of complementary accounts from deferred assets and liabilities | (409,730)           | (371,788)           |
| Effect on assets and liabilities by deferred taxes by valuation provisions  | 276,220             | 617,700             |
| Other credits   | -                   | 283,027             |
| <b>Total</b>  | <b>(52,436,677)</b> | <b>(29,559,417)</b> |
| <b>ThUS\$</b>   | <b>(105,530)</b>    | <b>(51,697)</b>     |

### Deferred taxes

|  | 2007<br>Deferred tax |                     |                      |                     | 2006<br>Deferred tax |                     |                      |                     |
|--|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
|  | Assets               |                     | Liabilities          |                     | Assets               |                     | Liabilities          |                     |
|  | Short-term<br>ThCh\$ | Long-term<br>ThCh\$ | Short-term<br>ThCh\$ | Long-term<br>ThCh\$ | Short-term<br>ThCh\$ | Long-term<br>ThCh\$ | Short-term<br>ThCh\$ | Long-term<br>ThCh\$ |
| Timing differences                                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Provision for doubtful accounts                        | 1,171,846            | -                   | -                    | -                   | 1,246,516            | -                   | -                    | -                   |
| Unearned income  | 179,483              | -                   | -                    | -                   | 86,393               | -                   | -                    | -                   |
| Provision for staff vacations                          | 1,680,473            | -                   | -                    | -                   | 1,374,337            | -                   | -                    | -                   |
| Leased assets  | -                    | -                   | -                    | 54,023              | -                    | -                   | -                    | 211,401             |
| Fixed asset depreciation                               | -                    | -                   | -                    | 108,845,395         | -                    | -                   | -                    | 85,390,800          |
| Other events   | 788,136              | -                   | -                    | -                   | 293,088              | -                   | -                    | -                   |
| Obsolescence provision                                 | 819,971              | -                   | -                    | -                   | 823,521              | -                   | -                    | -                   |
| Provision for labor matters                            | 8,654                | -                   | -                    | -                   | 20,195               | 83,675              | -                    | -                   |
| Tax loss   | -                    | 18,011,202          | -                    | -                   | 308,290              | 13,396,655          | -                    | -                   |
| <b>Others (less):</b>                                  |                      |                     |                      |                     |                      |                     |                      |                     |
| Complementary accounts net of accumulated amortization | -                    | 19,244              | -                    | 783,311             | -                    | 22,736              | -                    | 1,283,393           |
| Valuation provision                                    | -                    | 2,656,879           | -                    | -                   | -                    | 3,150,148           | -                    | -                   |
| <b>Total</b>   | <b>4,648,563</b>     | <b>15,335,079</b>   | <b>-</b>             | <b>108,116,107</b>  | <b>4,152,340</b>     | <b>10,307,446</b>   | <b>-</b>             | <b>84,318,808</b>   |
| <b>ThUS\$</b>  | <b>9,355</b>         | <b>30,862</b>       | <b>-</b>             | <b>217,586</b>      | <b>7,262</b>         | <b>18,027</b>       | <b>-</b>             | <b>147,466</b>      |

## NOTE 9 OTHER CURRENT ASSETS

This item includes the following investments in marketable securities:

### a) Marketable securities under resale agreement

| Institution                                | 2007<br>ThCh\$   | 2006<br>ThCh\$    |
|--|------------------|-------------------|
| In Chilean pesos re-denominated to dollar: |                  |                   |
| BICE Corredores de Bolsa S.A.              | 9,944,912 (1)    | 11,451,653        |
| <b>Total</b>                               | <b>9,944,912</b> | <b>11,451,653</b> |
| <b>ThUS\$</b>                              | <b>20,014</b>    | <b>20,028</b>     |

#### In Chilean Pesos:

|  |                   |                   |
|--|-------------------|-------------------|
| BICE Corredores de Bolsa S.A.  | 10,361,697        | 32,077,734        |
| BBVA Corredores de Bolsa S.A.  | -                 | 2,685,913         |
| Larrain Vial S.A. Corredores de Bolsa  | -                 | 2,148,744         |
| Santander S.A. Agente de Valores   | -                 | 1,074,336         |
| <b>Total</b>   | <b>10,361,697</b> | <b>37,986,727</b> |
| <b>ThUS\$</b>  | <b>20,853</b>     | <b>66,435</b>     |
| <b>Total Marketable securities under resale agreement ThCh\$ (Note N° 4)</b> | <b>20,306,609</b> | <b>49,438,380</b> |
| <b>Total Marketable securities under resale agreement ThUS\$ (Note N° 4)</b> | <b>40,867</b>     | <b>86,463</b>     |

### b) Other

|  | 2007<br>ThCh\$    | 2006<br>ThCh\$    |
|--|-------------------|-------------------|
| Anticipate deferred future results due to hedging derivative instruments | 2,901,858         | -                 |
| Forward obligations (Net)  | -                 | 395,650           |
| <b>Total</b>   | <b>2,901,858</b>  | <b>395,650</b>    |
| <b>Total ThUS\$</b>  | <b>5,840</b>      | <b>692</b>        |
| <b>Total Other current assets ThCh\$</b>                                 | <b>23,208,467</b> | <b>49,834,030</b> |
| <b>Total Other current assets ThUS\$</b>                                 | <b>46,707</b>     | <b>87,155</b>     |

(1) Marketable securities re-denominated to dollars refer to operations with hedging derivatives (Synthetical). They consider the value of the marketable securities under resale agreements in Chilean pesos, whose value of principal plus the accrued interest amounts to ThCh\$ 9,921,086 - ThUS\$ 19,966 (ThCh\$ 11,382,568 - ThUS\$ 19,907 as of December 31, 2006). Furthermore, they consider the spread of the value of the signed forward contracts to re-denominate these operations to dollar for ThCh\$ 23,826 - ThUS\$ 48 as of December 31, 2007 and ThCh\$ 69,085 - ThUS\$ 121 as of December 31, 2006. They are recorded at "fair value" at each year end.

## NOTE 10 FINANCIAL INVESTMENT UNDER RESALE AGREEMENT

As of December 31, 2007 transactions under resale agreements amount to ThCh\$ 20,306,609 - ThUS\$ 40,867 (ThCh\$ 49,438,380 - ThUS\$ 86,463 in 2006).

This item is shown under Other current assets.

As of December 31, 2007 the purchases under resale agreements on going, are as follow:

| Code                              | Placement date | maturity   | Date of Institution           | Currency | Initial amount<br>ThCh\$ | Interest rate<br>% | Final amount<br>ThCh\$ | Instrument                   | Market value<br>ThCh\$ |
|-----------------------------------|----------------|------------|-------------------------------|----------|--------------------------|--------------------|------------------------|------------------------------|------------------------|
| Purchases under resale agreements | 26/12/2007     | 02/01/2008 | Bice Corredores de Bolsa S.A. | US\$     | 9,912,000                | 0.55               | 9,948,546              | Promissory notes not indexed | 9,944,912              |
| Purchases under resale agreements | 28/12/2007     | 02/01/2008 | Bice Corredores de Bolsa S.A. | Ch\$     | 5,000,000                | 0.545              | 5,004,542              | Promissory notes not indexed | 5,002,725              |
| Purchases under resale agreements | 28/12/2007     | 02/01/2008 | Bice Corredores de Bolsa S.A. | Ch\$     | 4,175,000                | 0.55               | 4,178,827              | Promissory notes not indexed | 4,177,296              |
| Purchases under resale agreements | 04/12/2007     | 05/02/2008 | Bice Corredores de Bolsa S.A. | Ch\$     | 697,000                  | 0.55               | 705,050                | Promissory notes not indexed | 700,450                |
| Purchases under resale agreements | 28/12/2007     | 03/01/2008 | Bice Corredores de Bolsa S.A. | Ch\$     | 481,000                  | 0.47               | 481,452                | Promissory notes not indexed | 481,226                |



## NOTE 11 FIXED ASSETS

The balances of fixed assets are as follows:

|  | 2007<br>ThCh\$       | 2006<br>ThCh\$       |
|--|----------------------|----------------------|
| Land                                   | 306,059,189          | 292,695,751          |
| Forestry plantations                   | 1,051,349,632        | 1,009,521,170        |
| <b>Land and plantations</b>            | <b>1,357,408,821</b> | <b>1,302,216,921</b> |
| Buildings                              | 477,732,466          | 390,356,858          |
| Constructions and others               | 334,300,429          | 136,236,927          |
| Accumulated depreciation               | (228,194,842)        | (205,206,902)        |
| <b>Buildings and constructions net</b> | <b>583,838,053</b>   | <b>321,386,883</b>   |
| Machinery                              | 2,177,866,067        | 1,854,936,135        |
| Vehicles                               | 5,248,397            | 4,839,926            |
| Spare part and others                  | 15,829,269           | 15,105,016           |
| Accumulated depreciation               | (1,211,662,032)      | (1,118,579,147)      |
| <b>Machinery and equipments net</b>    | <b>987,281,701</b>   | <b>756,301,930</b>   |
| Other fixed assets                     | 39,244,272           | 43,768,280           |
| Constructions in progress              | 61,361,525           | 599,474,528          |
| Furniture and office equipment         | 30,896,764           | 26,957,479           |
| Accumulated depreciation               | (53,305,611)         | (51,710,654)         |
| <b>Other fixed assets net</b>          | <b>78,196,950</b>    | <b>618,489,633</b>   |

Increased value from technical appraisal of:

|   | 2007<br>ThCh\$       | 2006<br>ThCh\$       |
|---|----------------------|----------------------|
| Land  | 8,916,862            | 8,916,862            |
| Buildings and constructions                       | 22,874,685           | 22,874,685           |
| Machinery and equipments                          | 20,785,576           | 20,785,576           |
| Accumulated depreciation                          | (34,043,107)         | (33,520,530)         |
| <b>Increase in value from technical appraisal</b> | <b>18,534,016</b>    | <b>19,056,593</b>    |
| <b>Total net fixed assets</b>                     | <b>3,025,259,541</b> | <b>3,017,451,960</b> |
| <b>ThUS\$</b>                                     | <b>6,088,389</b>     | <b>5,277,233</b>     |

Fixed asset depreciation, calculated as outlined in Note 2k), amounts to ThCh\$ 139,540,876 - ThUS\$ 280,829 in 2007 (ThCh\$ 103,093,967 - ThUS\$ 180,301 in 2006) and is shown in Operating Costs in the statement of income, amounting to ThCh\$ 133,458,312 - ThUS\$ 268,587 (ThCh\$ 98,609,478 - ThUS\$ 172,458 in 2006) and in Administrative and selling expenses, amounting to ThCh\$ 6,082,564 - ThUS\$ 12,241 (ThCh\$ 4,484,489 ThUS\$ 7,843 in 2006).

The balance under Other fixed assets includes leased assets in foreign subsidiaries amounting to ThCh\$ 35,518,691 - ThUS\$ 71,482 in 2007 (ThCh\$ 40,872,468 - ThUS\$ 71,482 in 2006).

The main characteristics of the lease contract relating to the asset in Argentina are:

| Description     | Initial amount | Interest rate<br>ThUS\$ | Initial date<br>% | Final maturity date |
|-----------------|----------------|-------------------------|-------------------|---------------------|
| Paper machinery | ThUS\$ 71,482  | 3.29                    | October 1999      | April 2009          |

### Forest Plantations

As of December 31 of each year, the effect of the natural growth of the forest plantations is recognized according to technical studies performed by industry experts. The resulting increase in value is recognized directly into equity by increasing the forest reserve, which is part of other reserves. The impact is recognized in the income statement proportionally according to the exploitation and sale of the plantations.

The Company determines the value of its forest plantations using a model based on the assumption that the estimated volumes of lumber available will be progressively realized once the respective plantations have reached optimal exploitation age and conditions. The model uses different variables, such as the price, exchange rates, interest rates and growth amongst others, which are revised periodically to ensure they are appropriate and representative.

### Fixed assets abroad

Fixed assets of subsidiaries in Argentina, Uruguay, Perú and México are valued at the equivalent of their historical value in US dollars as of the acquisition date, net of depreciation. They amount to ThCh\$ 115,956,701 as of December 31, 2007 (equivalent to ThUS\$ 233,365), and to ThCh\$ 114,382,257 as of December 31, 2006 (equivalent to ThUS\$ 200,044). This valuation method is based on the accounting standards of Technical Bulletin N° 64 issued by the Chilean Institute of Accountants.

The amounts presented under this standard could differ in certain cases from the market value or current replacement value of fixed assets, due to fluctuations in the respective currencies of such countries against the dollar.

Notwithstanding the above, the Company's Management estimates that the book value of its fixed assets does not exceed its replacement or market value in the current circumstances and that future income will be enough to cover all the costs and expenses, taken as a whole. Therefore, in their opinion, no adjustments to these values are necessary at this date.



The main insurance policies of Empresas CMPC and subsidiaries are:

## a) All Industrial and equipment damage risks

- Assets covered: Physical fixed assets and damage due to stoppages (operating income).

Physical fixed assets are mainly comprised of sawmills, three cellulose plants, two box board plants, two paper plants, six tissue products plants, two corrugating materials plants, one newspaper plant and several other paper production and conversion plants and other buildings.

- Risks covered: Any risks of loss and/or damage and/or partial or total destruction of all items insured against fire, explosion, earthquakes, malicious acts, sabotage, terrorist acts and other risks, equipment breakdown, and damages resulting from operation stoppages. All assets are insured at their replacement value or replacement for a new asset.
- Insured amounts: physical assets of Empresas CMPC and subsidiaries of ThUS\$ 4,217,385 and damages through stoppages of Empresas CMPC and subsidiaries of ThUS\$ 1,083,688 annually.

## b) All Forest Risks

- Assets covered: Forest plantations of radiata pine, eucalyptus, and other species, including timber inventories in Chile and Argentina of Empresas CMPC and subsidiaries.
- Risks covered: Fire, explosions, and earthquakes; damages caused by wind, snow or ice; malicious acts and other.
- Insured amount: Plantations amounting to ThUS\$ 2,040,378

## c) Transport risk and inventories risk

- Coverage for physical assets such as machinery, equipment, products, raw materials wood, etc, during transport from and to the warehouses of the Company and subsidiaries. Also, the transfer from Supplier warehouses and to Client warehouses is included.
- Insured assets: raw materials, work in process and finished goods, materials and spares.
- Risks covered: loss and/or damages and/or partial or total destruction of the insured assets due to fire, explosion, earthquake, malicious acts, sabotage and others.
- Insured amount: ThUS\$ 490,141

**d) Receivable insurance** – coverage for irrecoverable receivables, predominantly from foreign debtors, (Note N° 5).

## NOTE 12 INVESTMENTS IN RELATED COMPANIES

Significant information on the subsidiaries:

### a) Incorporation, purchases, sales, capital increases and dividends of the subsidiaries and associates

- Drypers Andina S.A. and Valor Brands S.A.

In December 2007, CMPC acquired 100% of the shares of Drypers Andina S.A. and Valor Brands S.A. companies located in Colombia and Uruguay respectively. The acquisition cost of these investments was US\$ 5,6 million and US\$ 0,7 million in Colombia and Uruguay respectively. Drypers Andina S.A. has an industrial complex in the Santander de Quilchao-Cali district and commercial offices in Bogotá.

- Cooperativa Agrícola y Forestal El Proboste Ltda.

In October 2007, CMPC completed the acquisition of 71.85% of the participation rights of Cooperativa Agrícola y Forestal El Proboste Ltda., this stake was acquired through the Company's subsidiaries as follows Forestal Coihueco S.A. (16.52%), Inmobiliaria Pinares S.A. (12.51%), Forestal y Agrícola Monte Aguila S.A. (12.03%), Inmobiliaria y Forestal Maitenes S.A. (11.36%), Forestal Mininco S.A. (9.74%) and CMPC Maderas S.A. (9.69%) The total acquisitions cost was ThCh\$ 4,675,816 (historic cost).

- Genómica Forestal S.A.

In July 2007, Empresas CMPC acquired by way of its subsidiaries Forestal Minico S.A., 125 shares in Sociedad Genómica Forestal S.A., which equates to a 25% holding of ThCh\$ 1,250 in this company.

- Forestal Coihueco S.A.

During 2006, Empresas CMPC S.A. subscribed and paid for 785 shares relating to a capital increase of Forestal Coihueco S.A. The amount thus paid amounted to ThCh\$ 20.872.000 (historic value), equivalent to US\$ 40 million.

- Purchase of industrial assets and forest land

The acquisition in January 2006 of the industrial and forestry assets of Forestal Copihue S.A., consisting of a sawmill, a post-impregnation plant in Constitución, a re-manufacturing plant and a door making plant at Coronel, and the acquisition of forestry assets from Bosques de Chile S.A. consisting of approximately 17,000 hectares planted with radiata pine, represented a total investment of US\$110 million.



## b) Dividend Payment

During 2007 and 2006 (at historic values) the following companies paid dividends:

|                              | 2007        |         | 2006       |        | Receiving company     |
|------------------------------|-------------|---------|------------|--------|-----------------------|
|                              | ThCh\$      | ThUS\$  | ThCh\$     | ThUS\$ |                       |
| CMPC Celulosa S.A.           | 100,999,983 | 203,264 | 40,000,022 | 75,133 | Inversiones CMPC S.A. |
| CMPC Papeles S.A.            | 29,750,000  | 59,872  | 18,131,850 | 34,057 | Inversiones CMPC S.A. |
| CMPC Productos de Papel S.A. | 14,300,000  | 28,779  | 1,487,919  | 2,795  | Inversiones CMPC S.A. |
| Bicecorp S.A.                | 2,179,218   | 4,386   | 1,040,034  | 1,954  | Empresas CMPC S.A.    |
| Inversiones EL Raulí S.A.    | 751,643     | 1,513   | 709,886    | 1,333  | Empresas CMPC S.A.    |
| CMPC Tissue S.A.             | -           | -       | 32,000,000 | 60,106 | Inversiones CMPC S.A. |

## c) Foreign subsidiaries

### - Argentina

Investment by the Company in Argentina amount to ThCh\$ 153,763,602 - ThUS\$ 309,452 in accordance with its equity value as of December 31, 2007, and to ThCh\$ 167,796,101 - ThUS\$ 293,459 as of December 31, 2006.

Sales by the aforementioned companies amount to ThCh\$ 97,209,075 - ThUS\$ 195,635 in 2007 and ThCh\$ 93,021,145 - ThUS\$ 162,685 in 2006.

### - Uruguay

Investment by the Company in Uruguay amount to ThCh\$ 8,165,087 -ThUS\$ 16,432 as of December 31, 2007 and to ThCh\$ 7,354,529 - ThUS\$ 12,862 as of December 31, 2006.

Sales amount to ThCh\$ 18,205,553 -ThUS\$ 36,639 in 2007 and to ThCh\$ 18,004,424 -ThUS\$ 31,488 in 2006.

### - México

The Company's investment in Mexico amounts to ThCh\$ 6,588,182 (ThUS\$ 13,259) as of 31 December 2007 and ThCh\$ 5,237,878 (ThUS\$ 9,161) as of 31 December 2006.

Sales in the current period amounted to ThCh\$ 34,715,717 (ThUS\$ 69,866) and ThCh\$ 28,409,802 (ThUS\$ 49,686) in the previous period.

### - Colombia

The current consolidated financial statements include the balances of Drypers Andina S.A. as of December 31, 2007 however, due to the date of acquisition, income is not included. The investment at the close of the current period amounts to ThCh\$ 2,782,584 (ThUS\$ 5,600).

The effects on income of the exchange rate difference on these investments are basically generated by translation to dollar of their financial statements for incorporation in the financial statements of Empresas CMPC S.A.

## - Potential income from remittance

It is not expected that the main Company will receive significant income from the foreign subsidiaries in the short-term.

For this reason, the company has not provided for the withholding tax that would have to be paid in the instance of remittances from foreign subsidiaries.

Potential income from remittance by foreign subsidiaries is as follows:

|                               | ThCh\$     | ThUS\$ |
|-------------------------------|------------|--------|
| Tissue Cayman Ltd.            | 27,912,737 | 56,175 |
| Protisa S.A. - Perú           | 8,902,543  | 17,917 |
| La Papelera del Plata S.A.    | 4,416,484  | 8,888  |
| Ipusa Uruguay                 | 3,361,072  | 6,764  |
| Papelera del Rimac S.A.- Perú | 2,394,438  | 4,819  |
| Forsac Perú S.A.              | 1,283,247  | 2,583  |
| CMPC Europe Ltd.              | 690,007    | 1,389  |
| Propa Cayman Ltd.             | 245,742    | 495    |

## - Investments in Mexico

In 2006, Empresas CMPC S.A., through its subsidiary CMPC Tissue S.A., acquired 66.7% of the shares of Sociedad Grupo ABS Internacional S.A. de C.V. parent company of the Absormex group, for US\$ 7.9 million. This company operates in Mexico, has 3 diaper and toilet paper plants, one in Monterrey and the other in Puerto de Altamira. This investment also included a capital contribution of US\$ 6 million and stock options credit of US\$ 3 million.

The purchase process contemplated the diapers and tissue products business operated in Mexico by Grupo ABS Internacional S.A. de CV through a number of its subsidiaries. Therefore, in determining the company's economic value, all the assets and liabilities of the existing consolidated business that were necessary for the development of the business by CMPC were taken into account. This valuation was made in accordance with Technical Bulletin N° 72 of the Chilean Institute of Accountants.

In October 2007, it was agreed to increase the capital in the subsidiary Grupo ABS Internacional S.A. de C.V., the increase agreed was US\$33.7million. This increase will take place in instalments with a deadline of 18 months after the agreement to complete the increase. As of December 31, 2007 Tissue S.A., indicated a contribution of US\$ 8 million, considering the minority shareholders have not subscribed to shares, this significantly increases the holding in the Mexican subsidiary from 66.7% to 75.82%.

## - Investment in Ecuador

On April 24, 2007, Empresas CMPC S.A., through its subsidiary CMPC Tissue S.A., established a subsidiary Ecuaprótisa Ecuador S.A. Subsequently, as evidenced in a public notice dated 4 July 2007, changing its trading name to Productos Tissue del Ecuador S.A. The ordinary business of the company is the manufacturing and sale of all types of tissue paper products. The paid-up capital as at December 31, 2007 was US\$ 200,000.

## d) Liabilities designated and treated as hedging instruments

The subsidiary Inversiones CMPC S.A. has designated as hedging instruments US\$ 85 million of a syndicated loan with BBVA and US\$ 100 million originating from a syndicated loan for this purpose; with which the amount of foreign investment hedged is US\$185 million.

## Investments:

| Tax number    | Company                               | Country | Control<br>currency | Number of<br>shares held | Holding   |           | Equity         |                | Net income     |                |
|---------------|---------------------------------------|---------|---------------------|--------------------------|-----------|-----------|----------------|----------------|----------------|----------------|
|               |                                       |         |                     |                          | 2007<br>% | 2006<br>% | 2007<br>ThCh\$ | 2006<br>ThCh\$ | 2007<br>ThCh\$ | 2006<br>ThCh\$ |
| 85,741,000-9  | Bicecorp S.A.                         | Chile   | Pesos               | 6,559,580                | 7.70926   | 7.68778   | 400,567,635    | 379,016,365    | 59,525,914     | 60,413,980     |
| 96,895,660-4  | Inversiones El Raulí S.A.             | Chile   | Pesos               | 13,919,324               | 38.77249  | 38.77249  | 39,884,250     | 37,373,666     | 4,511,636      | 3,921,925      |
| 85,741,000-9  | Bicecorp S.A.                         | Chile   | Pesos               | 24,161                   | 0.02840   | 0.02832   | 400,567,635    | 379,016,365    | 59,525,914     | 60,413,980     |
| 96,657,900-5  | Controladora de Plagas Forestales S.A | Chile   | Pesos               | 2,901                    | 29.01000  | 29.01000  | 256,119        | 270,160        | (14,042)       | 27,963         |
| 76,743,130-9  | Genómica Forestal S.A.                | Chile   | Pesos               | 125                      | 25.00000  | -         | 4,995          | -              | (370)          |                |
| <b>Total</b>  |                                       |         |                     |                          |           |           |                |                |                |                |
| <b>ThUS\$</b> |                                       |         |                     |                          |           |           |                |                |                |                |

e) Equity value demonstration

- Drypers Andina S.A.

|   | Book value |        | Adjustment |        | Market Value     |              |
|---|------------|--------|------------|--------|------------------|--------------|
|   | 31/12/2007 |        |            |        |                  |              |
|   | ThCh\$     | ThUS\$ | ThCh\$     | ThUS\$ | ThCh\$           | ThUS\$       |
| Equity  | 817,987    | 1,646  | 1,981,988  | 3,989  | 2,799,975        | 5,635        |
| Investment in equity<br>at market value (100%)            |            |        |            |        | 2,799,975        | 5,635        |
| <b>Investment at equity value as of December 31, 2007</b> |            |        |            |        | <b>2,799,975</b> | <b>5,635</b> |

The difference is mainly due to the valuation of fixed assets which will be reversed as these assets depreciate.

- Cooperativa Agrícola y Forestal El Proboste Ltda.

Equity value demonstration

|   | Book value |        | Adjustment |        | Market Value     |              |
|---|------------|--------|------------|--------|------------------|--------------|
|   | 31/12/2007 |        |            |        |                  |              |
|   | ThCh\$     | ThUS\$ | ThCh\$     | ThUS\$ | ThCh\$           | ThUS\$       |
| Equity  | 6,607,157  | 13,297 | 13,108     | 26     | 6,620,265        | 13,323       |
| Investment in equity<br>at market value (71.85%)          |            |        |            |        | 4,756,661        | 9,573        |
| <b>Investment at equity value as of December 31, 2007</b> |            |        |            |        | <b>4,756,661</b> | <b>9,573</b> |

These valuations were performed in accordance with technical boletín N° 72 issued by the Chilean Institute of Accountants.

| Equity of Companies at fair value |             | Income of companies at fair value |            | Share of income (loss) |           | Book value of investments |            | Net book value of investments |            |
|-----------------------------------|-------------|-----------------------------------|------------|------------------------|-----------|---------------------------|------------|-------------------------------|------------|
| 2007                              | 2006        | 2007                              | 2006       | 2007                   | 2006      | 2007                      | 2006       | 2007                          | 2006       |
| ThCh\$                            | ThCh\$      | ThCh\$                            | ThCh\$     | ThCh\$                 | ThCh\$    | ThCh\$                    | ThCh\$     | ThCh\$                        | ThCh\$     |
| -                                 | -           | -                                 | -          | 4,589,007              | 4,644,495 | 30,880,800                | 29,137,944 | 30,880,800                    | 29,137,944 |
| -                                 | -           | -                                 | -          | 1,749,274              | 1,520,628 | 15,464,117                | 14,490,701 | 15,464,117                    | 14,490,701 |
| 405,613,622                       | 384,062,352 | 59,525,914                        | 60,413,980 | 16,906                 | 17,109    | 115,194                   | 108,766    | 115,194                       | 108,766    |
| -                                 | -           | -                                 | -          | (4,074)                | 8,112     | 74,300                    | 78,373     | 74,300                        | 78,373     |
| -                                 | -           | -                                 | -          | (92)                   | -         | 1,249                     | -          | 1,249                         | -          |
|                                   |             |                                   |            |                        |           | 46,535,660                | 43,815,784 | 46,535,660                    | 43,815,784 |
|                                   |             |                                   |            |                        |           | 93,654                    | 76,630     | 93,654                        | 76,630     |



## NOTE 13 GOODWILL AND NEGATIVE GOODWILL

Goodwill and negative goodwill are amortized over a period of 20 years considering the useful life of industrial plants and periods of growth and re-plantation involved in these industrial activities.

The remaining months are:

| Negative goodwill                     | Month |
|---------------------------------------|-------|
| CMPC Tissue S.A.                      | 91    |
| Forestal y Agrícola Monte Aguila S.A. | 183   |
| Forestal Coihueco S.A.                | 191   |
| Chilena de Moldeados S.A.             | 185   |

| Goodwill  | Month |
|---|-------|
| CMPC Celulosa S.A.                                | 120   |
| La Papelera del Plata S.A.                        | 100   |
| CMPC Tissue S.A.                                  | 120   |
| Propa S.A.  | 120   |
| Sociedad Anónima Agropecuaria 4M                  | 155   |
| Forestadora Caabi Pora S.A.                       | 131   |
| Baserri S.A.                                      | 131   |
| Chilena de Moldeados S.A.                         | 145   |
| Envases Roble Alto S.A.                           | 163   |
| Cooperativa Agrícola y Forestal El Proboste Ltda. | 120   |
| Grupo ABS Internacional S.A. de C.V.              | 120   |

### a) Goodwill

|               |   | Balance at December 31,          |                   |                                  |                   |
|---------------|---|----------------------------------|-------------------|----------------------------------|-------------------|
|               |   | 2007                             |                   | 2006                             |                   |
|               |   | Amortized amount during the year | Net amount        | Amortized amount during the year | Net amount        |
|               |   | ThCh\$                           | ThCh\$            | ThCh\$                           | ThCh\$            |
| 96,532,330-9  | CMPC Celulosa S.A.                                | 2,538,121                        | 25,381,209        | 2,551,585                        | 28,010,263        |
| Foreign       | La Papelera del Plata S.A.                        | 1,113,803                        | 9,281,682         | 1,293,297                        | 11,962,407        |
| 96,529,310-8  | CMPC Tissue S.A.                                  | 443,311                          | 4,433,111         | 445,663                          | 4,876,422         |
| 79,943,600-0  | Propa S.A.  | 290,901                          | 2,909,015         | 293,480                          | 3,199,916         |
| Foreign       | Sociedad Anónima Agropecuaria 4M                  | 114,348                          | 1,257,841         | 131,586                          | 1,579,023         |
| 93,658,000-9  | Chilena de Moldeados S.A.                         | 138,513                          | 1,683,257         | 139,420                          | 1,822,081         |
| 78,549,280-3  | Envases Roble Alto S.A.                           | 113,266                          | 1,547,327         | 114,007                          | 1,660,804         |
| Foreign       | Forestadora Caabi Pora S.A.                       | 82,695                           | 1,068,165         | 95,165                           | 1,324,332         |
| Foreign       | Baserri S.A.                                      | 45,801                           | 499,975           | 52,704                           | 628,035           |
| 70,029,300-9  | Cooperativa Agrícola y Forestal El Proboste Ltda. | -                                | 109,699           | -                                | -                 |
| Foreign       | Grupo ABS Internacional S.A. de C.V.              | -                                | 427,271           | -                                | -                 |
| <b>Total</b>  |   | <b>4,880,759</b>                 | <b>48,598,552</b> | <b>5,116,907</b>                 | <b>55,063,283</b> |
| <b>ThUS\$</b> |   | <b>9,823</b>                     | <b>97,805</b>     | <b>8,949</b>                     | <b>96,300</b>     |

### b) Negative goodwill

|               |                                       | Balance at December 31,          |                   |                                  |                   |
|---------------|---------------------------------------|----------------------------------|-------------------|----------------------------------|-------------------|
|               |                                       | 2007                             |                   | 2006                             |                   |
|               |                                       | Amortized amount during the year | Net amount        | Amortized amount during the year | Net amount        |
|               |                                       | ThCh\$                           | ThCh\$            | ThCh\$                           | ThCh\$            |
| 96,500,110-7  | Forestal y Agrícola Monte Aguila S.A. | 862,495                          | 13,153,041        | 870,141                          | 14,015,536        |
| 79,879,430-2  | Forestal Coihueco S.A.                | 331,190                          | 5,271,458         | 334,127                          | 5,602,649         |
| 96,529,310-8  | CMPC Tissue S.A.                      | 567,972                          | 4,307,120         | 570,983                          | 4,875,092         |
| 93,658,000-9  | Chilena Moldeados S.A.                | 23,833                           | 369,448           | 23,985                           | 393,308           |
| <b>Total</b>  |                                       | <b>1,785,490</b>                 | <b>23,101,067</b> | <b>1,799,236</b>                 | <b>24,886,585</b> |
| <b>ThUS\$</b> |                                       | <b>3,593</b>                     | <b>46,491</b>     | <b>3,147</b>                     | <b>43,524</b>     |

## NOTE 14 OTHER ASSETS

The balance of other assets as of December 31, 2007 and 2006 are as follows:

|   | 2007<br>ThCh\$    | 2006<br>ThCh\$    |
|---|-------------------|-------------------|
| Deferred results related to derivatives contracts                       | 8,515,295         | 3,648,819         |
| Net discount related to Bonds issued in the local market (UF 7,000,000) | 2,247,922         | 2,533,808         |
| Discount related Bonds issued (UF 4,000,000 - local market)             | 2,309,179         | 2,389,910         |
| Stock option credit of Grupo ABS Internacional S.A. de C.V.             | 1,660,781         | 1,800,096         |
| Fixed assets excluded from the production line                          | 183,750           | -                 |
| Other   | 1,177,395         | 1,402,654         |
| <b>Total</b>  | <b>16,094,322</b> | <b>11,775,287</b> |
| <b>ThUS\$</b>   | <b>32,390</b>     | <b>20,594</b>     |

Discounts on the issuance of bonds in Chile for UF 7,000,000 and UF 4,000,000 are being amortized over the term of the respective obligation (Note 17).

## NOTE 15 SHORT -TERM BANK LIABILITIES

Liabilities to banks and financial institutions - short-term

| Tax number   | Institution                         | Denominated in    |                   |                |                |                             |                  |                              |                   |                   |                   |
|--------------|-------------------------------------|-------------------|-------------------|----------------|----------------|-----------------------------|------------------|------------------------------|-------------------|-------------------|-------------------|
|              |                                     | Dollars           |                   | Euro           |                | Other<br>foreign currencies |                  | Non-indexed<br>Chilean pesos |                   | Total             |                   |
|              |                                     | 2007<br>ThCh\$    | 2006<br>ThCh\$    | 2007<br>ThCh\$ | 2006<br>ThCh\$ | 2007<br>ThCh\$              | 2006<br>ThCh\$   | 2007<br>ThCh\$               | 2006<br>ThCh\$    | 2007<br>ThCh\$    | 2006<br>ThCh\$    |
| 97,036,000-K | Banco Santander - Chile             | 9,978,435         | 14,912,866        | -              | -              | -                           | -                | 25,087,632                   | 18,589            | 35,066,067        | 14,931,455        |
| 97,004,000-5 | Banco Chile                         | 17,444,735        | -                 | -              | -              | -                           | -                | 333,745                      | -                 | 17,778,480        | -                 |
| Foreign      | BNP Paribas                         | 9,935,737         | -                 | -              | -              | -                           | -                | -                            | -                 | 9,935,737         | -                 |
| Foreign      | Banco Credito del Perú              | -                 | -                 | -              | -              | 6,227,944                   | 2,915,248        | -                            | -                 | 6,227,944         | 2,915,248         |
| 76,645,030-K | Banco Itau                          | 4,978,344         | -                 | -              | -              | -                           | -                | -                            | -                 | 4,978,344         | -                 |
| 97,023,000-9 | Banco Corpbanca                     | 4,977,326         | -                 | -              | -              | -                           | -                | -                            | -                 | 4,977,326         | -                 |
| Foreign      | Banco Santander - Uruguay           | 1,490,670         | -                 | -              | -              | -                           | -                | -                            | -                 | 1,490,670         | -                 |
| 97,080,000-K | Banco Bice                          | -                 | -                 | -              | -              | -                           | -                | 604,151                      | 585,711           | 604,151           | 585,711           |
| Foreign      | Banco Santander Rio-Argentina       | -                 | -                 | -              | -              | 510,765                     | 750,756          | -                            | -                 | 510,765           | 750,756           |
| Foreign      | Banco Galicia-Argentina             | -                 | -                 | -              | -              | 500,789                     | -                | -                            | -                 | 500,789           | -                 |
| Foreign      | Banco ABN - Uruguay                 | 496,890           | -                 | -              | -              | -                           | -                | -                            | -                 | 496,890           | -                 |
| Foreign      | Bancafe                             | -                 | -                 | -              | -              | 384,280                     | -                | -                            | -                 | 384,280           | -                 |
| Foreign      | Bancolombia                         | -                 | -                 | -              | -              | 230,423                     | -                | -                            | -                 | 230,423           | -                 |
| Foreign      | Banco ABN Amro- Argentina           | -                 | -                 | -              | -              | 205,872                     | 1,234,408        | -                            | -                 | 205,872           | 1,234,408         |
| Foreign      | Banco Lloyds - Uruguay              | 119,497           | -                 | -              | -              | -                           | -                | -                            | -                 | 119,497           | -                 |
| 97,008,000-7 | Citibank N.A. - Chile               | -                 | 18,354,735        | 28,308         | -              | -                           | -                | -                            | -                 | 28,308            | 18,354,735        |
| Foreign      | JP Morgan Chase Bank                | 24,564            | 210,220           | -              | -              | -                           | -                | -                            | -                 | 24,564            | 210,220           |
| 97,006,000-6 | Banco Credito Inversiones           | -                 | 10,881,412        | -              | -              | -                           | -                | -                            | 30,946,065        | -                 | 41,827,477        |
| 97,030,000-7 | Banco Estado                        | -                 | -                 | -              | -              | -                           | -                | -                            | 7,401,488         | -                 | 7,401,488         |
| Foreign      | Banco BBVA - Argentina              | -                 | -                 | -              | -              | -                           | 1,190,880        | -                            | -                 | -                 | 1,190,880         |
| Foreign      | Banco Citibank N.A. - Uruguay       | -                 | -                 | -              | -              | -                           | 258,927          | -                            | -                 | -                 | 258,927           |
| Foreign      | Banco De La Nacion Argentina        | -                 | -                 | -              | -              | 210,277                     | -                | -                            | -                 | 210,277           | -                 |
|              | Other                               | -                 | -                 | -              | -              | -                           | 17,036           | -                            | -                 | -                 | 17,036            |
|              | <b>Total</b>                        | <b>49,446,198</b> | <b>44,359,233</b> | <b>28,308</b>  | <b>-</b>       | <b>8,270,350</b>            | <b>6,367,255</b> | <b>26,025,528</b>            | <b>38,951,853</b> | <b>83,770,384</b> | <b>89,678,341</b> |
|              | <b>ThUS\$</b>                       | <b>99,511</b>     | <b>77,580</b>     | <b>57</b>      | <b>-</b>       | <b>16,644</b>               | <b>11,136</b>    | <b>52,377</b>                | <b>68,123</b>     | <b>168,589</b>    | <b>156,839</b>    |
|              | <b>Principal outstanding</b>        | <b>49,334,108</b> | <b>44,218,717</b> | <b>28,308</b>  | <b>-</b>       | <b>8,228,642</b>            | <b>6,235,400</b> | <b>25,915,894</b>            | <b>38,681,599</b> | <b>83,506,952</b> | <b>89,135,716</b> |
|              | <b>ThUS\$</b>                       | <b>99,286</b>     | <b>77,334</b>     | <b>57</b>      | <b>-</b>       | <b>16,560</b>               | <b>10,905</b>    | <b>52,156</b>                | <b>67,650</b>     | <b>168,059</b>    | <b>155,890</b>    |
|              | <b>Average annual interest rate</b> | <b>5.65%</b>      | <b>5.23%</b>      | <b>-</b>       | <b>-</b>       | <b>8.35%</b>                | <b>7.89%</b>     | <b>6.37%</b>                 | <b>5.15%</b>      | <b>-</b>          | <b>-</b>          |

Short term portion of long-term liabilities to banks

|            |                                 | Denominated in    |                   |                          |                  |                   |                   |
|------------|---------------------------------|-------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
|            |                                 | Dollars           |                   | Other foreign currencies |                  | Total             |                   |
| Tax number | Institution                     | 2007<br>ThCh\$    | 2006<br>ThCh\$    | 2007<br>ThCh\$           | 2006<br>ThCh\$   | 2007<br>ThCh\$    | 2006<br>ThCh\$    |
| Foreign    | Banco Bilbao Vizcaya Argentaria | 59,952,483        | 50,550,324        | -                        | -                | 59,952,483        | 50,550,324        |
| Foreign    | Banco Nacional de Mexico        | -                 | -                 | 13,823,627               | -                | 13,823,627        | -                 |
| Foreign    | BBVA Banco Continental          | -                 | -                 | 2,076,171                | 1,508,269        | 2,076,171         | 1,508,269         |
| Foreign    | Banco Santander Rio-Argentina   | -                 | -                 | 1,442,314                | -                | 1,442,314         | -                 |
| Foreign    | Banco ABN Amro- Argentina       | -                 | -                 | 475,333                  | -                | 475,333           | -                 |
| Foreign    | J.P. Morgan Chase Bank          | 360,867           | 426,934           | -                        | -                | 360,867           | 426,934           |
| Foreign    | J.Aron & Co.                    | 251,482           | 401,137           | -                        | -                | 251,482           | 401,137           |
| Foreign    | Leasing Bolivar                 | -                 | -                 | 117,547                  | -                | 117,547           | -                 |
| Foreign    | Santander Overseas Bank         | 20,373            | -                 | -                        | -                | 20,373            | -                 |
|            | Other                           | -                 | -                 | -                        | -                | -                 | -                 |
|            | <b>Total</b>                    | <b>60,585,205</b> | <b>51,378,395</b> | <b>17,934,992</b>        | <b>1,508,269</b> | <b>78,520,197</b> | <b>52,886,664</b> |
|            | <b>ThUS\$</b>                   | <b>121,929</b>    | <b>89,856</b>     | <b>36,094</b>            | <b>2,638</b>     | <b>158,023</b>    | <b>92,494</b>     |
|            | <b>Principal outstanding</b>    | <b>57,970,666</b> | <b>47,651,288</b> | <b>17,545,596</b>        | <b>1,444,240</b> | <b>75,516,262</b> | <b>49,095,528</b> |
|            | <b>ThUS\$</b>                   | <b>116,667</b>    | <b>83,338</b>     | <b>35,311</b>            | <b>2,526</b>     | <b>151,978</b>    | <b>85,863</b>     |
|            | Average annual interest rate    | 5.1875%           | 2.35%             | 8.01%                    | 6.40%            |                   |                   |
|            | Total in foreign currency (%)   | 83.9636           |                   |                          |                  |                   |                   |
|            | Total in local currency (%)     | 16.0364           |                   |                          |                  |                   |                   |

## NOTE 16 LONG-TERM BANK LIABILITIES

### The obligations are as follows:

In December 2007, the subsidiary Drypers Andina S.A. obtained a long term loan for US\$ 7 million with Santander Overseas bank Inc. of Colombia at a rate of 3 month Libor plus a spread of 0.45%, this loan will be paid in quarterly instalments of ThUS\$ 875 with the first instalment payable three years after signing the contract.

In July 2007, the subsidiary Grupo ABS Internacional S.A. de C.V. obtained a long-term loan for 53,600,000 Mexican pesos with Banco Santander de Mexico, at an interest rate of 8.47% with capital payments starting in July 2009.

On May 25, 2006, Inversiones CMPC S.A., through its Cayman Islands agency, increased the syndicated loan signed in June 2005 by US\$ 140 million, with the original term and rates maintained.

The original loan was signed in June 2005, through the Cayman Islands agency, for US\$ 100 million, with an interest rate of Libor plus a margin of 0.225%, increasing to 0.25% from the second half of 2007 and to 0.275% from second half of 2010. It is amortized in four payments starting in June 2010 until June 2012, and the JP Morgan Chase Bank acts as the Managing Agent. Resources from that credit were used to pay off the debt for the foreign bond issued totalling US\$ 250 million which expired on the same date and was used as a derivative financial instrument for hedging external investments. As per as it continue to be classified as hedging instrument (Notes N°12 and 21), while the proceeds of the loan increase were used to refinance liabilities.

During March 2006, the re-negotiation of the debt between Grupo ABS Internacional S.A. de CV, subsidiary of CMPC Tissue S.A., and Banamex, was signed, establishing a new term contemplating the full repayment of principal in October 2008, for \$ 231,528,000 Mexican pesos. In December 2006, the debt was increased by 20,000,000 Mexican pesos, maintaining the original conditions of the re-negotiated loan.

In September 2004, subsidiary company Inversiones CMPC S.A., through its Cayman Islands agency, obtained a syndicated loan amounting to US\$ 475 million at a Libor rate plus a 0.225% margin. Such margin increases to 0.25% from the third year. As of December 31, 2007, US\$ 125 million had been repaid with US\$ 350 million outstanding with payments scheduled for September 2008, and March and September 2009. Banco Bilbao Vizcaya Argentaria S.A. acts as Managing Agent.

These loans involve compliance of certain financial indicators (covenants) for Empresas CMPC S.A., which are fulfilled at the year end, and which refer to maintaining a minimum equity, a maximum leverage and a minimum coverage of financial expenses.

In June 2007, the subsidiary La Papelera del Plata S.A. in Argentina, contracted 3 long-term loan agreements, one for 20,000,000 Argentinean Pesos with Banco San Rio at a fixed interest rate of 11.1% with semiannual capital payments stating in June 2008 until June 2010; another for 10,000,000 Argentinean Pesos with Banco BBVA at a fixed interest rate of 11.2% with semiannual capital payments starting in June 2008 until June 2010 and \$ 5,000,000 Argentinean Pesos with Banco ABN at a fixed interest rate of 11.7% with capital payment in June 2009.



These loans involve compliance of certain financial indicators (covenants) for La Papelera del Plata S.A., which are fulfilled at the year end, and which refer to maintaining a minimum equity, a maximum leverage and a minimum coverage of financial expenses.

During July 2006, the subsidiary Protisa Perú S.A. contracted a loan with BBVA Banco Continental de Perú amounting to 11,400,000 Soles Peruanos with a fixed interest rate of 6.4% and total capital maturity in July 2008.

This Loan involve compliance of certain financial indicators (covenants) based on Protisa S.A. and subsidiary consolidated financial statements, which refer to maintaining a minimum of debt payment, maximum level of debt and minimum level of coverage of financial expenses. At the year end these covenants are fulfilled.

#### Interest rate Swaps

In December 2007, the Company and subsidiary entered into derivative agreements for US\$ 70 million and US\$100 million with Banco Santander. These contracts

fix the inters rates for a portion of the syndicated loan of US\$ 100 million and US\$ 140 million respectively.

In September 2004, Inversiones CMPC renegotiated the contracts entered in December 2002, related to the syndicated loan of US\$ 125 million to adjust them to the schedule of payment of the first three amortization of the syndicated loan of US\$ 475 million. The amortizations total US\$ 125 million.

Similarly, in September 2004 the derivatives contracts subscribed with a number of banks during August 2004 came into force, to cover the remaining US\$ 350 million of the syndicated loan of US\$ 475 million.

The combination of swap contracts allow to fix the Libor rate, as well as establish ranges for which, Inversiones CMPC S.A. again has a scheme of variable rate for the said syndicated loan.

During December 2007, Drypers Andina S.A. entered into an interest rate swap with Santander to cover the US\$ 7 million loan. This contract fixes the interest rates and redominates the debt into Colombian Pesos. Payment dates are similar to the original contract.

#### Long-term Liabilities with banks and financial institutions:

| Tax number | Institution                          | Currency | At December 31, 2007           |  |                                    |                 |                              | At December              |
|------------|--------------------------------------|----------|--------------------------------|--|------------------------------------|-----------------|------------------------------|--------------------------|
|            |                                      |          | Over one year, up to two years | Maturities over two years, up to three years | Over three years, up to five years | Total long-term | Average annual interest rate | 31, 2007 Total long term |
|            |                                      |          | ThCh\$                         | ThCh\$                                       | ThCh\$                             | ThCh\$          | %                            | ThCh\$                   |
| Foreign    | Banco Bilbao Vizcaya Argentaria S.A. | US\$     | 115,940,834                    | -  | -                                  | 115,940,834     | 5.7875                       | 200,125,401              |
| Foreign    | JP Morgan Chase Bank                 | US\$     | -                              | 47,701,440                                   | 71,552,160                         | 119,253,600     | 5.1875                       | 137,228,846              |
| Foreign    | Santander Overseas Bank, Inc         | US\$     | -                              | -  | 3,478,230                          | 3,478,230       | 5.1                          | -                        |
| Foreign    | Santander S.A. - Mexico              | Other    | 2,439,908                      | -  | -                                  | 2,439,908       | 8.47                         | -                        |
| Foreign    | Banco Santander Rio - Argentina      | Other    | 1,261,943                      | 630,971                                      | -                                  | 1,892,914       | 11.10                        | -                        |
| Foreign    | Banco BBVA - Argentina               | Other    | 709,843                        | 394,357                                      | -                                  | 1,104,200       | 11.20                        | -                        |
| Foreign    | Banco ABN - Argentina                | Other    | 835,486                        | -  | -                                  | 835,486         | 11.70                        | -                        |
| Foreign    | Leasing Bolibar                      | Other    | 203,959                        | 203,959                                      | -                                  | 407,918         | 13.90                        | -                        |
| Foreign    | Banco Continental- Perú              | Other    | -                              | -  | -                                  | -               |                              | 594,687                  |
| Foreign    | Banco Nacional de Mexico S.A.        |          | -                              | -  | -                                  | -               |                              | 13,302,417               |
| Total      |                                      |          | 121,391,973                    | 48,930,727                                   | 75,030,390                         | 245,353,090     |                              | 351,251,351              |
| ThUS\$     |                                      |          | 244,304                        | 98,474                                       | 151,000                            | 493,777         |                              | 614,305                  |

Total in foreign currency (%) 100  
Total in local currency (%) -



## NOTE 17 BONDS PAYABLE – SHORT-AND LONG-TERM

### Bonds payable

On April 20, 2006, Inversiones CMPC S.A. issued Series B bonds, inscribed in the Securities Register of the Superintendency of Securities and Insurance with No.456, for an amount of UF 4 million. This issue contemplates semi-annual interest payments, at an annual compound interest rate of 4.2% and the full payment of principal in March 2027.

This bond was placed at a discount so that the effective placement rate was 4.43% in UF. The company amortizes the discount over the term of the bonds (Note 14).

On June 15th, 2005 Inversiones CMPC S.A. issued a serie “A” Bonds registered under number 413 in the “Chilean Superintendency of Securities and Insurance Companies” for UF 7 million. This debt contemplates semi-annual interest payments, with a 2.70% annual rate. Capital will be paid off in March 2015.

This bond was submitted to discount with an effective rate of 3.22 % in UF. The Company will amortize this discount during the term of the Bond (Note N° 14).

The discount of both bonds is presented on the item: “Other Non-Current Assets”. Both bonds can be prepaid from the fifth year at par value.

On June 11, 2003, Inversiones CMPC S.A., through its agency in the Cayman Islands, issued a bond abroad for US\$ 300 million, in accordance with Rule 144a of the United States Securities Act. This obligation involves semi-annual interest payments, at an annual 4.875 % interest rate, being the total principal paid in June 2013.

This obligation can be prepaid at any day of interest day payment, previously paying a call.

These obligations involve compliance with certain financial covenants for Empresas CMPC S.A., which are amply complied with at each year end.

### Interest rate Swaps

On June 15, 2007, Inversiones CMPC S.A. subscribed a Swap contract to redenominate 50% of the Bond issued in UF to a liability for US\$ 100 million at a Libor variable rate plus spread.

Through this contract, the Company recovered 50% of the discount produced in the placement of the Bond. This gain will be amortized during the term of the contract, net of the effects of the original discount.

Additionally, the Company subscribed an interest rate Swap contract to fix the Libor rate. Consequently the effective cost of the dollar portion (US\$ 100 million) is 5.2%.

The Cross Currency Swap effects are shown in Long- term debtors (Note N° 5).

### Bonds:

| Long-term bonds -<br>short-term portion | Series | Nominal<br>value | Restatement<br>index | Interest<br>rate<br>% | Expiration<br>date | Payments dates |                 | Par value          |                    | Bond<br>placement |
|---|--------|------------------|----------------------|-----------------------|--------------------|----------------|-----------------|--------------------|--------------------|-------------------|
|   |        |                  |                      |                       |                    | interest       | principal       | 2007<br>ThCh\$     | 2006<br>ThCh\$     |                   |
| Bond Rule 144 A U.S. Securities Act.    | single | 300,000,000      | US\$                 | 4.875                 | 6/18/2013          | Bi-annual      | At the maturity | 242,234            | 278,746            | Abroad            |
| Bond N° 413                             | A      | 7,000,000        | UF                   | 3.22                  | 3/1/2015           | Bi-annual      | At the maturity | 1,217,762          | 1,222,144          | Chile             |
| Bond N° 456                             | B      | 4,000,000        | UF                   | 4.43                  | 3/1/2027           | Bi-annual      | At the maturity | 1,078,503          | 1,082,384          | Chile             |
| <b>Total short-term</b>                 |        |                  |                      |                       |                    |                |                 | <b>2,538,499</b>   | <b>2,583,274</b>   |                   |
| <b>ThUS\$</b>                           |        |                  |                      |                       |                    |                |                 | <b>5,109</b>       | <b>4,518</b>       |                   |
| Bond Rule 144 A U.S. Securities Act.    | single | 300,000,000      | US\$                 | 4.875                 | 6/18/2013          | Bi-annual      | At the maturity | 149,067,000        | 171,536,058        | Abroad            |
| Bond N° 413                             | A      | 7,000,000        | UF                   | 3.22                  | 3/1/2015           | Bi-annual      | At the maturity | 137,358,620        | 137,852,905        | Chile             |
| Bond N° 456                             | B      | 4,000,000        | UF                   | 4.43                  | 3/1/2027           | Bi-annual      | At the maturity | 78,490,640         | 78,773,088         | Chile             |
| <b>Total long-term</b>                  |        |                  |                      |                       |                    |                |                 | <b>364,916,260</b> | <b>388,162,051</b> |                   |
| <b>ThUS\$</b>                           |        |                  |                      |                       |                    |                |                 | <b>734,400</b>     | <b>678,858</b>     |                   |

## NOTE 18 PROVISIONS AND WRITE-OFFS

The provisions shown under Current liabilities are as follows:

### a) Short-term provisions

|                                    | 2007<br>ThCh\$    | 2006<br>ThCh\$    |
|------------------------------------|-------------------|-------------------|
| Vacation provisions                | 9,267,544         | 7,455,969         |
| Staff bonuses and other benefits   | 4,076,796         | 2,798,450         |
| Staff severance indemnity          | 2,175,023         | 2,233,906         |
| Provision for investments projects | 1,153,965         | 1,384,947         |
| Provision for board remuneration   | 574,294           | 285,874           |
| Other provisions                   | 2,487,654         | 2,263,972         |
| <b>Total</b>                       | <b>19,735,276</b> | <b>16,423,118</b> |
| <b>ThUS\$</b>                      | <b>39,718</b>     | <b>28,722</b>     |

### b) Long-term provisions

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Staff severance indemnity | 32,748,939        | 32,217,807        |
| Other provisions          | 629,233           | 1,038,215         |
| <b>Total</b>              | <b>33,378,172</b> | <b>33,256,022</b> |
| <b>ThUS\$</b>             | <b>67,174</b>     | <b>58,162</b>     |

There were no significant write-offs in 2007 and 2006.

## NOTE 19 STAFF SEVERANCE INDEMNITIES

Movement in and the balance of this provision, calculated as described in Note 2 s), are as follows:

|                                | 2007<br>ThCh\$    | 2006<br>ThCh\$    |
|--------------------------------|-------------------|-------------------|
| Balance from prior year        | 32,077,945        | 33,098,114        |
| Increase for the year          | 5,757,304         | 5,632,201         |
| Payments made during the year  | (2,911,287)       | (4,278,602)       |
| <b>Balance at December 31,</b> | <b>34,923,962</b> | <b>34,451,713</b> |
| <b>ThUS\$</b>                  | <b>70,285</b>     | <b>60,253</b>     |

### Presentation in Balance sheet

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Short-term provisions | 2,175,023         | 2,233,906         |
| Long-term provisions  | 32,748,939        | 32,217,807        |
| <b>Total</b>          | <b>34,923,962</b> | <b>34,451,713</b> |
| <b>ThUS\$</b>         | <b>70,285</b>     | <b>60,253</b>     |

## NOTE 20 MINORITY INTEREST

a) The portion of minority interest in equity of subsidiaries owned by third parties is as follows:

| Subsidiary  | 2007<br>ThCh\$    | 2006<br>ThCh\$    |
|---|-------------------|-------------------|
| Industrias Forestales S.A.                        | 64,932,333        | 67,290,936        |
| Grupo ABS Internacional S.A. de C.V.              | 2,075,339         | 2,615,012         |
| Cooperativa Agrícola y Forestal El Proboste Ltda. | 1,862,943         | -                 |
| Forestal y Agrícola Monte Aguila S.A.             | 137,116           | 125,336           |
| Ipusa - Uruguay                                   | 31,969            | 28,795            |
| La Papelera del Plata S.A.                        | 8,377             | 9,381             |
| <b>Total</b>                                      | <b>69,048,077</b> | <b>70,069,460</b> |
| <b>ThUS\$</b>                                     | <b>138,961</b>    | <b>122,545</b>    |

b) Minority interest in the portion of income of subsidiaries owned by third parties is as follows:

| Subsidiary                            | 2007<br>ThCh\$     | 2006<br>ThCh\$     |
|---------------------------------------|--------------------|--------------------|
| Industrias Forestales S.A.            | (2,790,054)        | (3,959,322)        |
| IPUSA - Uruguay                       | (8,883)            | (4,641)            |
| Forestal y Agrícola Monte Aguila S.A. | (7,378)            | (740)              |
| La Papelera del Plata S.A.            | (295)              | (300)              |
| Grupo ABS Internacional S.A. de C.V.  | 666,028            | 1,132,973          |
| <b>Total</b>                          | <b>(2,140,582)</b> | <b>(2,832,030)</b> |
| <b>ThUS\$</b>                         | <b>(4,308)</b>     | <b>(4,953)</b>     |

## NOTE 21 SHAREHOLDERS' EQUITY

### - Capital

Paid-in capital of the Parent Company amounts to ThCh\$ 112,420,839 - ThUS\$ 226,249 which is divided into 200,000,000 shares.

### - Dividends

There is no restriction on distributing retained earnings as dividends.

The Board of Directors, in its session dated August 3, 2006, agreed to distribute interim dividend N° 237 of Ch\$ 66 with respect to net income for the year ended December 31, 2006. Such dividend was paid starting on September 5, 2006.

The Board of Directors, in its session dated December 7, 2006, agreed to distribute interim dividend N° 238 of Ch\$ 66, with respect to net income for the year ended December 31, 2006. Such dividend was paid starting on January 10, 2007.

The Shareholders' annual meeting held on April 27, 2007 agreed to distribute final dividend N° 239 of Ch\$ 87 per share, with respect to net income for the year ended December 31, 2006. Such dividend was paid starting on May 10, 2007.

Additionally, such meeting agreed the dividend policy for 2007, consisting of the distribution of two interim dividends, payable in September, December 2007 or January 2007, as well as a final dividend, to be agreed by the next Meeting, payable in May 2008, until completing 40 % of the net income for 2007.

The Board of Directors, in its session held on August 9, 2007 agreed to distribute interim dividend N° 240 of Ch\$ 120 per share, with respect to net income for year 2007, which was paid on September 5, 2007.

The Board of Directors, in its session held on December 6, 2007 agreed to distribute interim dividend N° 241 of Ch\$ 160 per share, with respect to net income for year 2007, which was paid on January 8, 2008.

## - Other reserves:

The following is a breakdown of this balance:

|   | 2007<br>ThCh\$     | 2006<br>ThCh\$     |
|---|--------------------|--------------------|
| Forestry appraisals and other adjustments to net worth recorded by subsidiaries | 761,223,539        | 786,011,730        |
| Increased value on appraisal of fixed assets                                    | 18,138,780         | 18,138,780         |
| Reserve for future capital increases  | 23,006,252         | 23,006,252         |
| <b>Total</b>  | <b>802,368,571</b> | <b>827,156,762</b> |
| <b>ThUS\$</b>   | <b>1,614,781</b>   | <b>1,446,617</b>   |

The reserve for future capital increases originates from prior-year revaluation and reappraisal of fixed assets, which can only be capitalized in conformity with the Superintendency of Securities and Insurance.

The balance of the related-company negative goodwill arises from the book value adjustment of investments as follows:

|                                       | 2007<br>ThCh\$     | 2006<br>ThCh\$     |
|---------------------------------------|--------------------|--------------------|
| Forestal Mininco S.A.                 | 530,967,663        | 550,085,958        |
| Industrias Forestales S.A.            | 130,452,333        | 136,293,618        |
| Forestal Bosques del Plata S.A.       | 18,670,085         | 10,607,790         |
| La Papelera del Plata S.A.            | 17,324,453         | 18,072,678         |
| Forestal y Agrícola Monte Aguila S.A. | 16,237,849         | 14,495,295         |
| Inmobiliaria y Forestal Maitenes S.A. | 6,201,842          | -                  |
| Forestal Coihueco S.A.                | 2,268,098          | 898,427            |
| Other investments                     | 39,101,216         | 55,557,964         |
| <b>Total</b>                          | <b>761,223,539</b> | <b>786,011,730</b> |
| <b>ThUS\$</b>                         | <b>1,531,976</b>   | <b>1,374,659</b>   |

Significant changes in the Negative goodwill reserve correspond to the revaluation of forest plantations which reflect natural growth of forests amounting to ThCh\$ 75,833,031-ThUS\$ 152,615 in 2007 (ThCh\$ 19,421,269 - ThUS\$ 33,966 in 2006); reduction in the value of the forest reserve corresponding to the exploited portion amounting to ThCh\$ 79,920,051 - ThUS\$ 160,841 in 2007 (ThCh\$ 70,999,374 - ThUS\$ 124,171 in 2006).

## Details of foreign exchange

Movements in foreign exchange adjustments shown in Other reserves in the item Related-companies negative goodwill, is as follows:

|  | 2007<br>ThCh\$      | 2006<br>ThCh\$      |
|--|---------------------|---------------------|
| Balance at the prior year              | (12,183,977)        | (13,206,050)        |
| Movement during the year               | (15,749,849)        | 1,022,073           |
| <b>Balance as of December 31, 2007</b> | <b>(27,933,826)</b> | <b>(12,183,977)</b> |
| <b>ThUS\$</b>                          | <b>(56,217)</b>     | <b>(21,309)</b>     |

## The movement during the year is as follows

|  |                     |                  |
|--|---------------------|------------------|
| Increase (decrease) from CPI and dollar variations applied to foreign investments (LPP and others in Argentina, IPUSA in Uruguay, Protisa in Perú and Grupo ABS Internacional S.A. in Mexico | (29,605,768)        | 2,835,617        |
| <b>Less</b>  |                     |                  |
| Effect of adjustment between CPI and dollar variations in the liabilities associated to these investments as hedges  | 13,855,919          | (1,813,544)      |
| <b>Total</b>   | <b>(15,749,849)</b> | <b>1,022,073</b> |
| <b>ThUS\$</b>  | <b>(31,697)</b>     | <b>(1,788)</b>   |

## Shareholders' distribution as of December 31, 2007 is as follows

| Type of shareholder   | Total participation % | Number of shareholder |
|---|-----------------------|-----------------------|
| Holding 10% or more   | 38.85                 | 2                     |
| Holding less than 10%, with an investment of UF 200 or more | 61.02                 | 3,355                 |
| Holding less than 10% with an investment of under UF 200    | 0.13                  | 4,020                 |
| <b>Total</b>  | <b>100.00</b>         | <b>7,377</b>          |
| <b>Controlling interest</b>                                 | <b>55.44</b>          | <b>13</b>             |



## Number of shares

| Series | Number of subscribed shares | Number of paid in shares | Number of shares with voting rights |
|--------|-----------------------------|--------------------------|-------------------------------------|
| Single | 200,000,000                 | 200,000,000              | 200,000,000                         |

## Equity

| Series | Subscribed capital ThCh\$ | Paid-in capital ThCh\$ |
|--------|---------------------------|------------------------|
| Single | 112,420,839               | 112,420,839            |
| ThUS\$ | 226,249                   | 226,249                |

## Changes in shareholders' equity

|  | 2007                   |                       |                                     |                            |                  |                                | 2006                   |                       |                                     |                            |                  |                                |
|--|------------------------|-----------------------|-------------------------------------|----------------------------|------------------|--------------------------------|------------------------|-----------------------|-------------------------------------|----------------------------|------------------|--------------------------------|
|  | Paid-up capital ThCh\$ | Other reserves ThCh\$ | Reserve for future dividends ThCh\$ | Accumulated profits ThCh\$ | Dividends ThCh\$ | Net income for the year ThCh\$ | Paid-up capital ThCh\$ | Other reserves ThCh\$ | Reserve for future dividends ThCh\$ | Accumulated profits ThCh\$ | Dividends ThCh\$ | Net income for the year ThCh\$ |
| Balance as of January 1,                           | 104,674,897            | 770,164,583           | 15,687,015                          | 1,420,163,932              | (26,386,800)     | 109,300,861                    | 102,521,936            | 802,507,433           | 15,364,363                          | 1,317,447,136              | (36,306,000)     | 122,986,907                    |
| Distribution of previous year income               | -                      | -                     | -                                   | 82,914,061                 | 26,386,800       | (109,300,861)                  | -                      | -                     | -                                   | 86,680,907                 | 36,306,000       | (122,986,907)                  |
| Final dividend payment                             | -                      | -                     | -                                   | (17,400,000)               | -                | -                              | -                      | -                     | -                                   | (13,200,000)               | -                | -                              |
| Adjustments to net worth recorded by subsidiaries  | -                      | (20,750,351)          | -                                   | -                          | -                | -                              | -                      | (48,744,634)          | -                                   | -                          | -                | -                              |
| Restatement of invested capital                    | 7,745,942              | 52,954,339            | 1,160,839                           | 110,061,971                | (792,000)        | -                              | 2,152,961              | 16,401,784            | 322,652                             | 29,235,889                 | 13,200           | -                              |
| Net income for the year                            | -                      | -                     | -                                   | -                          | -                | 249,370,087                    | -                      | -                     | -                                   | -                          | -                | 109,300,861                    |
| Interim dividends                                  | -                      | -                     | -                                   | -                          | (56,000,000)     | -                              | -                      | -                     | -                                   | -                          | (26,400,000)     | -                              |
| Balances at December 31,                           | 112,420,839            | 802,368,571           | 16,847,854                          | 1,595,739,964              | (56,792,000)     | 249,370,087                    | 104,674,897            | 770,164,583           | 15,687,015                          | 1,420,163,932              | (26,386,800)     | 109,300,861                    |
| Balance as of December 31, restated for comparison | -                      | -                     | -                                   | -                          | -                | -                              | 112,420,839            | 827,156,762           | 16,847,854                          | 1,525,256,063              | (28,339,423)     | 117,389,125                    |
| ThUS\$   | 226,249                | 1,614,781             | 33,907                              | 3,211,455                  | (114,295)        | 501,862                        | 196,613                | 1,446,617             | 29,465                              | 2,667,526                  | (49,563)         | 205,302                        |

## NOTE 22 OTHER NON-OPERATING INCOME AND EXPENSES

### a) The balance of other non-operating income is as follows

|                                | 2007 ThCh\$ | 2006 ThCh\$ |
|--------------------------------|-------------|-------------|
| Fixed assets rental            | 424,319     | 1,040,838   |
| Other minor recharges          | 161,746     | 228,389     |
| Transport claims               | 91,107      | 61,466      |
| Land expropriate indemnities   | 52,437      | -           |
| Income on sale of fixed assets | -           | 150,897     |
| Insurance claims               | -           | 135,401     |
| Others                         | 620,091     | 657,901     |
| Total                          | 5,602,077   | 2,274,892   |
| ThUS\$                         | 2,716       | 3,979       |

### b) Other non-operating expenses

This balance includes the following:

|   | 2007 ThCh\$ | 2006 ThCh\$ |
|---|-------------|-------------|
| Commissions, taxes and others expenses                      | 2,774,430   | 2,544,320   |
| Provision and results from other assets sale                | 646,537     | 786,259     |
| Amortization of licences, brands and others                 | 577,448     | 163,950     |
| Resultins from accidents (portion not covered by insurance) | 360,607     | -           |
| Loss from sale of fixed assets                              | 222,940     | -           |
| Project expenses and studies                                | 93,591      | 232,062     |
| Provision for labor disputes                                | 20,311      | 23,611      |
| Other   | 906,213     | 346,392     |
| Total   | 5,602,077   | 4,096,594   |
| ThUS\$  | 11,274      | 7,164       |



## NOTE 23 PRICE-LEVEL RESTATEMENT

|   | Restatement index | 2007<br>ThCh\$     | 2006<br>ThCh\$    |
|---|-------------------|--------------------|-------------------|
| <b>Assets (charges) credits</b>         |                   |                    |                   |
| Inventories                             | CPI               | 9,449,387          | 8,457,648         |
| Fixed assets                            | CPI               | 215,899,224        | 59,776,806        |
| Investments in related companies        | CPI               | 2,812,550          | 855,426           |
| Time deposits and marketable securities | CPI               | 2,102,307          | 6,147,651         |
| Goodwill                                | CPI               | 3,466,296          | 1,116,025         |
| Negative goodwill                       | CPI               | (1,714,686)        | (436,103)         |
| Accounts receivable with third parties  | CPI/ Indexed unit | 2,886,742          | 1,087,530         |
| Investment in other companies           | CPI               | 105,827            | 4,533             |
| Other non-monetary assets               | CPI               | 6,636,058          | 1,913,323         |
| Cost and expense accounts               | CPI               | 62,212,348         | 11,383,221        |
| <b>Total credits</b>                    |                   | <b>303,856,053</b> | <b>90,306,060</b> |

|   |                   |                      |                     |
|---|-------------------|----------------------|---------------------|
| <b>Liabilities (charges) / credits</b>                |                   |                      |                     |
| Equity  | CPI               | (171,131,094)        | (51,687,846)        |
| Minority interest                                     | CPI               | (4,267,441)          | (1,337,245)         |
| Liabilities to banks                                  | CPI/ US\$         | (29,297,521)         | (7,465,387)         |
| Bonds   | CPI/US\$          | (12,036,153)         | (3,510,508)         |
| Current and long-term liabilities                     | CPI               | (8,623)              | (68,215)            |
| Accounts and others payable to third parties          | CPI               | (718,023)            | (326,362)           |
| Bonds   | Indexed unit      | (14,307,581)         | (4,485,918)         |
| Other non-monetary liabilities                        | CPI/ Indexed unit | (415,147)            | (2,157,949)         |
| Income accounts                                       | CPI               | (78,350,479)         | (13,066,532)        |
| <b>Total (charges) credits</b>                        |                   | <b>(310,532,062)</b> | <b>(84,105,962)</b> |
| <b>Balance of the price-level restatement account</b> |                   | <b>(6,676,009)</b>   | <b>6,200,098</b>    |
| <b>ThUS\$</b>   |                   | <b>(13,436)</b>      | <b>(10,843)</b>     |

## NOTE 24 FOREIGN EXCHANGE GAINS (LOSSES)

The foreign exchange gains (losses) adjustment is detailed as follows:

|   | Currency         | Amount<br>2007<br>ThCh\$ | 2006<br>ThCh\$      |
|---|------------------|--------------------------|---------------------|
| <b>Assets (charge) credits</b>                                      |                  |                          |                     |
| Cash and banks  | US\$             | 681,418                  | 515,984             |
| Time deposits and marketable securities                             | US\$             | (4,150,951)              | 4,618,094           |
| Time deposits and marketable securities                             | EURO             | (153,236)                | 200,418             |
| Fixed assets  | US\$             | 64,902                   | 6,645,915           |
| Inventories   | US\$             | (855,924)                | (289,158)           |
| Accounts receivable with third parties                              | US\$             | (14,323,040)             | 5,174,222           |
| Other non-monetary assets   | US\$             | (1,132,042)              | (784,865)           |
| Other non-monetary assets   | EURO             | 120,787                  | 1,756,529           |
| Other non-monetary assets   | Other currencies | (745,282)                | 91,895              |
| <b>Total (charges) credits</b>                                      |                  | <b>(20,493,368)</b>      | <b>17,929,034</b>   |
| <b>Liabilities (charge) credits</b>                                 |                  |                          |                     |
| Short and long term liabilities                                     | US\$             | (6,991)                  | (104,271)           |
| Accounts payable with third parties                                 | US\$             | 467,744                  | (1,285,319)         |
| Liabilities to banks  | US\$             | 49,675,506               | (6,869,256)         |
| Bonds   | US\$             | 22,741,521               | (2,975,573)         |
| Other non monetary liabilities                                      |                  | 445,943                  | (1,642,069)         |
| Translation adjustment on assets/liabilities of subsidiaries abroad | US\$             | 1,362,562                | 769,511             |
| <b>Total (charges) credits</b>                                      |                  | <b>74,686,285</b>        | <b>(12,106,977)</b> |
| <b>Net gain in foreign exchange difference</b>                      |                  | <b>54,192,917</b>        | <b>5,822,057</b>    |
| <b>ThUS\$</b>   |                  | <b>109,064</b>           | <b>10,182</b>       |



## NOTE 25 BOND ISSUANCE COSTS

On April 20, 2006, Inversiones CMPC S.A. issued a bond in Chile. The amount of issuance was UF 4,000,000.

In this financial operation, the Company incurred in expenses, as follows:

|                                   | ThCh\$           |
|-----------------------------------|------------------|
| Stamp tax                         | 1,154,530        |
| Inscription and issuance expenses | 105,736          |
| Legal advisories                  | 7,920            |
| <b>Total</b>                      | <b>1,268,186</b> |
| <b>ThUS\$</b>                     | <b>2,382</b>     |

The Company placed this bond with a discount amounting to ThCh\$ 2,309,179 - ThUS\$ 4,647 as of December 31<sup>st</sup>, 2007. (ThCh\$ 2,389,910 - ThUS\$ 4,180 in 2006)The discount is deferred over the term of the bonds (21 years) and is shown in Others under Other non-current assets.

## NOTE 26 STATEMENT OF CASH FLOWS

In the preparation of the Statement of cash flows, cash equivalents are considered to be short-term financial investments and that are easily realizable, made as part of the Company's normal cash management. Included in cash equivalents are time deposits and marketable securities like short-term investments in financial instruments under resale agreements, notes of the Central Bank of Chile, investment and mutual fund quotas and others, in accordance with Technical Bulletin N° 50 of the Chilean Institute of Accountants.

Future cash flows for investment purposes relate to projects approved by the Company amounting to US\$ 186 million including:

|   | ThUS\$ |
|---|--------|
| Environmental Project for Pacífico Plant            | 53.4   |
| Paper machine 3 - Puente Alto                       | 42.6   |
| Paper machine - Altamira Mexico                     | 28.1   |
| Maule plant capacity expansion                      | 13.8   |
| Paper machine - Uruguay                             | 13.5   |
| Paper machine - Perú                                | 6.8    |
| Equipment and boiler                                | 6.0    |
| Expansion of Pacífico controlled area               | 2.8    |
| Construction of roads                               | 2.5    |
| Purchase and installation of pulping machinery      | 2.3    |
| Expansion of the distribution centre at Los Rosales | 1.9    |
| Expansion of production capacity for paper bags     | 1.4    |
| Equipment - Cordillera                              | 1.1    |
| Normal investments and other                        | 9.2    |

It should be noted that the extension of the Santa Fe pulp mill began operating in mid December 2006, which increased annual pulp production by around 719,000 tons. The sale of this extra production increased the Company's cash flows and operating income significantly. The results of the increased production in 2007 are reflected in the 2007 financial statement.

During 2008, it is expected that the plant will be operating at full capacity, increasing annual production by 60,000 tonnes. This increase in production will impact both sales and operating profit.

The ordinary shareholders meeting held on April 28<sup>th</sup>, 2007 also agreed a dividend policy that contemplated the payment of 2 interim dividends in September and December 2007 or January 2008, plus a final dividend to be agreed at the next ordinary shareholders meeting, in order to complete 40% of the net income for 2007.

## NOTE 27 DERIVATIVE CONTRACTS

| Type of derivative | Type of contract | Contract amount |         | Risk Maturity | Purchase hedged | sale | Protected item or transaction |             |         |
|--------------------|------------------|-----------------|---------|---------------|-----------------|------|-------------------------------|-------------|---------|
|                    |                  |                 |         |               |                 |      | Name                          | Amount      |         |
|                    |                  | ThCh\$          | ThUS\$  |               |                 |      |                               | ThCh\$      | ThUS\$  |
| FR                 | CCPE             | 18,624,269      | 34,982  | 1 tr 2008     | US\$ / Ch\$     | C    | Financial Investment          | 18,624,269  | 34,982  |
| FR                 | CCPE             | 9,924,720       | 18,642  | 1 tr 2008     | US\$ / Ch\$     | C    | Financial Investment          | 9,924,720   | 18,642  |
| S                  | CCPE             | 84,597,100      | 158,901 | 2 tr 2012     | Libo rate       | C    | Syndicate loan MMUS\$ 240     | 84,597,100  | 158,901 |
| S                  | CCPE             | 217,112,000     | 407,806 | 3 tr 2009     | Libo rate       | C    | Syndicate loan MMUS\$ 475     | 217,112,000 | 407,806 |
| S                  | CCPE             | 57,355,000      | 107,731 | 1 tr 2015     | Currency        | C    | Bond in the local market      | 57,355,000  | 107,731 |
| S                  | CCPE             | 60,651,834      | 113,924 | 1 tr 2015     | Currency        | C    | Bond in the local market      | 60,651,834  | 113,924 |
| S                  | CCPE             | 28,677,500      | 53,866  | 1 tr 2015     | Rate Interest   | C    | Bond in the local market      | 28,677,500  | 53,866  |
| S                  | CCPE             | 28,677,500      | 53,866  | 1 tr 2015     | Rate Interest   | C    | Bond in the local market      | 28,677,500  | 53,866  |
| FR                 | CI               | 1,161,749       | 2,182   | 1 tr 2008     | US\$ / Pounds   | V    | -                             | 1,161,749   | 2,182   |
| FR                 | CI               | 267,150         | 502     | 2 tr 2008     | US\$ / Pounds   | V    | -                             | 267,150     | 502     |
| FR                 | CCTE             | 36,325,580      | 68,231  | 1 tr 2008     | Ch\$/ US\$      | V    | Sell to Europe                | 36,325,580  | 68,231  |
| FR                 | CCTE             | 50,487,254      | 94,831  | 1 tr 2008     | US\$ / Ch\$     | C    | Sell to Europe                | 50,487,254  | 94,831  |
| FR                 | CCTE             | 592,210         | 1,112   | 1 tr 2008     | Pounds/US\$     | C    | Sell to Europe                | 592,210     | 1,112   |
| FR                 | CCTE             | 7,662,292       | 14,392  | 1 tr 2008     | US\$ / EURO     | V    | Sell to Europe                | 7,662,292   | 14,392  |
| FR                 | CCTE             | 9,442,992       | 17,737  | 2 tr 2008     | US\$ / EURO     | V    | Sell to Europe                | 9,442,992   | 17,737  |
| FR                 | CCTE             | 9,814,855       | 18,435  | 3 tr 2008     | US\$ / EURO     | V    | Sell to Europe                | 9,814,855   | 18,435  |
| FR                 | CCTE             | 10,023,225      | 18,827  | 4 tr 2008     | US\$ / EURO     | V    | Sell to Europe                | 10,023,225  | 18,827  |
| FR                 | CCTE             | 2,462,705       | 4,626   | 1 tr 2008     | US\$ / Pounds   | V    | Sell to Europe                | 2,462,705   | 4,626   |
| FR                 | CCTE             | 2,462,705       | 4,626   | 2 tr 2008     | US\$ / Pounds   | V    | Sell to Europe                | 2,462,705   | 4,626   |
| FR                 | CCTE             | 2,462,705       | 4,626   | 3 tr 2008     | US\$ / Pounds   | V    | Sell to Europe                | 2,462,705   | 4,626   |
| FR                 | CCTE             | 2,678,319       | 5,031   | 4 tr 2008     | US\$ / Pounds   | V    | Sell to Europe                | 2,678,319   | 5,031   |
| FR                 | CCTE             | 10,135,176      | 19,037  | 1 tr 2009     | US\$ / EURO     | V    | Sell to Europe                | 10,135,176  | 19,037  |
| FR                 | CCTE             | 10,076,527      | 18,927  | 1 tr 2010     | US\$ / EURO     | V    | Sell to Europe                | 10,076,527  | 18,927  |
| FR                 | CCTE             | 9,999,825       | 18,783  | 1 tr 2011     | US\$ / EURO     | V    | Sell to Europe                | 9,999,825   | 18,783  |
| FR                 | CCTE             | 9,999,825       | 18,783  | 1 tr 2012     | US\$ / EURO     | V    | Sell to Europe                | 9,999,825   | 18,783  |
| FR                 | CCTE             | 6,886,561       | 12,935  | 1 tr 2013     | US\$ / EURO     | V    | Sell to Europe                | 6,886,561   | 12,935  |
| FR                 | CCTE             | 6,747,813       | 12,675  | 1 tr 2014     | US\$ / EURO     | V    | Sell to Europe                | 6,747,813   | 12,675  |
| FR                 | CCTE             | 10,120,153      | 19,009  | 2 tr 2009     | US\$ / EURO     | V    | Sell to Europe                | 10,120,153  | 19,009  |
| FR                 | CCTE             | 10,142,043      | 19,050  | 2 tr 2010     | US\$ / EURO     | V    | Sell to Europe                | 10,142,043  | 19,050  |
| FR                 | CCTE             | 9,984,802       | 18,755  | 2 tr 2011     | US\$ / EURO     | V    | Sell to Europe                | 9,984,802   | 18,755  |
| FR                 | CCTE             | 9,984,802       | 18,755  | 2 tr 2012     | US\$ / EURO     | V    | Sell to Europe                | 9,984,802   | 18,755  |
| FR                 | CCTE             | 6,871,538       | 12,907  | 2 tr 2013     | US\$ / EURO     | V    | Sell to Europe                | 6,871,538   | 12,907  |
| FR                 | CCTE             | 6,747,813       | 12,675  | 2 tr 2014     | US\$ / EURO     | V    | Sell to Europe                | 6,747,813   | 12,675  |
| FR                 | CCTE             | 9,980,966       | 18,747  | 3 tr 2009     | US\$ / EURO     | V    | Sell to Europe                | 9,980,966   | 18,747  |



| Amount of protected |         |                             | Effect in income |        |             |         |              |         |  |
|---------------------|---------|-----------------------------|------------------|--------|-------------|---------|--------------|---------|--|
| item                |         | Name                        | Amount           |        | Realized    |         | Not realized |         |  |
| ThCh\$              | ThUS\$  |                             | ThCh\$           | ThUS\$ | ThCh\$      | ThUS\$  | ThCh\$       | ThUS\$  |  |
| 18,216,299          | 34,216  | Time deposit                | 407,970          | 766    | (407,970)   | (766)   | -            | -       |  |
| 9,948,546           | 18,687  | Other current assets        | 23,826           | 45     | 23,826      | 45      | -            | -       |  |
| 84,471,300          | 158,664 | Liabilities with banks      |                  |        |             |         |              |         |  |
|                     |         | and financial institutions  | 23,988           | 45     | (23,988)    | (45)    | -            | -       |  |
| 173,911,500         | 326,662 | Liabilities with banks      |                  |        |             |         |              |         |  |
|                     |         | and financial institutions  | 1,149,555        | 2,159  | 1,149,555   | 2,159   | -            | -       |  |
| 49,689,000          | 93,332  | Bonds                       | 1,017,164        | 1,911  | (1,017,164) | (1,911) | -            | -       |  |
| 69,091,229          | 129,776 | Bonds                       | 617,682          | 1,160  | 617,682     | 1,160   | -            | -       |  |
| 24,844,500          | 46,666  | Bonds                       | 67,944           | 128    | 67,944      | 128     | -            | -       |  |
| 24,844,500          | 46,666  | Bonds                       | 80,057           | 150    | 80,057      | 150     | -            | -       |  |
| 1,156,728           | 2,173   | Other current liabilities   | 5,021            | 9      | (5,021)     | (9)     | -            | -       |  |
| 263,956             | 496     | Other current liabilities   | 3,194            | 6      | (3,194)     | (6)     | -            | -       |  |
| 36,325,580          | 68,231  | Other current liabilities   | 1,006,588        | 1,891  | 1,006,588   | 1,891   | -            | -       |  |
| 50,393,777          | 94,656  | Other current liabilities   | 120,678          | 227    | (93,480)    | (176)   | -            | -       |  |
| 588,882             | 1,106   | Other current liabilities   | 3,327            | 6      | -           | 0       | (3,327)      | (6)     |  |
| 6,993,059           | 13,135  | Other current liabilities   | 597,755          | 1,123  | -           | 0       | (597,755)    | (1,123) |  |
| 8,716,439           | 16,372  | Other current liabilities   | 656,306          | 1,233  | -           | 0       | (656,306)    | (1,233) |  |
| 9,085,509           | 17,066  | Other current liabilities   | 628,632          | 1,181  | -           | 0       | (628,632)    | (1,181) |  |
| 9,282,793           | 17,436  | Other current liabilities   | 609,701          | 1,145  | -           | 0       | (609,701)    | (1,145) |  |
| 2,150,734           | 4,040   | Other current liabilities   | 111,835          | 210    | -           | 0       | (111,835)    | (210)   |  |
| 2,150,734           | 4,040   | Other current liabilities   | 104,020          | 195    | -           | 0       | (104,020)    | (195)   |  |
| 2,150,734           | 4,040   | Other current liabilities   | 95,079           | 179    | -           | 0       | (95,079)     | (179)   |  |
| 2,336,104           | 4,388   | Other current liabilities   | 95,203           | 179    | -           | 0       | (95,203)     | (179)   |  |
| 9,381,911           | 17,622  | Other long term liabilities | 595,437          | 1,118  | -           | 0       | (595,437)    | (1,118) |  |
| 9,322,233           | 17,510  | Other long term liabilities | 514,220          | 966    | -           | 0       | (514,220)    | (966)   |  |
| 9,323,453           | 17,512  | Other long term liabilities | 412,038          | 774    | -           | 0       | (412,038)    | (774)   |  |
| 9,323,453           | 17,512  | Other long term liabilities | 410,425          | 771    | -           | 0       | (410,425)    | (771)   |  |
| 6,617,538           | 12,430  | Other long term liabilities | 237,463          | 446    | -           | 0       | (211,677)    | (398)   |  |
| 6,505,533           | 12,219  | Other long term liabilities | 115,532          | 217    | -           | -       | (86,858)     | (163)   |  |
| 9,367,622           | 17,595  | Other long term liabilities | 885,011          | 1,662  | -           | -       | (252,911)    | (475)   |  |
| 9,377,186           | 17,613  | Other long term liabilities | 502,864          | 945    | -           | -       | (502,864)    | (945)   |  |
| 9,309,164           | 17,486  | Other long term liabilities | 409,615          | 769    | -           | -       | (409,615)    | (769)   |  |
| 9,309,164           | 17,486  | Other long term liabilities | 412,065          | 774    | -           | -       | (412,065)    | (774)   |  |
| 6,603,249           | 12,403  | Other long term liabilities | 232,595          | 437    | -           | -       | (206,385)    | (388)   |  |
| 6,505,533           | 12,219  | Other long term liabilities | 115,501          | 217    | -           | -       | (89,801)     | (169)   |  |
| 9,238,702           | 17,353  | Other long term liabilities | 539,939          | 1,014  | -           | -       | (539,939)    | (1,014) |  |



# Financial Statements

| Type of derivative | Type of contract | Contract amount | Risk Maturity | Purchase hedged | sale          | Protected item or transaction |                |            |        |
|--------------------|------------------|-----------------|---------------|-----------------|---------------|-------------------------------|----------------|------------|--------|
|                    |                  |                 |               |                 |               | Name                          | Amount         |            |        |
|                    |                  | ThCh\$          | ThUS\$        |                 |               |                               | ThCh\$         | ThUS\$     |        |
| FR                 | CCTE             | 10,002,855      | 18,789        | 3 tr 2010       | US\$ / EURO   | V                             | Sell to Europe | 10,002,855 | 18,789 |
| FR                 | CCTE             | 9,962,913       | 18,714        | 3 tr 2011       | US\$ / EURO   | V                             | Sell to Europe | 9,962,913  | 18,714 |
| FR                 | CCTE             | 9,868,334       | 18,536        | 3 tr 2012       | US\$ / EURO   | V                             | Sell to Europe | 9,868,334  | 18,536 |
| FR                 | CCTE             | 6,537,323       | 12,279        | 3 tr 2013       | US\$ / EURO   | V                             | Sell to Europe | 6,537,323  | 12,279 |
| FR                 | CCTE             | 6,747,813       | 12,675        | 3 tr 2014       | US\$ / EURO   | V                             | Sell to Europe | 6,747,813  | 12,675 |
| FR                 | CCTE             | 10,045,115      | 18,868        | 4 tr 2009       | US\$ / EURO   | V                             | Sell to Europe | 10,045,115 | 18,868 |
| FR                 | CCTE             | 10,067,005      | 18,909        | 4 tr 2010       | US\$ / EURO   | V                             | Sell to Europe | 10,067,005 | 18,909 |
| FR                 | CCTE             | 10,027,062      | 18,834        | 4 tr 2011       | US\$ / EURO   | V                             | Sell to Europe | 10,027,062 | 18,834 |
| FR                 | CCTE             | 9,851,945       | 18,505        | 4 tr 2012       | US\$ / EURO   | V                             | Sell to Europe | 9,851,945  | 18,505 |
| FR                 | CCTE             | 6,529,245       | 12,264        | 4 tr 2013       | US\$ / EURO   | V                             | Sell to Europe | 6,529,245  | 12,264 |
| FR                 | CCTE             | 6,747,813       | 12,675        | 4 tr 2014       | US\$ / EURO   | V                             | Sell to Europe | 6,747,813  | 12,675 |
| FR                 | CCTE             | 2,156,138       | 4,050         | 1 tr 2009       | US\$ / Pounds | V                             | Sell to Europe | 2,156,138  | 4,050  |
| FR                 | CCTE             | 2,156,138       | 4,050         | 2 tr 2009       | US\$ / Pounds | V                             | Sell to Europe | 2,156,138  | 4,050  |
| FR                 | CCTE             | 2,156,138       | 4,050         | 3 tr 2009       | US\$ / Pounds | V                             | Sell to Europe | 2,156,138  | 4,050  |
| FR                 | CCTE             | 2,263,944       | 4,252         | 4 tr 2009       | US\$ / Pounds | V                             | Sell to Europe | 2,263,944  | 4,252  |
| FR                 | CCTE             | 522,181         | 981           | 1 tr 2009       | US\$ / Pounds | V                             | Sell to Europe | 522,181    | 981    |
| FR                 | CCTE             | 522,181         | 981           | 2 tr 2009       | US\$ / Pounds | V                             | Sell to Europe | 522,181    | 981    |
| FR                 | CCTE             | 522,181         | 981           | 3 tr 2009       | US\$ / Pounds | V                             | Sell to Europe | 522,181    | 981    |
| FR                 | CCTE             | 522,181         | 981           | 4 tr 2009       | US\$ / Pounds | V                             | Sell to Europe | 522,181    | 981    |
| FR                 | CCTE             | 522,181         | 981           | 1 tr 2010       | US\$ / Pounds | V                             | Sell to Europe | 522,181    | 981    |
| FR                 | CCTE             | 522,181         | 981           | 2 tr 2010       | US\$ / Pounds | V                             | Sell to Europe | 522,181    | 981    |
| FR                 | CCTE             | 522,181         | 981           | 3 tr 2010       | US\$ / Pounds | V                             | Sell to Europe | 522,181    | 981    |
| FR                 | CCTE             | 522,181         | 981           | 4 tr 2010       | US\$ / Pounds | V                             | Sell to Europe | 522,181    | 981    |
| FR                 | CCTE             | 1,064,313       | 1,999         | 1 tr 2010       | US\$ / Pounds | V                             | Sell to Europe | 1,064,313  | 1,999  |
| FR                 | CCTE             | 1,064,313       | 1,999         | 2 tr 2010       | US\$ / Pounds | V                             | Sell to Europe | 1,064,313  | 1,999  |
| FR                 | CCTE             | 1,064,313       | 1,999         | 3 tr 2010       | US\$ / Pounds | V                             | Sell to Europe | 1,064,313  | 1,999  |
| FR                 | CCTE             | 1,064,313       | 1,999         | 4 tr 2010       | US\$ / Pounds | V                             | Sell to Europe | 1,064,313  | 1,999  |
| FR                 | CCTE             | 1,064,313       | 1,999         | 1 tr 2011       | US\$ / Pounds | V                             | Sell to Europe | 1,064,313  | 1,999  |
| FR                 | CCTE             | 1,064,313       | 1,999         | 2 tr 2011       | US\$ / Pounds | V                             | Sell to Europe | 1,064,313  | 1,999  |
| FR                 | CCTE             | 1,064,313       | 1,999         | 3 tr 2011       | US\$ / Pounds | V                             | Sell to Europe | 1,064,313  | 1,999  |
| FR                 | CCTE             | 1,064,313       | 1,999         | 4 tr 2011       | US\$ / Pounds | V                             | Sell to Europe | 1,064,313  | 1,999  |



| Amount of protected |        |                             | Effect in income |        |          |        |              |        |  |
|---------------------|--------|-----------------------------|------------------|--------|----------|--------|--------------|--------|--|
| item                |        | Name                        | Amount           |        | Realized |        | Not realized |        |  |
| ThCh\$              | ThUS\$ |                             | ThCh\$           | ThUS\$ | ThCh\$   | ThUS\$ | ThCh\$       | ThUS\$ |  |
| 9,248,268           | 17,371 | Other long term liabilities | 477,699          | 897    | -        | -      | (477,699)    | (897)  |  |
| 9,299,598           | 17,468 | Other long term liabilities | 416,644          | 783    | -        | -      | (416,644)    | (783)  |  |
| 9,292,319           | 17,454 | Other long term liabilities | 485,561          | 912    | -        | -      | (485,561)    | (912)  |  |
| 6,305,761           | 11,844 | Other long term liabilities | 168,077          | 316    | -        | -      | (141,475)    | (266)  |  |
| 6,505,533           | 12,219 | Other long term liabilities | 115,435          | 217    | -        | -      | (92,643)     | (174)  |  |
| 9,292,357           | 17,454 | Other long term liabilities | 524,796          | 986    | -        | -      | (524,796)    | (986)  |  |
| 9,301,923           | 17,472 | Other long term liabilities | 466,717          | 877    | -        | -      | (466,717)    | (877)  |  |
| 9,353,253           | 17,568 | Other long term liabilities | 416,166          | 782    | -        | -      | (416,166)    | (782)  |  |
| 9,276,732           | 17,425 | Other long term liabilities | 483,575          | 908    | -        | -      | (483,575)    | (908)  |  |
| 6,297,894           | 11,829 | Other long term liabilities | 165,247          | 310    | -        | -      | (138,817)    | (261)  |  |
| 6,505,533           | 12,219 | Other long term liabilities | 115,384          | 217    | -        | -      | (95,510)     | (179)  |  |
| 1,853,698           | 3,482  | Other long term liabilities | 83,318           | 156    | -        | -      | (83,318)     | (156)  |  |
| 1,853,698           | 3,482  | Other long term liabilities | 76,097           | 143    | -        | -      | (76,097)     | (143)  |  |
| 1,853,698           | 3,482  | Other long term liabilities | 68,494           | 129    | -        | -      | (68,494)     | (129)  |  |
| 1,946,383           | 3,656  | Other long term liabilities | 65,134           | 122    | -        | -      | (65,134)     | (122)  |  |
| 482,406             | 906    | Other long term liabilities | 2,763            | 5      | -        | -      | (2,763)      | (5)    |  |
| 482,406             | 906    | Other long term liabilities | 1,119            | 2      | -        | -      | (1,119)      | (2)    |  |
| 482,406             | 906    | Other long term liabilities | 624              | 1      | -        | -      | 624          | 1      |  |
| 482,406             | 906    | Other long term liabilities | 2,112            | 4      | -        | -      | 2,112        | 4      |  |
| 482,406             | 906    | Other long term liabilities | 2,978            | 6      | -        | -      | 2,978        | 6      |  |
| 482,406             | 906    | Other long term liabilities | 3,803            | 7      | -        | -      | 3,803        | 7      |  |
| 482,406             | 906    | Other long term liabilities | 4,611            | 9      | -        | -      | 4,611        | 9      |  |
| 482,406             | 906    | Other long term liabilities | 5,393            | 10     | -        | -      | 5,393        | 10     |  |
| 1,020,565           | 1,917  | Other long term liabilities | 13,160           | 25     | -        | -      | 13,160       | 25     |  |
| 1,020,565           | 1,917  | Other long term liabilities | 14,824           | 28     | -        | -      | 14,824       | 28     |  |
| 1,020,565           | 1,917  | Other long term liabilities | 16,450           | 31     | -        | -      | 16,450       | 31     |  |
| 1,020,565           | 1,917  | Other long term liabilities | 18,022           | 34     | -        | -      | 18,022       | 34     |  |
| 1,020,565           | 1,917  | Other long term liabilities | 19,189           | 36     | -        | -      | 19,189       | 36     |  |
| 1,020,565           | 1,917  | Other long term liabilities | 20,350           | 38     | -        | -      | 20,350       | 38     |  |
| 1,020,565           | 1,917  | Other long term liabilities | 21,479           | 40     | -        | -      | 21,479       | 40     |  |
| 1,020,565           | 1,917  | Other long term liabilities | 22,473           | 42     | -        | -      | 22,473       | 42     |  |

## NOTE 28 CONTINGENCIES AND RESTRICTIONS

### Direct guarantees

To guarantee Banco Bice full compliance with any and all current and future obligations incurred by Empresas CMPC S.A. and subsidiaries, the Company set up a first mortgage of ThCh\$ 5,078,737 ThUS\$ 10,221 on the mezzanine and 2nd, 3rd, 4th and 5th floors of the building located at Agustinas 1343, per public deed dated March 16, 2001, before the Notary Enrique Morgan under digest number 1290.

### - Indirect guarantees

The loans and bond issuances of the subsidiary Inversiones CMPC S.A., through its Agency in the Cayman Islands, were guaranteed by Empresas CMPC S.A.

The UF bond issuance made by the subsidiary Inversiones CMPC S.A. in Chile, was guaranteed by Empresas CMPC S.A.

In the case of indirect guarantees, the creditor of the guarantee backed by Empresas CMPC S.A., is the holder of the document, since such documents are transferable.

Empresas CMPC S.A. guaranteed compliance by Grupo ABS Internacional S.A. de CV (subsidiary in Mexico) of the loan re-negotiated with Banamex. This guarantee was implemented by the issue of a letter of credit through Citibank N.A.

Empresas CMPC S.A. guaranteed compliance by Grupo ABS Internacional S.A. de C.V. (subsidiary in Mexico) of the loan agreement with Banco Santander Mexico.

Empresas CMPC S.A. guaranteed the compliance by La Papelera del Plata S.A. (subsidiary in Argentina), of a lease contract on the machinery this company subscribed with Citibank N.A.

Empresas CMPC S.A. guaranteed compliance by Drypers Andina S.A. (subsidiary in Colombia) of the loan agreement with Banco Santander.

### Restrictions

Empresas CMPC S.A., as a result of certain debt contracts entered into by its subsidiaries and guaranteed by it, has to comply with certain financial indicators ("covenants") determined based on the consolidated financial statements. These are to maintain a minimum equity, a maximum indebtedness level and a minimum level of financial expenses coverage. As of December 31, 2007, such indicators are amply complied with.

As a result of certain Loans contracts entered by La Papelera de Plata S.A. (Argentina) and Protisa Perú S.A. (Perú) these entities have to comply with certain financial indicators ("covenants"). These are to maintain a minimum equity, a maximum indebtedness level and a minimum level of financial expenses coverage. As of December 31, 2007 such indicators are complied.

### - Lawsuits

- a) The subsidiaries Forestal Mininco S.A. and Forestal Crecex S.A. have participated in a number of proceedings involving growers and landholders regarding boundaries and other disputes. A favorable result is anticipated in the majority of these processes and therefore no provision has been made as of December 31, 2007.
- b) In August 2001, the Supreme Court unanimously confirmed the rule that accepted the claim presented by the subsidiary CMPC Celulosa S.A. declaring that the Central Bank had to pay the promissory notes issued by that public body, pursuant to the calculation rules contained in them upon issuance and not under a new calculation formula subsequently established by the debtor. The Central Bank did not accept the rule, invoking a technical impossibility to arrive at the determination of the proper amount. In view of that refusal, CMPC had to initiate new legal procedures to determine the settlement amount in their favor. This lawsuit is currently awaiting the verdict.
- c) Tax Lawsuit filed against CMPC Celulosa S.A. for a claim over tax settlement made by the S.I.I. on April 30, 2003, and related to the appraisal of the value of shares internally transferred.  
  
Due to weaknesses in the process, the Company appealed to the Supreme Court (case N° 1767-3) which was accepted for consideration on August 5, 2005 resulting in the lawsuit being thrown out of court.
- d) As of December 31, 2007, the subsidiary Papelera del Plata S.A. in Argentina, has several lawsuits in a number of Argentine labor courts, amounting to ThCh\$1,344,367 - ThUS\$ 2,706. No provision has been made reflecting the expected favorable outcome by the company's lawyers.
- e) The subsidiary CMPC Celulosa S.A. faces a civil lawsuit for compensation for losses incurred for which they are being held responsible. The total claim is ThCh\$ 423,000 - ThUS\$ 851. The first ruling found in favor of CMPC. In the opinion of the Company's lawyers, the likelihood of this being successfully appealed against is minimal hence no provision has been recorded.
- f) CMPC Maderas S.A. has had a labor lawsuit filed against the company. A group of workers for a contractor are claiming the alleged overtime that would be paid to direct employees. As of December 31, 2007, the amount of the claim has not been determined and the claim is being tested. The lawsuit detail is 2880-2006 and will be heard in the 4th labor court of Santiago.
- g) CMPC Maderas S.A. is being sued for ThCh\$110,000 - ThUS\$ 221 for damages resulting from an accident brought by an employee of a contractor of the company. Initially the claim was rejected with a ruling in favor of CMPC, however the employee has now appealed. A favorable outcome



is anticipated by the Company's lawyers hence no provision has been made as at December 31<sup>st</sup>, 2007.

- h) CMPC Maderas S.A. is facing a labor lawsuit filed by an employee of a contractor who is claiming additional payment. As of December 31<sup>st</sup>, 2007, the amount has not been determined. The debut of the case is 5046 – 2006 and will be heard in the 1<sup>st</sup> Justice court the Coronel.
- i) The subsidiary Inforsa S.A., is facing a labor lawsuit. No provision has been made reflecting the expected favorable outcome by the Company's lawyers.
- j) As of December 31<sup>st</sup>, 2007, the subsidiary Fabi Bolsas Industriales S.A. faces a labor lawsuit. The amount involved is ThCh\$ 77,234 – ThUS\$ 155, which is fully recorded as provision, contemplating maximum contingencies.
- k) Subsidiaries of the Company have presented an appeal to the Argentine Nation's Court for it to suspend and annul proceedings issued by the Federal Administration of Public Revenue relating to taxes and interests on financial transactions occurring during the years 1995 and 1998 amounting to 3,220,843 Argentine pesos plus fines and interests. According to the Company and its legal advisors, these proceedings should not prosper because all transactions have been legally and administratively done following current legislation, therefore, no provisions have been established.
- l) As of December 31<sup>st</sup>, 2007, the subsidiary Forestal y Agrícola Monte Águila S.A.. has two lawsuits against it for damages amounting to ThCh\$ 1,530,179 - ThUS\$ 3,080. It is expected that judgment in these cases will be favorable to the Company, and in any event there is insurance cover.
- m) As of December 31<sup>st</sup>, 2007, the subsidiary CMPC Tissue S.A., following a decision requiring the compensation of contractual losses, was successful in taking the decision to appeal. A new judge has been appointed and the case continues.
- n) During April 2006, the subsidiary Inversiones Protisa S.A. received a tax demand amounting to ThCh\$ 20,695,723 - ThUS\$ 41,651 based on a tax difference and the monetary correction used by the company with respect to its foreign investments. A defense has been submitted to the Internal Revenue Service, ratifying the criteria used by the company and providing legal and administrative supporting evidence for the criteria.

Our specialist lawyers have a favorable opinion about the Company's position. It is therefore expected that the demands should be revoked or annulled; no provisions have therefore been made.

- o) Endesa S.A. has filed a claim against the subsidiary CMPC Celulosa S.A. Endesa S.A. claim the supply contract with CMPC contains restrictions

which limit the amount of energy the industrial plant and contractors can consume. The claim is currently being received and tested.

The amount has not been determined and no provision has been made considering that the supply contract is favorable to CMPC Celulosa S.A. based on the opinion of company's lawyers.

- p) A claim for damages has been filed against Empresas CMPC S.A. by a former shareholder relating to a lack of care when selling their shares. The claim has only recently been received and as such no risk assessment has been performed.
- q) A claim for damages has been filed against CMPC Tissue S.A. by an employee following an accident at the factory. The claim has only recently been received and as such no risk evaluation has been performed at the date of this report.

- r) A claim for damages has been filed against Papeles Cordillera S.A. by an employee following an accident at a factory. No risk assessment has been made yet.

Our specialist lawyers have a favorable opinion about the Company's position. It is therefore expected that the demands should be revoked or annulled; no provisions have therefore been made.

#### - Other contingencies

Some subsidiaries maintain a responsibility in return of exports under consignment amounting to ThCh\$ 41,260,100 – ThUS\$ 83,037 as of December 31<sup>st</sup>, 2007 and ThCh\$ 9,444,985 - ThUS\$ 16,518 in 2006. This amount represents the marketable price set up at the delivery date.

Some subsidiaries have a liability for the collection upon maturity of the portfolio of assigned loans at December 31<sup>st</sup>, 2007 this amounts to of ThCh\$ 9,935,737 – ThUS\$ 19,996 (ThCh\$ 11,440,592 - ThUS\$ 20,008 in 2006).

Empresas CMPC S.A. guarantees compliance of swaps contracts entered into by Inversiones CMPC S.A. and some subsidiaries mainly with J.P. Morgan Chase N.A., BBVA, Santander, Goldman Sachs and others, related to interest rates on a total nominal amount of US\$ 727,000,000.

#### Foreign investments

The Company's Financial Statements include the effect of the current economic context of Argentina, Uruguay, Peru, Mexico, Ecuador and Colombia over the economic and financial position of related companies in such countries, according to the administrations evaluations, as of the date of preparation. The real future results will depend on the evolution of said economies.



## Direct guarantees:

| Guarantee creditor                       | Entity  | Relation            | Type of guarantee  | Assets involved                   |
|--|---|---------------------|--------------------|-----------------------------------|
| Banco BICE                               | Empresas CMPC S.A.                              | Informant           | Mortgage           | Floor 2, 3, 4 and 5 Agustina 1345 |
| Foreign supplier                         | Inforsa S.A.                                    | Indirect subsidiary | Letter of exchange | Machinery                         |
| Natural gas                              | Protisa Perú S.A.                               | Indirect subsidiary | Guarantee letters  | Cash                              |
| Cia. de Telecomunicaciones de Chile S.A. | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Empresa Ferrocarriles del Estado         | CMPC Celulosa S.A.                              | Indirect subsidiary | Bill of exchange   | Capital assets                    |
| Superintendencia Nacional de Aduanas     | Protisa Perú S.A.                               | Indirect subsidiary | Guarantee letters  | Machinery                         |
| Tractebel GNP S.A. de C.V.               | Internacional de Papeles del Golfo S.A. de C.V. | Indirect subsidiary | Notes              | Cash                              |
| Bodega San Francisco Ltda.               | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Unabif                                   | Protisa Perú S.A.                               | Indirect subsidiary | Guarantee letters  | Cash                              |
| Club de regata de Lima                   | Protisa Perú S.A.                               | Indirect subsidiary | Guarantee letters  | Cash                              |
| Instituto Nac. Materno Perinatal         | Protisa Perú S.A.                               | Indirect subsidiary | Guarantee letters  | Cash                              |
| Hospital Sergio E. Bernales              | Protisa Perú S.A.                               | Indirect subsidiary | Guarantee letters  | Cash                              |
| Emilio Sabatini Rios                     | Internacional de Papeles del Golfo S.A. de C.V. | Indirect subsidiary | Notes              | Cash                              |
| Asociación Chilena de Seguridad          | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Hospital Roberto del Río                 | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Hospital Clínico San Borja Arriarán      | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Ilustre Municipalidad de Puente Alto     | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Atento Chile S.A.                        | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Banco Santander                          | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Hospital Félix Bulnes                    | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | Cash                              |
| Corporación Municipal de La Florida      | CMPC Tissue S.A.                                | Indirect subsidiary | Letter             | -                                 |
| Comisión Federal de Electricidad         | Absormex S.A. de C.V.                           | Indirect subsidiary | Notes              | Cash                              |
| Comisión Federal de Electricidad         | Internacional de Papeles del Golfo S.A. de C.V. | Indirect subsidiary | Notes              | Cash                              |



| Balances pending at year end |        |         |        |           |        | Guarantees released |        |              |         |        |              |
|------------------------------|--------|---------|--------|-----------|--------|---------------------|--------|--------------|---------|--------|--------------|
| Book Value                   |        | 2007    |        | 2006      |        | 2008                |        | Assets       | 2009    |        | Assets       |
| ThCh\$                       | ThUS\$ | ThCh\$  | ThUS\$ | ThCh\$    | ThUS\$ | ThCh\$              | ThUS\$ |              | ThCh\$  | ThUS\$ |              |
| 5,078,737                    | 10,221 | -       | -      | -         | -      | -                   | -      | -            | -       | -      | -            |
| 646,432                      | 1,301  | 646,432 | 1,301  | 1,061,199 | 1,856  | 421,107             | 847    | Fixed assets | 225,325 | 453    | Fixed assets |
| 110,210                      | 222    | 110,210 | 222    | 105,384   | 184    | -                   | -      | Cash         | -       | -      | -            |
| 16,064                       | 32     | 16,064  | 32     | 3,938     | 7      | -                   | -      | Cash         | -       | -      | -            |
| 5,218                        | 11     | 5,218   | 11     | 5,136     | 9      | 5,218               | 11     | Fixed assets | -       | -      | -            |
| 4,383                        | 9      | 4,383   | 9      | 128,971   | 226    | -                   | -      | ixed assets  | -       | -      | -            |
| 4,276                        | 9      | 4,276   | 9      | 41,757    | 73     | -                   | -      | Cash         | -       | -      | -            |
| 3,983                        | 8      | 3,983   | 8      | -         | -      | -                   | -      | Cash         | -       | -      | -            |
| 2,904                        | 6      | 2,904   | 6      | -         | -      | -                   | -      | Cash         | -       | -      | -            |
| 1,932                        | 4      | 1,932   | 4      | -         | -      | -                   | -      | Cash         | -       | -      | -            |
| 1,732                        | 3      | 1,732   | 3      | -         | -      | -                   | -      | Cash         | -       | -      | -            |
| 1,684                        | 3      | 1,684   | 3      | -         | -      | -                   | -      | Cash         | -       | -      | -            |
| 184                          | 1      | 184     | 1      | -         | -      | -                   | -      | Cash         | -       | -      | -            |
| -                            | -      | -       | -      | 4,406     | 8      | -                   | -      | -            | -       | -      | -            |
| 7,828                        | 16     | -       | -      | 6,108     | 11     | -                   | -      | Cash         | -       | -      | -            |
| 5,353                        | 11     | -       | -      | 2,349     | 4      | -                   | -      | Cash         | -       | -      | -            |
| -                            | -      | -       | -      | 1,074     | 2      | -                   | -      | Cash         | -       | -      | -            |
| -                            | -      | -       | -      | 6,981     | 12     | -                   | -      | Cash         | -       | -      | -            |
| -                            | -      | -       | -      | 4,618     | 8      | -                   | -      | Cash         | -       | -      | -            |
| -                            | -      | -       | -      | 1,611     | 3      | -                   | -      | Cash         | -       | -      | -            |
| -                            | -      | -       | 161    | 1         | -      | -                   | Cash   | -            | -       | -      | -            |
| 5,363                        | 11     | -       | -      | 5,415     | 9      | -                   | -      | Cash         | -       | -      | -            |
| -                            | -      | -       | -      | 46,965    | 82     | -                   | -      | Cash         | -       | -      | -            |

## Indirect guarantees:

| Guarantee creditor                      | Entity  | Relation            | Type of guarantee    | Assets involved |
|---|---|---------------------|----------------------|-----------------|
| BBVA S.A.                               | Inversiones CMPC S.A.<br>Cayman Island Agency | Subsidiary          | Guarantor            | No              |
| Bonds                                   | Inversiones CMPC S.A.<br>Cayman Island Agency | Subsidiary          | Guarantor            | No              |
| UF Bonds                                | Inversiones CMPC S.A.                         | Subsidiary          | Joint debtor         | No              |
| J.P. Morgan Chase Bank and other        | Inversiones CMPC S.A.<br>Cayman Island Agency | Subsidiary          | Guarantor            | No              |
| UF Bonds                                | Inversiones CMPC S.A.                         | Subsidiary          | Joint debtor         | No              |
| Citibank N.A.                           | Grupo ABS Internacional S.A.<br>de C.V. (ABS) | Indirect subsidiary | Stanby credit letter | No              |
| Banco Santander                         | Drypers Andina S.A. - Colombia                | Indirect subsidiary | Guarantor            | No              |
| Citibank N.A. Argentina                 | La Papelera del Plata S.A. Argentina          | Indirect subsidiary | Guarantor            | No              |
| Banco Santander                         | Grupo ABS Internacional S.A.<br>de C.V. (ABS) | Indirect subsidiary | Joint debtor         | No              |
| Voith Maquinas y<br>Equipamientos Ltda. | Industrias Forestales S.A.                    | Indirect subsidiary | Guarantor            | No              |



| Balances pending at year end |         |             |         | Guarantees released |         |             |         |            |        |
|------------------------------|---------|-------------|---------|---------------------|---------|-------------|---------|------------|--------|
| 2007                         |         | 2006        |         | 2008                |         | 2009        |         | 2010       |        |
| ThCh\$                       | ThUS\$  | ThCh\$      | ThUS\$  | ThCh\$              | ThUS\$  | ThCh\$      | ThUS\$  | ThCh\$     | ThUS\$ |
| 173,911,500                  | 350,000 | 247,776,689 | 433,338 | 57,970,666          | 116,667 | 115,440,834 | 233,333 | -          | -      |
| 149,067,000                  | 300,000 | 171,536,058 | 300,000 | -                   | -       | -           | -       | -          | -      |
| 137,358,620                  | 276,437 | 137,852,905 | 241,091 | -                   | -       | -           | -       | -          | -      |
| 119,253,600                  | 240,000 | 137,228,846 | 240,000 | -                   | -       | -           | -       | 47,701,440 | 96,000 |
| 78,490,640                   | 157,964 | 78,773,088  | 137,767 | -                   | -       | -           | -       | -          | -      |
| 13,844,680                   | 27,863  | 12,258,990  | 21,440  | 13,844,680          | 27,863  | -           | -       | -          | -      |
| 3,478,230                    | 7,000   | -           | -       | -                   | -       | -           | -       | 434,779    | 875    |
| 3,391,395                    | 6,825   | 5,801,140   | 10,146  | 1,649,868           | 3,320   | 1,741,527   | 3,505   | -          | -      |
| 2,484,450                    | 5,000   | -           | -       | -                   | -       | 2,484,450   | 5,000   | -          | -      |
| 500,842                      | 1,008   | 2,511,479   | 4,392   | 500,842             | 1,008   | -           | -       | -          | -      |



## NOTE 29 GUARANTEES FROM THIRD PARTIES

Guarantees from third parties are as follows:

|                          | Transaction<br>ThCh\$ | Amount<br>ThUS\$ | Issuer                                  | Relation    |
|--------------------------|-----------------------|------------------|---|-------------|
| S.Maest.Assembly         | 11,426,561            | 22,996           | Andritz Chile S.A.                      | Supplier    |
| S.Maest.Assembly         | 5,366,184             | 10,800           | Empresa Constructora Tecsa Ltda.        | Supplier    |
| Investment Project       | 2,671,323             | 5,376            | Kvaerner Pulping A.B.                   | Supplier    |
| Investment Project       | 2,439,890             | 4,910            | Metso Paper Pory Oy Service             | Supplier    |
| Finished product sales   | 1,987,560             | 4,000            | Proveedores y Maquiladores S.A.         | Customer    |
| S.Maest.Assembly         | 1,813,928             | 3,651            | HPD LLC.                                | Supplier    |
| S.Maest.Assembly         | 1,292,166             | 2,601            | Ing. Y Construcción Sigdo Koppers S.A.  | Supplier    |
| Contruccion contract     | 1,222,350             | 2,460            | Recard SPA                              | Supplier    |
| Project                  | 1,168,014             | 2,351            | Metso                                   | Supplier    |
| S.Maest.Assembly         | 909,251               | 1,830            | Echeverria Izquierdo Montajes Ind. S.A. | Supplier    |
| Project                  | 809,000               | 1,628            | Tecn.Nacional de Serv.Ing. y Constr.    | Outsourcing |
| Contruccion contract     | 786,168               | 1,582            | Cosapi S.A.                             | Supplier    |
| Finished product sales   | 496,890               | 1,000            | Establecimiento Grafico Impresores S.A. | Customer    |
| Finished product sales   | 496,890               | 1,000            | Graphopak GDG S.A. de C.V.              | Customer    |
| S.Maest.Assembly         | 496,700               | 1,000            | Construcción y Montaje S.A.             | Supplier    |
| Project                  | 488,972               | 984              | Met Pro Corporation                     | Supplier    |
| S.Maest.Assembly         | 386,285               | 777              | Tecn.Nacional de Serv.Ing. y Constr.    | Supplier    |
| Finished product sales   | 347,823               | 700              | Guedikian Impresores S.A.               | Customer    |
| S.Maest.Assembly         | 337,967               | 680              | Siemens S.A.                            | Supplier    |
| S.Maest.Assembly         | 326,762               | 658              | Constructora JCE S.A.                   | Supplier    |
| Project                  | 273,290               | 550              | Voith Paper                             | Supplier    |
| S.Maest.Assembly         | 267,231               | 538              | Andrés Pirazzoli y Cia Ltda.            | Supplier    |
| Sale of wood             | 252,689               | 509              | Juan Latsague y Cía. Ltda.              | Customer    |
| Finished product sales   | 248,445               | 500              | Centro Grafico S.A.                     | Customer    |
| Sale of wood             | 248,445               | 500              | Proarauco S.A.                          | Customer    |
| Sale of wood             | 234,867               | 473              | Forestal Transp. y Const. Sta. Elena    | Customer    |
| Forest protection        | 229,812               | 463              | Helicópteros Agroforestales Ltda.       | Outsourcing |
| Sale of wood             | 228,559               | 460              | Aserraderos Poco a Poco Ltda.           | Customer    |
| S.Maest.Assembly         | 227,641               | 458              | Rudel S.A.                              | Supplier    |
| Projects in construction | 226,624               | 456              | Andritz INC.                            | Supplier    |
| S.Maest.Assembly         | 214,146               | 431              | ISS Facility Services S.A.              | Supplier    |
| Forest protection        | 207,452               | 418              | Inaer Chile S.A.                        | Outsourcing |
| Project                  | 188,317               | 379              | Centro Projekt                          | Supplier    |
| S.Maest.Assembly         | 183,562               | 369              | Claro, Vicuña, Valenzuela S.A.          | Supplier    |
| Contruccion contract     | 179,436               | 361              | ABB S.A.                                | Supplier    |
| Finished product sales   | 178,880               | 360              | Papelera Corrientes S.A.                | Customer    |
| Harvest                  | 178,429               | 359              | Besalco Maquinarias S.A.                | Outsourcing |
| Contruccion contract     | 177,948               | 358              | Inprolec Ltda.                          | Supplier    |
| S.Maest.Assembly         | 159,594               | 321              | Fibra Ingeniería y Construcciones S.A.  | Supplier    |
| Forest protection        | 157,514               | 317              | Consorcio Patagonia del Pacifico S.A.   | Outsourcing |
| Finished product sales   | 149,067               | 300              | Productos El Cid S.A.                   | Customer    |
| Investment Project       | 145,050               | 292              | Saalasti OY                             | Supplier    |
| S.Maest.Assembly         | 144,481               | 291              | Areva T&D Chile S.A.                    | Supplier    |
| Camino- Protecc.F.       | 140,000               | 282              | Constructora Cuellar e Hijo Ltda.       | Outsourcing |
| Serv. Aserraderos        | 139,129               | 280              | Maderas San Lorenzo                     | Outsourcing |
| Sale of wood             | 138,202               | 278              | Forestal Santa Inés Ltda.               | Customer    |
| Purchase of wood         | 130,000               | 262              | Aserraderos Corza S.A.                  | Supplier    |
| S.Maest.Assembly         | 116,401               | 234              | Empresa de Montajes Ind. Salta S.A.     | Supplier    |
| S.Maest.Assembly         | 115,028               | 231              | Ing. y Const. Eduardo Arancibia Ltda.   | Supplier    |
| Project                  | 113,120               | 228              | Voith Paper Maq. e Equipamientos Ltda.  | Supplier    |
| S.Maest.Assembly         | 109,944               | 221              | Dorr Oliver Eimco Chile S.A.            | Supplier    |



# NOTE 30 LOCAL AND FOREIGN CURRENCY

| Current assets                                       | Currency                 | 2007                 |                  | 2006                 |                  |
|--|--------------------------|----------------------|------------------|----------------------|------------------|
|  |                          | ThCh\$               | ThUS\$           | ThCh\$               | ThUS\$           |
| Cash and banks                                       | Non indexed pesos        | 3,175,209            | 6,390            | 2,295,724            | 4,015            |
| Cash and banks                                       | Dollar                   | 1,987,317            | 4,000            | 1,801,416            | 3,151            |
| Cash and banks                                       | Euro                     | 12,528               | 25               | 736,818              | 1,289            |
| Cash and banks                                       | Argentinean pesos        | 339,804              | 684              | 52,547               | 92               |
| Cash and banks                                       | Other currencies         | 1,617,407            | 3,255            | 1,222,861            | 2,139            |
| Time deposits and marketable securities              | Non Indexed pesos        | 18,584,414           | 37,401           | 6,688,874            | 11,698           |
| Time deposits and marketable securities              | Dollar                   | 35,197,229           | 70,835           | 19,316,300           | 33,782           |
| Time deposits and marketable securities              | Euro                     | 318,857              | 642              | 78,765               | 138              |
| Time deposits and marketable securities              | Other currencies         | 1,485,830            | 2,990            | 686,710              | 1,201            |
| Accounts receivable short-term                       | Indexed pesos            | 1,326,152            | 2,669            | -                    | -                |
| Accounts receivable short-term                       | Non indexed pesos        | 98,381,382           | 197,994          | 78,358,542           | 137,042          |
| Accounts receivable short-term                       | Dollar                   | 170,547,534          | 343,230          | 149,301,803          | 261,114          |
| Accounts receivable short-term                       | Euro                     | 7,766,389            | 15,630           | 6,315,050            | 11,044           |
| Accounts receivable short-term                       | Argentinean pesos        | 18,093,797           | 36,414           | 15,815,996           | 27,661           |
| Accounts receivable short-term                       | Other currencies         | 21,631,487           | 43,534           | 14,642,653           | 25,609           |
| Notes and accounts receivable with related companies | Non Indexed pesos        | 1,395,463            | 2,808            | 1,181,408            | 2,066            |
| Inventories  | Indexed pesos            | 125,479,066          | 252,529          | 204,873,034          | 358,303          |
| Inventories  | Dollar                   | 186,479,983          | 375,294          | 105,127,408          | 183,858          |
| Inventories  | Euro                     | 15,597,894           | 31,391           | 8,527,173            | 14,913           |
| Inventories  | Argentinean pesos        | 19,172,705           | 38,585           | 18,678,879           | 32,668           |
| Inventories  | Other currencies         | 13,841,385           | 27,856           | 16,336,895           | 28,572           |
| Taxes recoverable                                    | Indexed pesos            | 15,865,971           | 31,931           | 22,522,184           | 39,389           |
| Taxes recoverable                                    | Argentinean pesos        | 1,173,039            | 2,361            | 1,653,800            | 2,892            |
| Taxes recoverable                                    | Other currencies         | 4,364,718            | 8,784            | 3,198,514            | 5,594            |
| Prepaid expenses                                     | Non indexed pesos        | 1,145,745            | 2,306            | 1,151,985            | 2,015            |
| Prepaid expenses                                     | Dollar                   | 3,426,834            | 6,897            | 2,908,281            | 5,086            |
| Prepaid expenses                                     | Argentinean pesos        | 222,535              | 448              | 234,707              | 410              |
| Prepaid expenses                                     | Other currencies         | 649,079              | 1,306            | 620,979              | 1,086            |
| Deferred taxes                                       | Non indexed pesos        | 4,506,119            | 9,069            | 3,456,541            | 6,045            |
| Deferred taxes                                       | Argentinean pesos        | 129,355              | 260              | 659,154              | 1,153            |
| Deferred taxes                                       | Other currencies         | 13,089               | 26               | 36,645               | 64               |
| Other currents assets                                | Non indexed pesos        | 10,361,697           | 20,853           | 37,986,727           | 66,435           |
| Other currents assets                                | Dollar                   | 9,944,912            | 20,014           | 11,451,653           | 20,028           |
| Other currents assets                                | Other currencies         | 2,901,858            | 5,840            | 395,650              | 692              |
| Fixed assets   | Indexed pesos            | 2,831,405,805        | 5,698,255        | 2,822,267,666        | 4,935,874        |
| Fixed assets   | Dollar                   | 193,853,736          | 390,134          | 195,184,294          | 341,358          |
| Investments in related companies                     | Indexed pesos            | 46,535,660           | 93,654           | 43,815,784           | 76,630           |
| Investments in other companies                       | Indexed pesos            | 142,267              | 286              | 147,619              | 258              |
| Goodwill   | Indexed pesos            | 48,598,552           | 97,805           | 55,063,283           | 96,300           |
| Negative goodwill                                    | Indexed pesos            | (23,101,067)         | (46,491)         | (24,886,585)         | (43,524)         |
| Long-term debtors                                    | Indexed pesos            | 19,561,923           | 39,369           | 12,435,641           | 21,749           |
| Long-term debtors                                    | Non indexed pesos        | 4,030,778            | 8,112            | -                    | -                |
| Long-term debtors                                    | Dollar                   | 45,810               | 92               | -                    | -                |
| Long-term debtors                                    | Argentinean pesos        | 2,408,790            | 4,848            | 2,242,579            | 3,922            |
| Long-term debtors                                    | Other currencies         | 350,070              | 705              | 113,113              | 198              |
| Intangibles  | Indexed pesos            | 2,074,525            | 4,175            | 1,996,442            | 3,492            |
| Others   | Indexed pesos            | 4,557,100            | 9,171            | 4,923,718            | 8,611            |
| Others   | Dollar                   | 1,660,781            | 3,342            | 1,800,096            | 3,148            |
| Others   | Other currencies         | 9,876,441            | 19,877           | 5,051,473            | 8,83             |
| <b>Total assets</b>                                  | <b>Non indexed pesos</b> | <b>141,580,807</b>   | <b>284,933</b>   | <b>131,119,800</b>   | <b>229,316</b>   |
|  | <b>Dollar</b>            | <b>603,144,136</b>   | <b>1,213,838</b> | <b>486,891,251</b>   | <b>851,526</b>   |
|  | <b>Euro</b>              | <b>23,695,668</b>    | <b>47,688</b>    | <b>15,657,806</b>    | <b>27,384</b>    |
|  | <b>Argentinean pesos</b> | <b>41,540,025</b>    | <b>83,600</b>    | <b>39,337,662</b>    | <b>68,798</b>    |
|  | <b>Other currencies</b>  | <b>56,731,364</b>    | <b>114,173</b>   | <b>42,305,493</b>    | <b>73,988</b>    |
|  | <b>Indexed pesos</b>     | <b>3,072,445,954</b> | <b>6,183,352</b> | <b>3,143,158,786</b> | <b>5,497,081</b> |

## Financial Statements

### Current liabilities:

|   |                          | Up to 90 days      |                |                              |
|---|--------------------------|--------------------|----------------|------------------------------|
|   |                          | 2007               |                | Average annual interest rate |
|   | Currency                 | Amount             |                |                              |
|   |                          | ThCh \$            | ThUS\$         | %                            |
| Liabilities to banks and financial institutions short-term                      | Argentinean pesos        | 1,427,703          | 2,873          | 13.00                        |
| Liabilities to banks and financial institutions short-term                      | Non indexed pesos        | 26,025,528         | 52,377         | 6.37                         |
| Liabilities to banks and financial institutions short-term                      | Dollar                   | 49,446,198         | 99,511         | 5.65                         |
| Liabilities to banks and financial institutions short-term                      | Euro                     | 28,308             | 57             |                              |
| Liabilities to banks and financial institutions short-term                      | Other currencies         | 6,549,695          | 13,181         | 6.50                         |
| Short-term portion of long term liabilities to banks and financial institutions | Dollar                   | 3,167,013          | 6,374          | -                            |
| Short-term portion of long term liabilities to banks and financial institutions | Other currencies         | -                  | -              | -                            |
| Short-term portion of long term liabilities to banks and financial institutions | Argentinean pesos        | -                  | -              | -                            |
| Liabilities with public (Bonds)   | Indexed pesos            | 2,296,265          | 4,621          | 3.79                         |
| Liabilities with public (Bonds)   | Dollar                   | 242,234            | 488            | 4.88                         |
| Short-term portion of long term liabilities                                     | Dollar                   | 1,694,475          | 3,410          | 7.50                         |
| Dividends payable   | Non indexed pesos        | 32,985,101         | 66,383         | -                            |
| Account payable   | Argentinean pesos        | 14,556,692         | 29,296         | -                            |
| Account payable   | Non indexed pesos        | 96,919,296         | 195,052        | -                            |
| Account payable   | Indexed pesos            | 278,002            | 559            | -                            |
| Account payable   | Dollar                   | 29,657,729         | 59,687         | -                            |
| Account payable   | Euro                     | 2,914,986          | 5,866          | -                            |
| Account payable   | Other currencies         | 7,774,651          | 15,647         | -                            |
| Notes payable   | Non indexed pesos        | 22,242             | 45             | -                            |
| Notes payable   | Indexed pesos            | -                  | -              | -                            |
| Notes payable   | Dollar                   | 356,182            | 717            | -                            |
| Notes payable   | Euro                     | 71,683             | 144            | -                            |
| Notes payable   | Other currencies         | 36,610             | 74             | -                            |
| Sundry creditors  | Non indexed pesos        | 2,050,224          | 4,126          | -                            |
| Sundry creditors  | Indexed pesos            | 200,799            | 404            | -                            |
| Sundry creditors  | Dollar                   | 3,798              | 8              | -                            |
| Sundry creditors  | Other currencies         | 462,361            | 931            | -                            |
| Notes and accounts payable to related companies                                 | Non indexed pesos        | 7,323,190          | 14,738         | -                            |
| Notes and accounts payable to related companies                                 | Dollar                   | 1,768,345          | 3,559          | -                            |
| Provisions  | Argentinean pesos        | 914,596            | 1,841          | -                            |
| Provisions  | Non indexed pesos        | 13,444,102         | 27,056         | -                            |
| Provisions  | Indexed pesos            | 54,696             | 110            | -                            |
| Provisions  | Dollar                   | -                  | -              | -                            |
| Provisions  | Other currencies         | 441,505            | 889            | -                            |
| Withholdings  | Argentinean pesos        | 1,032,880          | 2,079          | -                            |
| Withholdings  | Non indexed pesos        | 6,227,530          | 12,533         | -                            |
| Withholdings  | Other currencies         | 3,593,896          | 7,233          | -                            |
| Income tax  | Non indexed pesos        | -                  | -              | -                            |
| Income tax  | Other currencies         | -                  | -              | -                            |
| Unearned income   | Non indexed pesos        | 913,233            | 1,838          | -                            |
| Unearned income   | Dollar                   | 115,650            | 233            | -                            |
| Other current liabilities   | Other currencies         | 1,996,964          | 4,019          | -                            |
| <b>Total current liabilities</b>  | <b>Argentinean pesos</b> | <b>17,931,871</b>  | <b>36,088</b>  |                              |
|   | <b>Non indexed pesos</b> | <b>185,910,446</b> | <b>374,148</b> |                              |
|   | <b>Dollar</b>            | <b>86,451,624</b>  | <b>173,985</b> |                              |
|   | <b>Euro</b>              | <b>3,014,977</b>   | <b>6,068</b>   |                              |
|   | <b>Other currencies</b>  | <b>20,855,682</b>  | <b>41,972</b>  |                              |
|   | <b>Indexed pesos</b>     | <b>2,829,762</b>   | <b>5,695</b>   |                              |



|             |         |                              | 90 days up to one year |         |                              |            |        |                              |
|-------------|---------|------------------------------|------------------------|---------|------------------------------|------------|--------|------------------------------|
| 2006        |         |                              | 2007                   |         |                              | 2006       |        |                              |
| Amount      |         | Average annual Interest rate | Amount                 |         | Average annual Interest rate | Amount     |        | Average annual Interest rate |
| ThCh \$     | ThUS\$  | %                            | ThCh \$                | ThUS\$  | %                            | ThCh \$    | ThUS\$ | %                            |
| 3,193,080   | 5,584   | 7.13                         | -                      | -       | -                            | -          | -      | -                            |
| 38,951,853  | 68,123  | 5.15                         | -                      | -       | -                            | -          | -      | -                            |
| 44,359,233  | 77,580  | 5.23                         | -                      | -       | -                            | -          | -      | -                            |
| -           | -       | -                            | -                      | -       | -                            | -          | -      | -                            |
| 2,516,687   | 4,401   | 6.10                         | 292,952                | 590     | 6.30                         | 657,488    | 1,150  | 5.54                         |
| 3,727,107   | 6,518   | -                            | 57,418,192             | 115,555 | 5.19                         | 47,651,288 | 83,338 | 2.35                         |
| 1,508,269   | 2,638   | 6.40                         | 16,017,345             | 32,235  | 8.01                         | -          | -      | -                            |
| -           | -       | -                            | 1,917,647              | 3,859   | 11.12                        | -          | -      | -                            |
| 2,304,528   | 4,030   | 3.79                         | -                      | -       | -                            | -          | -      | -                            |
| 278,746     | 487     | 4.88                         | -                      | -       | -                            | -          | -      | -                            |
| 333,050     | 582     | 5.95                         | 493,278                | 993     | 7.25                         | 3,586,934  | 6,273  | 8.18                         |
| 15,188,550  | 26,563  | -                            | -                      | -       | -                            | -          | -      | -                            |
| 10,313,811  | 18,038  | -                            | -                      | -       | -                            | -          | -      | -                            |
| 89,267,044  | 156,119 | -                            | 71,010                 | 143     | -                            | 1,034,600  | 1,809  | -                            |
| -           | -       | -                            | 99,903                 | 201     | -                            | -          | -      | -                            |
| 35,035,112  | 61,273  | -                            | 1,952,598              | 3,930   | -                            | 4,439,522  | 7,764  | -                            |
| -           | -       | -                            | -                      | -       | -                            | -          | -      | -                            |
| 15,969,864  | 27,930  | -                            | 5,222                  | 11      | -                            | 453,840    | 794    | -                            |
| 98,609      | 172     | -                            | -                      | -       | -                            | -          | -      | -                            |
| -           | -       | -                            | 15,887                 | 32      | -                            | -          | -      | -                            |
| 558,808     | 977     | -                            | -                      | -       | -                            | -          | -      | -                            |
| -           | -       | -                            | -                      | -       | -                            | -          | -      | -                            |
| 83,681      | 146     | -                            | 191,187                | 385     | -                            | -          | -      | -                            |
| 948,116     | 1,658   | -                            | 57,032                 | 115     | -                            | -          | -      | -                            |
| 245,183     | 429     | -                            | -                      | -       | -                            | -          | -      | -                            |
| -           | -       | -                            | -                      | -       | -                            | -          | -      | -                            |
| 71,487      | 125     | -                            | 30,135                 | 61      | -                            | -          | -      | -                            |
| 3,659,111   | 6,399   | -                            | -                      | -       | -                            | -          | -      | -                            |
| 7,246,118   | 12,673  | -                            | -                      | -       | -                            | -          | -      | -                            |
| 298,682     | 522     | -                            | -                      | -       | -                            | -          | -      | -                            |
| 12,223,760  | 21,378  | -                            | 4,140,193              | 8,332   | -                            | -          | -      | -                            |
| 1,391,799   | 2,434   | -                            | 619,327                | 1,246   | -                            | -          | -      | -                            |
| 1,441,076   | 2,520   | -                            | -                      | -       | -                            | -          | -      | -                            |
| 1,067,801   | 1,867   | -                            | 120,857                | 243     | -                            | -          | -      | -                            |
| 896,000     | 1,567   | -                            | -                      | -       | -                            | -          | -      | -                            |
| 6,368,202   | 11,137  | -                            | -                      | -       | -                            | -          | -      | -                            |
| 3,465,560   | 6,061   | -                            | -                      | -       | -                            | -          | -      | -                            |
| 473,518     | 828     | -                            | 2,070,749              | 4,167   | -                            | -          | -      | -                            |
| -           | -       | -                            | 716,188                | 1,441   | -                            | -          | -      | -                            |
| 518,629     | 907     | -                            | 2,796                  | 6       | -                            | -          | -      | -                            |
| 76,482      | 134     | -                            | -                      | -       | -                            | -          | -      | -                            |
| 399,067     | 698     | -                            | -                      | -       | -                            | -          | -      | -                            |
| 14,701,573  | 25,712  |                              | 1,917,647              | 3,859   |                              | -          | -      |                              |
| 167,697,392 | 293,287 |                              | 6,341,780              | 12,763  |                              | 1,034,600  | 1,809  |                              |
| 93,055,732  | 162,745 |                              | 59,864,068             | 120,478 |                              | 55,677,744 | 97,375 |                              |
| -           | -       |                              | -                      | -       |                              | -          | -      |                              |
| 25,082,416  | 43,867  |                              | 17,373,886             | 34,966  |                              | 1,111,328  | 1,944  |                              |
| 3,941,510   | 6,893   |                              | 735,117                | 1,479   |                              | -          | -      |                              |



## Long-term liabilities – current period 2007

|                                    |                          | One up three years |                |                              |
|------------------------------------|--------------------------|--------------------|----------------|------------------------------|
|                                    |                          | Amount             |                | Average Annual Interest rate |
|                                    | Currency                 | ThCh \$            | ThUS \$        | %                            |
| Liabilities to banks               | Dollar                   | 163,642,274        | 329,333        | 5.19                         |
| Liabilities to banks               | Other currencies         | 2,847,826          | 5,731          | 8.47                         |
| Liabilities to banks               | Argentinean pesos        | 3,832,600          | 7,713          | 11.20                        |
| Liabilities with public (Bonds)    | UF                       | -                  | -              | -                            |
| Liabilities with public (Bonds)    | Dollar                   | -                  | -              | -                            |
| Notes payable                      | Dollar                   | 3,851              | 8              | -                            |
| Notes payable                      | Indexed pesos            | 218,476            | 440            | -                            |
| Provisions                         | Non indexed pesos        | 7,237,082          | 14,565         | -                            |
| Provisions                         | Argentinean pesos        | 62,918             | 127            | -                            |
| Provisions                         | Other currencies         | 734,328            | 1,478          | -                            |
| Deferred taxes                     | Non indexed pesos        | 28,640,957         | 57,640         | -                            |
| Deferred taxes                     | Other currencies         | 103,299            | 208            | -                            |
| Other liabilities                  | Other currencies         | 8,515,295          | 17,137         | -                            |
| <b>Total long-term liabilities</b> | <b>Dollar</b>            | <b>163,646,125</b> | <b>329,341</b> |                              |
|                                    | <b>Other currencies</b>  | <b>12,200,748</b>  | <b>24,554</b>  |                              |
|                                    | <b>Argentinean pesos</b> | <b>3,895,518</b>   | <b>7,840</b>   |                              |
|                                    | <b>UF</b>                | <b>-</b>           | <b>-</b>       |                              |
|                                    | <b>Indexed pesos</b>     | <b>218,476</b>     | <b>440</b>     |                              |
|                                    | <b>Non indexed pesos</b> | <b>35,878,039</b>  | <b>72,205</b>  |                              |

## Long-term liabilities – current period 2006:

|                                    |                          |                    |                |      |
|------------------------------------|--------------------------|--------------------|----------------|------|
| Liabilities to banks               | Dollar                   | 200,125,401        | 350,000        | 5.66 |
| Liabilities to banks               | Other currencies         | 13,897,104         | 24,305         | 7.58 |
| Liabilities with public (Bonds)    | UF                       | -                  | -              | -    |
| Liabilities with public (Bonds)    | Dollar                   | -                  | -              | -    |
| Notes payable                      | Dollar                   | 4,703,889          | 8,227          | 7.50 |
| Provisions                         | Non indexed pesos        | 6,645,296          | 11,622         | -    |
| Provisions                         | Argentinean pesos        | 303,653            | 531            | -    |
| Provisions                         | Other currencies         | 790,984            | 1,383          | -    |
| Deferred taxes                     | Non indexed pesos        | 27,822,678         | 48,659         | -    |
| Deferred taxes                     | Other currencies         | 172,210            | 301            | -    |
| Other liabilities                  | Non indexed pesos        | 334,330            | 585            | -    |
| Other liabilities                  | Other currencies         | 1,470,791          | 2,572          | -    |
| <b>Total long-term liabilities</b> | <b>Dollar</b>            | <b>204,829,290</b> | <b>358,227</b> |      |
|                                    | <b>Other currencies</b>  | <b>16,331,089</b>  | <b>28,561</b>  |      |
|                                    | <b>UF</b>                | <b>-</b>           | <b>-</b>       |      |
|                                    | <b>Non indexed pesos</b> | <b>34,802,304</b>  | <b>60,866</b>  |      |
|                                    | <b>Argentinean pesos</b> | <b>303,653</b>     | <b>531</b>     |      |



| Tree up five years |         |                              | Five up to ten years |         |                              | More than 10 years |         |                              |
|--------------------|---------|------------------------------|----------------------|---------|------------------------------|--------------------|---------|------------------------------|
| Amount             |         | Average Annual Interest rate | Amount               |         | Average Annual Interest rate | Amount             |         | Average Annual Interest rate |
| ThCh \$            | ThUS \$ | %                            | ThCh \$              | ThUS \$ | %                            | ThCh \$            | ThUS \$ |                              |
| 75,030,390         | 151,000 | 5.98                         | -                    | -       | -                            | -                  | -       | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| -                  | -       | -                            | 137,358,620          | 276,437 | 3.22                         | 78,490,640         | 157,964 | -                            |
| -                  | -       | -                            | 149,067,000          | 300,000 | 4.88                         | -                  | -       | -                            |
| 1,741,530          | 3,505   | 5.18                         | -                    | -       | -                            | -                  | -       | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| 3,311,281          | 6,664   | -                            | 9,464,058            | 19,047  | -                            | 12,247,012         | 24,647  | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| -                  | -       | -                            | -                    | -       | -                            | 321,493            | 647     | -                            |
| 7,492,258          | 15,078  | -                            | 8,653,030            | 17,414  | -                            | 47,311,931         | 95,216  | -                            |
| 385,927            | 777     | -                            | -                    | -       | -                            | 193,626            | 390     | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| 76,771,920         | 154,505 |                              | 149,067,000          | 300,000 |                              | -                  | -       |                              |
| 385,927            | 777     |                              | -                    | -       |                              | 515,119            | 1,037   |                              |
| -                  | -       |                              | -                    | -       |                              | -                  | -       |                              |
| -                  | -       |                              | 137,358,620          | 276,437 |                              | 78,490,640         | 157,964 |                              |
| -                  | -       |                              | -                    | -       |                              | -                  | -       |                              |
| 10,803,539         | 21,742  |                              | 18,117,088           | 36,461  |                              | 59,558,943         | 119,863 |                              |
| 109,783,077        | 192,000 | 5.60                         | 27,445,769           | 48,000  | 5.60                         | -                  | -       | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| -                  | -       | -                            | 216,625,993          | 378,858 | 3.66                         | -                  | -       | -                            |
| -                  | -       | -                            | 171,536,058          | 300,000 | 4.88                         | -                  | -       | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| 4,467,812          | 7,814   | -                            | 11,169,530           | 19,534  | -                            | 9,878,747          | 17,277  | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| 7,500,728          | 13,118  | -                            | 6,622,927            | 11,583  | -                            | 31,388,466         | 54,895  | -                            |
| 450,985            | 789     | -                            | 30,632               | 54      | -                            | 22,736             | 40      | -                            |
| -                  | -       | -                            | -                    | -       | -                            | -                  | -       | -                            |
| 1,677,077          | 2,933   | -                            | 500,950              | 876     | -                            | -                  | -       | -                            |
| 109,783,077        | 192,000 |                              | 198,981,827          | 348,000 |                              | -                  | -       |                              |
| 2,128,062          | 3,722   |                              | 531,582              | 930     |                              | 22,736             | 40      |                              |
| -                  | -       |                              | 216,625,993          | 378,858 |                              | -                  | -       |                              |
| 11,968,540         | 20,932  |                              | 17,792,457           | 31,117  |                              | 41,267,213         | 72,172  |                              |
| -                  | -       |                              | -                    | -       |                              | -                  | -       |                              |

## NOTE 31 PENALTIES

No penalties were imposed on the Company and subsidiaries, nor on their Directors or General Managers by the Chilean Superintendency of Securities and Insurance or any other competent administrative authority.

## NOTE 32 SUBSEQUENT EVENTS

There have been no subsequent events in the period following December 31, 2007 and the date on which these financial statements were prepared which could significantly affect their balances or interpretation.

## NOTE 33 ENVIRONMENTAL ISSUES

Empresas CMPC S.A. and subsidiaries have a long-term policy in place consisting in the sustainable development of their forest and industrial activities in harmony with the environment. In this context, investments in fixtures, equipment, and industrial plants include cutting-edge technology, consistent with the latest breakthroughs in this matter. Accordingly, their costs have increased due to these advances.

Most of the subsidiaries and factories have already obtained or have filed for certification for the ISO 9001 and 14001 international quality standards. In addition, annually vast land surface is recovered and protected from erosion through forestation.

Expenses incurred in environmental projects during the year amount to ThCh\$ 8,515,965 - ThUS\$ 17,139 (ThCh\$ 19,762,437 - ThUS\$ 34,563 in 2006), among which are expenses involving outflow treatment in industrial processes.

## NOTE 34 TIME DEPOSITS

As of December 31, 2007 and 2006 this caption includes the following financial investments:

| <b>Institutions</b>                                      | <b>2007</b>   | <b>2006</b>   |
|--|---------------|---------------|
|  | <b>ThCh\$</b> | <b>ThCh\$</b> |
| <b>Time Deposits in pesos, re-denominated to dollars</b> |               |               |
| Banco Santander Chile                                    | 18,084,512    | 9,171,891     |
| <b>ThUS\$</b>  | <b>36,395</b> | <b>16,041</b> |

| <b>Institutions</b>               | <b>2007</b>       | <b>2006</b>      |
|-----------------------------------|-------------------|------------------|
|                                   | <b>ThCh\$</b>     | <b>ThCh\$</b>    |
| <b>Time Deposits in dollars</b>   |                   |                  |
| J.P. Morgan Chase Bank - New York | 15,153,833        | 9,638,324        |
| Citibank N.A. - New York          | 938,992           | 206,400          |
| Banco de Crédito - Perú           | 145,976           | 64,303           |
| HSBC Bank-Uruguay                 | 19,901            | 10,750           |
| Banco Galicia - Argentina         | 5,888             | -                |
| <b>SubTotal</b>                   | <b>16,264,590</b> | <b>9,919,777</b> |
| <b>ThUS\$</b>                     | <b>32,733</b>     | <b>17,349</b>    |

## Time Deposits in Euros

|                        |            |           |
|------------------------|------------|-----------|
| Citibank N.A. - London | 285,067    | 45,236    |
| <b>ThUS\$</b>          | <b>574</b> | <b>79</b> |

## Time Deposits in other currencies

|  |                   |                   |
|--|-------------------|-------------------|
| Banco Santander Chile                        | 16,879,506        | 6,595,956         |
| Banco Chile                                  | 1,687,525         | -                 |
| Banco Crédito - Perú (other currencies)      | 618,822           | 497,622           |
| Abbey Nacional Bank PLC (other currencies)   | 565,892           | -                 |
| Banco Do Brasil (other currencies)           | 148,525           | -                 |
| Citibank London                              | 88,076            | -                 |
| HSBC Bank PLC - London                       | 64,515            | 71,029            |
| Banco Bice                                   | 15,844            | 92,918            |
| Citibank N.A.                                | 1,539             | -                 |
| San Paolo IMI Bank - Asia (other currencies) | -                 | 118,059           |
| <b>SubTotal</b>                              | <b>20,070,244</b> | <b>7,375,584</b>  |
| <b>ThUS\$</b>                                | <b>40,392</b>     | <b>12,899</b>     |
| <b>Total deposits ThCh\$</b>                 | <b>54,704,413</b> | <b>26,512,488</b> |
| <b>Total deposits ThUS\$</b>                 | <b>110,094</b>    | <b>46,368</b>     |

Time deposits in Chilean pesos re-denominated to dollar, subscribed with financial institutions have been valued at the year end, considering the value of principal and accrued interest of such instrument, in the amount of ThCh\$ 18,492,482 - ThUS\$ 37,216 (ThCh\$ 9,132,340 - ThUS\$ 15,972 in 2006), net of the difference in the value of the forward contracts entered to re-denominate these transactions to dollar. They have been recorded at the year-end fair value ThCh\$ (407,970) - ThUS\$ (821) (ThCh\$ 39,551 - ThUS\$ 69 in 2006).



### NOTE 35 LONG-TERM NOTES PAYABLE

Long-term Notes payable denominated in US dollars amount to ThCh\$ 1,963,857 ThUS\$ 3,952 at December 31, 2007 (ThCh\$ 4,703,889 ThUS\$ 8,227 in 2006), corresponding to loans from suppliers related to project of investments in fixed assets, accruing an annual average interest rate of 5.175 %.

The breakdown of these loans is the following:

| Supplier          | 2007<br>ThCh\$   | 2006<br>ThCh\$   | Destination             |
|-------------------|------------------|------------------|-------------------------|
| Leasing Argentina | 1,741,529        | 3,902,586        | Machinery and equipment |
| Voith S.A.        | -                | 559,702          | Machinery and equipment |
| Others            | 222,328          | 241,601          | Other fixed assets      |
| <b>Total</b>      | <b>1,963,857</b> | <b>4,703 889</b> |                         |
| <b>ThUS\$</b>     | <b>3,952</b>     | <b>8,227</b>     |                         |

These loans mature between 2009 and 2010.

The portion corresponding to current maturities which are shown in Long-term liabilities with current maturities under Current liabilities is as follows:

| Supplier          | 2007<br>ThCh\$   | 2006<br>ThCh\$   | Destination             |
|-------------------|------------------|------------------|-------------------------|
| Leasing Argentina | 1,694,475        | 2,001,736        | Machinery and equipment |
| Voith S.A.        | 489,220          | 1,851,748        | Machinery and equipment |
| Others            | 4,058            | 66,500           | Other fixed assets      |
| <b>Total</b>      | <b>2,187,753</b> | <b>3,919,984</b> |                         |
| <b>ThUS\$</b>     | <b>4,403</b>     | <b>6,856</b>     |                         |

### Other long-term liabilities:

These mainly relate to deferred balances of Obligations (net) in derivative contracts. In the previous year, the balance was mainly a deferred gain from derivative contracts made to hedge expected sales transactions (Note N° 27).

### NOTE 36 FOREIGN CURRENCY TRANSLATION

The accounting record of Empresas CMPC S.A. and local subsidiaries are in Chilean pesos. Foreign subsidiaries are converted to Chilean pesos as indicated in Note 2 f). The accompanying financial statements have been translated into United States dollars as follows:

The balance sheet statement of income, statement of cash flows and amounts in the notes to the financial statements as of December 31<sup>st</sup>, 2007 have been translated into United States dollars at the year end exchanged rate of Ch\$ 496.89 to US\$ 1. In the case of the prior year 2006, they were translated at the year end exchange rate of Ch\$ 532.39 to US\$ 1, but on a basis of its historical values in Chilean pesos at December 31, 2007.

Ricardo Hetz Vorpahl  
Chief Administrative Officer  
SC Empresas CMPC S.A.

Arturo Mackenna Íñiguez  
Chief Executive Officer  
Empresas CMPC S.A.





## Financial Statements

## Report of Independent Accountants



PricewaterhouseCoopers  
RUT.: 81.513.400-1  
Santiago de Chile  
Av. Andrés Bello 2711  
Torre La Costanera - Pisos 2, 3, 4 y 5  
Las Condes  
Teléfono (56) (2) 940 0000  
www.pwc.cl

### REPORT OF INDEPENDENT ACCOUNTANTS

(Translation of the original in Spanish)

Santiago, January 25, 2008

To the Shareholders and Directors,  
Empresas CMPC S.A.

We have audited the accompanying consolidated balance sheets of Empresas CMPC S.A. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income and cash flows for the years then ended. These financial statements (including the related notes thereto) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Empresas CMPC S.A. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in Chile.

The United States dollar amounts have been translated in accordance with the bases described in Note 36. This translation should not be construed as representing that the Chilean peso amount actually represent, have been or could be, converted into United States dollars.

  
Juan Roncagliolo G.  
Rut: 7.588.369-2



## Overseas Representatives

### CMPC FORESTAL

#### CHINA

**COPC International (Asia) Ltd. Shanghai**  
1266 Nan Jing West Road, 39 F  
Plaza 66, Shanghai 200040  
Tel. : (86-21) 61038528  
Fax : (86-21) 52282326  
E mail: copc@copc.com.cn

#### JAPAN

**Sakin Corporation**  
Toto Bldg. 6F - 5-1-4.  
Toranomon - Minato-ku,  
Tokyo 105-0001 Japan  
Tel. : (81-3) 5733 2570  
Fax : (81-3) 3432 3005  
Mr. Kenji Hatogai Sato  
Mr. Yoichi (Nick) Nishida  
E mail: sakincorp@celulosa.  
cmpc.cl

#### MIDDLE EAST

**United Agencies**  
P.O. Box 2212, Dubai, U.A.E.  
Tel. : (971-4) 332 2443  
Fax : (971-4) 332 2553  
Tlx: 45587 UNAGN EM  
Mr. Vijai Nihalani  
E mail: info@uadubai.com  
www.uadubai.com

#### NETHERLANDS

**Benelux Koninklijke**  
Eduard Van Leer B.V.  
Jodenbreestraat 152-154  
1011 NS Amsterdam, Netherland  
Tel. : (31-20) 622 2324  
Fax : (31-20) 625 8744  
Mr. Goderd H. Graafland  
Mr. Martin S. Den Butter

#### NORTH OF AFRICA

**Sherif Ex - IMP**  
4, Adib Street, Alexandria, Egypt  
Tel. : (203) 597 2896  
Fax : (203) 597 1463  
Mr. Murat Pasic

#### SPAIN

**Ramón Zarandona García**  
Eliz Atea 8 - 2º A  
48280 Lekeitio Bizcaia, Spain  
Tel. : (34-94) 684 0007  
Fax : (34-94) 684 3189  
Mr. Ramón Zarandona García

#### TAIWAN

**COPC International (Asia) Ltd.**  
22F-1, 447, Sec 3, Win Hsin Road,  
Taichung, Taiwan, R.O.C.  
Tel. : (886-4) 296 8736  
Fax : (886-4) 296 8430

#### UNITED KINGDOM

**Price & Pierce Softwood Ltd.**  
Cavendish House, 40  
Goldsworth Road,  
Woking Surrey GU21 1JT, England  
Tel. : (44 1483) 221 800  
Fax : (44 1483) 726 203  
Mr. Stephen Pitt

### CMPC CELULOSA S.A.

#### ARGENTINA

**Productos Forestales S.A. PROFORSA**  
Laprida 3278 piso 2, oficina 43  
1642 San Isidro, Buenos Aires  
Tel. : (54-11) 4735 2733  
Fax : (54-11) 4735 2740

#### AUSTRALIA

**Sylvania Resources, Inc.**  
1820 N. Corporate Lakes Blvd.  
Suite 307  
Weston, Florida 33326, USA  
Tel. : (1-954) 385 4890  
Fax : (1-425) 944 1836

#### BENELUX COUNTRIES

**Euro Fibres SPRL**  
18 Avenue Lavoisier B-1300  
Wavre, Belgium  
Tel. : (32-10) 237 450  
Fax : (32-10) 237 452

#### BOLIVIA

**Hein Ltda.**  
Avda. Arce 2396, La Paz  
Tel. : (591-2) 244 2786  
244 0945  
Fax : (591-2) 244 1188

#### BRAZIL

**Claudio Maresca, Representante**  
Rua Itapicuru, 369 - piso 10  
Conj. 1003, Perdizes  
05006 - 000 Sao Paulo - SP  
Tel. : (55-11) 3864 1119  
Fax : (55-11) 3675 7519

#### CHINA

**CellMark AB, Shanghai Office**  
Room 2007, Rui Jin Building  
205 South Mao Ming Road  
Shanghai 200020  
Tel. : (86-21) 6473 0266  
Fax : (86-21) 6473 0030

#### COLOMBIA

**Herzig & Cía. S.A.**  
Carrera 50 N 6-41, Medellín  
Tel. : (57-4) 255 2122  
Fax : (57-4) 285 5805

#### ECUADOR

**Alter Cia Ltda.**  
Almagro 1550 y Pradera  
Edificio P.A. Kingman, piso 4B,  
Quito  
Tel. : (593-2) 290 5531  
Fax : (593-2) 256 4571

#### EUROPE

**CMPC Europe Limited**  
5 Dukes Gate  
Acton Lane, London, England  
W4 5DX  
Tel. : (44-20) 8996 9960  
Fax : (44-20) 8996 9967

#### EASTERN EUROPE

**GUSCO Handel - G.Schürfeld & Co.**  
Mönckebergstrasse 31  
D-20095 Hamburg  
Tel. : (49-40) 333 040  
Fax : (49-40) 333 04100

#### FRANCE

**Unifibra S.A.**  
32, Chemin Frank Thomas CH-  
1208 Geneva, Suiza  
Tel. : (41-22) 707 4102  
Fax : (41-22) 700 0062

#### GERMANY AND AUSTRIA

**GUSCO Handel G.Schürfeld & Co.**  
Mönckebergstrasse 31  
D-20095 Hamburg  
Tel. : (49-40) 333 040  
Fax : (49-40) 333 04100

#### INDIA

**Seascope Pulp & Paper Pvt. Ltd.**  
158/33 Laxmi Industrial States  
New Link Road, Andheri (West)  
Mumbai 400 053  
Tel. : (91-22) 4049 0000  
Fax : (91-22) 4049 0050  
E mail: sales@seascope.in

#### INDONESIA

**Cellmark Interindo Trade Pt.**  
JI. Raya Jatiwaringin No 54  
Pondok, Gede, 17411 Jakarta  
Tel. : (62-21) 848  
Fax: (62-21) 848 0140

#### ISRAEL

**International Forest Products Corp.**  
One Patriot Place  
Foxboro, Ma. 02035  
Tel. : (1-508) 698 4600  
Fax : (1-508) 698 1500

#### ITALY

**CMP Cellulosa Marketing SARL**  
32, Chemin Frank Thomas CH-  
1208 Geneva, Suiza  
Tel. : (41-22) 707 4101  
Fax : (41-22) 700 0062

#### JAPAN

**Hiro Corporation**  
Toto Building 6th Floor  
5-1-4 Toranomon, Minato-ku  
Tokyo 105-0001  
Tel. : (81-3) 5733 5893  
Fax : (81-3) 5733 5894



## KOREA

### HB Corporation

4th Fl. HB Bldg., 627-17  
Sinsa-Dong,  
Kangnam-Gu  
Seoul, 135-895  
Tel. : (82-2) 3448 5131  
Fax : (82-2) 3448 5132

## MEXICO

### Paxell International S.A. de CV.

Fuente de Pirámides No 1-506  
Tecamachalco Mex.  
53950 Mexico  
Tel. : (52-55) 293 1403  
Fax : (52-55) 293 1377

## PERU

### Inunsa S.A.

Av. Mariategui # 218, Lima 11  
Tel. : (51-1) 471 8990  
Fax : (51-1) 470 6061

## SPAIN

### Northern Pulp Cellulose Sales S.A.

Almagro 21, 28010 Madrid  
Tel. : (34-91) 310 1526  
Fax : (34-91) 319 1910

## SOUTH AFRICA

### Dennis C. Money Esq. c/o Bimac International

58A Curzon Road Bryanston,  
Sandton, South Africa  
Tel. : (27-11) 462 9238  
Fax : (27-11) 462 2493

## SWITZERLAND

### GUSCO Handel - G. Schürfeld & Co.

Mönckebergstrasse 31  
D-20095 Hamburg  
Tel. : (49-40) 333 040  
Fax : (49-40) 333 04100

## TAIWAN

### Beauflex International Corp.

9F-1, N° 36, Alley 38, Lane 358,  
Rueiguand Rd., Neihu District.,  
Taipei 114  
Tel. : (886-2) 2658 5199  
Fax : (886-2) 2658 5196

## THAILAND

### CellMark (Thailand) Co. Ltd.

2024/139-140  
Rimtangrodjai Road  
Prakanong, Bangkok 10250  
Tel. : (66 -2) 333 1300  
Fax : (66-2) 333 1299

## UNITED STATES

### International Forest Products Corp.

One Patriot Place Foxboro, Ma.  
02035  
Tel. : (1-508) 698 4600  
Fax : (1-508) 698 1500

## UNITED KINGDOM

### F.G. Evans & Co. (Pulp) Ltd.

Quinta  
Wheller End Common  
High Wycombe, Bucks HP14 3NJ  
U.K  
Tel: (44-1494) 883 657  
Fax: (44-1494) 880 964

## URUGUAY

### Arturo Nogueira

### Representaciones

18 de Julio 1044 piso 2 Esc.204  
Montevideo  
Tel. : (598-2) 902 0630  
Fax : (598-2) 902 0630

## VENEZUELA

### CellMark Pulp & Paper Inc.

### C/O Rero, C.A.

Torre Phelps, piso 19 oficina A  
Plaza Venezuela, Caracas, 1010-A  
Tel. : (58-212) 781 9501  
781 2476  
Fax : (58-212) 781 5932  
781 6976

## CARTULINAS CMPC S.A.

## ARGENTINA

### Cartulinas CMPC Argentina

Avda. Intendente Rabanal 3120  
C1437FQS Capital Federal,  
Buenos Aires  
Tel. : (54-11) 4630 0290  
Fax : (54-11) 4630 0295  
E mail: apersico@cmpc.com.ar

## BRAZIL

### Knemitz Internacional Ltda.

Rua Des. Fco. Meirelles, dos Santos,  
120 04741-178, Sao Paulo SP  
Tel./Fax: (55-11) 5522 1500  
E mail: knemitz.cmpc@terra.  
com.br

## CHINA

### China International Tourism & Trade Co., Ltd. (CITTC)

A19F Genertec International Center,  
Yongandongli, Chaoyang District,  
Beijing 100022  
Tel. : (86-10) 5879 3322  
Fax : (86-10) 5879 3093  
E mail: cittc@cittc.com

## COLOMBIA

### JAG Representaciones

Carrera 127 N° 9-45, Casa 7, Cali  
Tel. : (57-2) 555 1969  
555 2412  
Fax : (57-315) 558 0290  
E mail: jagrepresent@uniweb.net.co

## COSTA RICA, EL SALVADOR, HONDURAS, NICARAGUA AND PANAMA

Jorosa, 250 metros al Norte del  
Supersaretto, 2° Piso,  
Barrio Palermo, San José  
Tel. : (506) 289 7737  
Fax : (506) 228 8262  
E mail: randallr@jorosacr.com

## ECUADOR

### J.G.B. Representaciones

Córdova 810 y Víctor M. Rendón,  
Piso 17, Oficina 02, Guayaquil  
Tel. : (593-4) 230 0734  
Fax : (593-4) 231 3070  
E mail: jguzman@telconet.net

### Alter y Cía. Ltda.

Diego de Almagro y Pradera  
Edificio Posada de las Artes  
Kingman, 4° Piso, Quito  
Tel. : (593-2) 250 9832  
Fax : (593-2) 254 7036  
E mail: mreyes@alter-ec.com

## EUROPEAN COMMUNITY

### Gusco Handel G. Schurfeld + Co.

Mönckebergstrasse 31, D-20095  
Hamburg, Alemania  
Tel. : (49-40) 333 040  
Fax : (49-40) 3330 04100  
E mail: info@gusco.de

## GUATEMALA

### Cellmark

20 Calle 20-79, Zona 10  
Interior C 01010  
Ciudad de Guatemala  
Tel. : (50-2) 2366 9315  
Fax : (50-2) 2363 0993  
E mail: cellmark@guate.net.gt

## ITALY

### Paper One SRL

Via Borgazzi 183/185, 20052  
Monza (MI)  
Tel. : (39-039) 210 3456  
210 3464  
Fax : (39-039) 214 9002  
E mail: paper-one@paper-one.it

## MEXICO

Tamuin N°4, Col. San Jerónimo,  
Aculco

Deleg. Magdalena Contreras,  
10400 Mexico D.F.  
Tel. : (52-55) 5668 3415  
Fax : (52-55) 5668 3458  
Mr. Federico Escoto  
E mail: escoto@cmpcmexico.com.mx



## Overseas Representatives

### PARAGUAY

#### Marea SRL

Patricio Colman 400 Tourin Park  
Pablo Rojas – Ciudad del Este  
Tel./Fax: (595-61) 509 118  
E mail: marea@cde.rieder.net.py

### PERU

#### Inunsa S.A.C.

Av. Mariategui 218, Lima 11  
Tel. : (51-1) 471 8990  
Fax : (51-1) 470 6061  
910 0646

E mail: inunsasac@rednextel.com.pe

### SOUTHEAST ASIA

#### Roxcel Handelsges m.b.h.

Thurngasse 10, A-1092  
Viena, Austria  
Tel. : (43-1) 40156 201  
Fax : (43-1) 40156 7200  
E mail: cornelis.geest@roxcel.com

### UNITED KINGDOM

#### Profor UK Ltd.

44 Dartford Road  
Sevenoaks TN13 3TQ Kent  
Tel. : (44-1732) 456 699  
Fax : (44-1732) 743 082  
E mail: Board7oaks@aol.com

### UNITED STATES

#### Cartulinas N.A. Inc.

12842 Huntley Manor Dr.,  
Jacksonville  
FL 32224  
Tel. : (1-904) 821 0524  
Fax : (1-904) 821 7138  
E mail: pjblackman@gmail.com

### URUGUAY

#### A. Nogueira Representaciones

Av. 18 de Julio 1044, Piso 2,  
Oficina 204, Montevideo  
Tel. : (598-2) 901 5066  
Fax : (598-2) 902 0630  
Ms. Selina Nogueira  
E mail: anrepr@dedicado.net.uy

### VENEZUELA

#### Cellmark Inc.

Av. Principal del Bosque,  
Edificio Suzet  
Tercer Piso, Oficina 33,  
Urbanización El Bosque, Caracas  
Tel. : (58-212) 953 8064  
Fax : (58-212) 763 2326  
E mail: cmmgeo@cantv.net

### PAPELES CORDILLERA S.A.

### ARGENTINA

#### Southern Pulp & Paper

Don Bosco 611 (1876), Bernal,  
Buenos Aires  
Tel./Fax: 4621 9597  
4481 2458  
Mr. Alberto Lugones  
Email: albertolugones@sion.com

### COLOMBIA

Carrera 127 N° 945  
Mr. Jesús Alberto Guevara  
Email: jagrepresent@uniweb.net.co

### MEXICO

Tamuin No. 4 - Col. San Jerónimo  
Aculco  
Tel. : (52-55) 5668 3415  
5668 3458  
Mr. Federico Escoto  
Email: escoto@cmppcmexico.com.mx

### PERU

#### Inunsa Perú

Av. Mariategui 218,  
Jesús María, Lima  
Tel. : (51-1) 471 8990  
Mr. Mario Cavallero  
Email: inunsave@millicom.com.pe

### INDUSTRIAS FORESTALES S.A. INFORSA

### ARGENTINA

#### Wahren S.A.

Avenida del Libertador 15.945  
Post Code 1642  
San Isidro, Buenos Aires  
Tel. : (54-11) 4742 3030  
Fax : (54-11) 4742 2929  
Mr. Pedro Wahren  
E mail: pedro@wahren.com.ar

### BOLIVIA

#### Hein Ltda.

Avenida Arce 2396, La Paz  
Tel. : (591-2) 244 2786  
244 0945  
Fax : (591-2) 244 1188  
Post Box 1811, La Paz  
Mr. Carlos Hein  
E mail: cfhein@megalink.com

### BRAZIL

#### Cía. T. Janer Com. E Ind.

Av. Henry Ford 811, 03109-901  
Sao Paulo SP  
Tel. : (55-11) 2124 8400  
Fax : (55-11) 2124 8432  
Mr. Luiz Carlos Baralle  
E mail: baralle@tjaner.com.br  
www.tjaner.com.br

### CHINA, HONG KONG AND VIETNAM

#### Eurocell International Ltd.

4002 Central Plaza,  
18 Harbour Road, Hong Kong  
Tel. : (852) 2511 2282  
Fax : (852) 2507 2053  
Mr. Louis Chan  
E mail: louis@eurocell.com  
www.eurocell.com

### COLOMBIA

#### Inversanes Limitada

Avenida 15 N° 122-71  
Torre 1 - Oficina 205, Bogotá  
Tel. : (571) 620 2930  
629 1047  
Fax : (571) 629 1047  
Mr. Juan Camilo Sandino  
E mail: jsandino@elsitio.net.co

### DOMINICAN REPUBLIC AND PUERTO RICO

#### Jorge Santelli Inc.

3 Westfield Lane, White Plains,  
NY 10605, USA  
Tel. : (1-914) 428 8583  
Fax : (1-914) 761 3644  
E mail: jsantelli@optonline.net

### ECUADOR

#### Alter Cia. Limitada

Almagro 1550 y Pradera, Edificio  
P.A. Kingman, Piso 4 B, Quito  
Tel. : (593-2) 290 5531  
Fax : (593-2) 254 7036  
Mr. Esteban Pérez  
E mail: proserfin@alter-ec.com

### JGB REPRESENTACIONES

Córdova 810, Esq. Víctor M.  
Rendón Piso 17, Oficina 2,  
Guayaquil  
Tel. : (593-4) 230 0734  
Fax : (593-4) 231 3070  
Mr. Julio Guzmán  
E mail: jguzman@telconet.net

### INDIA, THAILAND AND KOREA

#### Kavo International Paper Trading

Loferer Str. 7, 81671  
München, Germany  
Tel. : (49-89) 4502 7884  
Fax : (49-89) 4502 7970  
Mr. Volker W. Hasemann  
E mail: vhasemann@t-online.de

### MEXICO

#### SOMA

#### Comercializadora, S.A. de C.V.

Calle Rastro N° 412  
Esq. División del Norte y  
Circunvalación  
Col. Atlántida, C.P. 04370, Del.  
Coyoacán, Mexico, D.F.  
Tel./Fax: (52-55) 5549 4129  
Mr. Fernando Sánchez  
E mail: direccion@somacomercializadora.com



#### PARAGUAY

##### PYP A S.R.L.

San Rafael 388 c/Avda. España,  
Asunción  
Tel. : (595-21) 606 911  
Mr. Rodolfo Serrano  
E mail: redstone8p7@gmail.com

#### PERU

##### Inkisa Holdings S.A.

Monte Carmelo 190, Of. 301, Lima  
Ms. Giannina Granda  
E mail: giannina@inkisa.com

#### UNITED KINGDOM

##### International Forest Products (UK)

Winchombe House, Bartholomew  
Street  
Newbury, Berkshire, RG 14 5BN  
Tel. : (44-1635) 581 732  
Fax : (44-1635) 581 735  
Mr. Jonathan Heywood  
E mail: jonathanh@ifpcorp.com  
www.ifpcorp.com

#### UNITED STATES

##### Anticosti A Division of Brown Paper Company

41 Prospect Street  
Midland Park, NJ 07432  
Tel. : (1-201) 689 8222  
Fax : (1-201) 689 8299  
Mr. Bill Parrilla  
E mail: bparrilla@anticosti.com

#### URUGUAY

##### Arturo Nogueira Representaciones

Avda. 18 de Julio N° 1044, Of. 204  
Montevideo  
Tel. : (598-2) 901 5066  
Fax : (598-2) 902 0630  
Ms. Selina Nogueira  
E mail: anrepr@montevideo.com.uy

#### VENEZUELA

##### Inversiones Catorce Srl

Avda. Libertador, Edificio La  
Línea, Torre A, Piso 1, Caracas 1050  
Tel. : (58-212) 793 3308  
Fax : (58-212) 782 3802  
Mr. Adán Celis  
Mr. Dagoberto Romer  
E mail: dromer@cantv.net

#### CMPC TISSUE S.A.

#### BOLIVIA

##### Proesa

Av. Arce 2847, La Paz  
Tel. : (591-2) 243 0642  
Fax : (591-2) 241 1306  
Mr. Luis Roberto Urquiza  
E mail: lurquiza@proesabol.com

#### ECUADOR

##### Distribuidora Zona La Costa, Maxin S.A.

Mapasingue este, calle 4ta.  
NS 122 y Vía Daule,  
Casilla: 09-01-7013, Guayaquil  
Tel. : (593-4) 235 2000  
Fax : (593-4) 235 4411  
Mr. Guillermo Campos  
E mail: presidencia@maxin.com.ec

#### PARAGUAY

##### Trovato CISA

Calle Central 1340, Asunción  
Tel. : (595-21) 210 556  
Fax : (595-21) 214 994  
Mr. Ing. Marco Trovato  
E mail: mtrovato@trovatocisa.com  
www.trovatocisa.com

#### Ramírez Díaz de Espada

##### Industrial y Comercial S.A.E.C.A.

Raúl Díaz de Espada y Curupayty  
Fernando de la Mora  
Tel. : (595-21) 518 1000  
Fax : (595-21) 518 1209  
Mr. Ing. Rodrigo Ramírez Díaz de  
Espada  
E mail: rodrigo\_ramirez@rdesa.com.py

#### DIPROPAR SRL

Carios 3383, Asunción, Paraguay  
Tel. : (595-21) 524 705  
Fax : (595-21) 503 504  
Mr. Rubén Yebra  
Mr. Jorge Naidenoff  
E mail: dipropar@rieder.net.py

#### CMPC PRODUCTOS DE PAPEL S.A. Envases Impresos, Chimolsa, Envases Roble Alto and PROPA (only Argentina)

#### ARGENTINA, BRAZIL AND URUGUAY

Bulnes 2791 Piso 6, Buenos Aires  
Tel. : (54-11) 4806 0774  
Tel. Móvil : (54-911) 5004 0002  
Mr. Raúl Scialabba  
E mail: rscialabba@ciudad.com.ar

#### PERU

##### Imexagro S.A.C.

Pasaje Monte Azul 180 Of. 215,  
Urb. Chacarilla del Estanque  
Surco, Lima  
Tel. : (51-1) 372 0658  
Fax : (51-1) 372 1323  
Mr. Reinaldo Avendaño  
Mr. Jorge Avendaño  
E mail: infoagro@agroimex.com.pe

#### FABI ARGENTINA AND CHIMOLSA

#### URUGUAY

##### Ficus Holding Group

B. Blanco1277, Montevideo  
Tel.: (59-89) 442 848  
Mr. Fernando Incerti  
E mail: ficus.holding.group@hotmail.com

#### PROPA

#### UNITED STATES

18543 Yorba Linda Boulevard  
Apartment 22  
Yorba Linda CA. 92886  
Tel. : 619 520-2593  
Mr. Luis Becerril

## Banks

### IN CHILE

---

- ABN AMRO
  - Banco BICE
  - Banco Crédito e Inversiones
  - Banco de Chile
  - Banco Santander Chile
  - Banco Security
  - BancoEstado
  - BBVA
  - Banco Itaú Chile
  - Citibank Chile
  - Corpbanca
  - Deutsche Bank Chile
  - HSBC Bank
  - JP Morgan Chase Bank
  - Scotiabank Sud Americano
- 

### ABROAD

---

- ABN AMRO Bank
  - Banco Bilbao Vizcaya Argentaria
  - Banco de Crédito del Perú
  - Banco Español de Crédito SA
  - Banco Galicia y Buenos Aires
  - Banco Itaú
  - Bank of America
  - Barclays Bank
  - Bayerische Hypo-Und Vereinsbank
  - Bayern LB
  - BNP Paribas
  - Brown Brothers Harriman
  - Caja Madrid
  - Calyon
  - Citibank
  - Deutsche Bank
  - Dresdner Bank
  - Export Development Canada
  - Goldman Sachs
  - Grupo Financiero Banorte
  - Grupo Santander
  - HSBC Bank
  - ING Bank
  - International Finance Corporation
  - JP Morgan Chase Bank
  - Mizuho Corporate Bank
  - Morgan Stanley Dean Witter
  - N.M. Rothschild & Sons
  - Nordea Bank
  - Royal Bank of Canada
  - Société Générale
  - The Bank of Nova Scotia
  - The Bank of Tokyo-Mitsubishi
  - Wachovia Bank
-



## General Information

### EMPRESAS CMPC S.A.

Chilean Public Viability Company, incorporated by public deed on February 5<sup>th</sup>, 1920.

Autorized by Supreme Decree N° 589 of March 12<sup>th</sup> 1920. Listed in the Trade Registry for 1920 on page 366 N° 208. Listed with the Registry of Securities on March 31<sup>st</sup>, 1982 under N° 0115.

### OFFICES:

#### General Management

Agustinas 1343, P. 10  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 672 1115  
Post Code 8340432  
Post Box 297, Correo Central  
Santiago  
R.U.T. 90.222.000-3

#### Share Registry

Agustinas 1343, Entrepiso  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 697 0539  
Post Code 8340432  
Post Box 297, Correo Central  
Santiago

### INVERSIONES CMPC S.A.

Agustinas 1343, P. 9  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 441 2477  
Post Box 297, Correo Central  
Santiago

### SUBSIDIARIES IN CHILE

#### FORESTAL MININCO S.A.

##### General Management

Agustinas 1343, P. 4  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 672 9054  
Post Box 297, Correo Central,  
Santiago  
forestalmininco@forestal.cmpc.cl  
www.mininco.cl

#### Concepción Office

Los Canelos 79,  
San Pedro de la Paz  
Tel. : 56 (41) 285 7300  
Fax : 56 (41) 237 3431  
Post Box 43-C, Concepción  
forestalmininco@forestal.cmpc.cl

#### Los Ángeles Office

Av. Alemania 751  
Tel. : 56 (43) 636 000  
Fax : 56 (43) 312 701  
Post Box 399  
Los Ángeles

#### Temuco Office

Av. Rudecindo Ortega N° 02351  
Tel. : 56 (45) 911 430  
Fax : 56 (45) 911 431  
Post Box 42-D  
Temuco

#### Carlos Douglas Nursery

Fundo Las Tres Marías  
y María Pilar  
Tel./Fax : 56 (43) 197 4666  
Yumbel

#### Paillihue Nursery

Av. Francisco Encina s/n  
Tel. : 56 (43) 636 901  
Fax : 56 (43) 326 448  
Los Ángeles

#### CMPC MADERAS S.A.

##### General Management

Agustinas 1343, P. 4  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 696 8833  
696 5437  
Post Box 297, Correo Central,  
Santiago  
cmpcmaderas@cmpc.cl  
cmpcforestry@cmpc.cl  
www.cmpcmaderas.cl

#### Los Ángeles Office

Av. Alemania 751  
Tel. : 56 (43) 636 500  
Fax : 56 (43) 312 750  
Post Box 30 - D  
Los Ángeles

#### Mulchén Mill

Panamericana Sur Km. 540 s/n  
Tel. : 56 (43) 636 601  
Fax : 56 (43) 561 225  
Post Box 152  
Mulchén

#### Bucalemu Mill

Panamericana Sur Km. 471  
(1,5 Km Camino Laja)  
Tel. : 56 (43) 636 001  
Fax : 56 (43) 636 028  
Cabrero  
Post Box 30-D  
Los Ángeles

#### Nacimiento Mill

Recinto Industrial s/n  
Tel. : 56 (43) 636 701  
Fax : 56 (43) 511 460  
Post Box 1799  
Nacimiento

#### Constitución Mill

Las Cañas s/n Constitución  
Tel. : 56 (71) 209 600  
Fax : 56 (71) 671 938  
Post Box 147  
Constitución

#### Los Ángeles Mill

Panamericana Sur Km. 494 s/n  
Tel. : 56 (43) 636 101  
Fax : 56 (43) 323 372  
Post Box 30 - D  
Los Ángeles

#### Coronel Mill

Av. Golfo de Arauco N° 3674  
Parque Industrial Coronel  
Tel. : 56 (41) 285 7200  
Fax : 56 (41) 275 1238  
Post Box 98 - C  
Concepción

#### Plywood Mill

Camino Antiguo a Angol s/n  
Mininco  
Tel. : 56 (45) 636 806  
Mininco

### INMOBILIARIA PINARES S.A.

Av. Alemania 751  
Tel. : 56 (2) 441 2000  
Los Ángeles

### INMOBILIARIA Y

### FORESTAL MAITENES S.A.

Los Canelos 79  
San Pedro de la Paz  
Tel. : 56 (41) 285 7300  
Fax : 56 (41) 237 3431  
Post Box 43-C  
Concepción  
forestalmininco@forestal.cmpc.cl

### FORESTAL COIHUECO S.A.

Los Canelos 79  
Tel. : 56 (41) 285 7300  
Fax : 56 (41) 237 3431  
Post Box 43-C  
Concepción  
forestalmininco@forestal.cmpc.cl

### FORESTAL Y AGRÍCOLA

### MONTE ÁGUILA S.A.

#### General Management

Av. Alemania 751  
Tel. : 56 (43) 636 000  
Fax : 56 (43) 320 497  
Post Box 32-D  
Los Ángeles  
forestalmininco@forestal.cmpc.cl

### CMPC CELULOSA S.A.

#### General Management

Agustinas 1343, P. 3  
Tel. : 56 (2) 441 2030  
Fax : 56 (2) 698 2179  
Post Box 297, Correo Central  
Santiago  
correo@celulosa.cmpc.cl  
sales@celulosa.cmpc.cl

#### Pacífico Mill

Av. Jorge Alessandri 001  
Mininco, Comuna Collipulli  
Tel. : 56 (45) 293 300  
Fax : 56 (45) 293 305  
Post Box 11 - D  
Angol

#### Laja Mill

Balmaceda 30  
Tel. : 56 (43) 334 000  
Fax : 56 (43) 334 015  
Post Box 108  
Laja

#### Santa Fe Mill

Av. Julio Hemmelmann 670  
Tel. : 56 (43) 403 800  
Fax : 56 (43) 403 830  
Post Box 1797  
Nacimiento

### CMPC PAPELES S.A.

Agustinas 1343, P. 5  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 672 3450  
Post Code 8340432  
Post Box 297, Correo Central  
Santiago  
cmpc-papeles@gerencia.cmpc.cl

### CARTULINAS CMPC S.A.

#### General Management

Agustinas 1343, P. 5  
Tel. : 56 (2) 441 2020  
Fax : 56 (2) 672 3450  
Santiago  
cartulinas-cmpc@gerencia.cmpc.cl



**Valdivia Mill**

Av. José Manuel Balmaceda 8500  
Tel. : 56 (63) 214 191  
Fax : 56 (63) 216 976  
Post Box 5 - D  
Valdivia

**Maule Mill**

Ruta L-25, 28500  
Yerbas Buenas  
Tel. : 56 (71) 237 631  
Fax : 56 (71) 237 633  
Post Box 119 - Talca  
Linares

**Talcahuano**

**Dispatch Warehouse**

Juan Antonio Ríos 185 interior  
Tel. : 56 (41) 292 2237  
Fax : 56 (41) 292 2202  
Talcahuano

**San Antonio**

**Dispatch Warehouse**

Hijuela 1-B Ruta 78  
Cruce Cartagena  
Tel. : 56 (35) 201 544  
Fax : 56 (35) 212 765  
San Antonio

Aníbal Pinto 261

Tel. : 56 (35) 201 034  
Fax : 56 (35) 285 096  
Post Box 178  
San Antonio

**Maipú Dispatch Warehouse**

Camino a Melipilla 9070  
Tel. : 56 (2) 538 8343  
Fax : 56 (2) 538 9217  
Maipú

**PAPELES CORDILLERA S.A.**

Eyzaguirre 01098  
Tel. : 56 (2) 367 5700  
Fax : 56 (2) 850 1118  
Post Box 23  
Puente Alto, Santiago

**INDUSTRIAS  
FORESTALES S.A.  
INFORSA**

**General Management**

Agustinas 1357, P. 9  
Tel. : 56 (2) 441 2050  
Fax : 56 (2) 441 2890  
Post Box 9201, Correo Central  
Santiago  
gerenciacomercial@inforso.cmpc.cl

**Nacimiento Mill**

Av. Julio Hemmelmann 330  
Tel. : 56 (43) 631 300  
Fax : 56 (43) 511 444  
Post Box 1791  
Nacimiento

**FORESTAL CRECEX S.A.**

**General Management**

Agustinas 1357, P. 9  
Tel. : 56 (2) 441 2050  
Fax : 56 (2) 441 2890  
Santiago

**Los Ángeles Office**

Av. Julio Hemmelmann 330  
Tel. : 56 (43) 631 300  
Fax : 56 (43) 511 444  
Post Box 1791  
Nacimiento

**COOPERATIVA  
AGRÍCOLA Y FORESTAL  
EL PROBOSTE LTDA.**

**General Management**

Luis Thayer Ojeda 073 Of. 507  
Tel. : 56 (2) 231 4123  
Fax : 56 (2) 335 2584  
vpalma@adsl.tie.cl  
Providencia, Santiago

**EMPRESA DISTRIBUIDORA  
DE PAPELES Y CARTONES S.A.  
EDIPAC**

**Head Office**

Las Esteras Sur 2501  
Tel. : 56 (2) 375 2400  
Fax : 56 (2) 375 2490  
Quilicura, Santiago  
ventas@edipac.cmpc.cl

Limache 4627

Tel. : 56 (32) 267 6025  
Fax : 56 (32) 267 6167  
Viña del Mar

Paicaví 3025

Tel./Fax : 56 (41) 248 0490  
Concepción

Av. Rudecindo Ortega 02305

Tel. : 56 (45) 220 473  
Fax : 56 (45) 221 267  
Temuco

**SOCIEDAD RECUPERADORA  
DE PAPEL S.A. SOREPA**

**General Management**

Venecia 3200  
Tel. : 56 (2) 473 7000  
Fax : 56 (2) 473 7042  
Post Box 1828  
San Joaquín, Santiago  
dcomercial@sorepa.cmpc.cl

**Pudahuel Mill**

Camino Renca Lampa,  
Parcela 3  
Parcelación El Bosque  
Tel. : 56 (2) 473 7082  
Fax : 56 (2) 473 7081  
Pudahuel, Santiago

**Puente Alto Mill**

Eyzaguirre 01800  
Tel. : 56 (2) 872 6593  
Puente Alto

**Branches**

Onix 251  
Tel. : (55) 232 757  
Fax : (55) 232 476  
Antofagasta

Calle Cinco 1281,  
Tel. : (51) 249 266  
Fax : (51) 239 508  
Coquimbo

Limache 4215, El Salto  
Tel. : (32) 263 1292  
Fax : (32) 267 1668  
Viña del Mar

Calle Cuatro 575  
Tel. : (72) 257 987  
Fax : (72) 254 547  
Rancagua

18 Oriente 1965,  
Tel./ Fax : (71) 240 291  
Talca

Arteaga Alemparte 8639,  
Tel. : (41) 278 6543  
Fax : (41) 278 6652  
Hualpén, Talcahuano

Camino Viejo Cajón Km. 7 1/2  
Tel. : (45) 921 522  
Fax : (45) 921 1521  
Temuco

**CMPC TISSUE S.A.**

**General Management**

Agustinas 1343, P. 6  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 441 2568  
Santiago  
www.cmpctissue.cl

**Tissue Chile Management**

**Puente Alto Mill**

Eyzaguirre 1098  
Tel. : 56 (2) 366 6400  
Fax : 56 (2) 366 6469  
Puente Alto, Santiago

**Talagante Mill**

Camino a Isla de Maipo 297  
Tel. : 56 (2) 462 4400  
Fax : 56 (2) 462 4511  
Talagante

**INVERSIONES  
PROTISA S.A.**

Agustinas 1343, P.6  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 623 8539  
Santiago

**CMPC PRODUCTOS  
DE PAPEL S.A.**

Agustinas 1343, P. 6  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 672 3252  
Post Box 297  
Santiago

**CHILENA DE  
MOLDEADOS S.A.  
CHIMOLSA**

José Luis Coe 01162  
Tel. : 56 (2) 360 0401  
Fax : 56 (2) 850 3110  
Postal Code 8150000  
Post Box 208, Puente Alto  
chimolsa@chimolsa.cmpc.cl  
Santiago

**PROPA S.A.**

**Management & Sales**

Huérfanos 1376, P. 9  
Tel. : 56 (2) 441 2151  
Fax : 56 (2) 698 1990  
Post Box 2413, Correo Central  
Santiago  
propa@propa.cmpc.cl

**Chillán Mill**

Longitudinal Norte Km.3 s/n  
Tel. : 56 (42) 272 405  
Fax : 56 (42) 271 958  
Chillán

**Warehouse**

Panamericana Norte Km. 4  
N° 2751  
Chillán



## General Information

### ENVASES IMPRESOS S.A.

#### Management & Mill

Camino Alto Jahuel 0360  
Tel. : 56 (2) 471 1300  
Fax : 56 (2) 471 1323  
Buin, Santiago

### ENVASES

#### ROBLE ALTO LTDA.

#### Management & Sales

Lo Echevers 221  
Tel. : 56 (2) 444 2400  
Fax : 56 (2) 444 2445  
contacto@roblealto.cmpc.cl  
Quilicura, Santiago

#### Quilicura Mill

Ojos del Salado 0711  
Tel. : 56 (2) 444 2400  
Fax : 56 (2) 444 2453  
Quilicura, Santiago

#### Til Til Mill

Camino Cerro Blanco  
de Polpaico 100  
Tel. : 56 (2) 445 8611  
Fax : 56 (2) 846 6120  
Til Til

### SERVICIOS COMPARTIDOS CMPC S.A.

#### Management

Agustinas 1343, P. 8  
Tel. : 56 (2) 441 2000  
Fax : 56 (2) 672 4119  
Santiago

### PORTUARIA CMPC S.A.

Alcalde René Mendoza 190  
Lirquén  
Tel. : 56 (41) 292 2204  
Fax : 56 (41) 292 2202  
Post Box 64  
Penco  
musvi@portuaria.cmpc.cl

### RELATED COMPANIES

#### BICECORP S.A.

Teatinos 220, P. 5  
Tel. : 56 (2) 692 2000  
Fax : 56 (2) 698 0803  
Santiago

#### INVERSIONES EL RAULÍ S.A.

Teatinos 280  
Tel. : 56 (2) 675 0107  
Tel./Fax : 56 (2) 675 0105  
Santiago  
elraulisa@123.cl

#### CONTROLADORA DE PLAGAS FORESTALES S.A.

Camino Público Los Ángeles  
Laja s/n, Sector Curamávida  
Tel. : 56 (43) 320 017  
Fax : 56 (43) 320 018  
Post Box 1194  
Los Ángeles  
cpf@cpf.cl

#### GENOMICA FORESTAL S.A.

Oficina 208,  
Edificio Centro de Biotecnología,  
Barrio Universitario  
Tel. : 56 (41) 220 3850  
Fax : 56 (41) 220 7310  
Post Box 160 C  
Concepción  
www.genomicaforestal.cl

### OVERSEAS SUBSIDIARIES

#### CMPC INVESTMENTS LTD.

P.O. Box 472, St. Peters House  
Le Bording, St. Peter Port  
Guernsey GY1 6AX,  
Channel Islands

#### CMPC EUROPE LIMITED

Representative  
Claudio Ojeda Strauch  
5 Dukes Gate  
Acton Lane Chiswick  
London W4 5DX  
Tel. : 44 (20) 8996 9960  
Fax : 44 (20) 8996 9967  
London, England

### CMPC ASIA LIMITED

Representative  
José Luis Tomasevic P.  
Toto Building 6th Fl.  
5 - 1 - 4 Toranamom  
Minato - ku, Tokyo, Japón  
Tel. : 81 (3) 5733 2570  
Fax : 81 (3) 3432 3005  
cmpc.asia@ezweb.ne.jp

#### CMPC INVERSIONES DE ARGENTINA S.A.

Suipacha 1111, P.18  
Tel. : 54 (11) 4630 0100  
Fax : 54 (11) 4630 0111  
Post Code C1008AAW  
Buenos Aires, Argentina

#### LA PAPELERA DEL PLATA S.A.

Management  
Av. Intendente Francisco  
Rabanal 3120  
Tel. : 54 (11) 4630 0100  
Fax : 54 (11) 4630 0111  
Buenos Aires, Argentina  
lpp-comercial@cmpc.com.ar

#### Zárate Mill

Camino de la Costa Brava  
Km. 7  
Tel. : 54 (03) 487 428300  
Fax : 54 (03) 487 427116  
Zárate, Buenos Aires  
Argentina

#### Corepa Mill

Paysandú 601  
Tel. : 54 (11) 4207 7985  
Fax : 54 (11) 4207 8220  
Wildest, Buenos Aires  
Argentina

#### Córdoba Mill

Lizardo Novillo Saravia 400  
Barrio Ipona  
Tel./Fax: 54 (0351) 461 0108  
461 0112  
Córdoba, Provincia de Córdoba  
Argentina

### Naschel Mill

9 de Julio s/n  
e Islas Malvinas  
Tel./Fax: 54 (2656) 491 019  
Naschel, San Luis  
Argentina

#### FORESTAL BOSQUES DEL PLATA S.A.

Suipacha 1111, P. 18  
Tel. : 54 (11) 4630 0100  
4918 1535  
Fax : 54 (11) 4630 0111  
4630 0110  
Post Code C1008AAW  
Buenos Aires, Argentina  
bdelplata@cmpc.com.ar

Av. Juan Manuel Fangio 3873  
Barrio San Isidro  
Tel. : 54 (3752) 451 911  
Fax : 54 (3752) 451 911  
int. 102 - 129  
Post Box 34 Post Code 3300  
Posadas, Misiones  
Argentina

#### FABI BOLSAS INDUSTRIALES S.A.

Management & Sales  
Virasoro 2656, Edificio  
Uruguay III  
Tel./Fax : 54 (11) 4737 1001  
Post Code B1643HDB, Beccar  
Provincia de Buenos Aires  
Buenos Aires, Argentina  
fabi@cmpc.com.ar

#### Hinojo Mill

Calle 5 s/n - (7310)  
Hinojo - Olavarría  
Tel./Fax: 54 (22) 8449 1036  
8449 1150  
Buenos Aires, Argentina

### NASCHEL S.A.

#### Management

Av. Intendente Francisco  
Rabanal 3120  
Tel. : 54 (11) 4630 0180  
Fax : 54 (11) 4630 0170  
Buenos Aires, Argentina

#### Naschel Mill

Pringles entre Belgrano y  
25 de Mayo  
Tel. : 54 (26) 5649 1004  
Fax : 54 (26) 5649 1046  
Naschel, San Luis  
Argentina

### PAPELERA

#### DEL RIMAC S.A.

Av. Santa Rosa 550,  
Santa Anita  
Tel. : 51 (1) 313 3030  
Fax : 51 (1) 313 3031  
Lima, Perú  
postmast@protisa.com.pe

### PRODUCTOS TISSUE DEL PERÚ S.A.

Av. Santa Rosa 550,  
Santa Anita  
Tel. : 51 (1) 313 3030  
Fax : 51 (1) 313 3031  
Lima, Perú  
postmast@protisa.com.pe

### Conversion and Distribution Center

Av. Los Rosales 560  
Santa Anita  
Tel./Fax: 51 (1) 313 3030  
Lima, Perú

### FORSAC PERÚ S.A.

Av. Gerardo Unger 5339,  
Los Olivos  
Tel. : 51 (1) 614 1919  
Fax : 51 (1) 614 1949  
Lima, Perú  
forsac@forsac.com.pe

**ABSORMEX S.A.**

Av. Humberto Lobo 9013  
Complejo Industrial Mitras  
García, N.L.  
Tel. : 52 (81) 8381 0034  
Fax : 52 (81) 8381 0099  
Post Code 66000  
México  
rmsilva@gpoabs.com.mx

**INTERNACIONAL DE PAPELES  
DEL GOLFO S.A. DE C.V.**

Boulevard De Los Ríos Km 4.5  
Puerto Industrial  
Altamira, Tamps  
Tel. : 52 (833) 260 0053  
Post Code 89600  
México  
rmsilva@gpoabs.com.mx

**GRUPO ABS INTERNACIONAL  
S.A. DE C.V.**

Av. Humberto Lobo 9013  
Complejo Industrial Mitras  
García, N.L.  
Tel. : 52 (81) 8381 0034  
Fax : 52 (81) 8381 0099  
Post Code 66000  
México  
rmsilva@gpoabs.com.mx

**CONVERTIDORA DE  
PRODUCTOS HIGIENICOS  
S.A. DE C.V.**

Av. Las Palmas 114  
Parque Industrial Las Palmas  
Santa Catalina, N.L.  
Tel. : 52 (81) 8989 0800  
Fax : 52 (81) 8989 6000  
Post Code 66181  
México  
rmsilva@gpoabs.com.mx

**ABS BIENES DE  
CAPITAL S.A. DE C.V.**

Sigma 9235  
Complejo Industrial Mitras  
García, N.L.  
Tel. : 52 (81) 8381 0034  
Fax : 52 (81) 8381 0099  
Post Code 66000  
México  
rmsilva@gpoabs.com.mx

**ABS LICENSE S.A. DE C.V.**

Av. Humberto Lobo 9013  
Complejo Industrial Mitras  
García, N.L.  
Tel. : 52 (81) 8381 0034  
Fax : 52 (81) 8381 0099  
Post Code 66000  
México  
rmsilva@gpoabs.com.mx

**ABS INTERNATIONAL  
DIVISION S.A. DE C.V.**

Av. Humberto Lobo 9013  
Complejo Industrial Mitras  
García, N.L.  
Tel. : 52 (81) 8381 0034  
Fax : 52 (81) 8381 0099  
Post Code 66000  
México  
rmsilva@gpoabs.com.mx

**HYGIENIC PRODUCTS  
INTERNATIONAL S.A.  
DE C.V.**

Av. Humberto Lobo 9013  
Complejo Industrial Mitras  
García, N.L.  
Tel. : 52 (81) 8381 0034  
Fax : 52 (81) 8381 0099  
Post Code 66000  
México  
rmsilva@gpoabs.com.mx

**SERVICIOS COMERCIALES  
MONTMAYOR S.A.**

**DE C.V.**  
Av. Humberto Lobo 9013  
Complejo Industrial Mitras  
García, N.L.  
Tel. : 52 (81) 8381 0034  
Fax : 52 (81) 8381 0099  
Post Code 66000  
México  
rmsilva@gpoabs.com.mx

**SERVICIOS COMERCIALES  
METROPOLITANOS S.A.  
DE C.V.**

Av. Humberto Lobo 9013  
Complejo Industrial Mitras  
García, N.L.  
Tel. : 52 (81) 8381 0034  
Fax : 52 (81) 8381 0099  
Post Code 66000  
México  
rmsilva@gpoabs.com.mx

**PRODUCTOS TISSUE  
DEL ECUADOR S.A.**

Las Semillas s/n, Panamericana  
Norte Km. 15 ½ y Av. Pan. Norte  
Tel. : 593 (4) 390 1106  
390 1107  
390 1108  
Fax : 593 (4) 390 1109  
Quito, Ecuador  
Ventas@protisa.com.ec

**Guayaquil Office**

Vía a Daule Km. 5 ½ s/n  
Tel. : 593 (4) 390 1109  
Fax : 593 (4) 225 5574  
Guayaquil, Ecuador  
Ventas@protisa.com.ec

**DRYPERS ANDINA S.A.**

Kilómetro 2, Vía San Julián  
Parque Industrial El Paraíso  
Santander de Quilichao, Cauca  
Tel. : 57 (2) 829 3989  
Fax : 57 (2) 829 5313  
Cali, Colombia  
mcorrea@drypers-colombia.com.co

**Bogotá Office**

Calle 113 N°745 Torre B  
Oficina 1009  
Edificio Telepor  
Tel. : 57 (1) 629 6988  
Fax : 57 (1) 629 0291  
Bogotá, Colombia  
mcorrea@drypers-colombia.com.co

**VALOR BRANDS S.A.**

Camino Punta Rieles 2902  
Tel. : 59 (82) 512 1387  
Montevideo - Uruguay

**INVERSIONES PROTISA S.A.  
Y CIA. S.R.C.**

Velázquez 17  
28001 Madrid  
Tel. : 34 (91) 426 0700  
Fax : 34 (91) 426 0701  
Spain

**PROTISA DO BRASIL LTDA.**

Rua Joaquina de Jesús N° 546  
Parque Santo Agostinho  
Tel./Fax: 55 (11) 6405 7202  
Post Code 07140 - 233  
Guarulhos  
Sao Paulo, Brazil

**IPUSA S.A.**

Av. España s/n  
Ciudad de Pando - Canelones  
Tel. : 59 (82) 292 2240  
Fax : 59 (82) 292 1358  
Post Code 91000  
Uruguay  
ipusa@ipusa.com.uy

**COMPAÑÍA PRIMUS DEL  
URUGUAY S.A.**

Av. España s/n  
Ciudad de Pando - Canelones  
Tel. : 59 (82) 292 2240  
Fax : 59 (82) 292 1358  
Post Code 91000  
Uruguay

**CELULOSAS DEL  
URUGUAY S.A.**

Av. España s/n  
Ciudad de Pando - Canelones  
Tel. : 59 (82) 292 2240  
Fax : 59 (82) 292 1358  
Post Code 91000  
Uruguay

**CMPC USA, INC.**

1050 Crown Pointe Parkway  
Suite 1590  
Atlanta, GA 30338  
Tel. : 1 (770) 551 2640  
Fax : 1 (770) 551 2641  
United States  
cmpcusa@cmpc.cl

**INVERSIONES CMPC  
CAYMAN LTD.**

P.O. BOX 309, Ugland House  
South Church Street  
George Town  
Grand Cayman,  
Cayman Islands

**PROPA CAYMAN LTD.**

P.O. Box 309, Ugland House  
South Church Street  
George Town  
Grand Cayman,  
Cayman Islands

**TISSUE CAYMAN LTD.**

P.O. Box 309, Ugland House  
South Church Street  
George Town  
Grand Cayman,  
Cayman Islands





Design and Production  
[www.grupoxigeno.cl](http://www.grupoxigeno.cl)

Photographs  
CMPC Archive

Printed by  
Fyrma Gráfica