MADECO

and subsidiaries

Consolidated Financial Statements
As of December 31, 2012
(Translation of Consolidated Financial Statements originally issued in Spanish- See Note 3.)

CONTENTS

ThUS$: Thousands of U.S. Dollars
CLP : Chilean Pesos
COP : Colombian Pesos
ARS : Argentine Pesos
EUR : Euros
CLF : Unidad de Fomento (UF) (a peso-denominated inflation-indexed monetary unit)
GBP : Sterling Pounds
PEN : Peruvian Soles
BRL : Brazilian Real

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Consolidated Classified Statements of Financial Position

Assets Current assets	Note No.	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Cash and cash equivalents	(6)	11,387	20,835
Other current financial investments	(24a)	-	342
Other current non-financial investments	(11)	3,769	4,768
Trade and other receivables, current	(7 - 24a)	102,925	87,506
Due from related parties, current	(8a)	590	479
Inventory	(9)	79,991	66,626
Current tax assets		4,890	5,984
Total current assets, other than assets or group of assets for disposal classified as held-for-sale or as held for distribution to owners		**203,552**	**186,540**
Non-current assets or group of assets for disposal, classified as held-for-sale	(12a)	10,635	4,208
Non-current assets or groups of assets for disposal, classified as held-for-sale or as held-for distribution to owners		**10,635**	**4,208**
Total current assets		**214,187**	**190,748**
Non-current assets			
Other non-current financial investments	(24a)	108	296,583
Other non-current non-financial investments	(11)	17,335	18,049
Accounts receivable, non current	(7 - 24a)	6	8
Investments accounted for using the equity method	(14)	516,422	-
Intangible assets other than goodwill	(15a)	3,803	3,118
Goodwill	(15c)	848	848
Property, plant and equipment	(16a)	187,169	180,218
Investment property	(17a)	7,390	7,520
Deferred tax assets	(18a)	7,782	44,277
Total non-current assets		**740,863**	**550,621**
Total assets		**955,050**	**741,369**

Liabilities and equity

Liabilities Current liabilities	Note No.	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Other current financial liabilities	(19 - 24b)	82,114	47,780
Trade and other payables	(20 - 24b)	47,718	41,621
Due to related parties, current	(8b)	2	2
Other current accruals	(21a)	5,239	9,081
Current tax liabilities		2,203	922
Current employee benefit liabilities	(23)	7,424	6,545
Other current non-financial liabilities	(22)	7,660	8,478
Total current liabilities, other than liabilities included in groups of assets held for disposal classified as held-for-sale		**152,360**	**114,429**
Liabilities included in groups of assets for disposal classified as held-for-sale		-	-
Total current liabilities		**152,360**	**114,429**
Non-current liabilities			
Other non-current financial liabilities	(19 - 24b)	137,102	115,350
Other non-current accrued expenses	(21a)	3,338	2,864
Deferred tax liabilities	(18a)	11,436	9,482
Non-current employee benefit liabilities	(23)	6,980	7,094
Other non-current non-financial liabilities	(22)	-	1
Total non-current liabilities		**158,856**	**134,791**
Total liabilities		**311,216**	**249,220**
Equity			
Issued capital	(25)	475,525	469,497
Retained earnings	(25)	78,581	29,709
Share premium		86,424	86,388
Other reserves	(25)	(25,763)	(120,126)
Equity attributable to owners of the parent		**614,767**	**465,468**
Non-controlling interests	(25c)	29,067	26,681
Total equity		**643,834**	**492,149**
Total liabilities and equity		**955,050**	**741,369**

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income by Function

Profit (loss)	**Note No.**	**ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$**	**Jan. 1, 2011 Dec. 31, 2011 ThUS$**
Sales	(26a-28)	423,146	436,825
Cost of sales	(9)	(345,826)	(360,006)
Gross profit		**77,320**	**76,819**
Other income, by function	(26b)	1,301	8,366
Distribution costs		(11,762)	(11,657)
Administrative expenses		(43,658)	(39,926)
Other expenses, by function	(26e)	(12,667)	(4,000)
Other gains (losses)	(26f)	79,593	3,338
Profits (losses) from operating activities		**90,127**	**32,940**
Interest income	(26c)	339	1,109
Interest costs	(26d)	(10,824)	(7,481)
Share in profit (loss) of associates and joint ventures accounted for using the equity method	(14)	(1,465)	-
Foreign currency translation	(27)	1,434	(2,687)
Profit from indexed units		(768)	789
Profit (loss) before taxes		**78,843**	**24,670**
Income tax expense	(18c)	(21,722)	238
Profit (loss) from continuing operations		**57,121**	**24,908**
Profit from discontinued operations		-	-
Profit (loss)		**57,121**	**24,908**
Profit attributable to			
Profit (loss) attributable to owners of the parent		53,013	19,157
Profit (loss) attributable to non-controlling interest	(25c)	4,108	5,751
Profit (loss)		**57,121**	**24,908**
Earnings per share			
Basic earnings per share			
Basic earnings (loss) per share from continuing operations (US$ per share)		0.0072	0.0030
Basic earnings (loss) per share from discontinued operations (US$ per share)		-	-
Basic earnings (loss) per share (US$ per share)		**0.0072**	**0.0030**
Diluted earnings per share			
Diluted earnings (loss) per share from continuing operations (US$ per share)		0.0072	0.0030
Diluted earnings (loss) per share from discontinued operations (US$ per share)		-	-
Diluted earnings (loss) per share (US$ per share)		**0.0072**	**0.0030**

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

MADECO *(Translation of Consolidated Financial Statements originally issued in Spanish- See Note 3.)*

Consolidated Statements of Comprehensive Income by Function

	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	ACCUMULATED Jan. 1, 2011 Dec. 31, 2011 ThUS$
Profit (loss)	**57,121**	**24,908**
Components of other comprehensive income before tax		
Foreign currency translation differences		
Foreign currency translation gain (loss) before tax	40,112	(27,109)
Other comprehensive income before tax, foreign currency translation differences	**40,112**	**(27,109)**
Available-for-sale financial assets		
Gains (losses) on new measurements of available-for-sale financial assets before tax	70,344	(132,149)
Other comprehensive income before tax, available for sale financial assets	**70,344**	**(132,149)**
Cash flow hedges		
Gains (losses) on cash flow hedges before tax	97	(129)
Other comprehensive income before tax, cash flow hedges	**97**	**(129)**
Share in other comprehensive income of associates and joint ventures accounted for using the equity method	(2,623)	-
Other components of other comprehensive income, before taxes	**(2,623)**	**-**
Income tax related to other comprehensive income components		
Income tax related to foreign exchange rate differences in other comprehensive income	(6,796)	4,613
Income tax related to available-for-sale financial assets in other comprehensive income	(14,801)	22,466
Income taxes related to cash flow hedges in other comprehensive income	-	25
Amount of income taxes related to other comprehensive income components	**(21,597)**	**27,104**
Other comprehensive income	**86,333**	**(132,283)**
Total comprehensive income	**143,454**	**(107,375)**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the Parent	139,346	(113,126)
Comprehensive income attributable to non-controlling interests	4,108	5,751
Total comprehensive income	**143,454**	**(107,375)**

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

MADECO *(Translation of Consolidated Financial Statements originally issued in Spanish- See Note 3.)*

Statements of Changes in Net Equity

December 2012	Issued capital ThUS$	Share premium ThUS$	Foreign currency conversion reserve ThUS$	Cash flow hedge reserve ThUS$	Reserves for gains or losses on the remeasurement of financial ThUS$	Miscellaneous reserves ThUS$	Other reserves ThUS$	Retained earnings ThUS$	Equity attributable to the owners of the Parent ThUS$	Non-controlling interests ThUS$
Opening balance, current period1/1/2012	469,497	86,388	(33,231)	(95)	(55,543)	(31,257)	**(120,126)**	29,709	**465,468**	26,681
Price-level restatement opening balance	**469,497**	**86,388**	**(33,231)**	**(95)**	**(55,543)**	**(31,257)**	**(120,126)**	**29,709**	**465,468**	**26,681**
Changes in equity										
Comprehensive income										
Profit for the period								53,013	**53,013**	4,108
Other comprehensive income (loss) (2)			40,345	7,588	55,543	(17,143)	**86,333**		**86,333**	
Comprehensive income (loss)									**139,346**	**4,108**
Issue of share capital	6,028	36							**6,064**	
Dividends								(4,141)	**(4,141)**	
Increase (decrease) on transfers and other changes (2)						8,030	**8,030**		**8,030**	(1,722)
Total changes in equity	**6,028**	**36**	**40,345**	**7,588**	**55,543**	**(9,113)**	**94,363**	**48,872**	**149,299**	**2,386**
Final balance, for the year ended 12/31/2012	**475,525**	**86,424**	**7,114**	**7,493**	**-**	**(40,370)**	**(25,763)**	**78,581**	**614,767**	**29,067**

December 2011	Issued capital ThUS$	Share premium ThUS$	Foreign currency conversion reserve (1) ThUS$	Cash flow hedge reserve ThUS$	Reserves for gains or losses on the remeasurement of financial ThUS$	Miscellaneous reserves ThUS$	Other reserves ThUS$	Retained earnings ThUS$	Equity attributable to the owners of the Parent ThUS$	Non-controlling interests ThUS$
Opening balance, prior period 1/1/2011	391,440	86,652	(10,735)	9	54,140	(31,343)	**12,071**	16,298	**506,461**	22,372
Price-level restatement opening balance	**391,440**	**86,652**	**(10,735)**	**9**	**54,140**	**(31,343)**	**12,071**	**16,298**	**506,461**	**22,372**
Changes in equity										
Comprehensive income										
Profit for the period								19,157	**19,157**	5,751
Other comprehensive income (loss)			(22,496)	(104)	(109,683)		**(132,283)**		**(132,283)**	
Comprehensive income (loss)									**(113,126)**	**5,751**
Issue of share capital	78,057	(264)							**77,793**	
Dividends								(5,746)	**(5,746)**	
Decrease on transfers and other changes										(1,442)
Increase (decrease) for changes in interest ownership of subsidiaries that do not involve loss of control						86	**86**		**86**	
Total changes in equity	**78,057**	**(264)**	**(22,496)**	**(104)**	**(109,683)**	**86**	**(132,197)**	**13,411**	**(40,993)**	**4,309**
Final balance, for the year ended 12/31/2011	**469,497**	**86,388**	**(33,231)**	**(95)**	**(55,543)**	**(31,257)**	**(120,126)**	**29,709**	**465,468**	**26,681**

1) Foreign currency conversion reserves include the effects of the financial investment available for sale (shares of Nexans S.A.) and the foreign currency conversion differences resulting from the indirect subsidiaries (Inversiones Alumco S.A., Ingewall S.A., Inversiones Alumco Dos S.A. and Tecnowim S.A.), the functional currency of which is the Chilean peso.
2) See Note 14 c

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

MADECO *(Translation of Consolidated Financial Statements originally issued in Spanish- See Note 3.)*

Consolidated Statements of Cash Flows - Direct Method

Statement of cash flows	Note No.	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Cash flows provided by (used in) operating activities			
Types of collections associated with operating activities			
Collections from the sale of goods and rendering of services		485,070	511,630
Charges related to premiums and benefits, annuities and other benefits associated with policies		20	-
Other charges related to operating activities		8,327	-
Types of payments			
Payment to suppliers for the sale of goods and rendering of services		(417,374)	(408,363)
Payments to and on account of employees		(59,716)	(52,404)
Dividends received		6,762	3,468
Interest paid		(8,456)	(5,503)
Interest received		357	1,110
Income tax reimbursed (paid)		(3,127)	645
Other cash inflows (outflows)		(1,519)	6,709
Net cash flows provided by (used in) operating activities		**10,344**	**57,292**
Cash flows provided (used in) investing activities			
Cash flows provided by loss of control of subsidiaries or other businesses		-	25,950
Cash flows used to obtain control of subsidiaries or other businesses		(216)	(109)
Cash flows used to acquire non-controlling interests		(36,651)	(254,879)
Proceeds provided by sale of property, plant and equipment		2,919	3,812
Additions to property, plant and equipment		(11,810)	(16,790)
Additions to intangible assets		-	(931)
Income tax reimbursed (paid)		-	(613)
Other cash inflows (outflows)		(9,563)	(335)
Net cash flows provided by (used in) investing activities		**(55,321)**	**(243,895)**
Net cash flows provided by (used in) financing activities			
Proceeds from share issuance		6,064	77,793
Proceeds from non-current loans		17,000	-
Proceeds from current loans		153,113	344,940
Total proceeds from loans		170,113	344,940
Payment of loans		(124,407)	(276,825)
Payments of finance lease liabilities		(8,470)	(3,541)
Dividends paid		(7,814)	(1,208)
Other cash inflows (outflows)		79	(831)
Net cash flows provided by (used in) financing activities		**35,565**	**140,328**
Net increase (decrease) in cash equivalents before the effects of foreign currency translaiton		**(9,412)**	**(46,275)**
Effects of foreign currency translation on cash and cash equivalents			
Effects of foreign currency translation on cash and cash equivalents		(36)	(2,044)
Net decrease in cash and cash equivalents		**(9,448)**	**(48,319)**
Cash and cash equivalents, beginning of period		20,835	69,154
Cash and cash equivalents, end of period	**(6)**	**11,387**	**20,835**

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

Note 1 – Corporate Information

(a) Company information

Madeco S.A.,(the "Company") previously named "Manufacturas de Cobre S.A., Madeco", , was formed as an open public corporation in the Republic of Chile in 1944 and operates in accordance with Chilean legislation. Throughout the years it has expanded throughout Latin America. Today, Madeco S.A. is one of the leading manufacturers of finished and semi-finished products made of copper, aluminum and related alloys. In addition, it is dedicated to manufacturing packaging materials, for use in the mass consumption market and manufacturing PVC doors, windows and systems.

The Parent Company´s main commercial address, is San Francisco 4760, San Miguel, Santiago, Chile. The telephone number is (56-2) 520-1000, and the fax number is (56-2) 520-1158.

The Parent Company is registered in the Securities Registry under No. 251 and is subject to the supervision of the Chilean Superintendency of Securities and Insurance ("SVS").

Background

Madeco (the "Company") was formed in 1944, by Mademsa, to manufacture products made of copper and its alloys. Originally, the main shareholders were the Simonetti brothers and Corporación de Fomento de la Producción ("Corfo").

In 1961, the Company, together with the Zecchetto family, created Alusa S.A., whose main line of business, was manufacturing flexible packaging for mass consumption products.

In 1975, after four years of State intervention, the Company's operating control was returned to its Board of Directors during the military government headed by General Augusto Pinochet Ugarte.

After having acquired part of the Company's shares in 1980 (approximately 33%), the Luksic Group, in 1983, acquired a majority interest in and control of the Company.

In 1988, the Company acquired Armat S.A. and in 1991, Indalum S.A.. These Chilean companies engaged in the manufacture of coins and blank coins, and aluminum profiles; respectively.

In 1993, the Company entered the Argentine packaging market with the constitution of its indirect subsidiary, Aluflex. In 1994, it acquired the subsidiary Decker Industrial S.A., an Argentinean manufacturer of tubes and sheets made of copper and alloys.

In 1996, the Company entered the Peruvian packaging market, after acquiring 25% of Peruplast S.A. and Tech Pak. S.A. Subsequently, in 2007 it increased its equity interest to 50% in those subsidiaries (at the end of that year both companies merged and continued operating under the name of Peruplast S.A.).

In mid November 2007, the Company signed a Master Agreement with the French cable company Nexans. This agreement was confirmed, in February 2008, through a purchase agreement. Finally, at the end of the third quarter of 2008, the agreement with Nexans was entered into, with Madeco transferring its assets from the Cables Units in Chile, Argentina, Peru, Brazil and Colombia in exchange for US$ 448 million in cash (or US$ 393 million after the respective discounts) and 2.5 million shares of Nexans (US$ 218 million). Due to the participation that Madeco S.A. currently has in Nexans, the Company has three members on the Board of Directors of Nexans.

In June 2012, Alusa S.A. materialized the acquisition of Colombian flexible container company, Empaques Flexa S.A.S., owned by the Carvajal S.A., a local group, in equal parts with Nexus Capital Partners III, a Peruvian investment fund that is also a partner of Alusa, in its operation in Peru (subsidiary Peruplast S.A.).

Note 1 – Corporate Information (continued)

(b) Controlling shareholders

The issued and paid shares of Madeco S.A. are owned by the Parent Company and its subsidiaries, which belong to the Quiñenco S.A. Group. The shareholder's ownership percentages, as of December 31, 2012, are detailed as follows:

December 31, 2012	Ownership %
Quiñenco S.A.	36.1944
Inversiones Río Azul S.A.	8.8323
Inmobiliaria Norte Verde S.A.	5.2994
Inversiones Río Grande S.P.A.	5.0761
Inversiones Consolidadas S.A.	0.0002
Inversiones Carahue S.A.	0.0001
Total interest by controlling companies	**55.4025**

(c) Description of main operations and activities

The operations of Madeco S.A. are organized into three main operating segments, based on production processes plus a corporate segment. The Company's current business units are:

- Flexible packaging: Madeco, through Alusa group´s subsidiaries, makes packaging using flexography and intaglio printing techniques and raw materials such as resins, paper and aluminum, among others. This business unit is present in Chile, Argentina (Aluflex S.A.), Peru (Peruplast S.A.) and Colombia (Empaques Flexa S.A.S.).

- Brass mills: through its subsidiaries Madeco Mills S.A. (Chile) and Decker Industrial S.A. (Argentina), Madeco S.A. is in the business of manufacturing copper and alloy tubes, sheets, bobbins, flanges and bars.

- Profiles: through subsidiaries of the Indalum S.A. Group, Madeco S.A. is in the business of manufacturing profiles, door and window systems, and aluminum and PVC doors and windows. Likewise, it commercializes its products and other related accessories (hardware, glass, etc.).

- Corporate: This segment includes the business units that are not included in the previous segments and also includes, activities related to handling of resources and the shares in Nexans received after the sale of its Cable unit.

Note 1 – Corporate Information (continued)

(d) Employees

The following table shows the number of employees of Madeco and its subsidiaries, as of December 31, 2012 and December 31, 2011:

Company	Executives	Professionals and Technicians	Employees	Total 12-31-2012	Total 12-31-2011
Madeco S.A.	5	17	2	24	26
Madeco Mills S.A.	4	56	173	233	272
Alusa S.A. and subsidiaries (*)	35	482	1,689	2,206	1,661
Indalum S.A. and subsidiaries	13	138	235	386	265
Decker Industrial S.A. (Argentina)	2	9	70	81	89
Total employees	**59**	**702**	**2,169**	**2,930**	**2,313**

(*) The consolidated staff figures for Alusa consider 100% of the employees of Peruplast and Empaques Flexa S.A.S.

Note 2 – Key Accounting Judgments, Estimates and Assumptions

In the preparation of the consolidated financial statements, certain estimates made by the Company's management have been used to quantify certain assets, liabilities, income, expenses and commitments included in them. These estimates basically refer to:

- Valuation of assets and goodwill to determine the existence of goodwill impairment losses.
- The valuation of the investment made by Madeco S.A. in Nexans S.A. in accordance with the information in Note 14, No. 3 (Resolution No. 10914 of the Superintendency of Securities and Insurance dated April 30, 2012)
- Hypotheses used in the actuarial calculation of liabilities and obligations to employees.
- Useful lives and residual value of property, plant and equipment and intangible assets.
- Hypotheses used to calculate fair value of financial instruments (including derivative instruments).
- Hypotheses used to calculate allowance for doubtful accounts, (trade and other receivables).
- Hypotheses used for the obsolescence and reduction of the inventory value (NRV)
- Probability of occurrence and amount of liabilities of uncertain or contingent amounts.
- Hypothesis for generation of future taxable income, whose tax is deductible from deferred tax assets.

Although these estimates have been made on the basis of the best information available, as of the date of issuance of these consolidated financial statements, it is possible that events that might take place in future could cause them to be modified (positively or negatively) in future periods, which would be carried out prospectively, recognizing the effects of the change in estimate in the corresponding future consolidated financial statements.

Note 3 – Summary of Significant Accounting Policies

(a) Periods covered
These consolidated financial statements cover the following periods:
- Statement of Financial Position, as of December 31, 2012 and December 31, 2011.
- Statement of Comprehensive Income by Function, for the twelve-month periods between January 1, and December 31, 2012 and 2011
- Statement of Cash Flows, for the twelve months periods ended December 31, 2012 and 2011.
- Statement of Changes in Net Equity, includes its evolution of the periods ended December 31, 2012 and 2011.

(b) Basis of preparation
These consolidated financial statements of Madeco S.A., as of December 31, 2012, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and represent the full, explicit and unreserved adoption of these international standards.

These consolidated financial statements faithfully reflect the Company's net equity, financial position, and the results of its operations, changes in the statement of recognized income and expenses and cash flows, produced in the period then ended.

The preparation of consolidated financial statements, under IFRS, requires the use of certain critical accounting estimates. It also requires that management use its judgment in the process of applying the Company's accounting policies. Note 2 discloses the areas that imply a greater level of judgment and complexity or areas where the hypotheses and estimates are significant to the consolidated financial Statements.

Certain accounting practices applied by the Company that conform to IFRS may not conform to generally accepted accounting principles in the United States ("US GAAP"").

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

(c) Basis of consolidation
The consolidated financial statements include the assets, liabilities, income and cash flows of the Company and its subsidiaries. The effects of significant transactions carried out with subsidiaries have been eliminated and the equity interest of non-controlling investors is presented in the statements of financial position and statements of income, in the profit (loss) account, attributable to non-controlling interests.

The companies included in consolidation are detailed as follows:

Taxpayer ID	Company name and country	Ownership percentage			
			12/31/2012		12/31/2011
		Direct	Indirect	Total	Total
96.956.680-k	Alusa S.A. and subsidiaries - Chile (1)	74.68	1.28	75.96	76.27
96.538.550-9	Armat S.A. – Chile (2)	-	-	-	-
76.148.193-2	Inmobiliaria AR S.A. (2)	-	-	-	-
91.524.000-3	Indalum S.A. and subsidiaries – Chile	99.49	-	99.49	99.49
94.262.000-4	Soinmad S.A. and subsidiaries – Chile	99.99	0.01	100.00	100.00
76.009.053-0	Madeco Mills S.A. – Chile	99.99	0.01	100.00	100.00
0-E	Madeco Brasil Ltda. and subsidiary - Brasil	100.00	-	100.00	100.00

(1) During the fourth quarter of 2011, ALUSA S.A. (formerly Inversiones Alumco S.A.) Tax ID No.: 96.956.680-K carried out the merger by acquisition of ALUSA S.A., Tax ID No.: 84.898.000-5, acquiring all its assets and liabilities, assuming all its rights and transferable obligations including the absorption of the company´s shareholders.

Note 3 – Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation, continued

(1) In April 2012, Alusa S.A. performed a capital increase, in which the Parent Company, Madeco S.A., did not participate. This generated a decrease in its participation.

In June 2012, Alusa S.A. materialized the acquisition of Colombian flexible container company, Empaques Flexa S.A.S., owned by the Carvajal S.A. local group, in equal parts with Nexus Capital Partners III, a Peruvian investment fund that is also a partner of Alusa in its operation in Peru (subsidiary Peruplast S.A.).

Alusa S.A. owns 50% of Peruplast S.A. (Peru), Empaques Flexa S.A.S. (Colombia), Efren Soluciones (Peru) and Inmobiliaria Eliseo S.A. (Peru) which corresponds to interest in a joint venture and therefore has been consolidated in proportion to that interest. With regard to that interest, Alusa S.A. has not incurred any contingent liabilities, nor does it have capital investment commitments as of December 31, 2012 and December 31, 2011.

(2) On May 2, 2011, Armat S.A. split into two companies, creating a new company, Inmobiliaria AR S.A. For the purposes of the split, the financial statements for the period ended April 30, 2011 were used. On May 12, 2011, a promissory agreement was signed between Madeco S.A., Soinmad S.A. (sellers) and Amera International AG (acquirer), where the sale of 255 shares of Armat S.A. was agreed upon for a date no later than June 2, 2011. The transaction was made in accordance with the terms stipulated in the promissory agreement (June 2, 2011). During December 2011, Inmobiliaria AR S.A. was fully dissolved as Madeco S.A. obtained the total number of shares that were part of its issued capital as a result of the agreement signed between Madeco S.A. and the other shareholder of the company (Soinmad S.A.).

Presentation of financial statements

Statement of financial position

Madeco S.A. and its subsidiaries have decided to use classification by nature of its assets and liabilities (current and non-current), as the presentation format for their consolidated statements of financial position.

Statements of comprehensive income

To date, Madeco S.A. and its subsidiaries have opted to present their statements of comprehensive income classified by function.

Statements of cash flows

Madeco S.A. and its subsidiaries have opted to present their statement of cash flows using the direct method.

Note 3 – Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation (continued)

Presentation of financial statements, continued

Subsidiaries' summarized financial statements are detailed as follows:

As of December 31, 2012

Taxpayer ID	96.956.680-K	76.148.193-2	96.538.550-9	91.524.000-3	94.262.000-4	76.009.053-0	Foreign
Name of significant subsidiary	Alusa S.A. and subsidiaries	Inmobiliaria AR S.A.	Armat S.A.	Indalum S.A. and subsidiaries	Soinmad S.A. and subsidiaries	Madeco Mills S.A.	Madeco Brasil S.A. and subsidiaries
Country of incorporation of the significant subsidiary	Chile	Chile	Chile	Chile	Chile	Chile	Brasil
Functional currency (ISO 4217)	USD	USD	USD	USD	USD	USD	USD
Ownership interest in significant subsidiary	75.96	-	-	99.49	100.00	100.00	100.00
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Total assets of the subsidiary	**250,501**	**-**	**-**	**73,722**	**25,300**	**48,124**	**548**
Current assets of the subsidiary	121,679	-	-	38,720	3,100	37,026	510
Non-current assets of the subsidiary	128,822	-	-	35,002	22,200	11,098	38
Total liabilities of the subsidiary	**137,333**	**-**	**-**	**30,891**	**10,857**	**34,204**	**5,692**
Current liabilities of the subsidiary	102,589	-	-	22,579	7,617	32,055	3,005
Non-current liabilities of the subsidiary	34,744	-	-	8,312	3,240	2,149	2,687
Revenue of the subsidiary	**242,423**	**-**	**-**	**68,962**	**15,617**	**96,740**	**-**
Revenue and other income of subsidiary	**(225,348)**	**-**	**-**	**(66,934)**	**(17,182)**	**(98,823)**	**(322)**
Profit or loss of subsidiary	**17,075**	**-**	**-**	**2,028**	**(1,565)**	**(2,083)**	**(322)**

As of December 31, 2011

Taxpayer ID	96.956.680-K	76.148.193-2	96.538.550-9	91.524.000-3	94.262.000-4	76.009.053-0	Foreign
Name of significant subsidiary	Alusa S.A. and subsidiaries	Inmobiliaria AR S.A.	Armat S.A.	Indalum S.A. and subsidiaries	Soinmad S.A. and subsidiaries	Madeco Mills S.A.	Madeco Brasil S.A. and subsidiaries
Country of incorporation of the significant subsidiary	Chile	Chile	Chile	Chile	Chile	Chile	Brasil
Functional currency (ISO 4217)	USD	USD	USD	USD	USD	USD	USD
Ownership interest in significant subsidiary	76.27	-	-	99.49	100.00	100.00	100.00
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Total assets of the subsidiary	**220,526**	**-**	**-**	**67,614**	**27,211**	**38,188**	**760**
Current assets of the subsidiary	99,333	-	-	32,777	4,870	37,194	718
Non-current assets of the subsidiary	121,193	-	-	34,837	22,341	994	42
Total liabilities of the subsidiary	**108,988**	**-**	**-**	**26,132**	**11,203**	**22,302**	**5,581**
Current liabilities of the subsidiary	69,276	-	-	18,116	7,984	19,869	2,654
Non-current liabilities of the subsidiary	39,712	-	-	8,016	3,219	2,433	2,927
Revenue of the subsidiary	**226,020**	**2,668**	**2,221**	**60,378**	**19,078**	**129,969**	**-**
Revenue and other income of subsidiary	**(201,969)**	**(3,532)**	**(1,324)**	**(59,873)**	**(15,931)**	**(127,750)**	**(10)**
Profit or loss of subsidiary	**24,051**	**(864)**	**897**	**505**	**3,147**	**2,219**	**(10)**

Note 3 – Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation (continued)

Subsidiaries are consolidated using the line-by-line method, adding items that represent assets, liabilities, income and expenses of similar content, and eliminating intra-group transactions.

The profit or loss of subsidiaries acquired or sold during the year are included in consolidated income accounts from the effective date of acquisition or up to the effective date of sale, as applicable.

The interest of non-controlling partners or shareholders is composed of the part of the Company's own funds and profit or loss, as of December 31, 2012 and 2011 and these companies are consolidated on a line-by-line basis as assignable to them. They are also presented as non-controlling interests, in total net equity, in the attached consolidated statement of financial position, attached and in the "profit (loss) attributable to non-controlling interests" line of the accompanying consolidated statements of income.

(d) Functional currency and foreign currency translation

The functional currency of the Madeco Group and of each of its companies has been determined as the currency of the economic environment in which they operate, as stated in IAS 21. Therefore, the consolidated financial statements are presented in United States Dollars, which is the functional and presentation currency of the Company and its subsidiaries.

Company	Relationship	Functional currency
Madeco S.A.	Parent	USD
Alusa S.A.	Direct subsidiary	USD
Indalum S.A.	Direct subsidiary	USD
Madeco Mills S.A.	Direct subsidiary	USD
Madeco Brasil Ltda.	Direct subsidiary	USD
Soinmad S.A.	Direct subsidiary	USD

Transactions in a currency, other than the functional currency, are considered to be in foreign currency and are initially recorded at the exchange rate of the functional currency, as of the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted at the exchange rate of the functional currency, as of the reporting date. All differences are recorded with a charge or credit to profit or loss.

Net differences in foreign currency that arise from the investment or hedge transactions of a foreign entity are controlled directly in equity up to the time of the disposal of the investment, when they are recorded with a charge or credit to profit or loss. Profit or loss from income taxes and credits attributable to those operations are recorded with a charge or credit to equity until the time of disposal of the investment.

Note 3 – Summary of Significant Accounting Policies (continued)

(d) Functional currency and foreign currency translation (continued)

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustment in the carrying amounts of assets and liabilities are treated as assets and liabilities of the foreign operation and are translated as of the closing date. Non-monetary items that are measured in terms of historical cost in foreign currency are converted using the exchange rates in force, as of the date when fair value was determined.

(e) Transactions in foreign currency and indexed units

The functional currency is the United States Dollar. Consequently, all balances and transactions denominated in currencies other than the U.S. Dollar are considered to be denominated in a “foreign currency”.

Accordingly, assets and liabilities in foreign currency are shown at their equivalent value in U.S. Dollars, calculated using the following exchange rates:

Currency	Rate detail	December 31, 2012	December 31, 2011
Euro	EUR/USD	0.76	0.77
Chilean Peso	CLP/USD	479.96	519.20
Colombian Peso	COP/USD	1,768.23	1,942.70
New Peruvian Sol	PEN/USD	2.55	2.69
Argentine Peso	ARS/USD	4.92	4.30
Brazilian Real	BRL/USD	2.04	1.88
Sterling Pound	GBP/USD	0.62	0.64

The foreign currency conversion account was only generated in the statements of income by function, including recognition of the effects of foreign currency variation and assets and liabilities in foreign currency or adjustable by the exchange rate, and income earned by the exchange transactions of Madeco S.A. and its subsidiaries.

However, assets and liabilities in indexed units are valued at the exchange rates prevailing at each period-end. The exchange rates used are detailed as follows:

Currency	Rate detail	December 31, 2012	December 31, 2011
UF	USD/UF	47.59	42.94

The Unidad de Fomento (“UF”) is a peso-denominated inflation-indexed currency, set daily in advance on the basis of the previous month’s inflation rate. The value shown in the table above represents the US dollar exchange rate per each UF.

(f) Inventory

The Company and its subsidiaries carry inventory, at the lower of cost or net realizable value. The cost includes: the cost of direct materials and, if applicable, labor costs, indirect costs incurred to transform the raw materials into finished products and general expenses incurred when transferring inventory to its current location and condition. The method used to determine inventory costs is the weighted average cost method.

The net realizable value represents an estimate of the selling price, less all estimated termination costs and costs that will be incurred in the commercialization, sales and distribution processes.

Note 3 – Summary of Significant Accounting Policies (continued)

(f) Inventory (continued)

Commercial discounts, rebates obtained and similar items are deducted to determine the acquisition price.

The Parent and its subsidiaries assess the net realizable value of inventory (raw materials, products-in-progress and finished products) at each period-end, recording a provision accrual with a charge to profit or loss when items are overvalued. When circumstances that previously caused the rebate to no longer exist, or when there is clear evidence of an increase in the net realizable value, because of a change in the economic circumstances or prices of the main raw materials, the provision accrued previously is reversed.

Accruals on the inventory of the Parent Company and its subsidiaries have been established on the basis of technical criteria.

Raw materials, materials in warehouse and in transit are carried at acquisition cost. If the previously determined values do not exceed the market values of each of the products, they will be presented as the net of the impairment provision for this asset.

The main raw materials of subsidiaries of Madeco Mills S.A. and Indalum S.A. are copper and aluminum; respectively. These are metals that due to the fluctuations in their price directly affect the Company's profit or loss, in regard to the purchase price, as well as production costs and selling price.

g) Investments accounted for using the equity method

Associated companies are all the entities where the Parent company has a significant influence, yet not control; however, its voting rights normally fluctuate between 20% and 50%. The investments in associated companies are accounted for using the equity method and they are initially recognized at cost and their carrying amount is either increased or decreased to recognize the proportion of the same in the net income and in the comprehensive income as a result of the conversion adjustments derived from translating the financial statements to other currencies. The investment in associated companies includes acquired goodwill (both net of any accumulated impairment loss).

The share, in the profits or losses after acquiring the associated companies, is recognized in the results and the share in the movements in reserves after the acquisition is recognized in the Comprehensive Income. When the Group's share in the losses of an associated company is equal to or higher than its ownership in the same, including any other unsecured account receivable, no additional losses are recognized unless obligations or payments have been made on behalf of the associated company.

Unrealized profits relating to transactions between the Group and associated companies are eliminated depending on the share percentage of the same. Unrealized losses are also eliminated, unless the transaction evidences a loss due to the asset impairment. When necessary to ensure the accounting policies of the associated companies are in line with the Group policies, the former are amended accordingly.

Note 14 provides details of the investment in associated companies.

Note 3 – Summary of Significant Accounting Policies (continued)

(h) Intangible assets

Goodwill

Goodwill represents the difference between the acquisition value of the shares or business rights of subsidiaries and associates and the fair value of identifiable assets and liabilities, including identifiable contingent assets and liabilities as of the acquisition date.

Investments goodwill is not amortized, and as of each accounting period-end, impairment testing is made with the purpose of verifying that the recoverable value, if it is not lower than the net cost recorded, in which case an impairment adjustment is recorded.

Patents, registered trademarks and other rights

Patents, registered trademarks and other rights are mainly trademark rights, which have a defined useful life and are recorded at the cost incurred at their acquisition. Amortization is calculated using the straight-line method to assign the cost of patents, trademarks and other rights at the end of their estimated useful lives.

Computer programs

Licenses for computer programs acquired are capitalized on the basis of costs incurred to acquire and prepare for the use of a specific program. These costs are amortized over the lower of their estimated useful lives or the period of their licenses.

Expenses, related to the development or maintenance of computer programs, are recognized as an expense when they are incurred. Costs directly related to the production of single and identifiable computer programs controlled by the Company, and which will probably generate economic benefits in excess of their cost during more than one year, are recognized as intangible assets. Direct costs include expenses for the employees who develop computer programs and an adequate percentage of general expenses.

Computer program production costs recognized as assets are amortized during their estimated useful lives.

Research & development expenses

Research and development expenses are recognized as an expense when incurred. Costs incurred in development projects are recognized as intangible assets when they comply with the following requirements:

- Technically, it is possible to finish the production of the intangible asset, so that it is available for use or sale.
- Management has the intention of completing the intangible asset in question to use it or sell it.
- The entity is able to use or sell the intangible asset.
- It is possible to demonstrate the manner in which the intangible asset will generate probable economic benefits in the future.
- There are adequate technical, financial or other types of resources available to complete the development and to use or to sell the intangible asset.
- It is possible to reliably value the disbursement attributable to the intangible asset during its development.

Note 3 – Summary of Significant Accounting Policies (continued)

(h) Intangible assets (continued)

Research & development expenses (continued)

Other development expenditures are recognized as expenses when incurred. Development costs previously recognized as an expense, are not recognized as an asset in a subsequent year. Development costs with a finite useful life that are capitalized are amortized (from the time in which they start being used) using the straight-line method during the period in which they are expected to generate benefits.

(i) Property, plant and equipment

(i.1) Cost

Property, plant and equipment items are valued initially at cost, which comprises their purchase price, customs duties and any cost directly attributable to ensuring that the asset is in operating conditions for its intended use.

Property, plant and equipment items that are under construction (work-in-progress) can include the following accrued concepts during the construction period:

(i.1.1) Finance expenses related to external financing that are directly attributable to acquisition or production, either of a specific or generic nature.

In regard to generic financing, capitalized finance expenses are obtained by applying a capitalization rate, which will be determined with the weighted average of all the entity's interest costs for loans which have been effective during the period.

(i.1.2) Employee expenses and other expenses of an operating nature effectively supported in the construction of property, plant and equipment. .

Subsequent the initial recording of property, plant and equipment items are reduced by accumulated amortization and any accrued loss of value.

Extension, modernization or improvement costs that represent an increase in productivity, capacity or efficiency or an increase in the useful lives of assets are capitalized by increasing the value of the assets.

Repair, conservation and maintenance expenses are recorded with a charge to profit or loss in the year in which they are incurred.

The gain or loss resulting from the disposal or withdrawal of an asset is calculated, as the difference between the price obtained from the disposal and the value recorded in the accounting records, recognizing the charge or credit to profit or loss for the period.

Note 3 – Summary of Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

(i.2) Depreciation

Depreciation is calculated using the straight-line method, through distribution of the acquisition costs less the estimated residual value of the estimated useful lives of each item, detailed as follows:

Group of assets	**Years of estimated useful life**
Buildings and infrastructure	20 to 70
Facilities	5 to 33
Machinery and equipment	5 to 40
Engines and equipment	7
Other property, plant and equipment	2 to 10

Land is recorded independently from the buildings or facilities and is understood to have an infinite useful life, and therefore is not subject to depreciation.

Depreciation of property, plant and equipment under construction start when the assets are ready for use.

(j) Investment property

Madeco and its subsidiaries recognize, as investment property, the net value of land, buildings and other constructions that are held for operation as rentals or to obtain proceeds from their sale resulting from future increases in the respective market prices. These assets are not used for business activities or for the Company's own use.

Initially they are valued at acquisition cost, which includes acquisition or production cost plus expenses incurred that can be directly assigned to them. Subsequently, investment property is carried at acquisition cost less accumulated amortization and probable accrued expenses for impairment.

Assets classified as investment property are depreciated using the straight-line method over a mean term of 19 to 37 years, except for assets with indefinite lives (for example, land).

Note 3 – Summary of Significant Accounting Policies (continued)

(k) Impairment of non-financial assets

The Company and its subsidiaries periodically evaluate whether there is any indication that any of its assets may be impaired. If such an indication exists, the Company estimates the recoverable amount of the asset.

The recoverable amount is the greater of the fair value of an asset, less selling costs or value in use. To assess impairment losses, assets are grouped at the lowest level, for which separately identifiable cash flows exist (cash generating units).

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired, and its recoverable amount is decreased.

In evaluating value in use, estimated future cash flows are discounted, using a discount rate before taxes that reflects real market evaluations of the time value of money and specific risks of the asset.

An appropriate valuation model is used to determine fair value less cost to sell. These calculations are confirmed by valuation multiples, prices of companies that are publicly traded or other available fair value indications.

Impairment losses from continuing operations are recognized with a charge to profit or loss under expenses associated with the function of the impaired asset, except for previously revalued properties where the revaluation was recorded in equity. In this case the impairment is also recognized with a charge to equity, up to the amount of any prior revaluation.

For assets, excluding goodwill, the Company conducts an annual assessment of any indications that the previously recognized impairment loss might no longer exist or might have decreased. If such an indication exists, the Company and its subsidiaries estimate the recoverable amount. An impairment loss recognized previously is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last time that an impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This increased amount cannot exceed the carrying amount determined, net of depreciation, if this asset impairment loss had not been recognized in prior years. Such a reversal is recognized with a credit to profit or loss unless an asset is recorded at the revalued amount, in which case the reversal is treated as an increase on revaluation. The following criteria are also applied for the assessment of impairment of specific assets:

(k.1) Goodwill

The goodwill is reviewed at the end of each accounting period, for which purpose an impairment test is applied in order to confirm the carrying amount has not been impaired.

Goodwill impairment is determined by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which goodwill relates. An impairment loss is recognized when the recoverable amount of the cash generating unit(s) is lower than the carrying amount of the cash generating unit(s), to which goodwill has been assigned. Impairment losses related to goodwill cannot be reversed in future periods.

Note 3 – Summary of Significant Accounting Policies (continued)

(k) Impairment of non-financial assets (continued)

(k.2) Intangible assets with indefinite useful lives

Impairment of intangible assets with indefinite useful lives is tested annually at the individual level or cash-generating unit level, as applicable.

(l) Assets held for sale and discontinued operations

Non-current assets, whose carrying amount is recovered through a sales operation and not through their continuous use, are classified as available for sale and discontinued operations. This condition is considered to be fulfilled only when the sale is highly probable and the asset is available for immediate sale in its current status.

These assets are valued at the difference from the carrying amount and the fair value thereof, whichever is lower, less the sales cost and they are presented as current assets.

(m) Income recognition

Income is recognized to the extent that it is probable that economic benefits will flow to the Company and can be measured reliably. Income is measured at fair value of the payment received, excluding discounts, rebates and other sales taxes or duties. The following specific recognition criteria must be fulfilled prior to recognizing income:

(m.1) Sale of assets

Income from sale of assets is recognized when the significant risks and benefits of ownership of the assets have been transferred to the buyer, which generally occurs when the assets are shipped.

Note 3 – Summary of Significant Accounting Policies (continued)

(m) Income recognition (continued)

(m.2) Income from rendering services

Income associated with rendering services is recognized considering the level or completion of the service provided as of the balance sheet date, as long as income from the transaction can be estimated reliably.

(m.3) Interest income

Interest income is recognized to the extent that interest is accrued considering principal pending payment and the applicable interest rate.

(m.4) Dividends received

Income is recognized when the right of the Company and its subsidiaries to receive payment is established.

(n) Financial instruments - initial recognition and subsequent measurement

Management determines the classification of its financial assets at initial recognition.

Financial assets within the scope of IAS 39 are classified as financial assets held for trading (fair value through profit or loss), loans and accounts receivable, investments held to maturity or financial assets available for sale, as applicable. The Company and its subsidiaries have defined and valued their financial assets as follows:

(n.1) Financial assets held to maturity

Financial assets held to maturity are valued at amortized cost. Such assets correspond to non-derivative financial assets with fixed and determinable payments and fixed maturity, which the Company intends to hold to maturity. These assets are classified as current assets except for those that mature in more than one year, which are presented as non-current assets. Such investments, in their initial recognition, are not designated as financial assets at fair value through income, nor as available for sale and do not comply with the definition of loans and receivables.

(n.2) Loans and receivables

Loans and receivables are valued at amortized cost. Such assets correspond to non-derivative financial assets with fixed and determinable payments that are not traded in an active market. They arise from cash loan operations or sale of goods or services directly to a debtor without the intention of negotiating the account receivable, and also do not fit within the following categories:

- Those in which there is the intention to sell immediately in the near future and which are held for trading.
- Those designated in their initial recognition as available for sale.
- Those through which the holder does not have the intention of partially recovering substantially all the initial investments for reasons other than impairment of credit, and therefore must be classified as available for sale.

Note 3 – Summary of Significant Accounting Policies (continued)

(n) Financial instruments - initial recognition and subsequent measurement (continued)

(n.2) Loans and receivables (continued)

- After their initial recognition, these financial assets are measured at their amortized cost using the effective rate of interest method, less their credit impairment. Amortization of the effective interest rate is included in finance income in the statement of income. In their turn, impairment losses are recognized in the statement of income under administrative expenses.

These assets are classified as current assets with the exception of those maturing in more than one year, which are presented as non-current assets.

(n.3) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include all financial assets held for trading in order to be resold or repurchased in the short-term.

These are valued at their fair value with a charge or credit to profit or loss and classified either as held for trading or designated in their initial recognition as financial assets at fair value through profit or loss.

These assets are classified as current assets with the exception of those whose realization exceeds one year, which are presented as non-current assets.

This category also includes derivative financial instruments, which the company has not designated as hedge instruments in accordance with IAS 39. Embedded derivatives are considered trading instruments within this category.

Financial assets held for trading are recognized in the Statement of Financial Position at their fair value, and changes in fair value are recognized in the statement of income in finance income or finance cost accounts.

(n.4) Available-for-sale financial assets

Available-for-sale financial assets are valued at fair value. These correspond to non-derivative financial instruments that are designated as available for sale or are not classified in any of the previous three categories. Changes in fair value are recognized as a charge or credit to other equity reserves in other comprehensive income and hold from realization.

These assets are classified as current assets except for those which the Company's management estimates will be realized in over one year, which are presented as non-current assets.

Note 3 – Summary of Significant Accounting Policies (continued)

(n) Financial instruments - initial recognition and subsequent measurement (continued)

(n.5) Impairment of financial assets

(n.5.1) Financial investments held for sale

As of the statement of financial position closing date, the Company and its subsidiaries assess whether there is objective evidence that an investment held for sale has been impaired.

In the event that there is evidence of impairment for equity investments classified as held for sale, if there is a significant and extended decrease in the fair value of the investment below the acquisition cost. In cases where there is a cumulative impairment loss, measured as the difference between the acquisition cost and its current value, less any impairment loss previously recognized in income, it is transferred from other equity reserves (other comprehensive income) to profit or loss.

Impairment losses on investments available for sale are not reversed in the statement of income.

An increase in the fair value of investments, after having recognized an impairment loss, is classified in other equity reserves (other comprehensive income).

(n.5.2) Financial assets at amortized cost (loans and accounts receivable and instrument held to maturity)

Receivables are presented at net value, i.e. deducting impairment allowances (allowance for doubtful accounts).

The amount of the allowance is the difference between the carrying amount of the asset and the current value of estimated effective cash flows discounted at the effective interest rate.

This allowance is determined when there is evidence that the different companies in the Group will not receive payments in accordance with the original terms of sale. Allowances are established when the customer accepts a judicial bankruptcy or cessation of payments agreement, or when the Group has exhausted all debt collection instances in a reasonable period of time. In the case of our subsidiaries, allowances are estimated using a percentage of accounts receivable, which are determined on a case by case basis depending on the internal risk classification of the customer and on the age of the debt (days overdue).

(n.6) Financial liabilities

Financial liabilities include credits and interest-bearing loans, financial liabilities at fair value through profit or loss and others that can be classified as stated in IAS 39.

(n.6.1) Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the payment received, less direct costs attributable to the transaction. Subsequent to the initial recognition, they are measured at amortized cost using the effective interest rate method.

Net gains or losses are recognized with a charge or credit to profit or loss when the liabilities are derecognized or amortized.

Note 3 – Summary of Significant Accounting Policies (continued)

(n) Financial instruments - initial recognition and subsequent measurement (continued)

(n.6) Financial liabilities (continued)

(n.6.2) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include; financial liabilities held for trading and financial liabilities designated in their initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they have been acquired for the purpose of selling them in the short-term. Derivatives, including embedded derivatives, are also classified as held for trading unless they are designated as effective hedge instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

When a contract contains one or more embedded derivatives, the entire hybrid contract can be designated as a financial liability at fair value through profit or loss, except when the implicit derivative does not significantly change cash flows or it is clear that the unbundling of the implicit derivative is prohibited.

Financial liabilities can be designated in the initial recognition, as at fair value through profit or loss, if they meet the following criteria:

(1) the designation reduces or significantly eliminates the inconsistent treatment that otherwise would result from measuring liabilities or recognizing net gains or losses on them on a different basis;

(2) liabilities are part of a group of financial liabilities that are administered and their performance is evaluated on the basis of fair value, in accordance with a documented risk management strategy;

(3) the financial liability contains an embedded derivative that would need to be recorded separately.

As of December 31, 2012 and December 31, 2011, no financial liabilities at fair value through profit or loss have been designated.

(n.7) Classification of financial instruments and liabilities

The classification of financial instruments and liabilities according to their category and valuation is disclosed in Note 24 Financial Instruments.

Note 3 – Summary of Significant Accounting Policies (continued)

(o) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, including currency forward contracts, commodity price futures and interest rate swaps for the purpose of hedging risks associated with interest rate fluctuations, commodity prices and foreign exchange rates. Those instruments are initially recognized at fair value on the date on which the derivative contract is signed and are subsequently re-measured at fair value. Derivatives are recorded as assets, when the fair value is positive and as liabilities, when the fair value is negative.

Any gain or loss arising from changes in the fair value of derivatives during the period that do not qualify for hedge accounting is taken directly to the statements of income.

The fair value of currency forward contracts is calculated in reference to current exchange rate forward contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined in reference to the market value of similar instruments.

For hedge accounting purposes, hedges are classified as:

- Fair value hedges, when they hedge exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except in the case of foreign currency risk); or

- Cash flow hedges when they cover exposure to the variability of cash flows that are attributable to a particular risk associated with a recognized asset or liability, a highly probable expected transaction, or foreign currency risk in an unrecognized firm commitment.

At the beginning of a hedge relationship, the Company formally designates and documents the hedge relationship, to which the Company wishes to apply hedge accounting and the risk management objective as well as the strategy to carry out the hedge. Documentation includes identification of the hedge instrument, item or hedged transaction, the nature of the risk that is being hedged and how the entity will evaluate the effectiveness of the hedge instrument to counteract the exposure to changes in the fair value of the hedged item or in cash flows attributable to the hedged risk. It is expected that such hedges will be highly effective in counteracting changes in fair value or cash flows and are assessed on an ongoing basis to determine their effectiveness during the financial reporting periods, for which they were designated.

Hedges that meet the strict hedge accounting criteria are recorded as follows:

(o.1) Fair value hedges

The change in fair value of a hedge derivative is recognized with a charge or credit to profit or loss as applicable. The change in fair value of a hedge item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item and also recognized in profit or loss.

For fair value hedges related to items recorded at amortized cost, the adjustment to the carrying amount is amortized against profit or loss over the remaining period up to maturity. Any adjustment to the carrying amount of a hedged financial instrument, for which an effective rate is used is amortized against profit or loss at its fair value attributable to the risk that is being hedged.

If the hedged item is reversed after being recognized, the fair value not subject to amortization is recognized immediately in the statement of income.

Note 3 – Summary of Significant Accounting Policies (continued)

(o) Derivative financial instruments and hedge accounting (continued)

(o.1) Fair value hedges (continued)

When an unrecognized firm commitment is designated as a hedged item, the subsequent accumulated change in fair value of the firm commitment attributable to the hedged risk, is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of income. Changes in the fair value of a hedge instrument are also recognized in the statement of income.

(o.2) Cash flow hedges

The effective portion of gains or losses on the hedge instrument is initially recognized directly in equity, while any ineffective portion is recognized immediately with a charge or credit to profit or loss, as applicable.

Amounts taken to equity are transferred to the statements of income when the hedged transaction affects the statements of income, such as when the hedged finance income or finance cost is recognized or when there is a forecasted sale. When the hedged item is the cost of a non-financial asset or liability, amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the expected transaction or firm commitment is no longer expected to occur, the amounts previously recognized in equity are transferred to the statements of income. If the hedge instrument matures, is sold, exercised without replacement or rolled over, or if its designation as a hedge is revoked, the amounts previously recognized in equity remain in equity until the expected transaction or firm commitment occurs.

(o.3) Classification of financial and hedging derivative instruments

The classification of financial derivatives and hedging derivative instruments according to their category and valuation is disclosed in Note 24 Financial Instruments and Note 10 Hedging Assets and Liabilities.

Note 3 – Summary of Significant Accounting Policies (continued)

(p) Cash and cash equivalents and statements of cash flows

Cash equivalents correspond to current investments that are highly liquid, easily convertible to known amounts of cash and subject to insignificant risk of changes in their value, maturing in three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents according to what has been previously defined, the net of outstanding bank overdrafts.

The statements of cash flows include the cash movements carried out during the year, determined using the direct method. In these statements of cash flows the following expressions are used with the following meanings:

- Cash flows: inflows and outflows of cash and other cash equivalents, understanding such as investments maturing in less than three months that are highly liquid and have low risk of changes in their value.

- Operating activities: activities that constitute the main source of operating income for the Group, as well as other activities that cannot be classified as from investing or financing activities.

- Investing activities: the acquisition, selling or disposal by other means of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that generate changes in the size and composition of net equity and of liabilities of a financial nature.

(q) Current and deferred income taxes

(q.1) Income tax

Income tax assets and liabilities for the current year and prior years have been determined considering the amount that is expected to be recovered or paid to tax authorities in accordance with legal provisions in force or substantially enacted as of the reporting date in all countries where the company operates and generates taxable income.

The effects are recorded with a charge to profit or loss except for items recognized directly in equity accounts, which are recorded with an effect on other reserves.

Note 3 – Summary of Significant Accounting Policies (continued)

(q) Current and deferred income taxes (continued)

(q.2) Deferred taxes

Deferred taxes have been determined using the balance sheet method over temporary differences between tax assets and liabilities and their respective carrying amounts.

Deferred tax liabilities are recognized for all taxable temporary differences except for the following transactions:

- Initial recognition of goodwill.
- Initial recognition of an asset or liability in a transaction that:
  (1) is not a business combination, and
  (2) at the time of the transaction does not affect profit or loss for accounting or tax purposes.
- Taxable temporary differences associated with investments in subsidiaries and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that temporary differences will not be reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences, tax credits for unused tax losses, to the extent that there is a probability that there will be taxable net income available for use, except for the following exceptions:

- Initial recognition of an asset or liability in a transaction that:
  (1) is not a business combination, and
  (2) does not affect profit or loss for accounting or tax purposes, at the time of transaction.

Regarding deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are recognized only to the extent that there is a probability that temporary differences will be reversed in the near future and that there will be net taxable income available for use.

As of the reporting date, the carrying amount of deferred tax assets is revised and reduced to the extent that it is probable that there will not be sufficient taxable net income available to allow recovery of all or part of the deferred tax asset.

As of the reporting date, unrecognized deferred tax assets are revalued and recognized to the extent that it has become probable that net taxable income will allow recovery of deferred tax asset.

Note 3 – Summary of Significant Accounting Policies (continued)

(q) Current and deferred income taxes (continued)

(q.2) Deferred taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable in the year when the asset is realized or the liability is settled, on the basis of tax rates (and tax laws) that have been enacted or substantially enacted as of the reporting date.

The deferred tax related to items recognized directly in equity is recorded with an effect on equity and without any effect on profit or loss.

Deferred tax assets and liabilities are presented as net in the statement of financial position, if there is a legally enforceable right to offset tax assets against tax liabilities and the deferred tax is related to the same tax entity and tax authority.

(r) Provisions

(r.1) General

Provisions are recognized when:

- The Company has a present obligation as the result of a past event,
- It is probable that an outflow of resources will be required including economic benefits to settle the obligation,
- A reliable estimate can be made of the amount of the obligation.

In the event that the provision or part of it is reimbursed, the reimbursement is recognized as a separate asset if there is certainty of the income.

In the statements of income, the expense for any provision is presented netted against any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a discount rate before tax that reflects the specific risks of the liability. When a discount rate is used, the increase in provision due to the passage of time is recognized as a finance cost.

(r.2) Post-employment benefits (termination benefits)

The Parent Company and the subsidiaries that operate in Chile, which have agreed with their employees to the payment of termination benefits have calculated this obligation on the basis of the actuarial value method, considering the terms of agreements and current contracts, considering an annual discount rate of 3.5%, plus a salary base adjusted by changes in the consumer price index (“CPI”) and an estimated period based on the age and probable permanence of each person until retirement.

The type of plan used by the Company corresponds to a defined benefit plan in conformity with IAS 19. The methodology used to determine the actuarial calculation is based on the forecasted unit of credit method. In order to determine the discount rate the Company has used the local sovereign bond rate (“BCU”) as a reference.

(r.3) Vacation accrual

The Company and its subsidiaries have recognized the cost for employee vacation on an accrual basis.

Note 3 – Summary of Significant Accounting Policies (continued)

(s) Lease agreements

Determination of whether an agreement is or contains a lease is based on its substance at its inception date and requires evaluation, as to whether compliance depends on the use of the specific asset or assets, or if the agreement grants the right to use the asset. There is a revaluation after the beginning of the lease only if one of the following situations is applicable:

(a) there is a change in the contractual terms, that is not a renewal or extension of the agreements;

(b) a renewal option is exercised or an extension is granted, unless the terms of the renewal or extension were included in the life of the lease;

(c) there is a change in the determination of whether compliance is dependent on a specific asset; or

(d) there is a substantial change in the asset.

When a revaluation is performed, the accounting for the lease shall commence or cease from the date when the change in circumstances led to the revaluation of scenarios a), c) or d) and as of the date of renewal or period of extension for scenario b).

(s.1) Finance lease

Finance leases that substantially transfer all the risks and incidental benefits to ownership of the leased item to the Company, are capitalized at the beginning of the lease at the fair value of the leased property, or if it is lower, at the present value of the minimum lease payments. Lease payments are distributed among financing charges and reduction of the lease obligation to obtain a constant interest rate on the pending balance of the liability. Interest expenses are charged and reflected in the statement of income.

Capitalized leased assets are subject to depreciation over the lower of the estimated useful life of the asset and the life of the lease, if there is no reasonable certainty that the Company will obtain ownership at the end of the life of the lease.

(s.2) Operating lease

When the Company or Group companies act as a lessee and the agreement qualifies as an operating lease, total payments are recognized using the straight-line method as expenses in the operating statement of income during the life of the lease.

At the end of the operating lease agreement term, any penalty payments on the agreement required by the lessor are recorded in expenses for the period in which the agreement ends.

Note 3 – Summary of Significant Accounting Policies (continued)

(t) Earnings per share

Basic earnings per share are calculated by dividing net profit for the period attributable to the Parent and the average weighted number of ordinary shares outstanding during that period, without including the average number of shares of the Parent held by a subsidiary, if applicable at any time. Madeco and its subsidiaries have not carried out any type of operation with a potential dilutive effect that assumes diluted earnings per share other than basic earnings per share.

(u) Business combinations and goodwill

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3R. This involves recognizing identifiable assets (including intangible assets not recognized previously) and liabilities (including contingent liabilities and excluding future restructuring) of the business acquired at fair value.

Goodwill in a business combination is initially measured at cost, as the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities from the acquisition. After the initial recognition, goodwill is measured at cost less any accumulated impairment loss. For impairment testing purposes, goodwill in a business combination is assigned from the date of acquisition to each of the Company's cash generating units or groups of cash generating units that are expected to benefit from the combination, notwithstanding whether other assets or liabilities of the Company are assigned to these units or groups of units. Each unit or group of units to which goodwill is assigned:

(u.1) represents the lowest level within the Company at which goodwill is monitored for internal management purposes; and

(u.2) is not larger than a segment based on the primary or secondary reporting format (IFRS 8).

When goodwill is a part of a cash generating unit (group of cash generating units) and part of the operation within that unit is sold, goodwill associated with the sold operation is included in the carrying amount of that operation to determine gains or losses from the sale of that operation. Goodwill sold under these circumstances is measured on the basis of relative values of the sold operation and the retained portion of the cash generating unit.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative foreign currency conversion differences and goodwill not subject to amortization are recorded with a charge or credit to profit or loss.

Business combinations acquired prior to March 2001, are recorded at their equity value based on the carrying amounts of each subsidiary.

Goodwill originating in the acquisition of these investments has not been assigned to net assets at fair value. After initial recognition, goodwill is measured at cost less any cumulative impairment loss.

Note 3 – Summary of Significant Accounting Policies (continued)

(v) Joint ventures

The Company has joint control over the companies Peruplast S.A. (Peru), Empaques Flexa S.A.S. (Colombia), Efren Soluciones S.A. (Perú) and Inmobiliaria Eliseo S.A. (Perú). The accounting method used for recognition of the investment is proportional consolidation. The financial statements of the joint venture are prepared for the same financial years as Madeco S.A. and its subsidiaries and under the same accounting standards.

Joint businesses, under IAS 31, are understood as those where there is joint control, which is generated solely when decisions on strategic activities, both financial and operating, require unanimous consent from the parties sharing such control.

(w) Current and non-current classification

In the accompanying consolidated statements of financial position, balances are classified considering their maturity, i.e. those maturing in a period equal to or less than twelve months are classified as current and those maturing in more than twelve months are classified as non-current. Should there be any obligations maturing in less than twelve months, but whose non-current refinancing is assured at the Company's discretion through loan agreements available with no conditions maturing in the long-term, these could be classified as non-current liabilities.

(x) Minimum dividend

Article No. 79 of the Chilean Companies Act establishes that unless a different agreement is adopted at the respective meeting by the unanimous vote of the holders of the shares issued, open public corporations must annually distribute as a cash dividend to shareholders, in proportion to their shares or in the proportion established in the by-laws should there be preferred shares, at least 30% of profit for each period, except when cumulative deficit from prior years must be absorbed. Since achieving a unanimous agreement is practically impossible due to the split shareholding composition of Madeco's share capital, as of each year-end the amount of the obligation with shareholders is determined, net of interim dividends approved during the year, and is recorded in the accounting records under "other current liabilities", with a charge to "retained earnings (cumulated deficit)" in net equity. Interim and final dividends are recorded as lower "net equity" at the time of approval by the competent organization, which in the first case normally is the Company's Board of Directors, whereas in the second case it is the responsibility of the shareholders at the General Shareholders' Meeting.

(y) Segment reporting

The Company applied IFRS 8 which establishes standards to report on operating segments in the annual financial statements, as well as related disclosures about products, services and geographical areas. The results and balances of segment assets and liabilities are measured in accordance with the same accounting policies applied to the financial statements. The transactions and unrealized results between the segments are eliminated. Operating segments are defined as components of a company for which the information on the financial statements is available and is regularly assessed by the chief operating decision maker ("CODM") regarding the allocation of resources and performance appraisal. Since 2009, there are four operating business segments: Corporate, Brass Mills, Flexible Packaging and Profiles.

Note 3 – Summary of Significant Accounting Policies (continued)

(y) Segment reporting (continued)

As of December 31, 2012, the four segments of the Company are described as follows:

Corporate

The Parent Company has investments, which generate finance income from interest accrued on the use of cash flows obtained from assets classified in investment properties, financial assets. These assets are mainly located in Chile. Together with this, this unit includes the shares of Nexans owned by Madeco S.A..

Brass Mills

The Company's brass mills segment produces a variety of products used by manufacturers of durable goods, suppliers for the mining industry and distributors of construction materials. These products include tubes, sheets, bobbins, flanges and bars made of copper, aluminum and alloys. Madeco S.A. is the leader in the manufacturing of tubes and sheets in Chile and is the third player in the Argentine market.

This unit currently has two plants in Chile and two in Argentina. Within Chile, there is a plant in Santiago that manufactures tubes and sheets in a foundry. In addition, the plants located in Argentina are located close to Buenos Aires, in Llavallol and Barracas. A large part of the physical sales of this unit correspond to exports, which are mostly exported from operations in Chile.

Flexible packaging

The Company's flexible packaging segment manufactures packaging for mass consumption products using flexography and rotogravure printing technologies. These products are manufactured primarily using polyethylene, polypropylene and PVC resins, aluminum and other materials. The Company's customer portfolio is mainly composed of multinational and domestic companies, mass consumption product manufacturers within the food, snack and home product segments.

The Company has a regional presence with plants in Chile, Argentina, Peru and since 2012 in Colombia, these two latter operations are handled as a "joint venture". These plants not only supply domestic markets, but cover the regional and international markets.

Profiles

The Company's profile segment manufactures aluminum and PVC profiles, which are used for industrial and construction purposes. Together with profiles, the Company offers aluminum and PVC door and window systems (the kit includes profiles, glass and hardware) and commercializes its products throughout Chile through a commercial network. Likewise, this unit offers technical advisory services for works and certification to the network of assemblers.

The Company has two production plants located in Chile dedicated to manufacturing aluminum and PVC profiles.

Note 4 – New Accounting Pronouncements

As of the date of issuance of these consolidated financial statements, the improvements and amendments to IFRS, as well as the interpretations that have been published in the period are detailed below. As of the date of these financial statements, these standards are still not in force, and the Company has not conducted an early adoption:

a) New accounting standards

New standards		**Date of mandatory application**
IFRS 7	Financial Instruments: Disclosures	01-01-2013
IFRS 9	Financial Instruments: Classification and Disclosures	01-01-2015
IFRS 10	Consolidated Financial Statements	01-01-2013
IFRS 11	Joint Arrangements	01-01-2013
IFRS 12	Disclosures of Interests in Other Entities	01-01-2013
IFRS 13	Fair Value Measurement	01-01-2013

IFRS 7 "Financial Instruments: Disclosures"

In December 2011, an amendment to IFRS 7 was issued, which requires entities to disclose in the financial information the effects or possible effects of the compensation agreements on the financial instruments about the entity's financial position. The standard will be effective from January 1, 2013.

The Company evaluated the impact(s) generated or potentially generated by the abovementioned regulation, estimating that this (these) would not significantly affect the financial statements.

IFRS 9 "Financial Instruments"

This Standard introduces new requirements for the classification and measurement of financial assets, early adoption is permitted. It requires that all financial assets are classified based on the entity's business model for the management of financial assets and the characteristics of the contractual cash flows of the financial liabilities. The financial asset under this standard are measured at amortized cost or at fair value. Only the financial assets that are classified as measured at amortized cost shall be impairment tested. Its application is effective for annual periods beginning on or after January 1, 2015, early adoption is permitted.

The Company evaluated the impact(s) generated or potentially generated by the abovementioned regulation, estimating that this (these) would not significantly affect the financial statements.

IFRS 10 "Consolidated financial statements" / IAS 27 "Separate financial statements"

This Standard supersedes the portion of IAS 27 *Consolidated and Separate Financial Statements,* which deals with the accounting for consolidated financial statements. It also includes the issues in SIC 12 *Special Purpose Entities*. IFRS 10 establishes a single control model applicable to all entities (including special purpose entities or structured entities). The changes introduced by IFRS 10 will significantly make management apply professional judgment in the determination of which entity is controlled and which should be consolidated by referring to the requirements of IAS 27.

Note 4 – New Accounting Pronouncements (continued)

a) New accounting standards (continued)

IFRS 10 "Consolidated financial statements" / IAS 27 "Separate financial statements" (continued)

With the application of IFRS 10, as of January 1, 2013 (with retroactive application to 2012), the Alusa Group, although it holds a 50% share in Peruplast S.A. (Peru), Empaques Flexa S.A.S. (Colombia), Efren Soluciones S.A. (Peru) and Inmobiliaria Eliseo S.A. (Peru) shall consider these companies as affiliates, since on January 2, 2013 it signed a Declaration regarding the direction and administration of activities related to Peruplast S.A. (Peru), Empaques Flexa S.A.S. (Colombia), Efren Soluciones S.A. (Peru) and Inmobiliaria Eliseo S.A. (Peru). In this act, it was determined that both Alusa S.A. and Inversiones Alusa S.A. unilaterally control the activities related to the abovementioned companies, and therefore these shall be included within the consolidation (see Note 35 on Subsequent Events).

IFRS 11 "Joint Arrangements"/ IAS 28 "Investments in associates and joint ventures"

IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC 13 Jointly *Controlled Entities – Non-Monetary Contributions by Venturers*. IFRS 11 uses some of the same terms that were used in IAS 31, but with different meanings. Whereas IAS 31 identifies 3 forms of joint ventures, IFRS 11 addresses only 2 forms of joint ventures (joint ventures and joint operations), when there is joint control. Because IFRS 11 uses the control principle of IFRS 10 to identify control, the determination of whether there is joint control may change. Also, IFRS 11 removes the choice of accounting for jointly-controlled entities (JCEs) by using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture (as newly defined) must be accounted for using the equity method. For joint operations, including jointly controlled operations, jointly controlled assets and, potentially, some former JCEs), an entity recognizes its assets, liabilities, incomes and expenses, if any. The issuance of IFRS 11 amended in a limited manner to IAS 28 in regards to issues related to associates and available-for-sale joint ventures and ownership interest changes in associates and jointly-controlled entities.

For the Alusa S.A. subsidiary, as a consequence of the application of IFRS 11 Joint Arrangements, as of January 1, 2013, its jointly controlled companies, which on the closing date of the present financial statements were consolidated proportionally, will begin to be reported under the total consolidation method (100%), see Note 35 on Subsequent Events following the close of the financial period.

The main categories of the consolidated financial statements for the Alusa S.A. subsidiary are presented below, in order to show the effects of the retroactive application of the IFRS 11 Joint Arrangements:

Consolidated Classified Statements of Financial Position	**Dec-31-2012 Actual ThUS$**	**Dec-31-2012 With IFRS 11 ThUS$**
Assets		
Current assets	128,520	69,338
Non-current assets	128,822	120,577
Total assets	**257,342**	**189,915**
Liabilities		
Current liabilities	102,599	50,143
Non-current liabilities	34,744	19,763
Equity	120,009	120,009
Total liabilities and equity	**257,352**	**189,915**

Note 4 – New Accounting Pronouncements (continued)

a) New accounting standards (continued)

IFRS 11 "Joint Arrangements"/ IAS 28 "Investments in associates and joint ventures" (continued)

The main categories of the consolidated financial statements for the Alusa S.A. subsidiary are presented below, in order to show the effects of the retroactive application of the IFRS 11 Joint Arrangements, continued:

Consolidated Statements of Comprehensive Income by Function	Dec-31-2012 Actual ThUS$	Dec-31-2012 With IFRS 11 ThUS$
Sales	242,423	152,616
Cost of sales	(192,850)	(123,565)
Gross profit	**49,573**	**29,051**
Administrative expenses and Distribution costs	(23,858)	(17,478)
Profits (losses) from operational activities	**25,715**	**11,573**
Share in profit (loss) of associates and joint ventures accounted for using the equity method	-	9,382
Other gains (losses)	(1,608)	(44)
Profit (loss) before taxes	**24,107**	**20,911**
Income tax expense	(7,032)	(3,836)
Profit (loss) from continuing operations	**17,075**	**17,075**
Profit from discontinued operations		
Profit (loss)	**17,075**	**17,075**

IFRS 12 "Disclosures of Interests in Other Entities"

IFRS 12 includes all the disclosures previously included in IAS 27 regarding consolidation, as well as all of the disclosures previously included in IAS 31 and IAS 28. These disclosures refer to the interest in an entity's related parties, joint agreements, associates and structured entities. A number of new disclosures are also required.

The Company evaluated the impact(s) generated or potentially generated by the abovementioned regulation, estimating that this (these) would not significantly affect the financial statements.

Note 4 – New Accounting Pronouncements (continued)

a) New accounting standards (continued)

IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single framework for measuring fair value, when this is required or permitted by IFRS. It does not change when the entity must use the fair value. The standard changes the definition of fair value; Fair Value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement. It also includes some new disclosures.

The Company evaluated the impact(s) generated or potentially generated by the abovementioned regulation, estimating that this (these) would not significantly affect the financial statements.

b) Accounting improvements and amendments

Improvements and Amendments		Date of mandatory application
IAS 1	Presentation of Financial Statements	01-07-2012
IAS 19	Employee Benefits	01-01-2013
IAS 27	Separate Financial Statements	01-01-2013
IAS 28	Investment in Associates and Joint Ventures	01-01-2013
IAS 32	Financial Instruments: Presentation	01-01-2014

IAS 1 Presentation of Financial Statements

Amendments to IAS 1 are related to the presentation of the entries of Other Comprehensive Income, giving the choice to present, in a single section or separately, the income for the period and the comprehensive income. They also modify paragraphs related to the information to be presented for the income for the period or other comprehensive income. All of this implies making amendments to other standards that are affected by this improvement: IFRS 1 First-time Adoption of IFRS modifies its paragraph 21 and adds paragraph 39k; IFRS 5 Non-current Assets Held for Sale and Discontinued Operations modifies paragraph 33A and adds paragraph 44I; IFRS 7 financial Instruments: Disclosures modifies paragraph 27B and adds paragraph 44Q; IAS 12 Income Taxes modifies paragraph 77, eliminates 77A and adds 98B; IAS 20 Accounting for Government Grants and Disclosure of Government Assistance modifies paragraph 29, eliminates paragraph 29A and adds paragraph 46; IAS 21 The Effects of Changes in Foreign Exchange Rates modifies paragraph 39 and adds paragraph 60H; IAS 32 Financial Instruments: Presentation modifies paragraph 40 and adds paragraph 97K; IAS 33 Earnings per Share modifies paragraphs 4A, 67A, 68A and 73A and adds paragraph 74D; IAS 34 Interim Financial Reporting modifies paragraphs 8, 8A, 11A and 20 and adds paragraph 51. The application of these modifications is compulsory for annual periods beginning on July 1, 2012. Early adoption is permitted and should be disclosed.

The Company evaluated the impact(s) generated or potentially generated by the abovementioned regulation, estimating that this (these) would not significantly affect the financial statements.

Note 4 – New Accounting Pronouncements (continued)

b) Accounting improvements and amendments (continued)

IAS 19 "Employee Benefits"

On June 16, 2011, the IASB published the amendments to IAS 19, Employee Benefits, which change the accounting for defined benefit plans and termination benefits. The amendments require the recognition of the changes in defined benefit obligations and in plan assets when those changes occur, eliminating the approach of the broker and accelerating the recognition of past service costs. The changes in the defined benefit obligation and plan assets are disaggregated in three components: service costs, net interest on defined benefit liabilities (assets) and re-measurements of net defined benefit liabilities (assets). The net interest is calculated using a return rate for high-quality corporate bonds. This may be lower than the rate currently used to calculate the expected return on plan assets, resulting in a decrease in earnings for the year. The amendments are effective for annual periods beginning on or after January 1. 2013, early adoption is permitted. Retrospective application is required with some exceptions.

The Company evaluated the impact(s) generated or potentially generated by the abovementioned regulation, estimating that this (these) would not significantly affect the financial statements.

IAS 32 "Financial Instruments: Presentation"

The amendments to IAS 32, issued in December 2011, are intended to clarify differences in the application related to compensation and to reduce the level of diversity in the current practice. The standard will be effective from January 1, 2014 and its early adoption is permitted.

The Company evaluated the impact(s) generated or potentially generated by the abovementioned regulation, estimating that this (these) would not significantly affect the financial statements.

Note 5 – Changes in Estimates and Accounting Policy (Consistent Presentation)

5.1 Changes in accounting estimates

The Company has made no changes in accounting estimates as of the closing date of these consolidated financial statements.

5.2 Changes in accounting policies

The Company's consolidated financial statements, as of December 31, 2012, present no changes in the accounting policies and estimates compared to the prior period.

The consolidated statements of financial position, as of December 31, 2012 and the consolidated statements at December 31, 2011, and the comprehensive income, net equity and cash flows for the period ended December 31, 2012 and 2011, have been prepared in conformity with IFRS. The accounting principles and criteria applied are consistent.

Note 6 – Cash and Cash Equivalents

a) Cash and cash equivalents are detailed as follows:

	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Cash	1,422	392
Cash in banks	7,108	9,173
Current deposits	528	8,041
Other	2,329	3,229
Total	**11,387**	**20,835**

b) Cash and cash equivalents, organized by currency are detailed as follows

	Currency	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Cash and cash equivalents	US$	5,707	15,312
Cash and cash equivalents	CLP	3,945	4,547
Cash and cash equivalents	BRL	-	1
Cash and cash equivalents	ARS	51	364
Cash and cash equivalents	PEN	1,043	611
Cash and cash equivalents	EUR	13	-
Cash and cash equivalents	Others	628	-
Total		**11,387**	**20,835**

Note 7 – Trade and Other Receivables

As of December 31, 2012 and December 31, 2011, trade and other receivables are detailed as follows:

a) Trade and other receivables, current

Gross amount	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Trade receivables	91,351	82,148
Other receivables	13,767	7,737
Total	**105,118**	**89,885**

Net amount	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Trade receivables	89,158	79,769
Other receivables	13,767	7,737
Total	**102,925**	**87,506**

Note 7 – Trade and Other Receivables (continued)

b) Trade and other receivables, non-current

Gross amount	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Other receivables	6	8
Total	**6**	**8**

Net amount	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Other receivables	6	8
Total	**6**	**8**

Expiration terms of trade and other receivables, not overdue, as of December 31, 2012 and December 31, 2011, are detailed as follows:

Trade and other receivables due	Balance as of	
	Dec. 31, 2012	Dec. 31, 2011
	ThUS$	ThUS$
Maturity in less than three months	83,259	75,795
Maturity between three and six months	1,614	1,869
Maturity in over twelve months	6	8
Total trade receivables due	**84,879**	**77,672**

Expiration terms of trade and other receivables overdue, but not impaired, as of December 31, 2012 and December 31, 2011, are detailed as follows:

Trade and other receivables overdue, unpaid but not impaired	Balance as of	
	Dec. 31, 2012	Dec. 31, 2011
	ThUS$	ThUS$
Maturity in less than three months	15,927	8,441
Maturity between three and six months	809	512
Maturity between six and twelve months	652	889
Maturity in over twelve months	664	-
Total trade receivables overdue, unpaid but not impaired	**18,052**	**9,842**

Expiration terms of trade and other receivables overdue and impaired as of December 31, 2012 and December 31, 2011 are detailed as follows:

Trade and other receivables overdue and impaired	Balance as of	
	Dec. 31, 2012	Dec. 31, 2011
	ThUS$	ThUS$
Maturity in less than three months	112	116
Maturity between three and six months	-	88
Maturity between six and twelve months	1,004	872
Maturity in over twelve months	1,077	1,303
Total trade receivables overdue and impaired	**2,193**	**2,379**

Note 7 – Trade and Other Receivables (continued)

Impaired trade receivables, as of December 31, 2012 and December 31, 2011, are detailed as follows:

Carrying amount of trade and other receivables	Balance as of	
	Dec. 31, 2012	Dec. 31, 2011
	ThUS$	ThUS$
Trade receivables	2,193	2,379
Total	**2,193**	**2,379**

Movements in impaired trade and other receivables are detailed as follows:

Trade and other receivables overdue, unpaid and impaired	Balance as of	
	Dec. 31, 2012	Dec. 31, 2011
	ThUS$	ThUS$
Opening balance	2,379	5,209
Derecognition of impaired financial assets for the period	(423)	(2,009)
Increase (decrease) for the period	53	(607)
Effect on exchange rate variations	184	(214)
Final balance	**2,193**	**2,379**

Note 7 – Trade and Other Receivables (continued)

c) Stratification of the commercial debtors portfolio and other accounts receivable.

c.1) Stratification of securitized and non-securitized portfolio

Commercial debtors and accounts receivable	As of December 31, 2012											
		Default										
	Up-to-date Portfolio	1- 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	151 - 180 days	181 - 210 days	211 - 250 days	over 251 days	Total Current	Total Noncurrent
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Gross Commercial Debtors	57,934	18,288	6,693	2,872	349	270	489	733	871	1,082	**89,581**	**-**
Other Gross Accounts Receivable	13,767	-	-	-	-	-	-	-	-	-	**13,767**	**6**
Subtotal Non-Securitized Portfolio	**71,701**	**18,288**	**6,693**	**2,872**	**349**	**270**	**489**	**733**	**871**	**1,082**	**103,348**	**6**
Gross Commercial Debtors	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Other Gross Accounts Receivable	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Subtotal Securitized Portfolio	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Securitized and Non-Securitized Portfolio (gross value)	**71,701**	**18,288**	**6,693**	**2,872**	**349**	**270**	**489**	**733**	**871**	**1,082**	**103,348**	**6**

Commercial debtors and accounts receivable	As of December 31, 2011											
		Default										
	Up-to-date Portfolio	1- 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	151 - 180 days	181 - 210 days	211 - 250 days	over 251 days	Total Current	Total Noncurrent
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Gross Commercial Debtors	35,458	31,419	6,599	3,051	252	1,557	171	694	62	732	**79,995**	**-**
Other Gross Accounts Receivable	7,737	-	-	-	-	-	-	-	-	-	**7,737**	**8**
Subtotal Non-Securitized Portfolio	**43,195**	**31,419**	**6,599**	**3,051**	**252**	**1,557**	**171**	**694**	**62**	**732**	**87,732**	**8**
Gross Commercial Debtors	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Other Gross Accounts Receivable	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Subtotal Securitized Portfolio	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Securitized and Non-Securitized Portfolio (gross value)	**43,195**	**31,419**	**6,599**	**3,051**	**252**	**1,557**	**171**	**694**	**62**	**732**	**87,732**	**8**

Note 7 – Trade and Other Receivables (continued)

c) Stratification of the commercial debtors portfolio and other accounts receivable, continued.

c.2) Stratification of non-securitized portfolio by non-renegotiated and renegotiated, compared to the balance of trade receivables

NON-SECURITIZED PORTFOLIO (Commercial Debtors)	As of December 31, 2012						As of December 31, 2011					
	Non-Renegotiated Portfolio		Renegotiated Portfolio		Total Gross Portfolio		Non-Renegotiated Portfolio		Renegotiated Portfolio		Total Gross Portfolio	
	Number of clients	Gross Amount ThUS$	Number of clients	Gross Amount ThUS$	**Number of clients**	**Gross Amount ThUS$**	Number of clients	Gross Amount ThUS$	Number of clients	Gross Amount ThUS$	**Number of clients**	**Gross Amount ThUS$**
Up-to-date Portfolio	1,889	57,911	3	23	**1,892**	**57,934**	1,695	35,320	5	138	**1,700**	**35,458**
Between 1 and 30 days	787	18,280	1	8	**788**	**18,288**	833	31,416	3	3	**836**	**31,419**
Between 31 and 60 days	375	6,686	1	7	**376**	**6,693**	173	6,598	2	1	**175**	**6,599**
Between 61 and 90 days	206	2,865	2	7	**208**	**2,872**	99	3,050	1	1	**100**	**3,051**
Between 91 and 120 days	164	336	2	13	**166**	**349**	32	244	2	8	**34**	**252**
Between 121 and 150 days	134	263	1	7	**135**	**270**	45	1,556	1	1	**46**	**1,557**
Between 151 and 180 days	146	482	1	7	**147**	**489**	30	171	-	-	**30**	**171**
Between 181 and 210 days	70	733	-	-	**70**	**733**	67	694	-	-	**67**	**694**
Between 211 and 250 days	36	871	-	-	**36**	**871**	35	62	-	-	**35**	**62**
Over 251 days	212	1,082	-	-	**212**	**1,082**	107	732	-	-	**107**	**732**
Total	**4,019**	**89,509**	**11**	**72**	**4,030**	**89,581**	**3,116**	**79,843**	**14**	**152**	**3,130**	**79,995**

c.3) Protested Portfolio and Portfolio with Court Action for Collection

Protested Portfolio and Portfolio with Court Action for Collection	As of December 31, 2012				As of December 31, 2011			
	Non-Securitized Portfolio		Securitized Portfolio		Non-Securitized Portfolio		Securitized Portfolio	
	Number of Clients	Amount ThUS$	Number of Clients	Amount ThUS$	Number of Clients	Amount ThUS$	Number of Clients	Amount ThUS$
Protested documents receivable	73	780	-	-	88	267	-	-
Documents receivable with Court Action for Collection	91	990	-	-	134	1,886	-	-
Total Protested Portfolio and Portfolio with Court Action for Collection (gross value)	**164**	**1,770**	**-**	**-**	**222**	**2,153**	**-**	**-**

c.4) Provisions and Penalties

Provisions and Penalties	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Provision for non-renegotiated portfolio	2,121	2,227
Provision for renegotiated portfolio	72	152
Penalties during the period	(423)	(2,009)
Recoveries during the period	53	-

Note 8 – Related Party Disclosures

The Parent and its subsidiaries have engaged current accounts, temporary investments and financial obligations with Banco de Chile (subsidiary of the Parent Company, Quiñenco S.A.). The rights and obligations maintained with this institution have been classified under the various line items in the financial statements, considering the nature of the balance and not that it is a related company, so as not to distort their analysis.

Class of asset or liability	Balance in ThUS$
Cash and cash equivalents – Bank current account	3,473
Cash and cash equivalents – Total	**3,473**

Transactions between related parties are carried out at market prices. No guarantees have been granted or received on account of, due from or to related parties.

As of December 31, 2012 and December 31, 2011, there are no allowances for doubtful accounts that reduce the balances receivable.

a) Due from related parties, current

Related party Taxpayer ID	Related Party Name	Relationship	Country of Origin	Transaction description	Currency	UP TO 90 DAYS Dec. 31, 2012 ThUS$	UP TO 90 DAYS Dec. 31, 2011 ThUS$
76.003.431-2	Aguas CCU Nestlé Chile S.A.	Related to the Parent	Chile	Rendering of services	CLP	190	160
76.180.102-3	Alte Retail Construcción y Comercial S.A.	Related to the Parent	Chile	Sale of products	CLP	131	56
96.989.120-4	Cervecera CCU Chile Ltda.	Related to the Parent	Chile	Sale of products	CLP	22	-
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Related to the Parent	Chile	Sale of products and services	CLP	239	262
99.542.980-2	Food Cía. de Alimentos CCU S.A.	Related to the Parent	Chile	Sale of products and services	CLP	8	-
Foreign	Supermercados Peruanos S.A.	Related to the Parent	Peru	Sale of products	USD	-	1
Total due from related parties, current						**590**	**479**

b) Due to related parties, current

Related party Taxpayer ID	Related Party Name	Relationship	Country of Origin	Transaction description	Currency	UP TO 90 DAYS Dec. 31, 2012 ThUS$	UP TO 90 DAYS Dec. 31, 2011 ThUS$
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Related to the Parent	Chile	Purchase of products	CLP	1	1
77.736.670-K	Vending Servicios CCU Ltda.	Related to the Parent	Chile	Purchase of products	CLP	1	1
Total due to related parties, current						**2**	**2**

Note 8 – Related Party Disclosures (continued)

c) Transactions with related parties are detailed as follows:

Taxpayer ID	Company	Country of Origin	Relationship	Transaction description	Dec. 31, 2012 Transaction Amount ThUS$	Dec. 31, 2012 Effect on profit or loss ThUS$	Dec. 31, 2011 Transaction Amount ThUS$	Dec. 31, 2011 Effect on profit or loss ThUS$
76.003.431-2	Aguas CCU Nestle Chile S.A.	Chile	Related to the Parent	Sale of products	1,275	1,071	884	743
76.180.102-3	Alte Retail Construcción y Comercial S.A.	Chile	Related	Sale of products	495	416	360	303
96.538.550-9	Armat S.A.	Chile	Common director (1)	Sale of products	-	-	1,112	934
96.538.550-9	Armat S.A.	Chile	Common director (1)	Services	-	-	150	126
96.538.550-9	Armat S.A.	Chile	Common director (1)	Purchase of products	-	-	1,727	-
97.004.000-5	Banco de Chile	Chile	Related to the Parent	Bank commissions	35	(32)	44	(39)
97.004.000-5	Banco de Chile	Chile	Related to the Parent	Loan interest	17,350	(99)	66	(66)
97.004.000-5	Banco de Chile	Chile	Related to the Parent	Deposit interest	21,001	8	50,168	273
96.989.120-4	Cervecera CCU Chile Ltda.	Chile	Related to the Parent	Sale of products	54	45	15	13
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Chile	Related to the Parent	Services	1,661	1,396	1,592	1,338
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Chile	Related to the Parent	Services and purchases	4	(3)	4	(3)
92.011.000-2	Empresa Nac. de Energía ENEX S.A.	Chile	Related to the Parent	Services	5	(3)	-	-
99.542.980-2	Foods Compañía de Alimentos CCU S.A.	Chile	Related to the Parent	Sale of products	18	15	16	14
78.896.610-5	Minera El Tesoro	Chile	Related to the Parent	Sale of products	111	94	-	-
78.896.610-5	Minera El Tesoro	Chile	Related to the Parent	Purchase of products	9,546	-	-	-
91.840.000-1	Minera Michilla S.A.	Chile	Related to the Parent	Sale of products	35	30	16	13
91.840.000-1	Minera Michilla S.A.	Chile	Related to the Parent	Purchase of products	3,649	-	-	-
Foreign	Nessus Perú S.A.	Peru	Common shareholders	Services	102	(102)	85	(85)
96.798.520-1	SAAM Extraportuarios S.A.	Chile	Related to the Parent	Services	2	(2)	-	-
92.048.000-4	Sudamericana Agencia Aerea y Maritima S.A.	Chile	Related to the Parent	Services	1	(1)	-	-
Foreign	Supermercados Peruanos	Peru	Common shareholders	Sale of products	-	-	2	2
77.736.670-K	Vending Servicios CCU Ltda.	Chile	Related to the Parent	Services	12	(10)	13	(11)
91.041.000-8	Viña San Pedro Tarapaca S.A.	Chile	Related to the Parent	Purchase of products	-	-	1	(1)
	Other executives	Chile	Key executives	Remuneration and benefits	1,985	(1,985)	2,003	(2,003)

(1) Includes transactions from January 1 to November 30 of 2011, a period when there was a director in common for both companies.

Note 8 – Related Party Disclosures (continued)

d) Compensation and benefits received by the Parent's key management personnel are detailed as follows:

Concept	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	ACCUMULATED Jan. 1, 2011 Dec. 31, 2011 ThUS$
Compensation received by key management personnel, salaries	1,103	1,310
Compensation received by key management personnel, managers' fees	246	290
Compensation received by key management personnel, Post-employment Benefit	125	-
Compensation received by key management personnel, other	511	403
Total compensation received by key management personnel	**1,985**	**2,003**

Note 9 – Inventory

Inventory is detailed as follows:

Classification of inventory	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Raw materials	27,943	23,297
Goods	13,654	13,526
Supplies for production	6,855	6,099
Work-in-progress	14,215	9,974
Finished products	16,314	11,709
Other inventory (1)	1,010	2,021
Total	**79,991**	**66,626**

(1) Includes mainly inventory-in-transit.

As described in Note 3f, inventory is valued at the lower of cost and net realizable value, and cost is determined using the weighted average method.

	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Amount of write-downs of inventory	971	834

Amounts that deduct balances, as of December 31, 2012 and December 31, 2011, mainly correspond to the adjustment of the net realizable value of materials for consumption.

	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	ACCUMULATED Jan. 1, 2011 Dec. 31, 2011 ThUS$
Inventory costs recognized as expenses during the period	345,826	360,006

The Company has not pledged any inventory as guarantee for the aforementioned periods.

Note 10 – Hedging Assets and Liabilities

a) As of December 31, 2012 and December 31, 2011, hedging assets are detailed as follows:

Classification of the hedging asset	Type of hedge	Hedged risk	Hedged item	CURRENT Dec. 31, 2012 ThUS$	CURRENT Dec. 31, 2011 ThUS$	NON-CURRENT Dec. 31, 2012 ThUS$	NON-CURRENT Dec. 31, 2011 ThUS$	FAIR VALUE Dec. 31, 2012 ThUS$	FAIR VALUE Dec. 31, 2011 ThUS$
Hedge Assets, Other Derivatives	Cash flows hedge instrument	Commodity price fluctuation risk exposure (Copper and Aluminum)	Sales and Inventory expected entry	-	42	-	-	-	42
Total hedging assets				**-**	**42**	**-**	**-**	**-**	**42**

b) As of December 31, 2012 and December 31, 2011, hedging liabilities are detailed as follows:

Classification of the hedging liability	Type of hedge	Hedged risk	Hedged item	CURRENT Dec. 31, 2012 ThUS$	CURRENT Dec. 31, 2011 ThUS$	NON-CURRENT Dec. 31, 2012 ThUS$	NON-CURRENT Dec. 31, 2011 ThUS$	FAIR VALUE Dec. 31, 2012 ThUS$	FAIR VALUE Dec. 31, 2011 ThUS$
Hedging liabilities, interest rate derivatives	Cash flow hedging instrument	Exposure to the interest rate risk	Bank loan at variable rate	-	25	-	-	-	25
Hedging liabilities, foreign currency derivatives	Fair value hedging instrument	Exposure to the exchange rate risk	Time deposit in Chilean Pesos	-	5	-	-	-	5
Hedging liabilities, other derivatives	Fair value hedging instrument	Exposure to the risk of changes in commodity prices (copper)	Copper inventory	44	117	-	-	44	117
Hedging liabilities, non-derivatives	Cash flow hedging instrument	Exposure to the risk of changes in commodity prices (copper and aluminum)	Sales expected item	64	132	-	-	64	132
Total hedging liabilities				**108**	**279**	**-**	**-**	**108**	**279**

Note 10 – Hedging Assets and Liabilities (continued)

1. Cash Flow Hedging Instruments

Subsidiaries Madeco Mills S.A., Indalum S.A. and Associated Nexans S.A. have recorded a cash flow hedge asset-liability to cover changes in the prices of commodities (Copper and Aluminum), setting the price of expected sales items. As of December 31, 2012, the related company Peruplast S.A. liquidated the coverage it for exposure to interest rate risk.

Changes net of deferred taxes in the cash flow hedging instrument (interest rate and sales) have been recorded as follows:

a) A net charge to equity of ThUS$ 104 for the year ended December 31, 2011 and a net credit of ThUS$ 7,588 for the year ended December 31, 2012. The credit for 2012 is mainly generated by the application of the equity method on the shareholders' equity (reserves) of the investment in associate Nexans S.A., whose equity value amounts to ThUS$ 7,491.

b) Subsidiary Madeco Mills S.A. and Indalum S.A. deducted an amount of ThUS$ 526 from equity net of deferred taxes in the period. These values translated respectively into credits by ThUS$ 464 and ThUS$ 62 to retained earnings, as of December 31, 2012 (with ThUS$ 270 credited and ThUS$ 126 charged respectively to retained earnings, as of 31.12.2011). These effects are due to hedges on expected sales.

In regards to the outstanding balance (payable) of ThUS$ 7,493, in equity as of December 31, 2012 and the future variations experienced by the hedging instrument (interest rate and sales), they are expected to have an impact on net income during 2013.

As of December 31, 2012 and 2011, no amount has been reclassified to the initial cost of a non-financial asset or liability, nor has any inefficiency been determined for all or a portion of the hedge instrument.

2. Fair value hedging instrument:

The subsidiaries Madeco Mills and Indalum S.A. have recorded a fair value hedging asset and liability covering the exposure to the risk of changes in the prices of commodities (copper and aluminum), the main raw materials in their inventory, and the Parent Madeco S.A. has recorded a hedging asset and liability to hedge foreign currency risk exposure (US Dollar versus Chilean Pesos) for the asset is held for time deposits.

Cumulative deficit were recognized for fair value hedging instruments for the exposure to the risk of commodity prices (copper and aluminum) for the period ended December 31, 2012, in the amount of ThUS$ 901 (retained earnings of ThUS$ 2,645 as of 12.31.2011), recorded under cost of sales. Retained earnings recognized for the hedged item (copper and aluminum), for the year ended December 31, 2012 amount to ThUS$ 1,043 (cumulative deficit of ThUS$ 2,363 as of 12.31.2011), which is recorded under cost of sales.

Recognized losses on fair value hedging instrument, due to exposure to foreign currency exchange risk (US Dollar versus Chilean Pesos), related to the asset for time deposits for the period ended December 31, 2012, for ThUS$ 215 (ThUS$ 1,004 as of 12.31.2011), are recorded under foreign currency conversion. Earnings recognized on the hedged item (time deposit) for the period ended December 31, 2012, for ThUS$ 171 (ThUS$ 1,007 as of 12.31.2011), are recorded under foreign currency conversion.

Note 11 – Other Non-Financial Assets

As of December 31, 2012 and December 31, 2011, other non-financial assets are detailed as follows:

CURRENT	Balance as of Dec. 31, 2012 ThUS$	Balance as of Dec. 31, 2011 ThUS$
Collective negotiation bonus	767	209
Prepayments to suppliers and other	2,981	4,540
Other	21	19
Total	**3,769**	**4,768**

NON-CURRENT	Balance as of Dec. 31, 2012 ThUS$	Balance as of Dec. 31, 2011 ThUS$
Ficap judicial deposits (1)	17,160	17,934
Collective negotiation bonus	-	73
Labor process judicial deposits	31	34
Other	144	8
Total	**17,335**	**18,049**

1) Is related to judicial deposits (see Note 31 2a), which are subject to the adjustment of the rate of SELIC from Brazil.

Note 12 – Non-Current Assets Held-for-sale and Discontinued Operations

a) Non-current assets held-for-sale

Non-current assets held for sale are detailed as follows:

Description	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Property Dresden N° 4688 - San Miguel (1 y 2)	-	415
PropiedPropertyad La Divisa N° 900 - San Bernardo (1)	3,475	3,475
Property Ureta Cox N° 474 - 476 - San Miguel (1)	81	81
Property Ureta Cox N° 945 - A - San Miguel (1)	237	237
Property Salaverry N° 227-229, 266, Gamarra N° 195 - Lima, Peru (3)	2,721	-
Property Salaverry N° 165 MZ K Lt. 16, 17, 18 - Lima, Peru (3)	587	-
Property Gamarra N° 132 - Lima, Peru (3)	1,066	-
Property Salaverry N° 228-240 - Lima, Peru (3)	254	-
Property Calle Cinco N° 176 - Lima, Peru (3)	1,344	-
Property Calle Vulcano N° 166 - Lima, Peru (3)	199	-
Property Calle Cuatro N° 104 - Lima, Peru (3)	671	-
Total	**10,635**	**4,208**

(1) During session No. 825 of the Board of Directors in October, the disposal of the properties that the Company had not given continuous use was agreed upon and approved. The carrying amount of these assets is below their fair value less the cost of sale.

(2) In March, the real estate located at Dresden N° 4688 was sold for the amount of ThUS$ 574.

(3) On June 13 of 2012, Peruplast S.A., in a general shareholders' meeting, agrees by unanimous vote and without modifications to create new incorporated companies through spin-offs and asset transfers registered as available for sale, splitting into two equity blocks named Inmobiliaria Eliseo S.A. and Efren Soluciones Logísticas S.A. The spin-off entered into force on September 18 of 2012, through public deed.

b) Discontinued operations

For the periods under consideration, there are no operations classified under discontinued operations.

Note 13 – Available-for-sale Financial Investments

Available for sale financial investments, stated as described in Note 3n.4, as of December 31, 2012 and December 31, 2011, are detailed as follows:

Company	Number of shares	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Shares at the beginning of the period	-	-	133,513
Shares acquired during the period (1) and (2)	-	-	162,963
Nexans S.A. (France)	**-**	**-**	**296,476**

Movements in this investment for each period are detailed as follows:	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Opening balance	296,476	200,792
Additions for the period (1) and (2)	-	254,966
Increase (decrease) in foreign currency exchange rate (3)	-	(27,133)
Recognition of the fair value of shares (3)	-	(132,149)
Transfer to investments in associates	(296,476)	-
Balance at each period-end	**-**	**296,476**

(1) On May 20, 2011, Madeco S.A. entered into a derivative contract with the investment bank Goldman Sachs (hereinafter the “Bank”), whereby the counterparty committed to deliver a maximum of 1,766,400 shares of Nexans S.A. no later than February 23, 2012 and Madeco S.A. delivered 124.5 million Euros agreed upon in two installments, one for 65.5 million Euros, on May 23, 2011 and the second on three days subsequent to the end of the hedging initial period (the “Hedging Period”), in which the Bank performed hedging operations to ensure a certain price range. On June 16, 2011, the counterparty finished the Hedging Period and therefore, on June 20, 2011, the Company paid the second installment agreed upon in the amount of 59 million Euros.

As of December 31, 2011, the Bank has transferred the ownership of 1,766,400 shares of Nexans S.A. to Madeco S.A. and additionally, the Bank exercised its option by providing to Madeco S.A. 273,229 shares of Nexans. Both blocks of shares were provided at a price of Euro 61.0242 per share, which was determined by the simple average (stock exchange quote between May 23, 2011 and August 23, 2011) from “Volume Weighted Average Price” (VWAP), less 0.5%.

(2) During the second semester of 2011, the Company conducted direct purchases of 1,095,704 shares at an average purchase price of Euros 49.97 per share plus commission and fee costs.

(3) In accordance with IAS 21, this investment has been classified as a non-monetary asset. Consequently, the gain or loss on changes in the foreign currency exchange rate is recognized as part of comprehensive income in other reserves within equity (foreign currency conversion reserves).

Changes in the fair value of this investment are recognized, as a charge or credit to comprehensive income, in other reserves within equity (reserves for gains or losses in the re-measurement of available-for-sale financial assets). As of the closing date of each financial statement, the Company assesses whether there is objective evidence of financial asset impairment by assessing market behavior of the price of shares and the time elapsed since the latest calculation of impairment.

As of December 31, 2008, the Company recorded an impairment and conversion effect with a charge to profit or loss of ThUS$ 69,813. Changes in the fair value of shares subsequent to that date have been recorded in other reserves within equity in accordance with what is indicated in the preceding paragraphs.

Starting in January 2012, this investment was accounted for using the equity method (PV) according to that described in note 14.

Note 14 – Investment in associated entity accounted for using the equity method

1) On September 30, 2008, Madeco S.A. received as part of the price for the sale of cable units the amount of 2,500,000 shares of stock in Sociedad Nexans (France). The stocks were valued at market price, i.e. 61.98 Euros per share, which is equivalent to ThUS$ 217,844. In addition, an investment impairment amounting to ThUS$ 69,813 was determined and recorded during that period. Subsequently, Madeco started buying shares in Nexans S.A. as detailed in the chart below:

Purchase Period	Shares Acquired	Average price per share (Euros/share)	Amount paid in ThEuros	Amount paid expressed in ThUS$
November 2008	68,726	42.61	2,928	3,799
First Semester 2011	2,039,629	61.02	124,467	176,940
Second Semester 2011	1,095,704	50.22	55,024	78,026
First Semester 2012	407,783	33.05	13,475	17,118
Second Semester 2012	476,200	32.27	15,369	19,758

2) For the years ended December 31, 2008, 2009, 2010 and 2011, this investment was classified and valued as an investment available for sale in accordance with IAS 39. From January 11, 2012, the first meeting of Nexans' compensation committee took place with the attendance of a director appointed by Madeco (from a total of 3), for which reason it was decided that from that date on Madeco had a significant influence over Nexans, therefore the equity method has been applied from that date in order to account for this investment in accordance with IAS 28.

3) In accordance with the French regulations and the applicable IFRS, Nexans does not publish financial statements in March and September. In consequence and upon Madeco's request, the Superintendency of Securities and Insurance granted the latter authorization in resolution No. 10914 dated April 30, 2012 to use the financial statements of this French company as of December and June, respectively as the last available and reliable information to account for the investment in that company using the equity method for the accounting closing dates in March and September referred to above.

4) The following information as of December 31, 2012 and 2011 is presented below:

a) Financial reporting published by Nexans S.A.:

Associated entity name **: Nexans S.A.**
Taxpayer ID number **: 0-E**
Country of Organization **: France**
Functional currency **: Euro**

Closing period	12.31.2012		12.31.2011	
Financial reporting of Sociedad Nexans S.A. (*)	**million of**	**ThUS$**	**million of**	**ThUS$**
Equity of the Company attributable to the owners of the controlling entity	1,793	2,370,132	1,885	2,443,337
Total comprehensive income of the Company	(20)	(26,438)	(261)	(338,308)
Profit (loss) of the Company	25	32,250	(186)	(241,093)
Profit (loss) attributable to the owners of the controlling entity	27	34,830	(178)	(230,724)
Profit (loss) attributable to non controlling entities	(2)	(2,644)	(8)	(10,370)

(*)This information corresponds to the carrying amount recorded by Nexans S.A. in its accounting books. Therefore, the effects of fair values determined by the shareholder Madeco S.A. are not included.

Note 14 – Investment in entity accounted for using the equity method (continued)

4) The following information as of December 31, 2012 and 2011 is presented below, continued:

b) Information of the interests of Madeco S.A. in its investment in the associated company Nexans S.A..

Closing period	**12.31.2012**
Interest in the company	**22.413%**
Accounting information of the Associated Investment (Nexans S.A.)	**ThUS$**
Accounting value of the Investment	516,422
Accrued result of the period (*)	(1,465)

c) The movement of the Investment account in the associated company Nexans S.A. is detailed as follows:

Closing accounting period	**12.31.2012 ThUS$**
Investment in associated entity accounted for using the equity method - initial balance as of Jan. 11, 2012	**296,476**
Additions to investments in associates	36,876
Negative acquired goodwill recognized immediately (c.1)	84,149
Ordinary interest in profits (losses)	(1,465)
Dividends received	(7,948)
Recognized equity reserve (employee share options and convertible fair value bonds) (c.2)	8,030
Recognized equity reserve (actuarial profit and loss upon post-employment benefits) (c.3 y c.5)	(17,143)
Fair value conversion (c.3 y c.5)	3,069
Increase (decrease) in foreign exchange rate (c.5)	11,451
Reversal of investment equity effects (c.4)	110,320
Losses from changes in equity (c.6)	(7,393)
Total changes in investments in associated entities	**219,946**
Final balance as of year end	**516,422**

(c.1) The adjustment is determined using the acquisition method (valuation of the assets and liabilities of the company at fair value), as provided in IFRS 3 Business Combinations (for further details see No. 7).

(c.2) Correspond to proportional participation in equity reserves recorded by Nexans S.A., as of December 31, 2012, which are related to the following concepts:

- Share option plans provided to employees corresponding to the value of the services provided by employees and the amounts received for the share issuance.
- Net equity component of convertible bonds (OCEANE)
- Other miscellaneous reserves

(c.3) Corresponds to proportional participation in the equity reserves recorded by Nexans S.A., as of December 31, 2012, which are related to the following concepts:

- Actuarial profit and loss upon post-employment benefits
- Conversion reserve originating in the equity value of its investments controlled in a functional currency other than the Euro.
- Cash flows hedge reserves mainly related to hedge contracts to hedge against the risk of variation in commodities prices (copper and aluminum).

Note 14 – Investment in associated entity accounted for using the equity method (continued)

4) The following information as of December 31, 2012 and 2011 is presented below, continued:

(c.4) This is the reversal of the equity effects due to the change in the valuation criterion from an investment available for sale to an Investment in an associated company.

(c.5) These values form part of other comprehensive income and are reported in the Participation line in other comprehensive income of associates and joint ventures accounted for using the equity method.

(c.6) Correspond to losses from changes in equity caused by the inability to participate in subscription of shares issued by the Company (Nexans) to comply with option contracts signed with employees and convertible bonds agreements held by the Company with financial institutions.

5) Please note that the stock exchange value (that may be equated with the fair value) of the investment of Madeco S.A., in Nexans S.A., as of the financial statements closing amounts to ThUS$ 291,782 as of December 31, 2012 and ThUS$ 319,566, as of January 11, 2012 (acquisition date). The Company will periodically analyze the impairment indicators that may arise and if necessary it will make the relevant adjustments.

6) The summarized financial statements of Nexans S.A. are detailed below (latest financial information published), including the effects of the fair values that are controlled by the Investor (Madeco S.A.):

6.1) The asset and liability balances of the associated company, as of each year closing, are detailed as follows:

Classified Balance Sheet	**12.31.2012**	**12.31.2011**
	ThUS$	**ThUS$**
Current assets	4,816,157	4,732,425
Non current assets	3,044,893	2,509,314
Total	**7,861,050**	**7,241,739**
Current liabilities	2,872,359	2,749,927
Non current liabilities	2,619,162	2,140,803
Equity attributable to the owners of the controlling entity	2,304,133	2,305,642
Non controlling interest	65,396	45,367
Total	**7,861,050**	**7,241,739**

Note 14 – Investment in associated entity accounted for using the equity method (continued)

6.2) Information regarding the summarized statement of income of the associated company as of both twelve months periods ended December 31, 2012 and 2011.

Summarized Statements of Income by Function	ACCUMULATED	
Periods Between	Jan. 1, 2012 Dec. 31, 2012 ThUS$	Jan. 1, 2011 Dec. 31, 2011 ThUS$
Sales	9,322,043	9,618,800
Profit (loss) before taxes	(20,294)	(215,450)
Profit (loss)	**(9,766)**	**(258,540)**

Profit (loss) attributable to		
Profit (loss) attributable to the owners of the controlling entity	(7,467)	(247,420)
Profit (loss) attributable to non-controlling entities	(2,299)	(11,120)

6.3) Information regarding the summarized statement of comprehensive income of the associated company, as of both twelve months periods ended December 31, 2012 and 2011.

Summarized Statements of Comprehensive Income	ACCUMULATED	
Periods Between	Jan. 1, 2012 Dec. 31, 2012 ThUS$	Jan. 1, 2011 Dec. 31, 2011 ThUS$
Profit (loss)	(9,766)	(258,540)
Other comprehensive income, foreign exchange rate differences	(17,856)	(11,614)
Other comprehensive income, available for sale financial assets	68	-
Other comprehensive income, cash flow hedges	34,767	(97,271)
Total comprehensive income	**7,213**	**(367,425)**

Note 14 – Investment in associated entity accounted for using the equity method (continued)

7) The charts below show the fair values determined, as of the acquisition date, of the assets and liabilities acquired by Nexans S.A. and the determination of the negative acquired goodwill.

7.1) The chart below shows the fair values determined as of acquisition date:

Assets - Liabilities	Financial Statements Accounting Values as of Dec. 31, 2012	Adjustments to the fair values and GAAP differences (1) and (2)	Financial Statements adjusted as of Dec. 31, 2011	Financial Statements adjusted as of Dec. 31, 2011 in dollars (3)
	Millions of Euros	Millions of Euros	Millions of Euros	ThUS$
Cash and cash equivalents	859	-	859	1,113,436
Trade receivables and other accounts receivable, current	1,461	-	1,461	1,893,748
Inventories (1)	1,051	22	1,073	1,390,821
Current tax accounts receivable	29	-	29	37,590
Other financial assets, current and non current	178	-	178	230,724
Other assets, current and non current	133	-	133	172,395
Investments accounted for using the equity method	7	-	7	9,073
Intangible assets other than increase in value (1)	184	390	574	743,760
Acquired goodwill (1)	386	(386)	-	-
Property, plant and equipment, Net (1)	1,160	113	1,273	1,650,192
Total current and non-current assets	**5,448**	**139**	**5,587**	**7,241,739**
Other financial liabilities, current and non-current	1,241	-	1,241	1,608,584
Trade accounts payable and other accounts payable	1,570	-	1,570	2,035,034
Current tax liabilities	51	-	51	66,106
Other liabilities, current	29	-	29	37,590
Other provisions, current and non-current	315	-	315	408,303
Employee benefits provision, non-current (2)	316	112	428	554,773
Deferred tax liabilities (1)	6	133	139	180,340
Total current and non-current liabilities	**3,528**	**245**	**3,773**	**4,890,730**
Equity attributable to the owners of the controlling entity	1,885	(106)	1,779	2,305,642
Non-controlling interests	35	-	35	45,367
Total equity and liabilities	**5,448**	**139**	**5,587**	**7,241,739**

(1) These are the adjustments to the fair values of assets and liabilities of the Company made in January 11, 2012 and that have been determined in accordance with the report of the independent external advisors (Deloitte - France).

(2) This is a difference between the French and the Chilean GAAP.

(3) The Dollar/ Euro rate used when amounts are expressed in Dollars was, 1.2962.

Note 14 – Investment in associated entity accounted for using the equity method (continued)

7.2) The chart below shows the negative acquired goodwill regarding the Investment in Nexans:

Background information		
Equity attributable to the owners of the controlling entity (Nexans S.A.)	ThUS$	2,305,642
Percentage acquired as of acquisition date (January 11, 2012)		19.86%
Determination of the negative acquired goodwill		**ThUS$**
Value paid less impairment recorded in 2008		406,796
Fair value of the assets and liabilities acquired as January 11, 2012		(457,873)
Negative acquired goowill		**(51,077)**

Note 15 – Intangible Assets

a) Intangible assets are detailed as follows:

Types of intangible assets, net (presentation)	**Dec. 31, 2012 ThUS$**	**Dec. 31, 2011 ThUS$**
Finite life intangible assets, net	3,803	3,118
Intangible assets, net	**3,803**	**3,118**

Types of intangible assets, net (presentation)	**Dec. 31, 2012 ThUS$**	**Dec. 31, 2011 ThUS$**
Patents, registered trademarks and other rights	273	377
IT programs	2,571	2,741
Other identifiable intangible assets	959	-
Identifiable intangible assets	**3,803**	**3,118**

Types of intangible assets, gross (presentation)	**Dec. 31, 2012 ThUS$**	**Dec. 31, 2011 ThUS$**
Patents, registered trademarks and other rights	552	593
IT programs	3,460	3,290
Other identifiable intangible assets	989	-
Identifiable intangible assets	**5,001**	**3,883**

Types of accumulated amortization and asset impairment, intangible assets (presentation)	**Dec. 31, 2012 ThUS$**	**Dec. 31, 2011 ThUS$**
Patents, registered trademarks and other rights (1)	(279)	(216)
IT programs (1)	(889)	(549)
Other identifiable intangible assets	(30)	-
Identifiable intangible assets	**(1,198)**	**(765)**

(1) The amortization of identifiable intangible assets is recognized in the administrative expenses and research and development expense account.

Method used to express the amortization of identifiable intangible assets	**Useful life**	**Minimum useful life**	**Maximum useful life**
Useful lives for patents, registered trademarks and other rights	Years	5	10
Useful lives of IT programs	Years	3	6

The entity has considered that intangible assets “goodwill” held, have an indefinite life considering, among others, such factors as the expected use of the asset and the period in which the Company will hold control on those assets. Accordingly, the Company’s Management has considered there is no foreseen limit to the period, which the asset is expected to generate net cash inflows for the Company.

Note 15 – Intangible Assets (continued)

b) Movements in identifiable intangible assets

b.1) As of December 31, 2012, movements in identifiable intangible assets are detailed as follows:

Movements in identifiable intangible assets (Presentation)	Patents, registered trademarks and other rights, net	IT programs, net	Other Intangible	Identifiable intangible asets, net
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of Jan. 1, 2012	377	2,741	-	3,118
Additions for internal development	15	1,102	-	1,117
Additions	-	111	-	111
Acquisitions through business combinations	-	-	957	957
Disposals	-	(974)	-	(974)
Amortization	(61)	(471)	(30)	(562)
Increase (decrease) in foreign currency translation	-	-	32	32
Other increases (decreases)	(58)	62	-	4
Total movements	(104)	(170)	959	685
Final balance as of Dec. 31, 2012	**273**	**2,571**	**959**	**3,803**

b.2) As of December 31, 2011, movements in identifiable intangible assets are detailed as follows:

Movements in identifiable intangible assets (Presentation)	Patents, registered trademarks and other rights, net	IT programs, net	Other Intangible	Identifiable intangible asets, net
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of Jan. 1, 2011	317	2,190	-	2,507
Additions for internal development	-	745	-	745
Additions	59	229	-	288
Amortization	(56)	(326)	-	(382)
Increase (decrease) in foreign currency translation	-	(6)		(6)
Other increases (decreases)	57	(91)		(34)
Total movements	60	551	-	611
Final balance as of Dec. 31, 2011	**377**	**2,741**	**-**	**3,118**

c) Goodwill

During the years covered by these financial statements there have been no movements in goodwill:

Movements in goodwill, net	**Dec. 31, 2012**	**Dec. 31, 2011**
	ThUS$	**ThUS$**
Opening balance, net	**848**	**848**
Goodwill, gross, opening balance	848	848
Final balance, net	**848**	**848**
Goodwill, gross	848	848
Cumulative balance impairment, goodwill	-	-

Note 16 – Property, Plant and Equipment

a) As of December 31, 2012 and December 31, 2011, property, plant and equipment are detailed as follows:

Types of property, plant and equipment, net	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Assets under construction	3,105	7,622
Land	37,738	41,910
Buildings	45,800	47,369
Plant and equipment	91,988	74,769
IT equipment	458	543
Property facilities and accessories	3,575	3,454
Vehicles	1,020	1,174
Leased property improvements	329	-
Other property, plant and equipment	3,156	3,377
Total property, plant and equipment, net	**187,169**	**180,218**

Types of property, plant and equipment, gross	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Assets under construction	3,105	7,622
Land	37,738	41,910
Buildings	51,073	52,058
Plant and equipment	138,881	117,564
IT equipment	4,240	4,181
Property facilities and accessories	8,017	10,299
Vehicles	1,941	2,112
Leased property improvements	435	-
Other property, plant and equipment	8,953	7,705
Total property, plant and equipment, gross	**254,383**	**243,451**

Accumulated depreciation and asset impairment, property, plant and equipment	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Buildings	(5,273)	(4,689)
Plant and equipment	(46,893)	(42,795)
IT equipment	(3,782)	(3,638)
Property facilities and accessories	(4,442)	(6,845)
Vehicles	(921)	(938)
Leased protperty improvements	(106)	-
Other property, plant and equipment	(5,797)	(4,328)
Total accumulated depreciation and asset impairment, property, plant and equipment	**(67,214)**	**(63,233)**

b) The policy for recognizing the dismantling, removal or rehabilitation costs of property, plant and equipment is based on the legal and contractual obligation in each country where the Parent has production plants. Due to this, the Parent and its subsidiaries have not made any estimate for this concept, as they do not have any legal or contractual obligation.

The Parent company and its subsidiaries perform on a yearly basis an internal impairment technical analysis as explained in Note 3, k) and Note 32.

Note 16 – Property, Plant and Equipment (continued)

c) As of December 31, 2012 and December 31, 2011, movements in property, plant and equipment are detailed as follows:

As of December 31, 2012

	Description	Assets under construction ThUS$	Land ThUS$	Buildings, net ThUS$	Plant and equipment, net ThUS$	IT equipment, net ThUS$	Fixed installations and accessories, net ThUS$	Vehicles, net ThUS$	Leasehold Improvements, Net ThUS$	Other property, plant and equipment, net ThUS$	Property, plant and equipment, net ThUS$
Opening balance as of January 1, 2012		7,622	41,910	47,369	74,769	543	3,454	1,174	-	3,377	180,218
Movements	Additions	4,624	208	1,012	4,562	165	300	99	-	1,059	12,029
	Acquisitions through business combinations	-	-	-	16,366	20	40	85	421	-	16,932
	Disposals	-	-	-	(147)	(1)	-	(37)	-	-	(185)
	Transfers to (from) non-current assets and disposal groups held-for-sale	-	(4,380)	(3,363)	-	-	-	-	-	-	(7,743)
	Depreciation expense	-	-	(1,614)	(10,129)	(474)	(536)	(291)	(95)	(1,005)	(14,144)
	Increase (decrease) due to revaluation recognized in the profit/loss statement	-	-	-	420	-	-	-	-	-	420
	Increase (decrease) in foreign exchange rate	-	-	-	81	-	-	1	4	-	86
	Other increases (decreases)	(9,141)	-	2,396	6,066	205	317	(11)	(1)	(275)	(444)
Total movements		(4,517)	(4,172)	(1,569)	17,219	(85)	121	(154)	329	(221)	6,951
Final balance as of December 31, 2012		**3,105**	**37,738**	**45,800**	**91,988**	**458**	**3,575**	**1,020**	**329**	**3,156**	**187,169**

Note 16 – Property, Plant and Equipment (continued)

c) As of December 31, 2012 and December 31, 2011, movements in property, plant and equipment are detailed as follows, continued:

As of December 31, 2011

	Description	Assets under construction ThUSD	Land ThUSD	Buildings, net ThUSD	Plant and equipment, net ThUSD	IT equipment, net ThUSD	Fixed installations and accessories, net ThUSD	Vehicles, net ThUSD	Leasehold Improvements, Net ThUSD	Other property, plant and equipment, ThUSD	Property, plant and equipment, net ThUSD
Opening balance as of January 1, 2011		19,260	44,596	38,424	66,895	593	3,974	1,329	-	3,507	178,578
Movements	Additions	14,768	3,714	847	7,061	293	168	144	-	1,424	28,419
Movements	Disposals	-	(13)	-	(525)	(7)	(10)	(17)	-	(34)	(606)
Movements	Transfers to (from) non-current assets and disposal groups held-for-sale	-	(3,663)	(545)	-	-	-	-	-	-	(4,208)
Movements	Transfers to (from) investment property	-	(2,724)	(1,022)	-	-	-	-	-	-	(3,746)
Movements	Disposals through the sale of businesses	(77)	-	-	(3,281)	-	-	(8)	-	-	(3,366)
Movements	Depreciation expense	-	-	(1,363)	(10,430)	(308)	(697)	(272)	-	(1,441)	(14,511)
Movements	Decrease in foreign exchange rate	-	-	-	(22)	(1)	(2)	-	-	(4)	(29)
Movements	Other increases (decreases)	(26,329)	-	11,028	15,071	(27)	21	(2)	-	(75)	(313)
Total movements		(11,638)	(2,686)	8,945	7,874	(50)	(520)	(155)	-	(130)	1,640
Final balance as of December 31, 2011		**7,622**	**41,910**	**47,369**	**74,769**	**543**	**3,454**	**1,174**	**-**	**3,377**	**180,218**

Note 16 – Property, Plant and Equipment (continued)

d) Capitalized interest costs, property, plant and equipment

	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Capitalization rate	5.02%	4.33%
Capitalized cost amount	369	453
Total	**369**	**453**

Capitalized property, plant and equipment interest corresponds to the assets under construction (works-in-progress) and during the construction period can include the following accrued concepts:

- Finance expenses related to external financing that are directly attributable to the acquisition or production, whether of a specific or generic nature.

- In relation to generic financing, capitalized finance expenses are obtained when applying a capitalization rate, which is determined with the weighted average of all the entity's interest costs for loans that are current during the period. The weighted average rate is determined and applied by each subsidiary.

e) Finance leases

For the periods covered by these financial statements, Alusa S.A., Peruplast S.A. and Aluflex S.A. present contracts mainly for the acquisition of land, buildings and equipment. The lessors are Banco Corpbanca, Banco Crédito, Scotiabank, Crédito Leasing, Interbank, Citibank, BBVA and Banco Patagonia S.A..

	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Land under financial lease, net	13,264	13,264
Buildings under financial lease, net	17,986	16,931
Plant and equipment under financial lease, net	7,982	8,349
Vehicles under financial lease, net	275	250
Other property, plant and equipment under financial lease, net	-	1,024
Total	**39,507**	**39,818**

Note 16 – Property, Plant and Equipment (continued)

e.1) The present value of future payments for finance leases is detailed as follows:

Period	Dec. 31, 2012 Gross ThUS$	Dec. 31, 2012 Interest ThUS$	Dec. 31, 2012 Present value ThUS$
Less than one year	5,912	864	5,048
Between one and five years	17,890	1,349	16,541
Over five years	240		240
Total	**24,042**	**2,213**	**21,829**

Period	Dec. 31, 2011 Gross ThUS$	Dec. 31, 2011 Interest ThUS$	Dec. 31, 2011 Present value ThUS$
Less than one year	6,384	592	5,792
Between one and five years	22,307	1,427	20,880
Over five years	1,201	25	1,176
Total	**29,892**	**2,044**	**27,848**

e.2) Bases for the determination of contingent payments, contract renewal, terms and purchased options are detailed as follows:

Institution	Nominal amount ThUS$	Installment amount ThUS$	Purchase option amount ThUS$	Contract renewal	Number of installments
Banco Corpbanca	14,561	924	924	None	7
Banco BBVA	5,529	120	120	None	20
Banco Interbank	1,408	23	-	None	60
Banco de Crédito	13,060	365	-	None	48
Banco Scotiabank	3,093	55	-	None	53
Leasing de Occidente S.A	78	1	-	None	18
Banco de Colombia	102	2	-	None	25
Banco Continental	591	10	-	None	60
Banco Citibank	1,028	21	-	None	60
Banco Patagonia S.A.	145	6	9	None	37

Note 16 – Property, Plant and Equipment (continued)

e) Finance lease, continued

e.3) Restrictions imposed by lease agreements:

There are no restrictions on the distribution of dividends, additional indebtedness, or new lease agreements arising from commitments in these agreements.

f) Operating leases

The main leases correspond to the subsidiary Alumco. In these cases, the terms range from 1 to 5 years with automatic renewal for one year. There is an early termination option, which must be communicated under the terms and conditions established with each lessor.

f.1) Future payments for operating leases	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Less than one year	1,089	560
Between one and five years	2,598	824
Over five years	-	-
Total	**3,687**	**1,384**

f.2) Lease installments and subleases recognized in the statement of income	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Minimum lease payments under operating leases	1,218	934

f.3) Basis on which a contingent lease is determined:

To the extent that the Company opts for early termination and the minimum communication terms are not complied with, the installments provided in the original agreement must be paid.

f.4) Existence and termination of renewal options and review clauses, operating lease agreements:

There are agreements providing automatic renewal for one year.

f.5) Restrictions imposed by lease agreements, operating lease agreements:

There are no restrictions.

Note 17 – Investment Property

a) Investment property is detailed as follows:

	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Land	5,452	5,452
Buildings and facilities	1,938	2,068
Total	**7,390**	**7,520**

b) Detail of movements

Movements in investment property, as of December 31, 2012 and December 31, 2011, are detailed as follows:

Movements	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Opening balance, net	7,520	5,408
Disposals (1)	-	(1,533)
Transfers to (from) properties used by the owner(2)	-	3,746
Depreciation expense	(119)	(101)
Other increases (decreases)	(11)	-
Final balance, net	**7,390**	**7,520**

(1) In June 2011, the Parent sold the property located at Vicuña Mackenna for ThUS$ 3,505.

(2) In June 2011, the Parent transferred from property, plant and equipment the property located at Lo Gamboa N° 201, in the City of Quilpué, to investment property, given that the property's lease began on that date.

c) Income from rent and direct operating expenses for the periods are detailed as follows:

Concept	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Rental income	342	412
Direct operating expenses for the period	119	101

d) The fair value of investment property amounts to ThUS$ 5,452 for land and ThUS$ 2,618 for constructions and facilities, the value of which is based on a report issued in 2009 by external experts.

Note 18 – Current and Deferred Income Taxes

a) Deferred tax assets and liabilities

a.1) Deferred tax assets

Concepts:	Assets	
	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Deferred taxes related to depreciation	448	323
Deferred taxes related to provisions	1,903	2,320
Deferred taxes related to property, plant and equipment revaluation	3,025	2,602
Deferred taxes related to investment property revaluations	24	8
Deferred taxes related to intangibles assets revaluations	108	-
Deferred taxes related to financial instrument revaluations	-	33,490
Deferred taxes related to tax losses	10,761	10,293
Deferred taxes related to other concepts	897	360
Subtotal	**17,166**	**49,396**
Reclassification	(9,384)	(5,119)
Total deferred tax assets	**7,782**	**44,277**

a.2) Deferred tax liabilities

Concepts:	Liabilities	
	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Deferred taxes related to depreciation	3,424	2,743
Deferred taxes related to amortization	4,939	4,289
Deferred taxes related to provisions	-	122
Deferred taxes related to post-employment liabilities	141	114
Deferred taxes related to property, plant and equipment revaluations	11,470	7,114
Deferred taxes related to other concepts	846	219
Subtotal	**20,820**	**14,601**
Reclassification	(9,384)	(5,119)
Total deferred tax liabilities	**11,436**	**9,482**

Note 18 – Current and Deferred Income Taxes (continued)

b) Movements in deferred tax liabilities

Concepts:	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Deferred tax liabilities, opening balance	14,601	15,689
Increase (decrease) in deferred tax liabilities	2,764	(356)
Acquisitions through business combinations, deferred tax liabilities	3,426	-
Disposals through the sale of businesses, deferred tax liabilities	-	(65)
Decrease in foreign exchange rate, deferred tax liabilities	-	(58)
Other decreases, deferred tax liabilities	29	(609)
Subtotal	**20,820**	**14,601**
Reclassification	(9,384)	(5,119)
Total deferred tax liabilities	**11,436**	**9,482**

c) Income tax

Income tax (expense) income is detailed as follows:

Concepts:	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	Jan. 1, 2011 Dec. 31, 2011 ThUS$
Current tax expense	(5,759)	(4,732)
Adjustment to prior period current tax	41	749
Other current tax expense	(810)	(1,304)
Deferred income for tax related to the generation and reversal of temporary differences	(15,333)	(1,461)
Tax benefit from tax assets not recognized previously used to decrease deferred tax expense	139	6,986
Income tax income (expense)	**(21,722)**	**238**

d) Current income tax expense for foreign and domestic parties, net

Concepts:	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	Jan. 1, 2011 Dec. 31, 2011 ThUS$
Current tax expense, net, foreign	(4,004)	(3,879)
Current tax expense, net, domestic	(2,524)	(1,408)
Deferred tax expense, net, foreign	(922)	42
Deferred tax expense, net, domestic	(14,272)	5,483
Income tax income (expense)	**(21,722)**	**238**

Note 18 – Current and Deferred Income Taxes (continued)

e) Reconciliation of tax expense using the legal rate with the tax expense using the effective rate, are detailed as follows:

Concepts:	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	 Jan. 1, 2011 Dec. 31, 2011 ThUS$
Tax expense using the legal rate	**(15,768)**	**(4,934)**
Tax effect of rates in other jurisdictions	(4,051)	(3,739)
Tax effect of non-taxable income	5,874	5,736
Tax effect of non-deductible expenses	(7,828)	(2,598)
Tax effect of tax benefit not recognized previously in the statement of income	-	6,986
Tax effect of change in tax rates	458	48
Other decreases in charges for legal taxes	(407)	(1,261)
Total adjustments to the tax expense using the legal rate	**(5,954)**	**5,172**
Tax income (expense) using the effective rate	**(21,722)**	**238**

Income tax rates applicable to each of the jurisdictions, where the Company operates at each year-end are detailed as follows:

Country	Rates applied as of December 31, 2012	Rates applied as of December 31, 2011
Argentina	35%	35%
Brazil	34%	34%
Chile	20%	20%
Peru	30%	30%
Colombia	35%	35%

Note 18 – Current and Deferred Income Taxes (continued)

f) The types of temporary difference are detailed as follows:

Description of temporary differences	Dec. 31, 2012 Asset ThUS$	Dec. 31, 2012 Liability ThUS$	Dec. 31, 2012 Income (expense) ThUS$
Depreciation of property, plant and equipment	-	3	1
Allowance for doubtful accounts	444	-	24
Inventory	339	-	(184)
Property, plant and equipment	3,894	19,818	(3,031)
Miscellaneous provisions	485	42	(732)
Tax loss	10,512	-	275
Other events	85	396	(90)
Financial assets for sale (Nexans)	-	-	(11,868)
Investment properties	51	-	20
Hedge assets and liabilities	-	-	(1)
Unearned income	737	-	224
Plant expenses	-	253	43
Employee vacation	511	-	50
Intangibles	108	-	52
Post-employment benefits obligations	-	229	(2)
Collective negotiation bonus	-	79	25
Subtotal	**17,166**	**20,820**	**(15,194)**
Reclassification	**(9,384)**	**(9,384)**	
Total	**7,782**	**11,436**	**(15,194)**

Description of temporary differences	Dec. 31, 2011 Asset ThUS$	Dec. 31, 2011 Liability ThUS$	Dec. 31, 2011 Income (expense) ThUS$
Depreciation of property, plant and equipment	104	2,744	(457)
Allowance for doubtful accounts	449	-	(400)
Inventory	353	2,804	(162)
Property, plant and equipment	2,578	8,598	180
Miscellaneous provisions	1,088	-	(79)
Tax loss	10,290	-	6,986
Otros eventos	-	152	(77)
Financial assets for sale (Nexans)	33,465	-	-
Investment properties	31	-	(2)
Hedge assets and liabilities	37	-	(740)
Unearned income	309	-	(73)
Plant expenses	7	137	(26)
Employee vacation	463	-	(12)
Intangibles	219	-	-
Post-employment benefits obligations	17	114	352
Collective negotiation bonus	(14)	52	35
Subtotal	**49,396**	**14,601**	**5,525**
Reclassification	**(5,119)**	**(5,119)**	
Total	**44,277**	**9,482**	**5,525**

Note 18 – Current and Deferred Income Taxes (continued)

g) Deferred tax assets, that are not recognized, are detailed as follows:

Concept:	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Deferred tax assets, temporary differences, not recognized	427	139
Deferred tax assets, tax losses, not recognized	54,176	42,368
Deferred tax tssets, not recognized, total	**54,603**	**42,507**
Unrecognized offsettable tax loss, between one and five years	2,107	2,281
Unrecognized ofsettable tax loss, which does not expire	52,069	40,087
Total unrecognized offsettable tax loss	**54,176**	**42,368**

h) Disclosures of tax effects of other comprehensive income components are detailed as follows:

Concept:	ACCUMULATED AS OF Dec. 31, 2012		
	Amount before taxes ThUS$	Income tax expense (income) ThUS$	Amount after taxes ThUS$
Financial assets available for sale	70,344	(14,801)	55,543
Cash flow hedge	97	-	97
Conversion adjustments	40,112	(6,796)	33,316
Adjustments in affiliates	(2,623)	-	(2,623)
Income tax related to other income and expense components with a charge or credit to net equity		**(21,597)**	

Concept:	ACCUMULATED AS OF Dec. 31, 2011		
	Amount before taxes ThUS$	Income tax expense (income) ThUS$	Amount after taxes ThUS$
Financial assets available for sale	(132,149)	22,466	(109,683)
Cash flow hedge	(129)	25	(104)
Conversion adjustments	(27,109)	4,613	(22,496)
Income tax related to other income and expense components with a charge or credit to net equity		**27,104**	

Note 19 - Bank Loans and Other Financial Liabilities (Leases)

a.1) As of December 31, 2012, bank loans exposed to liquidity risk are detailed as follows:

Type of liability	Debtor Taxpayer ID	Debtor Name	Debtor Country	Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Amount of type of liabilities exposed to liquidity risk – Maturity date: Up to three months ThUS$	Three to twelve months ThUS$	Total current ThUS$	One to three years ThUS$	Three to five years ThUS$	Five or more years ThUS$	Total non-current ThUS$	Repayment	Effective rate (*)	Nominal amount (*)	Nominal rate
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Citibank	Argentina	724	-	724	-	-	-	-	Monthly	15.88%	813	15.88%
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco de la Nación	Argentina	311	152	463	-	-	-	-	Monthly	16.30%	1,804	16.30%
Bank loan	Foreign	Aluflex s.A.	Argentina	ARS	Foreign	Banco Galicia	Argentina	764	-	764	-	-	-	-	Monthly	14.50%	1,052	14.50%
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia	Argentina	2,704	1,413	4,117	2,193	667	-	2,860	Monthly	15.93%	7,211	15.93%
Bank loan	76.801220-2	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	998	-	998	-	-	-	-	Monthly	6.49%	994	6.30%
Bank loan	76.801220-2	Alumco S.A.	Chile	USD	97.004.000-5	Banco Chile	Chile	5,293	-	5,293	-	-	-	-	Quartely	1.63%	5,250	1.62%
Bank loan	96.956.680-K	Alusa S.A.	Chile	USD	97.004.000-5	Banco Chile	Chile	5,614	-	5,614	-	-	-	-	Upon maturity	0.99%	5,600	0.99%
Bank loan	94.956.680-K	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	3,784	1,515	5,299	2,177	-	-	2,177	Quartely	1.86%	12,000	1.86%
Bank loan	Foreign	Decker Industrial S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	441	-	441	-	-	-	-	Upon maturity	22.00%	2,000	0.00%
Bank loan	Foreign	Empaques Flexa S.A.S.	Colombia	USD	Foreign	Banco de Bogota S.A.	Colombia	17,633	-	17,633	-	-	-	-	Semi-annual	4.75%	17,500	4.75%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	853	-	853	-	-	-	-	Monthly	6.36%	844	6.36%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	1,914	-	1,914	-	-	-	-	Quartely	6.47%	1,900	6.30%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	2,880	660	3,540	1,979	1,319	-	3,298	Semi-annual	7.71%	6,825	7.57%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	-	1,039	1,039	-	-	-	-	Semi-annual	2.47%	1,014	2.46%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.004.000-5	Banco Chile	Chile	1,031	-	1,031	-	-	-	-	Quartely	1.24%	1,027	1.23%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	-	3,111	3,111	-	-	-	-	Semi-annual	2.36%	3,039	2.35%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	97.004.000-5	Banco Chile	Chile	-	3,125	3,125	-	-	-	-	Upon maturity	0.58%	3,125	0.58%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	-	2,824	2,824	-	-	-	-	Upon maturity	0.58%	2,823	0.58%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	97.004.000-5	Banco Chile	Chile	-	2,015	2,015	-	-	-	-	Upon maturity	1.50%	2,000	1.50%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	1,505	2,750	4,255	-	-	-	-	Upon maturity	1.64%	4,200	1.64%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	2,014	2,108	4,122	-	-	-	-	Upon maturity	1.39%	4,079	1.39%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	-	-	-	-	33,494	-	33,494	Upon maturity	4.21%	30,000	3.94%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	-	-	-	-	93,647	-	93,647	Upon maturity	3.79%	82,000	3.57%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Citibank	Peru	-	1,007	1,007	-	-	-	-	Quartely	2.50%	1,000	2.50%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	618	4,434	5,052	1,761	-	-	1,761	Monthly	3.60%	8,500	3.60%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	1,017	2,035	3,052	-	-	-	-	Monthly	3.42%	3,000	3.42%
Total interest-bearing loans								**50,098**	**28,188**	**78,286**	**8,110**	**129,127**	**-**	**137,237**				

a.2) As of December 31, 2012, other financial liabilities (leases) exposed to liquidity risk are detailed as follows:

Type of liability	Debtor Taxpayer ID	Debtor Name	Debtor Country	Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Amount of type of liabilities exposed to liquidity risk – Maturity date: Up to three months ThUS$	Three to twelve months ThUS$	Total current ThUS$	One to three years ThUS$	Three to five years ThUS$	Five or more years ThUS$	Total non-current ThUS$	Repayment	Effective rate (*)	Nominal amount (*)	Nominal rate
Lease	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia	Argentina	15	18	33	-	-	-	-	Monthly	18.50%	145	18.50%
Lease	76.801220-2	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	5	14	19	18	-	-	18	Monthly	8.04%	37	8.04%
Lease	94.956.680-K	Alusa S.A.	Chile	CLF	97.023.000-9	Banco Corpbanca	Chile	-	1,848	1,848	3,696	923	-	4,619	Semi-annual	4.80%	14,561	4.80%
Lease	94.956.680-K	Alusa S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	240	721	961	1,833	1,922	240	3,995	Quartely	3.40%	5,529	3.40%
Lease	Foreign	Empaques Flexa S.A.S.	Colombia	Other currency	Foreign	Banco de Colombia	Colombia	6	17	23	27	-	-	27	Monthly	0.50%	102	0.50%
Lease	Foreign	Empaques Flexa S.A.S.	Colombia	Other currency	Foreign	Leasing de Occidente S.A	Colombia	2	10	12	4	-	-	4	Monthly	0.50%	78	0.50%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Citibank	Peru	57	170	227	453	248	-	701	Monthly	4.70%	1,028	4.70%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	30	89	119	236	65	-	301	Monthly	4.84%	591	4.84%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	547	1,374	1,921	3,825	3,058	-	6,883	Monthly	4.91%	13,060	4.91%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Interbank	Peru	70	116	186	-	-	-	-	Monthly	7.20%	-	7.20%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	170	394	564	1,028	554	-	1,582	Monthly	5.09%	1	5.09%
Other minor	91021000-9	Madeco S.A.	Chile	CLP	-	-	Chile	-	4	4	-	-	-	-	Upon maturity	0.00%	2	0.00%
Total other financial liabilities								**1,142**	**4,775**	**5,917**	**11,120**	**6,770**	**240**	**18,130**				

Note 19 - Bank Loans and Other Financial Liabilities (Leases) (continued)

b.1) As of December 31, 2012, the accounting balance reported in the financial statements of the interest-bearing loans is detailed as follows:

Type of liability	Debtor Taxpayer ID	Debtor Name	Debtor Country	Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Accounting balance reported in the financial statements – Maturity date – Up to three months ThUS$	Three to twelve months ThUS$	Total current ThUS$	One to three years ThUS$	Three to five years ThUS$	Five or more years ThUS$	Total non-current ThUS$	Repayment	Effective rate (*)	Nominal amount (*)	Nominal rate
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Citibank	Argentina	825	-	**825**	-	-	-	-	Monthly	15.88%	813	15.88%
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco de la Nación	Argentina	299	149	**448**	-	-	-	-	Monthly	16.30%	1,804	16.30%
Bank loan	Foreign	Aluflex s.A.	Argentina	ARS	Foreign	Banco Galicia	Argentina	764	-	**764**	-	-	-	-	Monthly	14.50%	1,052	14.50%
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia	Argentina	2,644	1,018	**3,662**	1,628	611	-	**2,239**	Monthly	15.93%	7,211	15.93%
Bank loan	76.801220-2	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	995	-	**995**	-	-	-	-	Monthly	6.49%	994	6.30%
Bank loan	76.801220-2	Alumco S.A.	Chile	USD	97.004.000-5	Banco Chile	Chile	5,280	-	**5,280**	-	-	-	-	Quartely	163%	5,250	162%
Bank loan	96.956.680-K	Alusa S.A.	Chile	USD	97.004.000-5	Banco Chile	Chile	5,611	-	**5,611**	-	-	-	-	Upon maturity	0.99%	5,600	0.99%
Bank loan	94.956.680-K	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	3,781	1,400	**5,181**	2,100	-	-	**2,100**	Quartely	186%	12,000	186%
Bank loan	Foreign	Decker Industrial S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	441	-	**441**	-	-	-	-	Upon maturity	22.00%	2,000	0.00%
Bank loan	Foreign	Empaques Flexa S.A.S.	Colombia	USD	Foreign	Banco de Bogota S.A.	Colombia	17,629	-	**17,629**	-	-	-	-	Semi-annual	4.75%	17,500	4.75%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	841	-	**841**	-	-	-	-	Monthly	6.55%	844	6.36%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	1,881	-	**1,881**	-	-	-	-	Quartely	6.47%	1,900	6.30%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	2,060	651	**2,711**	1,953	1,302	-	**3,255**	Semi-annual	7.71%	6,825	7.57%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	-	1,006	**1,006**	-	-	-	-	Semi-annual	2.47%	1,014	2.46%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.004.000-5	Banco Chile	Chile	1,015	-	**1,015**	-	-	-	-	Quartely	124%	1,027	123%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	-	3,014	**3,014**	-	-	-	-	Semi-annual	2.36%	3,039	2.35%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	97.004.000-5	Banco Chile	Chile	-	3,168	**3,168**	-	-	-	-	Upon maturity	0.58%	3,125	0.58%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	-	2,857	**2,857**	-	-	-	-	Upon maturity	0.58%	2,823	0.58%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	97.004.000-5	Banco Chile	Chile	-	2,001	**2,001**	-	-	-	-	Upon maturity	150%	2,000	150%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	1,501	2,708	**4,209**	-	-	-	-	Upon maturity	164%	4,200	164%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	2,012	2,081	**4,093**	-	-	-	-	Upon maturity	139%	4,079	139%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	-	161	**161**	-	29,755	-	**29,755**	Upon maturity	4.21%	30,000	3.94%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	-	121	**121**	-	81,270	-	**81,270**	Upon maturity	3.79%	82,000	3.57%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Citibank	Peru	-	1,001	**1,001**	-	-	-	-	Quartely	2.50%	1,000	2.50%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	618	4,395	**5,013**	1,702	-	-	**1,702**	Monthly	3.60%	8,500	3.60%
Bank loan	Extranjera	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	1,017	2,009	**3,026**	-	-	-	-	Monthly	3.42%	3,000	3.42%
Total interest-bearing loans								**49,214**	**27,740**	**76,954**	**7,383**	**112,938**	**-**	**120,321**				

b.2) As of December 31, 2012, the accounting balance reported in the financial statements of other financial liabilities is detailed as follows:

Type of liability	Debtor Taxpayer ID	Debtor Name	Debtor Country	Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Accounting balance reported in the financial statements – Maturity date – Up to three months ThUS$	Three to twelve months ThUS$	Total current ThUS$	One to three years ThUS$	Three to five years ThUS$	Five or more years ThUS$	Total non-current ThUS$	Repayment	Effective rate (*)	Nominal amount	Nominal rate
Lease	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	11	12	**23**	-	-	-	-	Monthly	18.50%	145	18.50%
Lease	76.801220-2	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	5	14	**19**	18	-	-	**18**	Monthly	8.04%	37	8.04%
Lease	94.956.680-K	Alusa S.A.	Chile	CLF	97.023.000-9	Banco Corpbanca	Chile	-	1,610	**1,610**	3,402	902	-	**4,304**	Semi-annual	4.80%	14,561	4.80%
Lease	94.956.680-K	Alusa S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	203	619	**822**	1,641	1,847	240	**3,728**	Quartely	3.40%	5,529	3.40%
Lease	Foreign	Empaques Flexa S.A.S.	Colombia	Other currency	Foreign	Banco de Colombia	Colombia	6	16	**22**	26	-	-	**26**	Monthly	0.50%	102	0.50%
Lease	Foreign	Empaques Flexa S.A.S.	Colombia	Other currency	Foreign	Leasing de Occidente S.A	Peru	2	9	**11**	3	-	-	**3**	Monthly	0.50%	78	0.50%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Citibank	Peru	47	145	**192**	411	242	-	**653**	Monthly	4.70%	1,028	4.70%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	25	77	**102**	219	63	-	**282**	Monthly	4.84%	591	4.84%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	443	1,134	**1,577**	3,369	2,930	-	**6,299**	Monthly	4.91%	13,060	4.91%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Interbank	Peru	69	115	**184**	-	-	-	-	Monthly	7.20%	1,408	7.20%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	148	338	**486**	937	531	-	**1,468**	Monthly	5.09%	3,093	5.09%
Other minor	91021000-9	Madeco S.A.	Chile	CLP	0	0	Chile	-	4	**4**	-	-	-	-	Upon maturity	0.00%	4	0.00%
Total other financial liabilities								**959**	**4,093**	**5,052**	**10,026**	**6,515**	**240**	**16,781**				

(*)Relates to the original rate and amount in the agreement.

Note 19 – Bank Loans and Other Financial Liabilities (Leases) (continued)

a.1) As of December 31, 2011, bank loans exposed to liquidity risk are detailed as follows:

								Amount of type of liabilities exposed to liquidity risk										
								Maturity date										
Type of liability	Debtor Taxpayer ID	Debtor Name	Debtor Country	Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Up to three months ThUSD	Three to twelve months ThUSD	Total current ThUSD	One to three years ThUSD	Three to five years ThUSD	Five or more years ThUSD	Total non-current ThUSD	Repayment	Effective rate (*)	Nominal amount (*)	Nominal rate
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	696	2,011	**2,707**	2,916	1,847	-	**4,763**	Quarterly	16.98%	6,536	17.03%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Corpbanca	Argentina	602	584	**1,186**	-	-	-	**-**	Quarterly	5.09%	1,714	5.09%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	97.051000-1	Banco del Desarrollo	Chile	740	-	**740**	-	-	-	**-**	Quarterly	1.99%	733	1.99%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Citibank N.A.	Argentina	506	-	**506**	-	-	-	**-**	Semi-annual	2.50%	1,305	2.50%
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.060.000-6	Banco BCI	Chile	680	-	**680**	-	-	-	**-**	Monthly	7.38%	672	7.14%
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	1,896	-	**1,896**	-	-	-	**-**	Monthly	7.65%	1,885	7.40%
Bank loan	96.587.500-K	Alumco S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	2,626	-	**2,626**	-	-	-	**-**	Monthly	2.12%	2,620	2.10%
Bank loan	96.956.680-k	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	-	1,567	**1,567**	2,979	713	-	**3,692**	Semi-annual	3.60%	7,000	3.60%
Bank loan	96.956.680-k	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	2,204	-	**2,204**	-	-	-	**-**	Upon maturity	2.10%	5,233	2.10%
Bank loan	96.956.680-k	Alusa S.A.	Chile	USD	97.060.000-6	Banco BCI	Chile	3,212	-	**3,212**	-	-	-	**-**	Upon maturity	1.85%	3,200	1.85%
Bank loan	96.956.680-k	Alusa S.A.	Chile	USD	97.080.000-k	Banco Bice	Chile	2,510	-	**2,510**	-	-	-	**-**	Upon maturity	2.22%	2,500	2.22%
Bank loan	Foreign	Decker Industrial S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	482	-	**482**	-	-	-	**-**	Upon maturity	28.00%	2,000	28.00%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	Foreign	Banco Itau	Chile	581	-	**581**	-	-	-	**-**	Monthly	7.44%	578	7.20%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	775	-	**775**	-	-	-	**-**	Monthly	7.06%	770	6.84%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	-	2,705	**2,705**	2,407	1,204	-	**3,611**	Semi-annual	7.94%	4,817	7.79%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	35	4,107	**4,142**	-	-	-	**-**	Semi-annual	2.64%	4,034	2.62%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	97.060.000-6	Banco BCI	Chile	2,937	-	**2,937**	-	-	-	**-**	Upon maturity	6.66%	2,889	6.66%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	97.032.000-8	Banco BBVA	Chile	2,630	-	**2,630**	-	-	-	**-**	Upon maturity	6.48%	2,610	6.48%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	1,452	-	**1,452**	-	-	-	**-**	Upon maturity	1.85%	1,450	1.85%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	4,007	-	**4,007**	-	-	-	**-**	Upon maturity	2.16%	4,000	2.16%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	-	3,179	**3,179**	6,340	88,227	-	**94,567**	Upon maturity	3.96%	82,000	3.81%
Bank loan	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco de Crédito	Perú	1,845	1,017	**2,862**	1,077	-	-	**1,077**	Quarterly	4.09%	5,100	4.50%
Bank loan	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Scotiabank	Perú	207	627	**834**	-	-	-	**-**	Quarterly	6.10%	1,600	6.10%
Bank loan	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Citibank N.A.	Perú	1,006	-	**1,006**	-	-	-	**-**	Quarterly	1.70%	1,000	1.70%
										-				**-**				
Total interest-bearing loans								**31,629**	**15,797**	**47,426**	**15,719**	**91,991**	**-**	**107,710**				

a.2) As of December 31, 2011, other financial liabilities (leases) exposed to liquidity risk are detailed as follows:

								Amount of type of liabilities exposed to liquidity risk										
								Maturity date										
Type of liability	Debtor Taxpayer ID	Debtor Name	Debtor Country	Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Up to three months ThUSD	Three to twelve months ThUSD	Total current ThUSD	One to three years ThUSD	Three to five years ThUSD	Five or more years ThUSD	Total non-current ThUSD	Repayment	Effective rate (*)	Nominal amount (*)	Nominal rate
Lease	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	70	-	**70**	38	-	-	**38**	Monthly	18.50%	145	18.50%
Lease	76.801220-2	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	-	-	**-**	37	-	-	**37**	Monthly	8.04%	34	8.04%
Lease	96.956.680-k	Alusa S.A.	Chile	CLF	97.032.000-8	Banco BBVA	Chile	240	721	**961**	1,833	1,921	1,201	**4,955**	Quarterly	3.40%	5,529	3.40%
Lease	96.956.680-k	Alusa S.A.	Chile	CLF	97.023.000-9	Banco Corpbanca	Chile	-	1,485	**1,485**	3,334	2,501	-	**5,835**	Semi-annual	4.80%	14,561	4.80%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Interbank	Perú	70	209	**279**	185	-	-	**185**	Monthly	7.20%	1,408	7.20%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco de Crédito	Perú	323	2,485	**2,808**	8,331	1,847	-	**10,178**	Monthly	5.05%	12,724	5.23%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Scotiabank	Perú	109	327	**436**	600	320	-	**920**	Monthly	5.88%	1,870	5.98%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Continental	Perú	26	79	**105**	211	159	-	**370**	Monthly	4.87%	603	4.87%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Citibank	Perú	50	149	**199**	397	397	-	**794**	Monthly	4.63%	1,147	4.63%
Other minor	91021000-9	Madeco S.A.	Chile	USD	-	0	Chile	-	37	**37**	-	-	-	**-**	Upon maturity	0.00%	-	0.00%
Total other financial liabilities								**888**	**5,492**	**6,380**	**14,966**	**7,145**	**1,201**	**23,312**				

(*)Relates to the original rate and amount in the agreement.

Note 19 – Bank Loans and Other Finance Liabilities (Leases) (continued)

b.1) As of December 31, 2011, the accounting balance reported in the financial statements for interest-bearing loans is detailed as follows:

								Accounting balance reported in the financial statements – Maturity date										
Type of liability	Debtor Taxpayer ID	Debtor Name	Debtor Country	Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Up to three months ThUSD	Three to twelve months ThUSD	Total current ThUSD	One to three years ThUSD	Three to five years ThUSD	Five or more years ThUSD	Total non-current ThUSD	Repayment	Effective rate (*)	Nominal amount (*)	Nominal rate
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	587	1,336	**1,923**	2,072	1,625	-	**3,697**	Quarterly	16.98%	6,536	17.03%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Corpbanca	Argentina	590	571	**1,161**	-	-	-	**-**	Quarterly	5.09%	1,714	5.09%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	97.051000-1	Banco del Desarrollo	Chile	739	-	**739**	-	-	-	**-**	Quarterly	1.99%	733	1.99%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Citibank N.A.	Argentina	504	-	**504**	-	-	-	**-**	Semi-annual	2.50%	1,305	2.50%
Bank loan	76.801220-2	Alumco S.A.	Chile	CLP	97.060.000-6	Banco BCI	Chile	676	-	**676**	-	-	-	**-**	Monthly	7.38%	672	7.14%
Bank loan	76.801220-2	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	1,887	-	**1,887**	-	-	-	**-**	Monthly	7.65%	1,885	7.40%
Bank loan	76.801220-2	Alumco S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	2,623	-	**2,623**	-	-	-	**-**	Monthly	2.12%	2,620	2.10%
Bank loan	96.956.680-k	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	-	1,401	**1,401**	2,800	700	-	**3,500**	Semi-annual	3.60%	7,000	3.60%
Bank loan	96.956.680-k	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	2,200	-	**2,200**	-	-	-	**-**	Upon maturity	2.10%	5,233	2.10%
Bank loan	96.956.680-k	Alusa S.A.	Chile	USD	97.060.000-6	Banco BCI	Chile	3,202	-	**3,202**	-	-	-	**-**	Upon maturity	1.85%	3,200	1.85%
Bank loan	96.956.680-k	Alusa S.A.	Chile	USD	97.080.000-k	Banco Bice	Chile	2,500	-	**2,500**	-	-	-	**-**	Upon maturity	2.22%	2,500	2.22%
Bank loan	Foreign	Decker Industrial S.A	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	482	-	**482**	-	-	-	**-**	Upon maturity	28.00%	2,000	28.00%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	Foreign	Banco Itau	Chile	578	-	**578**	-	-	-	**-**	Monthly	7.44%	578	7.20%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	773	-	**773**	-	-	-	**-**	Monthly	7.06%	770	6.84%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	-	1,206	**1,206**	2,407	1,204	-	**3,611**	Semi-annual	7.94%	4,817	7.79%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	34	4,021	**4,055**	-	-	-	**-**	Semi-annual	2.64%	4,034	2.62%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	97.060.000-6	Banco BCI	Chile	2,923	-	**2,923**	-	-	-	**-**	Upon maturity	6.66%	2,889	6.66%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	97.032.000-8	Banco BBVA	Chile	2,615	-	**2,615**	-	-	-	**-**	Upon maturity	6.48%	2,610	6.48%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	1,450	-	**1,450**	-	-	-	**-**	Upon maturity	1.85%	1,450	1.85%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	4,006	-	**4,006**	-	-	-	**-**	Upon maturity	2.16%	4,000	2.16%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	-	145	**145**	-	81,486	-	**81,486**	Upon maturity	3.96%	82,000	3.81%
Bank loan	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco de Crédito	Perú	1,841	975	**2,816**	1,000	-	-	**1,000**	Quarterly	4.09%	5,100	4.50%
Bank loan	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Scotiabank	Perú	207	600	**807**	-	-	-	**-**	Quarterly	6.10%	1,600	6.10%
Bank loan	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Citibank N.A.	Perú	1,000	-	**1,000**	-	-	-	**-**	Quarterly	1.70%	1,000	1.70%
										-				**-**				
Total interest-bearing loans								**31,417**	**10,255**	**41,672**	**8,279**	**85,015**	**-**	**93,294**				

b.2) As of December 31, 2011, the accounting balance, reported in the financial statements for other financial liabilities, is detailed as follows:

								Accounting balance reported in the financial statements – Maturity date										
Type of liability	Debtor Taxpayer ID	Debtor Name	Debtor Country	Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Up to three months ThUSD	Three to twelve months ThUSD	Total current ThUSD	One to three years ThUSD	Three to five years ThUSD	Five or more years ThUSD	Total non-current ThUSD	Repayment	Effective rate (*)	Nominal amount (*)	Nominal rate
Lease	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	26	-	**26**	48	-	-	**48**	Monthly	18.50%	145	18.50%
Lease	76.801220-2	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	-	16	**16**	34	-	-	**34**	Monthly	8.04%	50	8.04%
Lease	96.956.680-k	Alusa S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	196	599	**795**	1,585	1,788	1,176	**4,549**	Quarterly	3.40%	5,529	3.40%
Lease	96.956.680-k	Alusa S.A.	Chile	CLF	97.023.000-9	Banco Corpbanca	Chile	-	1,390	**1,390**	2,928	2,385	-	**5,313**	Semi-annual	4.80%	14,561	4.80%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Interbank	Perú	67	204	**271**	184	-	-	**184**	Monthly	7.20%	1,408	7.20%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco de Crédito	Perú	321	2,306	**2,627**	8,089	1,760	-	**9,849**	Monthly	5.05%	12,724	5.23%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Scotiabank	Perú	94	289	**383**	546	310	-	**856**	Monthly	5.88%	1,870	5.98%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Continental	Perú	24	73	**97**	209	176	-	**385**	Monthly	4.87%	603	4.87%
Lease	Foreign	Peruplast S.A.	Perú	USD	Foreign	Banco Citibank	Perú	46	141	**187**	400	438	-	**838**	Monthly	4.63%	1,147	4.63%
Other minor	91021000-9	Madeco S.A.	Chile	CLP	-	0	Chile	-	37	**37**	-	-	-	**-**	Upon maturity	0.00%	37	0.00%
Total other financial liabilities								**774**	**5,055**	**5,829**	**14,023**	**6,857**	**1,176**	**22,056**				

(*) Relates to the original rate and amount in the agreement.

Note 20 – Trade and Other Payables

As of December 31, 2012, trade and other payables are detailed as follows:

					Accounting balance reported in the financial statements							
					Maturity date							
Type of liability	Debtor Taxpayer ID	Debtor Name	Currency	Creditor	Up to one month ThUS$	One to three months ThUS$	Three to twelve months ThUS$	Total current ThUS$	One to five years ThUS$	Total non-current ThUS$	Repayment	Nominal value
Trade payables	Foreign	Aluflex S.A.	ARS	Other suppliers	2,878	1,832	-	**4,710**	-	-	Monthly	4,710
Trade payables	Foreign	Aluflex S.A.	ARS	Other creditors	82	-	-	**82**	-	-	Monthly	82
Trade payables	Foreign	Aluflex S.A.	USD	Other suppliers	895	1,030	-	**1,925**	-	-	Monthly	1,925
Trade payables	76.880.220-2	Alumco S.A.	CLP	Trade payables	1,116	-	-	**1,116**	-	-	Monthly	1,116
Trade payables	96.956.680-K	Alusa S.A.	CLP	Other suppliers	5,303	5,383	-	**10,686**	-	-	Monthly	10,686
Accounts payable	96.956.680-K	Alusa S.A.	CLP	Withholdings	870	-	-	**870**	-	-	Monthly	870
Trade payables	96.956.680-K	Alusa S.A.	Other currencies	Other suppliers	6	-	-	**6**	-	-	Monthly	6
Trade payables	96.956.680-K	Alusa S.A.	USD	Other suppliers	1,776	1,758	-	**3,534**	-	-	Monthly	3,534
Other payables	96.956.680-K	Alusa S.A.	USD	Other payables	-	-	-	**-**	-	-	Monthly	-
Trade payables	Foreign	Decker Industrial S.A.	ARS	Trade payables	1,127	-	-	**1,127**	-	-	Monthly	1,127
Other payables	Foreign	Decker Industrial S.A.	ARS	Other payables	239	-	-	**239**	-	-	Monthly	239
Trade payables	89.010.400-2	Eco Alusa S.A.	USD	Other creditors	-	-	1	**1**	-	-	Monthly	1
Trade payables	Foreign	Empaques Flexa S.A.S	EUR	Short-term payables	-	132	-	**132**	-	-	Monthly	132
Trade payables	Foreign	Empaques Flexa S.A.S	Other currencies	Short-term payables	-	15	-	**15**	-	-	Monthly	15
Trade payables	Foreign	Empaques Flexa S.A.S	Other currencies	Short-term payables	-	3,112	-	**3,112**	-	-	Monthly	3,112
Other payables	Foreign	Empaques Flexa S.A.S	Other currencies	Other creditors	-	527	-	**527**	-	-	Monthly	527
Trade payables	Foreign	Empaques Flexa S.A.S	USD	Short-term payables	-	1,731	-	**1,731**	-	-	Monthly	1,731
Trade payables	91.524.000-3	Indalum S.A.	CLP	Trade payables	462	-	-	**462**	-	-	Monthly	462
Trade payables	76.123.907-4	Inv. Alumco Dos S.A.	CLP	Trade payables	74	-	-	**74**	-	-	Monthly	74
Trade payables	76.009.053-0	Madeco Mills S.A.	CLP	Short-term payables	797	119	-	**916**	-	-	Monthly	916
Trade payables	76.009.053-0	Madeco Mills S.A.	CLP	Other payables	245	-	-	**245**	-	-	Monthly	245
Trade payables	76.009.053-0	Madeco Mills S.A.	EUR	Short-term payables	-	-	-	**-**	-	-	Monthly	-
Trade payables	76.009.053-0	Madeco Mills S.A.	Other currencies	Short-term payables	1	-	-	**1**	-	-	Monthly	1
Trade payables	76.009.053-0	Madeco Mills S.A.	USD	Short-term payables	352	-	-	**352**	-	-	Monthly	352
Trade payables	91.021.000-9	Madeco S.A.	BRL	Short-term payables	59	-	-	**59**	-	-	Monthly	59
Trade payables	91.021.000-9	Madeco S.A.	CLP	Short-term payables	233	3	-	**236**	-	-	Monthly	236
Trade payables	91.021.000-9	Madeco S.A.	CLP	Other payables	626	-	-	**626**	-	-	Monthly	626
Trade payables	91.021.000-9	Madeco S.A.	EUR	Other payables	28	-	-	**28**	-	-	Monthly	28
Trade payables	91.021.000-9	Madeco S.A.	USD	Short-term payables	12	-	-	**12**	-	-	Monthly	12
Trade payables	Foreign	Optel Brasil Ltda.	BRL	Other creditors	21	-	-	**21**	-	-	Monthly	21
Trade payables	Foreign	Peruplast S.A.	PEN	Other suppliers	698	-	-	**698**	-	-	Monthly	698
Other payables	Foreign	Peruplast S.A.	PEN	Other payables	258	-	-	**258**	-	-	Monthly	258
Trade payables	Foreign	Peruplast S.A.	USD	Other suppliers	5,563	8,343	-	**13,906**	-	-	Monthly	13,906
Trade payables	76.032.465-5	Tecnowin S.A.	CLP	Trade payables	-	11	-	**11**	-	-	Monthly	11
Total trade payables					**23,721**	**23,996**	**1**	**47,718**	**-**	**-**		

Note 20 – Trade and Other Payables (continued)

As of December 31, 2011, trade and other payables are detailed as follows:

					Accounting balance reported in the financial statements						
					Maturity date						
Type of liability	Debtor Taxpayer ID	Debtor Name	Currency	Creditor	Up to one month ThUSD	One to three months ThUSD	Total current ThUSD	One to five years ThUSD	Total non-current ThUSD	Repayment	Nominal value Nominal
Trade payables	Foreign	Aluflex S.A.	USD	Other suppliers	1,367	2,616	**3,983**	-	**-**	Monthly	3,983
Trade payables	Foreign	Aluflex S.A.	ARS	Other suppliers	1,909	765	**2,674**	-	**-**	Monthly	2,674
Other payables	Foreign	Aluflex S.A.	ARS	Other creditors	92	-	**92**	-	**-**	Monthly	92
Trade payables	76.880.220-2	Alumco S.A.	CLP	Trade payables	580	-	**580**	-	**-**	Monthly	580
Trade payables	76.880.220-2	Alumco S.A.	USD	Trade payables	1,836	-	**1,836**	-	**-**	Monthly	1,836
Trade payables	76.880.220-2	Alumco S.A.	EUR	Trade payables	210	-	**210**	-	**-**	Monthly	210
Trade payables	96.956.680-k	Alusa S.A.	CLP	Other suppliers	3,831	5,315	**9,146**	-	**-**	Monthly	9,146
Trade payables	96.956.680-k	Alusa S.A.	USD	Other suppliers	1,570	1,466	**3,036**	-	**-**	Monthly	3,036
Trade payables	96.956.680-k	Alusa S.A.	EUR	Other suppliers	2	13	**15**	-	**-**	Monthly	15
Trade payables	96.956.680-k	Alusa S.A.	Other currencies	Other suppliers	6	9	**15**	-	**-**	Monthly	15
Accounts payable	96.956.680-k	Alusa S.A.	CLP	Withholdings	916	-	**916**	-	**-**	Monthly	916
Trade payables	Foreign	Decker Industrial S.A.	ARS	Trade payables	759	-	**759**	-	**-**	Monthly	759
Other payables	Foreign	Decker Industrial S.A.	ARS	Trade payables	313	-	**313**	-	**-**	Monthly	313
Trade payables	91.524.000-3	Indalum S.A.	USD	Trade payables	801	-	**801**	-	**-**	Monthly	801
Trade payables	91.524.000-3	Indalum S.A.	EUR	Trade payables	13	-	**13**	-	**-**	Monthly	13
Trade payables	91.524.000-3	Indalum S.A.	CLF	Trade payables	27	-	**27**	-	**-**	Monthly	27
Trade payables	91.524.000-3	Indalum S.A.	CLP	Trade payables	409	-	**409**	-	**-**	Monthly	409
Trade payables	76.123.907-4	Inv Alumco Dos S.A.	CLP	Trade payables	20	-	**20**	-	**-**	Monthly	20
Trade payables	76009053-0	Madeco Mills	CLP	Short-term payables	495	143	**638**	-	**-**	Monthly	638
Trade payables	76009053-0	Madeco Mills	EUR	Short-term payables	7	-	**7**	-	**-**	Monthly	7
Trade payables	76009053-0	Madeco Mills	USD	Short-term payables	-	11	**11**	-	**-**	Monthly	11
Trade payables	76009053-0	Madeco Mills	CLP	Other payables	383	-	**383**	-	**-**	Monthly	383
Trade payables	91021000-9	Madeco S.A.	CLP	Accounts payable	49	84	**133**	-	**-**	Monthly	133
Trade payables	91021000-9	Madeco S.A.	EUR	Accounts payable	112	-	**112**	-	**-**	Monthly	112
Trade payables	91021000-9	Madeco S.A.	USD	Accounts payable	581	-	**581**	-	**-**	Monthly	581
Trade payables	91021000-9	Madeco S.A.	CLP	Other payables	69	-	**69**	-	**-**	Monthly	69
Trade payables	Foreign	Optel Brasil Ltda.	BRL	Other creditors	-	8	**8**	-	**-**	Monthly	8
Trade payables	Foreign	Peruplast S.A.	USD	Other suppliers	5,624	8,435	**14,059**	-	**-**	Monthly	14,059
Trade payables	Foreign	Peruplast S.A.	PEN	Other suppliers	242	-	**242**	-	**-**	Monthly	242
Other payables	Foreign	Peruplast S.A.	PEN	Other creditors	527	-	**527**	-	**-**	Monthly	527
Trade payables	76.032.465-5	Tecnow in S.A.	CLP	Accounts payable	6	-	**6**	-	**-**	Monthly	6
							-		**-**		
Total trade payables					**22,756**	**18,865**	**41,621**	**-**	**-**		

Note 21 – Provisions

a) Composition

Provisions made correspond to the following concepts and amounts:

Description of the provision	Current Dec. 31, 2012 ThUS$	Current Dec. 31, 2011 ThUS$
Provision for legal claims (2)	-	25
Other provisions (3)	5,239	9,056
Total	**5,239**	**9,081**

Description of the provision	Non-current Dec. 31, 2012 ThUS$	Non-current Dec. 31, 2011 ThUS$
Provision for legal claims (2)	200	209
Other provisions (3)	3,138	2,655
Total	**3,338**	**2,864**

1) Restructuring Provision

The restructuring cost charge to the results, as of December 2012 closing, amounts to ThUS$ 888.

The implementation plan for this restructuring was informed by the Management in detail at the meeting of the board of Indalum S.A. No. 420 that took place on January 25, 2012, where accounts were rendered for December 2011 and according to the plan the same will be completed within the first quarter of 2012. However, at the end of March 2012, the restructuring plan was supplemented by new reorganization activities planned for the 2012 year, which were finalized by the close of the financial period.

2) Provision for legal claims

Detail of type of provisions: The Company records a provision for lawsuits pending in courts, for which there is a greater possibility that the outcome will be unfavorable for the Company and its subsidiaries.

The provisions for legal claims that might affect the Company are detailed as follows:

Nature of the type of provision: The subsidiary, Decker Industrial S.A., currently has lawsuits filed by former employees related to work accidents and dismissals.

Expected schedule of outflows by type of provision: Not yet determined.

Note 21 – Provisions (continued)

a) Composition (continued)

2) Provision for legal claims, continued

Uncertainties regarding the timing and amount of a type of provision: The Company believes it is not guilty of the infraction filed, but according to the report from the legal advisors there is a 70% possibility of an unfavorable outcome.

Main assumptions relating to future events related to a type of provision: An appeal was filed against the sentence, and in accordance with the preceding paragraph a provision for 80% of the estimated payment has been accrued.

3) Other Provisions

The balance of other provisions at each year-end is detailed as follows:

Description	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Basic utilities (water, electric energy, gas supply)	443	428
Export, import, freight and sales commission expenses	760	636
Fees and external advisory services	476	599
Directors’ participation	345	144
Provision for municipal and other taxes	1,363	1,172
Provision for lawsuits, Brazil	3,408	7,373
Provision for general expenses	1,582	1,359
Total other provisions	**8,377**	**11,711**

b) Movements

Movements in provisions are detailed as follows:

	For restructuring ThUS$	For legal claims ThUS$	Other provisions ThUS$	Total ThUS$
Opening balance as of 1/1/2012	**-**	**234**	**11,711**	**11,945**
Additional provisions	133	-	24,371	24,504
Increase (decrease) in existing provisions	-	(34)	40,134	40,100
Acquisitions Through Business Combinations	-	-	289	289
Use	(133)	-	(67,667)	(67,800)
Increase (decrease) in foreign currency translation	-	-	(1,609)	(1,609)
Other increases (decreases)	-	-	1,148	1,148
Total changes in provisions	-	(34)	(3,334)	(3,368)
Final balance as of 12/31/2012	**-**	**200**	**8,377**	**8,577**

Note 22 – Other Non-financial Liabilities

As of December 31, 2012 and December 31, 2011, other non-financial liabilities are detailed as follows:

CURRENT	Balance as of Dec. 31, 2012 ThUS$	Balance as of Dec. 31, 2011 ThUS$
Dividends payable (*)	5,510	6,931
Unearned income	2,138	1,531
Other	12	16
Total	**7,660**	**8,478**

NO CURRENT	Balance as of Dec. 31, 2012 ThUS$	Balance as of Dec. 31, 2011 ThUS$
Other	-	1
Total	**-**	**1**

(*) Movements in the dividend payable balance	**Dec. 31, 2012 ThUS$**	**Dec. 31, 2011 ThUS$**
Opening blance as of January 1 of 2012 and 2011	**6,931**	**1,341**
Recognition of the minimum dividend of the parent company, year	4,141	5,746
Recognition of minimum dividend of subs. Alusa (non-controlling int.)	1,231	1,064
Recognition of minimum dividend of subs. Indalum (non-controlling int.)	3	-
Recognition of minimum dividend (2011) of subs. Alusa (non-controlling int.)	1,012	-
Payments of dividends by the reporting entity	(5,725)	-
Payment for dividends to non-controlling interest	(2,089)	(1,208)
Increase (decrease) in foreign currency translation	6	(12)
Final balance at each period-end	**5,510**	**6,931**

Note 23 – Accrual for Post-employment Benefit Obligation

The Parent and certain of its subsidiaries have collective bargaining agreements with their employees, which establish current and non-current rewards and/or benefits for employees, the main characteristics of which are described below:

i. In general, current benefits are based on mixed plans or agreements providing benefits for services received and cover the risks of disability or death of employees.

ii. Non-current benefits relate to plans or agreements to mainly cover post-employment benefits generated by the termination of the labor relationship.

The cost of these benefits is charged to profit or loss in the account "cost of sales and administrative expenses" and interest costs on the obligation are charged to the account "finance costs".

The liability recorded under post-employment benefit plans mainly relates to obligations for services provided by employees and is valued on the basis of the actuarial method, for which the Company uses the following hypotheses, as of December 31, 2012 and December 31, 2011:

	Dec-31-12	**Dec-31-11**
Mortality table	RV-2004	RV-2004
Annual interest rate	3.50%	3.50%
Redundancy turnover rate (*)	1,5% y 4,91%	1,5% y 4,91%
Company's needs turnover rate	0.50%	0.50%
Salary increases	2.00%	2.00%
Age for retirement		
Men	65	65
Women	60	60

(*) On the basis of their history, the Parent and its subsidiaries have determined a redundancy turnover rate of 1.5% ((Madeco S.A. and Madeco Mills S.A.) and 4.91% (Alusa S.A.)).

Types of expenses by employee	**ACCUMULATED**	
	Jan. 1, 2012	**Jan. 1, 2011**
	Dec. 31, 2012	**Dec. 31, 2011**
Personnel expenses	**ThUS$**	**ThUS$**
Salaries and wages	54,672	54,751
Short-term employee benefits	1,380	1,093
Post-employment benefit obligation	2,553	1,634
Termination benefits	667	1,073
Other employee expenses	1,563	441
Total	**60,835**	**58,992**

Note 23 – Accrual for Post-employment Benefit Obligation (continued)

Reconciliation of the present value of defined benefit plan obligation	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Present value of defined benefit plan obligation, opening balance	7,057	8,672
Cost of current service, defined benefit plan obligation	822	1,118
Interest cost of defined benefit plan obligation	266	257
Actuarial income (losses) for defined benefit plan obligation	564	(19)
Increase (decrease) in foreign currency translation for defined benefit plan obligation.	569	(750)
Contributions paid for defined benefit plan obligation	(2,179)	(1,342)
Settlements for defined benefit plan obligation	-	(879)
Present value of defined benefit plan obligation, final balance	**7,099**	**7,057**

Presentation in the statement of financial position Post-employment benefit	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Liability Recognized in relation to Termination Benefits, Current	398	381
Personnel vacation	2,978	2,814
Labor trial settlement	206	46
Performance bonus provision	1,094	1,042
Profit share and bonuses	2,667	2,155
Termination benefit	81	66
Other benefits	-	41
Total employee benefit current provisions	**7,424**	**6,545**
Liability Recognized in relation to Termination Benefits, Non Current	6,701	6,676
Labor trial settlement	279	418
Total employee benefit non current provisions	**6,980**	**7,094**

Note 24 – Financial Instruments

As of December 31, 2012 and December 31, 2011, financial assets and financial liabilities, classified by category and valuation criteria, are detailed as follows:

a) Financial assets

SPECIFIC DESCRIPTION OF THE FINANCIAL ASSET AND FINANCIAL LIABILITY	CATEGORY AND VALUATION OF THE FINANCIAL ASSET OR FINANCIAL LIABILITY	CURRENT		NON-CURRENT		Fair value level	FAIR VALUE	
		Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	Dec. 31, 2011
		ThUS$	ThUS$	ThUS$	ThUS$		ThUS$	ThUS$
Cash and cash equivalents	Cash and cash equivalents	11,387	20,835	-	-		11,387	20,835
Cash and cash equivalents		**11,387**	**20,835**	**-**	**-**		**11,387**	**20,835**
Trade and other receivables	Loans and receivables at amortizable cost	102,925	87,506	-	-		102,925	87,506
Trade and other receivables, net		**102,925**	**87,506**	**-**	**-**		**102,925**	**87,506**
Due from related parties	Loans and receivables at amortizable cost	590	479	-	-		590	479
Due from related parties		**590**	**479**	**-**	**-**		**590**	**479**
Term Deposit in Brazilian Real (Banco Itaú - Brazil)	Held to maturity at amortizable cost	-	300	-	-		-	300
Commodity price hedges (Copper)	Cash flows hedge instrument (note 10)	-	42	-	-	Level 2	-	42
Equity instruments (Investment in stocks in Stock Companies)	Other financial non current assets	-	-	108	107	Level 3	108	107
Equity instruments (Investment in stocks in Nexans)	Financial asset available for sale (note 13)	-	-	-	296,476	Level 1	-	296,476
Other financial assets		**-**	**342**	**108**	**296,583**		**108**	**296,925**
Accounts receivable, non current	Loans and accounts receivable at amortizable cost	-	-	6	8		6	8
Total Financial Assets		**114,902**	**109,162**	**114**	**296,591**		**115,016**	**405,753**

Note 24 – Financial Instruments (continued)

b) Financial liabilities

SPECIFIC DESCRIPTION OF THE FINANCIAL ASSET AND FINANCIAL LIABILITY	CATEGORY AND VALUATION OF THE FINANCIAL ASSET OR FINANCIAL LIABILITY	CURRENT		NON-CURRENT		Fair value level	FAIR VALUE	
		Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	Dec. 31, 2011
		ThUS$	ThUS$	ThUS$	ThUS$		ThUS$	ThUS$
Bank loans and bond obligations	Financial liability at amortizable cost	76,954	41,672	120,321	93,294		197,275	134,966
Financial liabilities (financial leases and other liabilities)	Financial liability at amortizable cost	5,052	5,829	16,781	22,056		21,833	27,885
Interest rate hedges	Cash flow hedging instrument (note 10)	-	25	-	-	Level 2	-	25
Exchange rate hedges	Fair value hedging instrument (note 10)	-	5	-	-	Level 2	-	5
Commodity price hedges (copper)	Fair value hedging instrument (note 10)	44	117	-	-	Level 2	44	117
Sales expected item	Cash flow hedging instrument (nota 10)	64	132	-	-	Level 2	64	132
Other current financial liabilities		**82,114**	**47,780**	**137,102**	**115,350**		**219,216**	**163,130**
Trade payables, payroll and tax withholdings and other payables	Financial liability at amortizable cost	47,718	41,621	-	-		47,718	41,621
Trade and other payables		**47,718**	**41,621**	**-**	**-**		**47,718**	**41,621**
Due to related parties	Financial liability at amortizable cost	2	2	-	-		2	2
Due to related parties		**2**	**2**	**-**	**-**		**2**	**2**
Total Financial Liabilities		**129,834**	**89,403**	**137,102**	**115,350**		**266,936**	**204,753**

c) Fair value levels

Financial instruments measured at fair value in the statement of financial position are classified according to the following hierarchy:

c.1) LEVEL 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

c.2) LEVEL 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c.3) LEVEL 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note 25 - Equity

a) Capital and number of shares

Single Series	No. of shares	
	Dec. 31, 2012	Dec. 31, 2011
No. of authorized shares (*)	7,422,000,000	7,422,000,000
No. of subscribed shares (*)	7,422,000,000	7,265,821,217
No. of fully-paid shares (*)	7,422,000,000	7,265,821,217
No. of voting right shares (*)	7,422,000,000	7,265,821,217

Single Series	Dec. 31, 2012 ThUS$	Dec. 31, 2011 ThUS$
Subscribed capital (*)	475,525	469,497
Paid-in capital (*)	475,525	469,497

(*) At the Extraordinary Shareholders' Meeting held on April 21, 2011, the shareholders agreed to increase the Company's capital by US$ 100,023,359 (one hundred million twenty-three thousand three-hundred and fifty-nine United States Dollars) through the issue of 1,760,974,629 new shares with no par value, payable in cash, demand deposits or checks, which were offered preferentially to the shareholders. The Board of Directors was entitled to issue and place these shares in one or several stages and set their final placement price through the method and conditions expressed by the shareholders at the Meeting and with the restrictions established by the legal regulations currently in force. The entire capital increase must be subscribed and paid in full within a period of three years from April 21, 2011.

At the Board of Directors' Meeting on May 25, 2011, the Directors agreed to issue all shares of this capital increase, set the mechanism to determine the share placement price and indicated that within the 15 business days immediately subsequent to the expiration of the preferred offer period, a voluntary period of 10 business days will be opened as agreed upon at the meeting for the shareholders who have subscribed the preferred option and have indicated their interest in subscribing the remaining shares within the period.

This share issuance was registered under No. 930, on June 17, 2011, in the Securities Registry of the SVS.

At the Board of Directors' Meeting held on June 20, 2011, the directors agreed to establish July 1, 2011 as the beginning date for the preferential offer period for a period of 30 days, expiring on July 30, 2011.

On June 24, 2011, the Board of Directors agreed to set a share placement price of US$ 0.04864 per each share, in conformity with the mechanism set for these purposes; i.e., for the weighted average price, which the Company's share had during the period between June 9 and 23, 2011, in the Santiago Stock Exchange. This amount was converted to U.S. Dollars using the observed exchange rate of June 23, 2011 of Ch$ 472.04 per US$ 1.00.

Between July 1 and 30, 2011, (the preferential option period) 1,184,352,679 shares were subscribed and paid for in the amount of ThUS$ 57,607. This placement generated goodwill of ThUS$ 9,664.

Between August 11 and 19, 2011, (voluntary offer period) 420,443,167 shares were subscribed and paid for in the amount of ThUS$ 20,450. This generated a placement goodwill of ThUS$ 3,431.

Both capital increases were recorded under Issued Capital for ThUS$ 78,057 net of goodwill generated for a total amount of ThUS$ 13,095.

Note 25 - Equity (continued)

a) Capital and number of shares (continued)

At Board of Directors Meeting, No. 831 held on March 26, 2012, the directors agreed to the sale of the 156,178,783 shares remaining from the Company's latest capital increase, through stock exchange auction, as soon as the market has been informed of the result of the evaluation performed by Deloitte, to determine the fair value of the assets and liabilities of Nexans. This evaluation had to be performed for the purpose of accounting for this investment using the equity method, since as of this year the Company has significant influence over Nexans. In addition, to carry out this sale, the share must be placed in the market at a price that is no less than the preferred offer to shareholders (US$ 0.04864).

Consequently, the Company's share capital, as of December 31, 2012, amounts to ThUS$ 475,525 equivalent to 7,422,000,000 subscribed fully-paid shares.

b) Other reserves

The detail of and movements in other reserves are detailed as follows:

Description	Balance as of Dec. 31,2012 ThUS$	Net movement ThUS$	Balance as of Dec. 31,2011 ThUS$
Foreign currency translation reserves (*)	7,114	40,345	(33,231)
Hedging reserves (*)	7,493	7,588	(95)
Available-for-sale reserves (*)	-	55,543	(55,543)
Post-Employment Benefits Reserve (*)	(17,143)	(17,143)	-
Other reserves (*)	(23,227)	8,030	(31,257)
Final balance	**(25,763)**	**94,363**	**(120,126)**

(*) Equity reserves correspond mainly to recording the equity value of the investment in associate Nexans S.A. For better comprehension of the effects accounted for, see Note 14, letter c.2, c.3 and c.4.

c) Non-controlling interest

This caption relates to the recognition of the portion of equity and profit or loss of the subsidiaries owned by third parties. The detail for the periods ended is as follows:

Non-controlling interest			Non-controlling interest			
			Balance amounts		Statement of income	
					ACCUMULATED	
			Balance as of		Jan. 1, 2012	Jan. 1, 2011
Company	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
	%	%	ThUS$	ThUS$	ThUS$	ThUS$
Alusa S.A.	24.04	23.73	28,850	26,468	4,098	5,748
Indalum S.A.	0.51	0.51	217	213	10	3
Total			**29,067**	**26,681**	**4,108**	**5,751**

Note 25 - Equity (continued)

d) Dividends

Dividend policy

As reported at the Ordinary General Shareholders' Meeting, held on April 21, 2011, the Board of Directors agreed to maintain the Company's current dividends policy. Consequently, should the Company obtain distributable profits, the Board intends to distribute at least 30% of profit for each year as dividends, subject to compliance with the aforementioned conditions, cash flows and profit obtained. With regard to provisional dividends, the current policy will remain unchanged, requiring the distribution of a provisional dividend each year with a charge of 30% of the aforementioned profit for the period and subject to the same conditions indicated above. This interim dividend will be payable in December of the applicable year or during the first two months of the following year.

In reference to the same memorandum, the Board of Directors of Madeco S.A. at a meeting held on March 26, 2012, agreed to modify the policy used to determine the distributable liquid profit shown for the 2012 financial period. This modification would subtract from the item "Profit (Loss) attributable to Shareholders in the Net Equity of the Parent Company" the unrealized profit originating from the change in accounting methodology to the share method regarding the investment in Nexans, resulting from the variations produced when determining the fair value of the assets and liabilities of that company; these profits, according to what is established in the abovementioned Memorandum No. 1945, will be reintegrated into the calculation of liquid profits during the financial period in which said variations occur.

According to the above, the determination of the Minimum Dividend as of December 31, 2012 is presented below:

Determination of Minimum Dividend	**ThUS$**
Profit (loss) attributable to owners of the parent	**53,013**
Less:	
Recognition of Badwill investment in the associated Nexans S.A. (initial) (Note 26 letter f)	(51,077)
Tax Income effect	11,868
Profit (loss) attributable to owners of the parent, adjusted	**13,804**
Minimum Dividens 30%	**4,141**

As specified in Circular Letter 1945, issued by the SVS, the Company's Board of Directors meeting held on November 30, 2009, the Directors agreed, for the purpose of calculating distributable profits for 2009, not to consider the adjustments determined under IFRS related to the transition period, which are included in the account "Gain (loss) attributable to owners of the Parent." As included in letter a) the adjustments for the first-time adoption of IFRS were absorbed against the account Issued capital during 2010.

Payments of dividends

At the Ordinary Shareholders' Meeting held on April 25, 2012 the shareholders approved payment of final dividend No. 106, in the amount of US$ 0.000791 per share, as of May 7, 2012.

This dividend, which corresponds to 30% of net income for 2011, is a Mandatory Dividend, which amounts to ThUS$ 5,746, recorded in 2011.

The remaining balance of net income for 2011 in the amount of ThUS$ 13,411 was approved to be destined to the Retained Earnings Registry.

Note 25 - Equity (continued)

e) Earnings per share

The basic earnings per share are calculated by dividing the profit available for distribution to the shareholders, by the weighted average number of outstanding shares during the period.

	Jan. 1, 2012 Dec. 31, 2012 ThUS$	Jan. 1, 2011 Dec. 31, 2011 ThUS$
Earnings attributable to the owners of net equity shares of the Parent	53,013	19,157
Profit available for the shareholders	**53,013**	**19,157**
Basic earnings per share (USD per share)	**0.0072**	**0.0030**
Weighted average number of shares	7,356,404,911	6,344,782,827

Note 26 – Income and Expenses

a) Income

Income is detailed as follows:

Description	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	ACCUMULATED Jan. 1, 2011 Dec. 31, 2011 ThUS$
Sale of goods	420,055	430,287
Rendering of services	3,091	6,538
Total	**423,146**	**436,825**

b) Other income by function

Other income by function is detailed as follows:

Description	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	ACCUMULATED Jan. 1, 2011 Dec. 31, 2011 ThUS$
Gain (loss) on sale of investment property	1,064	1,982
Dividends received	-	4,072
Rent received	58	42
Tax recovery for the absorption of tax earnings	-	2,216
Other operating income	179	54
Total	**1,301**	**8,366**

Note 26 – Income and Expenses (continued)

c) Interest Income

Interest Income is detailed as follows:

Description	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	 Jan. 1, 2011 Dec. 31, 2011 ThUS$
Interest income	339	1,109
Total	**339**	**1,109**

d) Interest Expenses

Interest Expenses are detailed as follows:

Description	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	 Jan. 1, 2011 Dec. 31, 2011 ThUS$
Interest expense, bank loans	7,358	4,235
Interest expense, other	2,109	1,625
Bank fees and other finance costs	1,357	1,621
Total	**10,824**	**7,481**

e) Other expenses by function

Other expenses by function are detailed as follows:

Description	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	 Jan. 1, 2011 Dec. 31, 2011 ThUS$
Estimated losses due to contingencies in Brazil and associated fees and expenses	10,045	2,530
Restructuring costs	1,237	50
Board of Directors share	345	144
Inactive goods depreciation	283	383
Non operating fees	106	159
Write-downs on property, plant and equipment	-	78
Other miscellaneous operation expenses	651	656
Total	**12,667**	**4,000**

Note 26 – Income and Expenses (continued)

f) Other gains (losses)

The category Other Profits (Losses) is detailed as follows:

Description	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	 Jan. 1, 2011 Dec. 31, 2011 ThUS$
Recognition of Badwill investment in the associated Nexans S.A. (initial)	51,077	-
Recognition of Badwill investment in the associated Nexans S.A. (year 2012)	33,072	-
Effect of change in participation in Investment in associate (Nexans S.A.)	(7,393)	-
Recognition of Badwill investment in the associated Empaques Flexa S.A.S.	3,752	-
Profit from the sale of stocks in Nexans Colombia (former Cedsa S.A.)	-	4,750
Gain on sale of property, plant and equipment	-	70
Provision for taxes, fines and interests	-	(331)
Loss from sale of long-term investments (Armat S.A.)	-	(1,110)
Other miscellaneous (losses) profits	(915)	(41)
Total	**79,593**	**3,338**

Note 27 – Effect of Foreign Currency Conversion

a) The consolidated financial statements are presented in U.S. Dollars, the Company's functional and presentation currency.

The effects on profit or loss, at each period-end, are detailed as follows:

	ACCUMULATED Jan. 1, 2012 Dec. 31, 2012 ThUS$	 Jan. 1, 2011 Dec. 31, 2011 ThUS$
Foreign exchange rate differences recognized in profit or loss except for financial instruments measured at fair value through profit or loss	1,434	(2,687)
Foreign exchange rate reserves (included in the statement of comprehensive income)	**40,112**	**(27,109)**

b) The information on liabilities in foreign currencies classified according to their maturity dates is included in Notes 19 and 20.

Note 27 –Foreign Exchange Rate Difference (continued)

c) As of December 31, 2012, assets and liabilities, classified by currencies. are detailed as follows:

Assets	U.S. dollars	Chilean pesos	UF	Euros	Peruvian Soles	Argentine pesos	Brazilian real	Other currencies (2)	Total
Current assets	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Cash and cash equivalents	5,707	3,945	-	13	1,043	51	-	628	11,387
Other current financial assets	-	-	-	-	-	-	-	-	-
Other current non-financial assets	452	1,444	14	855	42	853	-	109	3,769
Trade and other receivanles, current	39,084	40,657	-	-	2,461	14,126	-	6,597	102,925
Due from related parties, current	-	590	-	-	-	-	-	-	590
Inventory	74,135	-	-	-	-	-	-	5,856	79,991
Current tax assets	120	3,939	-	-	-	432	399	-	4,890
Total current assets other than assets or groups of assets for disposal classified as held-for sale or as held for distribution to the owners	**119,498**	**50,575**	**14**	**868**	**3,546**	**15,462**	**399**	**13,190**	**203,552**
Non-current assets or groups of assets for disposal classified as held-for-sale	10,635	-	-	-	-	-	-	-	10,635
Total current assets	**130,133**	**50,575**	**14**	**868**	**3,546**	**15,462**	**399**	**13,190**	**214,187**
Non-current assets									
Other non-current financial assets	6	102	-	-	-	-	-	-	108
Other non-current non-financial assets	-	-	-	-	-	8	17,191	136	17,335
Accounts receivable, non current	-	6	-	-	-	-	-	-	6
Investment in associated entity accounted for using the equity method	-	-	-	516,422	-	-	-	-	516,422
Intangible assets other than goodwill	2,791	52	-	-	-	-	-	960	3,803
Goodwill	848	-	-	-	-	-	-	-	848
Property, plant and equipment	170,369	101	-	-	-	-	-	16,699	187,169
Investment property	7,390	-	-	-	-	-	-	-	7,390
Deferred tax assets	7,449	333	-	-	-	-	-	-	7,782
Total non-current assets	**188,853**	**594**	**-**	**516,422**	**-**	**8**	**17,191**	**17,795**	**740,863**
Total assets	**318,986**	**51,169**	**14**	**517,290**	**3,546**	**15,470**	**17,590**	**30,985**	**955,050**

Note 27 –Foreign Exchange Rate Difference (continued)

c) As of December 31, 2012, assets and liabilities, classified by currencies, are detailed as follows:

Liabilities	U.S. dollars	Chilean pesos	UF	Euros	Peruvian Soles	Argentine pesos	Brazilian real	Other currencies (2)	Total
Current liabilities	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Other current financial liabilities	61,832	12,476	1,610	-	-	6,163	-	33	82,114
Trade and other payables, current	21,461	15,242	-	160	956	6,158	80	3,661	47,718
Due to related parties, current	-	2	-	-	-	-	-	-	2
Other current provisions	1,249	1,761	132	-	-	769	1,233	95	5,239
Current tax liabilities	1,291	-	-	-	25	462	-	425	2,203
Current povisions for employee benefits	-	4,459	206	-	1,766	632	-	361	7,424
Other current non-financial liabilities	7,230	285	-	-	1	138	-	6	7,660
Total current liabilities other than liailities included in asset groups for disposal classified as held-for-sale	**93,063**	**34,225**	**1,948**	**160**	**2,748**	**14,322**	**1,313**	**4,581**	**152,360**
Liabilities included in asset groups for disposal classified as held-for-sale	-	-	-	-	-	-	-	-	-
Total current liabilities	**93,063**	**34,225**	**1,948**	**160**	**2,748**	**14,322**	**1,313**	**4,581**	**152,360**
Non-current liabilities									
Other non-current financial liabilities	127,257	3,273	4,304	-	-	2,239	-	29	137,102
Other long-term provisions	-	15	-	-	-	200	3,123	-	3,338
Deferred tax liability	777	-	-	-	2,726	6,112	-	1,821	11,436
Non-current provisions for employee benefits	-	6,701	279	-	-	-	-	-	6,980
Other non-current non-financial liabilities	-	-	-	-	-	-	-	-	-
Total non-current liabilities	**128,034**	**9,989**	**4,583**	**-**	**2,726**	**8,551**	**3,123**	**1,850**	**158,856**
Total liabilities	**221,097**	**44,214**	**6,531**	**160**	**5,474**	**22,873**	**4,436**	**6,431**	**311,216**

1) As of December 31, 2012, the Parent classifies ThUS$ 516,422 (Euros) for an investment held in equity instruments in accordance with what is disclosed in Note 14. This investment is considered to be a non-monetary item, as indicated in IAS 21. In accordance with the above and as indicated in the mentioned standard for non-monetary assets classified as net investments in a business abroad as stated in IAS 21 (e.g., equity instruments), the gain or loss related to the effect of changes in the foreign currency exchange rate is recognized in equity under other comprehensive income for the year.”

2) Includes the balances of assets of subsidiary Empaques Flexa S.A.S. in Colombian Pesos

Note 27 Foreign Exchange Rate Difference (continued)

d) As of December 31, 2011, assets and liabilities classified by currencies are detailed as follows:

Assets	U.S. dollars	Chilean pesos	UF	Euros	Peruvian Soles	Argentine pesos	Brazilian real	Other currencies	Total
Current assets	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Cash and cash equivalents (1)	15,312	4,547	-	-	611	364	1	-	20,835
Other current financial assets	42	-	-	-	-	-	300	-	342
Other current non-financial assets	2,632	963	18	809	69	277	-	-	4,768
Trade and other receivanles, current	38,844	36,027	398	-	2,028	10,209	-	-	87,506
Due from related parties, current	1	478	-	-	-	-	-	-	479
Inventory	66,626	-	-	-	-	-	-	-	66,626
Current tax assets	1,685	2,678	-	-	379	825	417	-	5,984
Total current assets other than assets or groups of assets for disposal classified as held-for sale or as held for distribution to the owners	**125,142**	**44,693**	**416**	**809**	**3,087**	**11,675**	**718**	**-**	**186,540**
Non-current assets or groups of assets for disposal classified as held-for-sale	4,208	-	-	-	-	-	-	-	4,208
Total current assets	**129,350**	**44,693**	**416**	**809**	**3,087**	**11,675**	**718**	**-**	**190,748**
Non-current assets									
Other non-current financial assets (2)	13	94	-	296,476	-	-	-	-	296,583
Other non-current non-financial assets	-	73	-	-	-	9	17,967	-	18,049
Accounts receivable, non current	-	8	-	-	-	-	-	-	8
Intangible assets other than goodwill	3,069	49	-	-	-	-	-	-	3,118
Goodwill	848	-	-	-	-	-	-	-	848
Property, plant and equipment	180,218	-	-	-	-	-	-	-	180,218
Investment property	7,520	-	-	-	-	-	-	-	7,520
Deferred tax assets	44,264	13	-	-	-	-	-	-	44,277
Total non-current assets	**235,932**	**237**	**-**	**296,476**	**-**	**9**	**17,967**	**-**	**550,621**
Total assets	**365,282**	**44,930**	**416**	**297,285**	**3,087**	**11,684**	**18,685**	**-**	**741,369**

1) As of December 31, 2011, the Parent Company maintains foreign exchange rate hedging for time deposits subject to such risk, as reported in Note 10, with the purpose of minimizing the effects of exchange rate variations between the Chilean Peso and the U.S. Dollar in the amount of ThUS$ 1,600.

2) As of December 31, 2011 the Parent classifies ThUS$ 296,476 (Euros) for an investment held in equity instruments in accordance with what is reported in Note 13. This investment is considered a non-monetary item, as indicated in IAS 21. According to this standard, "for non-monetary financial assets classified as available for sale in accordance with IAS 21 (e.g., equity instruments), the gain or loss due to effects of changes in the exchange rate is recognized in equity under other comprehensive income for the period."

Note 27 - Foreign Exchange Rate Difference (continued)

d) As of December 31, 2011, assets and liabilities classified by currencies are detailed as follows:

Liabilities Current liabilities	U.S. dollars ThUS$	Chilean pesos ThUS$	UF ThUS$	Euros ThUS$	Peruvian Soles ThUS$	Argentine pesos ThUS$	Brazilian real ThUS$	Other currencies ThUS$	Total ThUS$
Other current financial liabilities	33,248	10,711	1,390	-	-	2,431	-	-	47,780
Trade and other payables, current	24,307	12,300	27	357	769	3,838	8	15	41,621
Due to related parties, current	-	2	-	-	-	-	-	-	2
Other current provisions	1,078	2,040	15	-	-	1,042	4,906	-	9,081
Current tax liabilities	319	-	-	-	-	603	-	-	922
Current povisions for employee benefits	360	3,811	46	-	1,535	793	-	-	6,545
Other current non-financial liabilities	7,484	820	-	-	-	174	-	-	8,478
Total current liabilities other than liailities included in asset groups for disposal classified as held-for-sale	**66,796**	**29,684**	**1,478**	**357**	**2,304**	**8,881**	**4,914**	**15**	**114,429**
Liabilities included in asset groups for disposal classified as held-for-sale	-	-	-	-	-	-	-	-	-
Total current liabilities	**66,796**	**29,684**	**1,478**	**357**	**2,304**	**8,881**	**4,914**	**15**	**114,429**
Non-current liabilities									
Other non-current financial liabilities	102,647	3,645	5,313	-	-	3,745	-	-	115,350
Other long-term provisions	-	14	-	-	-	209	2,641	-	2,864
Deferred tax liability	1,399	-	-	-	2,269	5,814	-	-	9,482
Non-current provisions for employee benefits	-	6,676	418	-	-	-	-	-	7,094
Other non-current non-financial liabilities	1	-	-	-	-	-	-	-	1
Total non-current liabilities	**104,047**	**10,335**	**5,731**	**-**	**2,269**	**9,768**	**2,641**	**-**	**134,791**
Total liabilities	**170,843**	**40,019**	**7,209**	**357**	**4,573**	**18,649**	**7,555**	**15**	**249,220**

Note 28 – Segment Reporting

The main factors used to identify the operating segments disclosed in these statements of financial position were: Information presented to the Board of Directors of Madeco S.A. on a monthly basis for the purpose of allocating resources, evaluating performance and decision-making; the Company's corporate structure; the different business units, production technologies and products manufactured by the Company.

Madeco's operating segments are the following: Brass Mills business unit: this business unit manufactures tubes, sheets, bobbins, flanges, bars and similar alloys; Flexible Packaging business unit: this business unit manufactures flexo-laminate and rotogravurepackaging; Profiles business unit: this business unit manufactures aluminum profiles for residential and non-residential construction (windows, doors, and curtain walls) and various industrial applications. In addition, this business unit is dedicated to the construction and commercialization of PVC profiles.

Note 28 – Operating Segment Information (continued)

1) General information on retained earnings, assets and liabilities

Segment description	ACCUMULATED AS OF December 31, 2012					ACCUMULATED AS OF December 31, 2011				
	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$
Revenue from external customers	370	111,445	242,369	68,962	**423,146**	336	150,167	225,944	60,378	**436,825**
Intersegment revenue	3,100	913	950	-	**4,963**	2,350	3,769	1,035	-	**7,154**
Interest income	122	41	85	91	**339**	863	29	91	126	**1,109**
Interest expense	3,822	1,199	4,833	970	**10,824**	1,360	1,114	3,896	1,111	**7,481**
Interest income, net	**(3,700)**	**(1,158)**	**(4,748)**	**(879)**	**(10,485)**	**(497)**	**(1,085)**	**(3,805)**	**(985)**	**(6,372)**
Depreciation included in cost of sales and administrative expenses	240	1,647	8,847	3,246	**13,980**	167	1,999	8,626	3,437	**14,229**
Amortization of intangible assets	174	9	379	-	**562**	171	-	211	-	**382**
Depreciation included in other operating expenses	-	283	-	-	**283**	-	383	-	-	**383**
Details of Significant Revenue and Expense Entries	**65,809**	**(967)**	**3,125**	**(1,205)**	**66,762**	**9,673**	**(2,012)**	**(177)**	**220**	**7,704**
Other revenues by function (Note 26, b))	1,073	225	3	-	**1,301**	7,682	119	13	552	**8,366**
Other expenses by function (Note 26, e))	(10,500)	(1,253)	(26)	(888)	**(12,667)**	(2,709)	(1,158)	(56)	(77)	**(4,000)**
Other profits (losses) (Note 26, f))	76,701	61	3,148	(317)	**79,593**	4,700	(973)	(134)	(255)	**3,338**
The entity's share in the income of associates according to the equity method	(1,465)	-	-	-	**(1,465)**	-	-	-	-	**-**
Profit (loss) before taxes of the Segment that is reported	**56,473**	**(4,337)**	**24,106**	**2,601**	**78,843**	**(1)**	**3,117**	**20,032**	**1,522**	**24,670**
Expense (revenue) on Income Tax	(14,602)	484	(7,032)	(572)	**(21,722)**	(1,612)	(1,152)	4,019	(1,017)	**238**
Profit (loss) of the Segment that is reported	**41,871**	**(3,853)**	**17,074**	**2,029**	**57,121**	**(1,613)**	**1,965**	**24,051**	**505**	**24,908**
Amount in Associated companies accounted for using the equity method	516,422	-	-	-	516,422	-	-	-	-	**-**
Segment assets	**544,993**	**79,823**	**256,581**	**73,653**	**955,050**	**401,290**	**52,807**	**219,764**	**67,508**	**741,369**
Disbursements regarding additions to non current Assets (*)	-	3,211	6,781	1,818	11,810	-	1,485	13,821	2,415	**17,721**
Liabilities of the Segments	**119,840**	**33,771**	**132,678**	**24,927**	**311,216**	**95,790**	**27,250**	**104,756**	**21,424**	**249,220**

(*) It includes the disbursements made with regard to the additions to Property, plant and equipment, Investment property, and Intangible assets other than goodwill.

Note 28 – Operating Segment Information (continued)

1) General information on retained earnings, assets and liabilities, continued

The sale of the subsidiary Armat S.A. in June 2011 resulted in the cease of the manufacturing of copper coin blanks.

2) Retained earnings from external customers and non-current assets reported by geographical areas

2.1) Chart reporting income by sales destination

Revenues from Regular Activities From External Customers by Sales Destination	ACCUMULATED AS OF December 31, 2012					ACCUMULATED AS OF December 31, 2011				
	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$
To South America	370	97,090	217,305	68,962	**383,727**	336	127,738	207,357	60,309	**395,740**
To Central America	-	2,084	20,896	-	**22,980**	-	-	15,290	69	**15,359**
To North America	-	12,228	4,145	-	**16,373**	-	22,367	3,294	-	**25,661**
To Europe	-	43	1	-	**44**	-	62	3	-	**65**
To Africa	-	-	2	-	**2**	-	-	-	-	**-**
Asia	-	-	20	-	**20**	-	-	-	-	**-**
Total regular revenues from external Customers by Sales Destination	**370**	**111,445**	**242,369**	**68,962**	**423,146**	**336**	**150,167**	**225,944**	**60,378**	**436,825**

2.2) Chart reporting income by sales origin

Revenues from Regular Activities From External customers by Origin of Sales	ACCUMULATED AS OF December 31, 2012					ACCUMULATED AS OF December 31, 2011				
	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$
From Chile	370	95,828	87,970	68,962	**253,130**	336	131,089	93,397	60,378	**285,200**
From Argentina	-	15,617	63,696	-	**79,313**	-	19,078	62,610	-	**81,688**
From Perú	-	-	73,045	-	**73,045**	-	-	69,937	-	**69,937**
From Colombia	-	-	17,658	-	**17,658**	-	-	-	-	**-**
Total regular revenues from external Customers by sales Origin	**370**	**111,445**	**242,369**	**68,962**	**423,146**	**336**	**150,167**	**225,944**	**60,378**	**436,825**

2.3) Non-current assets by geographical area

Non current assets (*) classified by Segment	Balance as of December 31, 2012					Balance as of December 31, 2011				
	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$
In Chile	7,697	28,694	58,631	28,547	**123,569**	8,631	28,938	59,975	29,667	**127,211**
In Argentina	-	11,633	18,485	-	**30,118**	-	12,056	20,095	-	**32,151**
In Perú	-	-	27,013	-	**27,013**	-	-	31,486	-	**31,486**
In Brasil	7	-	-	-	**7**	8	-	-	-	**8**
In Colombia	-	-	17,655	-	**17,655**	-	-	-	-	**-**
Non current asset balance (*) by Segment	**7,704**	**40,327**	**121,784**	**28,547**	**198,362**	**8,639**	**40,994**	**111,556**	**29,667**	**190,856**

(*)It includes the balances in the accounts: Property, plant and equipment, Investment property and Intangible assets other than goodwill.

Note 28 – Operating Segment Information (continued)

3) Cash flows detailed by accumulated business segment, as of December 31, 2012 and 2011:

Cash flows and cash equivalent by business segment	ACCUMULATED AS OF December 31, 2012					ACCUMULATED AS OF December 31, 2011				
	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$	Corporate ThUS$	Brass mills ThUS$	Packaging ThUS$	Profiles ThUS$	Consolidated ThUS$
Cash flows from operation activities	(2,554)	(278)	13,838	(662)	**10,344**	11,026	15,125	30,246	895	**57,292**
Cash flows from investment activities	(48,032)	80	(5,551)	(1,818)	**(55,321)**	(227,588)	(286)	(13,739)	(2,282)	**(243,895)**
Cash flows from financing activities	36,906	4,565	(11,072)	5,166	**35,565**	160,683	(4,982)	(14,217)	(1,156)	**140,328**
Effects of foreign currency translation on cash and cash equivalents	(28)	30	(38)	-	**(36)**	(1,879)	146	(315)	4	**(2,044)**
Cash and cash equivalents at the beginning of the priod	10,693	2,130	7,476	536	**20,835**	59,129	1,449	5,500	3,076	**69,154**
Cash and cash equivalents at the end of the priod	**(3,015)**	**6,527**	**4,653**	**3,222**	**11,387**	**1,371**	**11,452**	**7,475**	**537**	**20,835**

4) The largest customer of each of the Company's business units, considering retained earnings, as of December 31, 2012, represents, 18.28% for the Brass mills unit, 15.58% for the Packaging unit and 3.09% for the Profiles unit.

Note 29 – Environment

As of December 31, 2012, the Parent Company and its subsidiaries have not made disbursements related to the Environment.

Note 30 – Risk Management and Capital Management Policy

1) Risk management policy

Risk Factors

The risk factors of Madeco's operation can be divided into:

I. Risks associated with financial and macroeconomic variances:

The main risk factors of the business activities of Madeco S.A. and its subsidiaries and associates depend largely on the level of economic growth in Chile, Peru and Argentina, as well as on the levels of economic growth in the main markets to which the Company exports. In addition, the Company's sales depend on the levels of investment in the areas of infrastructure, mining, construction and mass consumption (packaging).

Likewise, Madeco is exposed to a range of risks such as fluctuations in the prices of its main raw materials, changes in interest rates, credit risk and exchange rates of currencies other than the Company's functional currency. During the regular course of its activities, the Company applies established policies and procedures to manage its exposure to these effects, entering into different financial derivatives (swaps, options, etc.). The Company does not enter into any of these transactions for speculative purposes.

a) Market risks

- Raw Material Risk

Oil derivatives (polypropylene, P.V.C., polyethylene resins, etc.) and copper are the main raw materials used by the Company. The Company's finance cost is associated with its capacity to acquire adequate supply, timely transfer pricing, efficient stock management and the mitigation of risks due to price variations using hedges.

In cases where transfer pricing is not quick, or there are adverse effects due to a lack of operating hedges, the Company adopts different strategies to mitigate the effects of possible variations in the prices of its raw materials, pooled mainly in two strategies:

1) In the management of oil derivatives, the Company does not use financial hedges due to the difficulty of associating them with the different raw materials (flexible packaging can contain 2, 3 or more layers of different resins). Instead, together with its main customers, it sets the prices of products through polynomials (adjustment methods), which gather the main variations in its components. Those polynomials are periodically adjusted by both parties in order to limit the risk of variations in the prices of raw materials.

2) The Company uses financial derivatives to manage risk associated with copper and aluminum. These derivatives are assigned on a case by case basis, to cover cash flows or existing items (fair value). These financial instruments are entered into in accordance with the policies defined by the Company's management, which sets the hedging levels on the basis of the market price of copper (the higher the price of copper the higher the hedges entered into). Together with the above, financial derivatives comply with the necessary documentation (definition of the relationship between the hedge and the hedged item, risk management objectives, effectiveness tests, etc.). As of December 31, 2011, the Company had 1,100 and 160 tons of copper and aluminum hedged by derivative contracts. As of December 31, 2012, the Company has 1,600 and 250 tons of copper and aluminum hedged by derivative contracts.

Note 30 – Financial Risk Management Objectives and Policies (continued)

-Raw Material Risk, Continued

With regard to the possible effects on the Company's financial statements, assuming a strong drop of 15% in the price of copper at year-end, on the basis of the Company's inventory turnover at the end of December 2012, and assuming that no derivatives exist, a negative effect on profit or loss due to a decrease in the carrying amount of inventory before taxes may occur, and is estimated at ThUS$ 2,196.

- Foreign currency exchange rate risk

The Company's exposure to foreign currency exchange rate risk arises from the positions that the Company maintains in cash and cash equivalents, debts with banks, bonds and other assets and liabilities denominated in currencies other than its functional currency (U.S. Dollar) and the related appreciation/depreciation between both currencies.

Both the Company's Board of Directors and management regularly review the Company's net exposure to foreign exchange risk. For this purpose, the Company prepares forecasts on the basis of changes in the value of currencies other than the functional currency, the finance effects that would be generated by balances of assets or liabilities in those currencies at the time of the assessment. Should significant and adverse effects be forecasted for the Company, financial derivatives can be engaged (mainly cross currency swaps) to limit these possible risks. The Company and its subsidiaries have decided not to retroactively apply the requirements of IFRS 3, for previous acquisitions, maintaining the requirements established under generally accepted accounting principles in Chile ("Chile GAAP").

As of December 31, 2012 the Company's total exposure in foreign currencies relates to an asset of ThUS$ 545,945. Since part of these assets correspond to investments or are hedged, foreign currency conversion related to these investments is recognized in the equity reserve account, which does not directly affect the statement of income, and therefore Madeco's net exposure is equivalent to a assets of ThUS$ 29,523.

If an appreciation of 5% is assumed for currencies other than the controlling currency on the balance subject to foreign currency translation, the statements of income would incur an estimated negative effect before taxes of ThUS$ 1,476.

- Risk of investment in Nexans

Due to the sale of the Cables unit, at the end of September 2008, the Company received a payment in cash and shares of the French company Nexans. Subsequently in March 2011, Madeco S.A. and Nexans entered into an agreement, through which the Company would have the option to increase its ownership up to 20% of the French multinational company. This participation could increase up to 22.5% to the extent that the price of Nexans shares is below €40. The period to exercise this option is 18 months to achieve 15% and three years to become the owner of 20%. On November 27, 2012, Madeco and Nexans modified the original agreement, allowing Madeco to increase its share participation and voting rights from 22.5% to 28%, thus consolidating its position as a key shareholder and long-term partner. As of December 2012, Madeco S.A. holds 22.41% of the ownership of Nexans. With this shareholding position in the ownership of the multinational, three representatives of Madeco Directory and one of them attending the compensation committee and appointments, Madeco happens to have significant influence, so that from January 2012, this investment is accounted for by the Equity Method (VP) (for details see Note 14 Financial Statements). This investment is subject to the risks inherent in the cable business. Any impacts on the financial statements of Nexans affect the outcome of Madeco been through equity, while the variation in the exchange rate between the functional currency of Company 's and the euro, the currency in which financial statements are the Nexans, has an impact on the Heritage Reserves account of the Company [1].

[1] *For further detail, review notes 14 and 25 to the Company's consolidated financial statements.*

Note 30 – Financial Risk Management Objectives and Policies (continued)

- Risk of investment in Nexans, Continued

In accordance with the French regulations and the applicable IFRS, Nexans does not publish financial statements for the quarters ending March and September. In consequence and upon Madeco's request, the SVS authorized the latter authorization to use the financial statements of this French company, as of December and June, respectively as the last available and reliable information to account for the investment in that company using the equity method for the accounting closing dates in March and September referred to above. This meant that in order to account for the investment during the period related to these financial statements only the effects triggered by the foreign exchange differences (Dollar/ Euro) were taken into consideration, as well as the ownership changes occurred within the same period.

As of December 31, 2012, the value of the investment in Nexans added up to ThUS$ 516,422. Then, a 5% decrease in the foreign exchange rate would trigger a decrease amounting to ThUS$ 25,821 that would have an effect on the Equity (for further details of estimates and assumptions see the note dealing with foreign exchange rate risk).

In consideration to the methodology to account for the investment in Nexans, the equity method, the variations of the stock market price of the company shares do not have an impact on the financial statements of Madeco. However, in an hypothetical scenario where this investment were sold, the impact on the financial statements of Madeco would be represented by the difference between the sales price (normally close to market price) and the carrying amount recorded as of the sales date.

- Interest rate risk

The Company's financing policy seeks to reduce the risks associated to changes that can occur in the Company's financial results due to sudden changes in market interest rates. These changes relate to a range of market factors such as the base rates of each country (monetary policies), equilibrium in the exchange rates of different currencies and expectations of market growth and/or shrinkage.

Once the Company's financing needs have been determined and estimations of the possible variations that could affect Madeco's performance have been made, the volatility of this risk is reduced through the adoption of debts with fixed rates, or through the use of financial derivatives (interest rate swaps) that change variable rates into fixed rates.

As of December 31, 2012, the Company had 30.4% of its total financial debt at a fixed rate and 69.6% of total financial debt at a variable rate. Should the variable interest rate increase by 100 base points over the current average annual interest rate (approximately 4.44%), this could generate (on an annual basis) an additional effect (greater finance costs) on profit or loss, before taxes of ThUS$ 1,525.

b) Credit Risk

The Company's credit risk is directly related to its customers' ability to comply with their contractual commitments. Considering this, each customer is managed in accordance with the policies and procedures defined by the Company.

When credits are granted to customers, these are evaluated in order to reduce the default risk. The loans granted are reviewed periodically in order to apply the controls defined in the Company's policies and monitor the status of accounts pending collection.

The Company's current policy defines the provisions associated with its customers considering their credit quality and current debt history; however, should there be any evidence of default these are included in the provision (whether due to bankruptcy or order of cessation of payments, etc.).

Note 30 – Financial Risk Management Objectives and Policies (continued)

b) Credit Risk, continued

As of December 2012, consolidated sales amounted to ThUS$ 423,146, of which approximately 58% correspond to sales on credit terms, 31% to sales with insurance policies, 10% to sales paid in cash and 1% to other types of sales (against the submission of documents, letters of credit, unearned income, etc.). The balance of trade receivables was ThUS$ 103,515, of which approximately corresponded to sales on credit terms, 64% to sales with insurance policies, 35% to sales with insurance policies and 1% to other sales.

c) Liquidity risk

The Company's sources of financing are composed mainly of financial debt obligations of the Company and its subsidiaries, as well as the balance between the Company's accounts receivable and payable. The policy defined to mitigate the effects of loans seeks for both sources of financing to have a balanced structure between current and non-current, low exposure to risk and to be in accordance with the cash flows generated by each of the companies.

Periodically, the Company estimates its forecasted projected liquidity needs for each period, with the cash amounts to be received (balances receivable from customers, dividends, etc.), the Company's respective expenses (trading, financial, payment of hedging offsets, etc.) and available cash amounts, in order to not request current external financing.

The risk associated with financial liabilities or assets is managed by the Company's management in accordance with the policies defined by the Company. For this purpose, cash surpluses or available funds are invested in accordance with the criteria in the policy, in low-risk instruments (mainly time deposits) in institutions with high credit ratings and considering the maximum limits established for each institution (funds are diversified). Likewise, when entering into financial hedges (swaps, futures, etc.), management selects institutions with high level credit ratings in order to ensure payment in case of possible offsets in favor of the Company.

At each period-end, the balance of the net financial debt is detailed as follows:

Net financial debt balance		
	December 31, 2012	**December 31, 2011**
	ThUS$	ThUS$
Financial debt (A)	219,108	162,851
Cash and cash equivalents(B)	11,387	20,835
Net financial debt (A) – (B)	**207,721**	**142,016**

II. Risks associated with its management processes:

The Company is exposed to a range of operating risks in the performance of all the procedures that regulate its administrative processes.

The Board of Directors has engaged its Committee to conduct periodic monitoring of the internal control assessment performed by the Company's management. This review considers the most relevant processes and a defined action plan to prevent and mitigate the main risks.

Note 30 – Financial Risk Management Objectives and Policies (continued)

2) Capital management

Capital management refers to the management of the Company's equity. The Madeco Group's capital management policies are intended to:

- Ensure the normal performance of its operations and business continuity in the long run;
- Ensure the financing of new investments to maintain sustained growth throughout time;
- Maintaining an adequate capital structure in accordance with the economic cycles impacting the business and the nature of the industry;
- Maximizing the Company's value providing adequate return for the shareholders.

Capital requirements are included based on the Company's financing needs, maintaining adequate liquidity levels and complying with all the financial covenants established in current debt agreements. The Company manages its capital structure and makes adjustments on the basis of the dominant economic conditions to mitigate the risks associated with adverse market conditions and take advantage of opportunities that may be generated to improve the Company's liquidity position.

As of December 31, 2012 and December 31, 2011, the financial structure of Madeco S.A. and subsidiaries is detailed as follows:

Financial structure	Balance as of Dec. 31, 2012 ThUS$	Balance as of Dec. 31, 2011 ThUS$
Equity	614,767	465,468
Interest-bearing loans	197,275	134,966
Finance lease	21,829	27,848
Total	**833,871**	**628,282**

Using the information managed currently, the probable occurrence of future events that could result in any relevant adjustment on assets and liabilities during the next financial year is not believed to be high.

Note 31 – Commitments and Contingencies

Madeco S.A.

As of December 31, 2012, the Company has contingencies related to the normal course of its operations. The following is a summary of the main commitments and contingencies of the Company and its related subsidiaries:

1) Cables Business Unit, Sales Agreement (Nexans).

At the Extraordinary Shareholders' Meeting held on April 25, 2008, the shareholders approved the sale of the Cables Unit to Nexans. Subsequently, on September 30, 2008, the sale of that business unit was formalized.

As reported in the Meeting, the main points of the aforementioned agreement are summarized as follows:

a) Price

On February 21, 2008, Madeco S.A. ("Madeco") and Nexans signed and entered into an agreement whereby Madeco agreed to transfer to Nexans the assets of its cables unit in Chile, Peru, Brazil, Argentina and Colombia, in exchange for cash payment of US$ 448million (subject to price variations) and 2.5 million shares of Nexans.

Upon compliance with all the conditions stipulated in the sales agreement, on September 30, 2008, Madeco received: i) US$ 393 million in cash, obtained from the agreed upon US$ 448 million discounting the debt, non-controlling interest of the companies sold, transfer taxes, which the buyer in Brazil must withhold and changes in working capital, among others; and ii) 2.5 million shares of Nexans valued at approximately US$ 218 million, as of September 30, 2008.

The cash payment was subject to the adjustment of the differences between the pro-forma balance sheet estimated, as of September 30, 2008 and the accounting records, as of period-end. Due to these possible changes, Madeco provided US$ 37 million guarantee deposits in escrow in favor of Nexans.

On July 9, 2009, Madeco S.A. filed an arbitration claim against Nexans before the New York International Chamber of Commerce. Subsequently, on August 17, 2009, Nexans returned the sum of US$ 8,615,000 of the US$ 37 million provided as escrow to Madeco S.A.. Finally, on January 14, 2011, the parties entered into a transaction agreement, through which they settled the arbitration lawsuit, through reciprocal concessions. This agreement released the deposits which guaranteed the purchase and sale agreement price adjustments for the Nexans' Cable Unit. The agreement represented for the Company an adjustment due to a lower selling price of US$ 11.5 million, which is reflected in the Company's profit or loss, as of December 31, 2010, an adjustment is added to that recognized in the financial statements, as of September 30, 2010 of US$ 3.3 million.

Note 31 – Commitments and Contingencies (continued)

Madeco S.A. (continued)

b) Statements and safeties

The sales agreement with Nexans establishes declarations and assurances that are usual for this type of agreement. These declarations and safeties essentially refer to the ownership by Madeco and its subsidiaries of cable assets, which are transferred to Nexans, compliance with current regulations and the absence of contingencies, except for those declared in the same agreement. In this sense, as the seller, Madeco, assumed responsibility for the contingencies that might arise after September 30, 2008, whose origin was prior to that date.

The declarations and safeties made by Madeco will be effective until December 2009, except for: i) the labor and tax declarations, which will expire after their respective prescription terms; ii) environmental statements, which will expire on September 30, 2011; and statements regarding the ownership of the companies that were sold and the real estate ownership will expire on September 30, 2018.

c) Covenants and restrictions for Madeco

Madeco will mainly submit to the following covenants and restrictions: i) maintaining equity of no less than US$ 250 million during the term of the statements and safeties; ii) compensating Nexans in the event of a breach of the above; iii) granting Nexans the same real guarantees that it might grant to its creditors in the future; and iv) maintaining confidentiality of non-public information.

d) Compensation

Nexans will be entitled to receive compensation for any breach of the statements, safeties and other obligations established in the purchase and sale agreement.
Likewise, Nexans will be entitled to be compensated i) for payment of taxes that it must assume in the business, arising from causes prior to September 30, 2008, except for the processes declared in respect to Chile, Peru and Colombia in the statements and safeties; ii) Civil and labor lawsuits in Brazil filed, as of September 30, 2008; iii) undeclared responsibilities of an environmental nature; and iv) obligations of sold companies not related to its lines of business. The Company is only responsible for 90% of the obligation to compensate for taxes in Brazil up to the date of the sale.

e) Limitation of Madeco's liability.

The sales agreement states that Madeco will not be responsible for damages caused by individual events, when they do not exceed ThUS$ 73; nor will it be responsible for accumulated damages without taking into account the aforementioned individual damages, which do not exceed US$ 1.46 million. If these are exceeded, the Company will be responsible for them in accordance with the agreement.

The sales agreement also states that the Company's responsibility in the event of tax contingencies and breaches to the statements and safeties and other obligations entered into by virtue of this agreement, will be limited to: i) US$ 200 million in respect to tax contingencies; ii) US$ 146 million in respect to other matters with a sub-limit in environmental matters of US$ 30 million. All sub-limits shall discount the total from the major limit; therefore, in no event will the Company be responsible for any amount exceeding US$ 200 million.

Note 31 – Commitments and Contingencies (continued)

Madeco S.A. (continued)

f) Sale of shares of Nexans Colombia S.A. (formerly - Cedsa S.A.)

Those commitments, which supplement the sale of the Company's Cable Unit to Nexans end with the sale on January 27, 2011 by Soinmad S.A. (a subsidiary of Madeco S.A.) of 1,120,000 shares of the Colombian company, Nexans Colombia S.A. (formerly - Cedsa S.A.) for ThUS$ 9,250. The gain net of taxes on this transaction was ThUS$ 4,137.

(g) Transaction with Nexans.

On November 26, 2012, Madeco and Nexans signed a transaction in which they ended discrepancies originating from the compensations stipulated in the Purchase Agreement for the sale of the Cable Unit to Nexans -number 1 letter d)-, via the payment by Madeco of R$ 23.68 billion. The amount related to this agreement was fully reflected in the provision indicated in Note 21 No. 3 ("Brazil trial provisions") of the September 30, 2012 financial statements. At the same time, said transaction put an end to Madeco's contingency indicated in Note 31 No. 3 of the recently mentioned financial statements, entitled "Ficap Collective Labor Lawsuit" and some other individualized civil, labor and tax processes within it. Likewise, the transaction agreement ended Madeco's liability for certain civil and labor processes listed in said agreement which were pending signature, up to a certain limit of damages. Madeco maintains its responsibility for a number of tax-related trials in Brazil, whose cases occurred before the sale of its subsidiary in that country, Ficap S.A., in accordance with the stipulations of the Cable Unit Purchase Agreement with Nexans, mentioned above, with the most significant of these informed in No. 2 below.

2) In accordance with point 1 d) i) above, the Company is responsible for the following lawsuits in Brazil:

a) <u>Lawsuits caused by the purchase of Ficap S.A.</u>

i. On July 19, 2006, Ficap S.A. former cable subsidiary of Madeco, currently Nexans Brasil S.A. (hereafter "Nexans Brasil –formerly Ficap-") received a writ of infraction from the "Receita Federal de Brasil" for tax years 2001, 2002, 2003, 2004 and 2005, corresponding to income tax differences for a total of ThBRL18,550 (ThUS$ 8,571 approximate historical value). However, when Nexans Brasil –formerly Ficap applied the same criteria for tax years 2006 and thereafter, it made legal deposits in order not to pay interest and fines on the income tax difference, which it would have had to pay should the law have been interpreted as stated in the writ of infraction. Notwithstanding that these were deposits made by a company sold to Nexans, the judicial deposits have been recognized as an asset (see Note 11), since those assets were excluded from its price (it was agreed that in the event the Court refunds the amounts, these would go 100% to Madeco). Likewise, the Company had control over litigation.

ii. On February 10, 2010, the Brazilian Government notified Nexans Brasil (formerly Ficap) of tax assessments for a total amount of ThBRL 8,481 (equivalent as of that date to ThUS$ 4,590) including interest and fines. The arguments and basis for the mentioned assessments are accessory to the lawsuit informed in the preceding paragraph, therefore, their result is intimately connected to that lawsuit.

Note 31 – Commitments and Contingencies (continued)

Madeco S.A. (continued)

a) Lawsuits caused by the purchase of Ficap S.A., continued

iii. On October 25 of 2010, Nexans Brasil (formerly Ficap) was notified of two litigation-related additional tax retentions described above in letter i). With these retentions, even when the Company had guaranteed tax payments with judicial deposits, the authorities were demanding the collection of income taxes for the (A) 2006-2007 and (B) 2008 periods.

(A) Period 2006-2007. When tax authorities consider in the tax assessment notice the existence of full judicial deposits to cover this period, the contingency is limited only to losing the amounts in litigation, described above in letter i). These tax retentions pursue to interrupt prescription rights so tax authorities can demand payment for the period 2006-2007.

(B) 2008. In this assessment, the authorities consider that the legal deposits made by the Company were less than the amount that should have been paid and required payment of the total amount they consider to be correct plus interest and fines. Since part of what is required by the government is guaranteed through legal deposits, the Company's potential exposure is reduced to the difference between that deposited and that required, plus fines and interest.

The Company´s legal advisors in Brazil estimate that the legal deposits mentioned in letter i) above, guarantee the payment of the withdrawals collected by the Brazilian tax authorities. Also, when consulted, the abovementioned legal advisors consider that there are sound arguments to reverse this situation and, therefore, the corresponding complaints were filed.

b) Lawsuits on ICMS.

In previous financial statements disclosures have been made about existence of tax litigations initiated by Sao Paulo state tax authorities against Nexans Brasil (formerly Ficap) for defaulting payment of tax debits and improperly recognizing ICMS tax credits (similar to IVA in Chile), these corresponding to 2005 and 2006 fiscal years and amounting to R$ 89.2 million (US$ 49.1 million) and R$45,8 million (US$ 29.1 million), respectively.

Likewise, it has been reported that prior to certain legislative modifications, Nexans Brasil (formerly Ficap) adhered to Decree 56,045/10 issued by the State of Sao Paulo in order to gradually extinguish its responsibility in respect to the alleged ICMS tax debts from December 31, 2010 to June 1, 2014, both on the assessments currently processes and possible assessments for years after 2005 and 2006.

During June of this year, legal counsel informed that, in conformity with the mentioned Decree 56,045/10, on June 1, 2012, possible ICMS tax debts expired on March 31, 2007, and consequently, the tax authorities cancelled and filed the aforementioned lawsuits for years 2005 and 2006 to R$ 89.2 million (US$ 49.1 million) and R$45.8 million (US$ 29.1 million), respectively.

c) Lawsuit for non-standardized compensations:

On November 26, 2004, Nexans Brasil, ex Ficap, received a writ of infraction originated by the compensation returns filed by such company with the purpose of compensating withheld tax credits (originated in financial operations) with income tax debits, PIS, COFINS and CSL for the period between 1998 and 2003.

Note 31 – Commitments and Contingencies (continued)

Madeco S.A. (continued)

c) Lawsuit for non-standardized compensations, continued:

Tax authorities argue that the taxpayers must consolidate all the information related to the calculation of income taxes in the annual return, and only once the negative tax balance is found, such balance can be used as a credit against other federal taxes, but not before the filing of the annual return. The tax authorities also stated that the Declarations of Federal Tax Credits and Debits ("DCTF") would not contain enough information to verify the existence of such credits.

Together with filing documents that confirm the existence of the credits, Nexans Brasil (ex Ficap) claims that: (i) the formal matters should not affect the use of credit, as the credit is legitimate, and (ii) that it would be possible to show in the administrative process a "compensation chamber" in which the credits over income taxes for a specific year can compensate the debts of the following year when they are not considered premature.

Although the contingency amounts to ThBRL$ 18,239 (historical value), the credits related to the contingency would contribute to reduce it significantly. In case a favorable verdict is not obtained, it will be necessary to file a complaint requesting the refund of such credits; this situation will generate a temporary difference between the payment of the fiscal debits and the recovery of the credits.

d) ICMS State of Rio de Janeiro

By means of executive collection proceedings, the tax authorities of the State of Rio de Janeiro require from Nexans Brazil (ex Ficap), the payment of ICMS taxes (similar to the IVA in Chile) owed by its Plant located in the State of Río de Janeiro. Those taxes were allegedly not paid between 1983 and 1991, a period in which such Plant was owned by SAM Industrias S.A., a company controlled by Mr. Daniel Birmann. The historical value of these amounts to ThR 7,424.

In this way, according to Brazilian legislation, Nexans Brazil (ex Ficap) as the legal successor of that Plant would have subsidiary liability for the taxes owed because SAM Industrias S.A. continued its operations. The tax authorities understand that the responsibility of Nexans Brazil (ex Ficap) is binding .

With the purpose of disputing such tax actions and avoiding its collection, while such complaints are substantiated, Nexans Brazil (ex Ficap) filed bank guarantees as security for payment -the collection of 90% of the interests related to these guarantees are recognized in Note 26d)-.

The defense of Nexans Brazil (ex Ficap) is mainly based on the following: (i) its liability for the tax debts of SAM Industrias S.A: is of a subsidiary nature, as such company continued its operations; (ii.)SAM Industrias S.A. admitted responsibility for the payment of such debts when joining an amnesty procedure established by the State of Rio de Janeiro, consequently, Nexans Brazil (ex Ficap) cannot be made liable for the payments; (iii.) in conformity with Law no. 5.172, dated October 25, 1966, being part of an amnesty procedure causes the transformation of the debts included in such procedure into debts of a different origin which are autonomous and independent from the prior debts (iv.) the tax authorities did not recognize that most of the required debts were paid by SAM Industrias S.A. in the amnesty procedure; and, (v.) the prescription of the collection after more than 5 years between the notification of the executive collection and the last payment of the abovementioned amnesty.

In line with the defense arguments presented and with the purpose of maximizing the reduction of contingency, Nexans Brazil (ex Ficap) is attempting, by means of an administrative process, to make the Receita of the State of Rio de Janeiro recognize some payments made by SAM Industrias S.A. during the abovementioned amnesty period.

Note 31 – Commitments and Contingencies (continued)

Madeco S.A. (continued)

3) Non-current loan for the purchase of Nexans shares.

On November 25, 2011, a line of credit agreement with Banco Itaú was subscribed in the amount of US$ 82 million, payable in a 5-year term. Together with considering the practices and the normal causes for acceleration in this type of operations, such agreement establishes that, in the event Madeco sells the shares of Nexans (unless they are sold to its subsidiaries), it shall pay in advance a percentage of the loan equivalent to the percentage of decrease for the disposal of its ownership interest in total number of shares of Nexans to the bank. Additionally, the agreement establishes the obligation of maintaining: Total Net Leverage of the consolidated balance not over one; a minimum equity amount of US$ 250 million over its consolidated balance sheet, and; the control by the Luksic Group with an interest ownership of at least 45%.

In October and December 2012, Madeco signed two credit contracts with Banco BBVA for an amount of US$ 15 million each. Both credits are payable on October 26, 2015 and contain the same conditions as those indicated in the previous paragraph.

4) As of December 31, 2012, Madeco meets all restrictions stipulated in the contracts mentioned above in number 1 letter c) and number 3, as shown in the table below.

Covenants	12.31.12	Covenants
Total Net Leverage of the consolidated balance	0.47	< 1,00
Minimum equity	ThUS$ 643.834	> ThUS$ 250.000
Interest ownership of the Luksic Group over Madeco	55.4%	> 45,0%

Note 31 – Commitments and Contingencies (continued)

Indalum S.A. and subsidiaries

a) Restrictions

The Company and its subsidiaries have no indirect guarantees, as of December 31, 2012.

In conformity with the conditions for granting the non-current loans of Banco Security on December 29, 2010:

- During the life of the loan, the Company is required to maintain the following financial ratios:
  - Indebtedness level equal to or lower than 1.6 times.
  - Financial expenses coverage greater than 3 times.

As of December 31, 2012, the Company has fully complied with the abovementioned restrictions according to the following table:

Covenants Banco Security	12.31.12	Covenants
Indebtedness ratio	0.72	< 1,60
Debt coverage ratio	7.83	> 3.00
Interest ownership of the Parent Company Madeco over Indalum	99.5%	> 50,1%

b) Contingencies

Legal contingencies

The Company and its subsidiaries have no lawsuits or other legal actions against them, which should be disclosed.

Tax contingencies

Indalum S.A.

As of December 31, 2010, there were liquidations from the Internal Tax Service for the financial years from 1999 to 2003, corresponding to differences in first category income tax and income returns in the amount of ThUS$ 562 (tax value). The Company's Administration, in accordance with the challenge timeframes established by the tax code, instructed its legal advisors to begin the administrative procedures to challenge these liquidations before the first instance Tax Court, as it considered that these did not correspond.

During the month of March 2011, the following resolutions were received from the Internal Tax Service, which considerably reduce the originally determined tax differences:

- Resolution Nº 1331 of March 9, 2011
- Resolution Nº 1667 of March 26, 2011
- Resolution Nº 1672 of March 26, 2011

According to these resolutions, the amount owed was ThUS$ 113, which was paid in March 2012, and there are currently no contingencies in this regard.

Note 31 - Commitments and Contingencies (continued)

Indalum S.A. and subsidiaries

Tax contingencies (continued)

Ingewall S.A.

1. As of December 31, 2012, the subsidiary Ingewall S.A. shows a challenge and liquidation from the Internal Tax Service (S.I.I.) based on VAT returns, corresponding to the periods from July to December 1999 and February to August 2001, whose net values after the first ruling total ThUS$ 628. The Company's Administration, through its legal advisors, is taking the necessary steps and expects a favorable resolution.

2. As of December 31, 2012, there is a Service Resolution from the Internal Tax Service for the 2000, 2001 and 2002 financial years, corresponding to the modification of carryover tax losses. At the same time, notifications and liquidations from the S.I.I. have been received for the 2004, 2005, 2006 and 2007 financial years, which determine an income tax with interest and readjustments in the amount of ThUS$ 167, and reject tax losses from those years. The Company's Administration has responded to the case through its legal advisors, defending and justifying its position with the corresponding arguments of fact and law, and it is awaiting the results of this process.

As of December 31, 2012, it has provided an amount of ThUS$ 255 in the concept of future payments.

Alusa S.A. and subsidiaries

Restrictions

(a) As of December 31, 2012, Alusa S.A. has the following contingencies and/or restrictions:

The Company is subject to the following commitments with the following financial institutions:

(a.1) Lease operations with Banco BBVA for a total amount of ThUS$ 5,529

As a condition, for this lease operation, Alusa S.A. must comply with the following restrictions:

Madeco S.A. must be the direct or indirect owner of at least 50.1% of voting right shares in the share capital of Alusa S.A., during the life of the loans.

(b) As of December 31, 2012, Peruplast S.A. has the following contingencies and/or restrictions:

(b.1) On November 6, 2007, it assumed the following commitments related to two non-current bank loans of ThUS$ 8,000 each with Banco de Crédito del Peru (BCP) and Scotiabank.:

On June 16, 2012, a long-term loan was secured with Banco de Crédito del Peru worth ThUS$ 16,402.

Note 31 - Commitments and Contingencies (continued)

Alusa S.A. and subsidiaries (continued)

Peruplast S.A. must comply with the following covenants:

(b.1.1) Scotiabank

Maintain a ratio of Financial Debt over EBITDA of less than or equal to 2.80 for 2012 and no greater than 2.50 thereafter.

Maintain a Debt Service Hedge Index defined as (EBITDA over the sum of the Current Portion of the Non-current Debt plus interest) no less than 1.20.

Maintain a Ratio of (Total Direct Liabilities less Deferred Income Tax over Tangible Net Equity) less than or equal to 2.50 for December 2012, 2.50 for March 2013, 2.25 for June and September of 2013 and 2.00 thereafter.

Maintain Net Shareholders' Equity of at least ThUS$ 30,000.

(b.2) On April 9, 2012, Peruplast S.A. acquired two debt payment commitments with a mortgage on the land located at San Luis and Vulcano, for loans in the amount of ThUS$ 17,000 and ThUS$ 20,000 respectively. Both loans must comply with the same restrictions mentioned in point (b.1.1) above.

(b.1.2) BCP - Banco de Crédito del Peru

Total Leverage (Total Adjusted Liabilities less Deferred Liabilities over Shareholders' Equity) of less than 2.86 for June 2012; 2.63 for September 2012; 2.40 for December 2012 and March 2013; 2.25 for June and September 2013; 1.70 for December 2013 and 1.5 thereafter.

To measure this ratio it shall consider total liabilities in the balance sheet plus all guarantors, securities and contingents granted by Peruplast S.A. in favor of third parties in Total Adjusted Liabilities.

Direct Leverage (Total Liabilities in the balance sheet, less Deferred Liabilities over Shareholders' Equity) less than 2.20 during 2012 and less than 1.50 from 2013 and thereon.

Debt Service Coverage (Operating Net Income plus Depreciation and Amortization less Income Tax and equity interest less Distributions to Shareholders less Loans to Subsidiaries less Net Financial Capital Investments plus Beginning Cash over Debt Service) greater than 1.25.

Note 31 - Commitments and Contingencies (continued)

Alusa S.A. and subsidiaries (continued)

Restrictions (continued)

Peruplast S.A. must comply with the following covenants (continued):

As of December 31, 2012, Peruplast S.A. complies with all these restrictions according to the following table:

Covenants Scotiabank	**12.31.12**	**Covenants**
Indebtedness ratio	1.52	< = 2.50 (dec-12); < = 2.50 (mar-13); < = 2.25 (jun-13 y sep-13) and < = 2.00 (in forward)
Debt coverage ratio	1.54	< = 2.80 (2012) and < = 2.50 in forward
Debt Service Coverage Ratio (DF M/P, Leases)	2.23	> 1,20
Equity	SI	> ThUS$ 30.000
Covenants Banco de Credito (Template BCP)	**12.31.12**	**Covenants**
Total Leverage (includes Contingent Liability Guarantor Flexa debt)	2.20	< 2.86 (jun-12); < 2.63 (sep-12); < 2.40 (dec-12); < 2.40 (mar-13); < 2.25 (jun-13); < 2.25 (sep-13); < 1.70 (dec-13); < 1.50 (2014 in forward)
Direct Leverage	1.52	< 2.20 (2012); < 1.50 (2013 in forward)
Debt Service Coverage (referential)	1.91	> 1.25

Decker Industrial S.A. and subsidiaries (Argentina)

Claims have been filed against Metacab S.A. (subsidiary of Decker Industrial S.A.) generated by the Ownership Program in conformity with a purchase agreement entered into with the former ECA, an Argentine State-owned company. The by-laws of Metacab S.A. stated that the holders of 6% of the share capital must be organized under an Ownership Program, which all the Company's employees who comply with specific requirements could join. That plan has never been implemented. There are currently claims filed by that company's former employees claiming inadequate business management, which resulted in the company's losses in the past and damaged the beneficiaries of the abovementioned Program. As a result of these claims, among other restrictions, seizures were imposed on the Lomas de Zamora Plant and certain machinery owned by that company. To date, the Company's legal advisors believe it is impossible to estimate the outcome of this contingency and have indicated that the amount of the contingency is ThUS$ 39.

Note 32 - Impairment of Financial and Non-financial Assets

1. Financial assets

a) Accumulated impairment of each heading, as of each year-end, is detailed as follows:

	Impairment	
Description	**12/31/2012 ThUS$**	**12/31/2011 ThUS$**
Trade and other receivables	2,193	2,379

Note 32 - Impairment of Financial and Non-financial Assets (continued)

1. Financial assets (continued)

b) Impairment affecting income for each year for each heading is detailed as follows:

	Impairment (charge) credit		
Description	**12/31/2012 ThUS$**	**12/31/2011 ThUS$**	**Profit or loss account**
Trade and other receivables	53	(607)	Administrative expenses

2. Non financial assets

For the reporting periods there are no charges to the results on account of non financial asset impairment.

3. Testing impairment of non-financial assets

As stated in the summary of significant accounting policies note letter k), throughout the year and mainly on the closing date, the Parent and its subsidiaries assess the existence of indicators that any of their non-financial assets might be impaired. For these purposes, they perform the following tests, using the assumptions or indicators detailed below for each non-financial asset:

3.1. Property, plant and equipment, investment property and intangible assets

Value in use is the criteria used by the Group to determine the recoverable value of property, plant and equipment, investment property and intangibles.

In order to verify whether there is an impairment of the Company's non-financial assets, future cash flows are prepared using the most recent budgets and available historical information. These budgets include the best estimates by the Company's management regarding income and costs of cash-generating units using sector forecasts, past experience and future expectations.

The recoverable amount of the cash-generating units has been determined on the basis of the calculation of value in use and cash flow forecasts based on financial budgets approved by management that cover the weighted average estimated useful life associated with that cash-generating unit. The discount rate applied to cash flows forecasts was estimated using the methodology for calculating the weighted average cost of capital ("WACC").

Should the recoverable amount be less than the net carrying amount of the asset, the corresponding impairment loss provision is recorded for the difference, with a charge to "Depreciation" in the consolidated statement of income.

Impairment losses recognized for an asset in previous years are reversed when there is a change in the recoverable amount estimate, increasing the value of the asset with a charge to profit or loss up to the carrying amount that the asset would have had if the accounting adjustment had not been made.

Note 32 - Impairment of Financial and Non-financial Assets (continued)

3.1. Property, plant and equipment, investment property and intangible assets (continued)

Key assumptions used to calculate value in use

The calculation of value in use for cash-generating units is more sensitive to the following assumptions:

- EBITDA (operating income before interest, taxes, depreciation and amortization);
- Discount rates; and
- Growth rates of the cash flows of Cash Generating Units.

EBITDA – Cash flows are based on estimates made by the Company's management on the basis of the budgets of each unit or based on available historical values. These are increased in the future in accordance with expected growth. For estimation purposes, an annual growth factor between 1% and 5% was applied.

Discount rates – Discount rates reflect management's estimate of the specific capital costs of each business. This estimate (WACC) reflects the key variables and implicit risks in each country, industry and currency. In order to determine the appropriate discount rates, the Company uses risk-free rates (based on the yield of a US government bond at 10 years), the debt structure of each business, tax rates for each jurisdiction, the country risk of each nation (JP Morgan's EMBI index), industry risk premium rates, financial betas for similar companies and average rates of financial debt for each business (debt obligations in the same currency, in this case in U.S. Dollars) among other variables.

The discount rates applied, as of December 31, 2012 and December 31, 2011, are detailed as follows:

Country	Minimum	Maximum
Chile	7.5%	9.0%
Argentina	12.0%	14.0%
Peru	8.5%	10.0%

Forecasted growth rates - The rates are based on a range of factors such as industry research published, management's estimates and historical growth rates.

Sensitivity to changes in assumptions

Forecasted cash flow growth rate – Due to the high variability, competition, speed of technological changes, increase in the value of raw materials or other factors that might arise in the future, growth rates are amended ranging from less than expected growth to negative growth rates. Based on these factors the Company observes how these changes affect future cash flows and their comparison to the value of financial assets in order to estimate whether there is evidence of potential impairment.

Assumptions used to determine the value in use, as of December 31, 2012, have not changed significantly compared to those existing, as of December 31, 2011.

Note 32 - Impairment of Financial and Non-financial Assets (continued)

3.2 Goodwill

Goodwill obtained through business combinations has been assigned to the individual cash generating units, which are also reporting segments, for impairment as follows:

The carrying amount of goodwill assigned to the cash generating unit is detailed as follows:

	Goodwill carrying amount	
	12/31/2012 ThUS$	12/31/2011 ThUS$
Flexible packaging unit	848	848
Total	**848**	**848**

The Parent company and its subsidiaries did not find any evidence of non financial asset impairment for the periods ended December 31, 2012 and December 31, 2011.

The methodologies and key assumptions about the recoverable amount are determined on the same bases and criteria indicated in number 3.1.

Note 33 – Investments in Joint Ventures

The Madeco S.A. Group's share in Peruplast S.A., Empaques Flexa S.A.S., Efren Soluciones S.A. and Inmobiliaria Eliseo S.A., through its subsidiary Alusa, is detailed as follows:

Name of significant subsidiary	Peruplast S.A. (1)		Empaques Flexa S.A.S. (2)	
Country of incorporation	Peru		Colombia	
Functional currency	USD		Colombian peso	
Ownership interest and voting rights	50.0%		50.0%	
Summarized financial information	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
	Dec-31-2012	**Dec-31-2011**	**Dec-31-2012**	**Dec-31-2011**
Total assets	**65,857**	**70,127**	**31,985**	**-**
Current assets	38,838	38,160	14,191	-
Non-current assets	27,019	31,967	17,794	-
Total liabilities	**40,168**	**40,834**	**26,148**	**-**
Current liabilities	28,605	24,980	24,297	-
Non-current liabilities	11,563	15,854	1,851	-
Operating Income	**72,845**	**69,937**	**17,248**	**-**
Operating expenses	**(64,372)**	**(62,075)**	**(16,340)**	**-**
Net gain (loss)	**8,473**	**7,862**	**908**	**-**

Note 33 – Investments in Joint Ventures (continued)

The Madeco S.A. Group's share in Peruplast S.A., Empaques Flexa S.A.S., Efren Soluciones S.A. and Inmobiliaria Eliseo S.A., through its subsidiary Alusa, is detailed as follows, continued:

Name of significant subsidiary	**Efren Soluciones S.A. (1)**		**Inmobiliaria Eliseo S.A. (1)**	
Country of incorporation	Péru		Peru	
Functional currency	USD		USD	
Ownership interest and voting rights	50.0%		50.0%	
Información Financiera Resumida	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
	Dec-31-2012	**Dec-31-2011**	**Dec-31-2012**	**Dec-31-2011**
Total assets	**2,214**	**-**	**4,627**	**-**
Current assets	2,214	-	4,627	-
Non-current assets	-	-	-	-
Total liabilities	**518**	**-**	**1,283**	**-**
Current liabilities	78	-	156	-
Non-current liabilities	440	-	1,127	-
Operating Income	**-**	**-**	**-**	**-**
Operating expenses	**-**	**-**	**-**	**-**
Net gain (loss)	**-**	**-**	**-**	**-**

(1) Alusa S.A. owns 50% of Peruplast S.A., Efren Soluciones S.A. and Inmobiliaria Eliseo S.A

(2) On March 13, 2012, the subsidiary Inversiones Alusa S.A. signed a contract to acquire 50% of the Colombian flexible packaging company Empaques Flexa S.A.S., a company belonging to the local Carvajal S.A. group. This operation was performed in equal parts with San Isidro Global Opportunities Corp. (Nexus Capital Partners III), a Peruvian investment fund.

On June 1, 2012, this acquisition was formalized, assuming a debt of ThUS$ 35,000 and via the payment of ThUS$ 216 (50%) for company shares, an amount which includes available operating capital and the total assets and liabilities of the company.

Financial structure of Empaques Flexa S.A.S. as of May 3, 2012, without IFRS adjustments:

Total assets : ThUS$ 50,585
Total liabilities : ThUS$ (49,208)
Total equity : ThUS$ (1,377)

Incorporating IFRS adjustments, the impact on the statement of financial position is as follows

	ThUS$
Equity in Colombian GAAP as of May 3, 2012	**1,377**
Conversion to IFRS adjustments	(894)
Adjustments to fair value	7,452
Adjusted equity	**7,935**
Goodwill (50%)	**3,968**
Amount paid	(216)
Profits reported (Note 26 letter f)	**3,752**

3) These investments correspond to shares in the joint venture and have therefore been consolidated proportionally to said participation. They have not incurred in any contingent liabilities and hold no capital investment commitments as of December 31, 2012 and 2011.

Note 34 – Guarantees Provided and Received

a) Guarantees provided

Guarantees provided, as of December 31, 2012 and December 31, 2011, are detailed as follows:

Creditor	Debtor	Type of guarantee	AMOUNT Dec. 31, 2012 ThUS$	AMOUNT Dec. 31, 2011 ThUS$
Dirección de Vialidad	Indalum S.A.	Guarantee deposit	2	2
Comercial Aprilla S.A.	Alumco S.A.	Rental guarantee	5	5
Inmobiliaria Noruega Ltda.	Alumco S.A.	Rental guarantee	3	3
Vidrieria Pratt S.A.	Alumco S.A.	Rental guarantee	5	4
Inmobiliaria Robles Del Castillo Ltda.	Alumco S.A.	Rental guarantee	3	3
Cai Gestion Inmobiliaria S.A.	Alumco S.A.	Rental guarantee	2	-
Inmobiliaria Valpro	Alumco S.A.	Rental guarantee	9	-
Maria Cristina Gonzalez Rivas	Alumco S.A.	Rental guarantee	4	4
Soc. Minera Ferton Ltda.	Alumco S.A.	Rental guarantee	4	4
Edificio Punta Angamos	Alumco S.A.	Rental guarantee	1	1
Soc. Inversiones Doña Patricia S.A.	Alumco S.A.	Rental guarantee	1	-
Maria Molina y Cia Ltda.	Alumco S.A.	Rental guarantee	7	-
Central Bodegas	Alumco S.A.	Rental guarantee	-	15
Supetar Ltda	Alumco S.A.	Rental guarantee	-	4
Inductotherm	Madeco S.A.	Guarantee deposit	-	66
Ministerio de Hacienda (Brasil)	Optel Brasil Ltda.	Guarantee letter	2,187	2,187
Total			**2,233**	**2,298**

b) Guarantees received

Guarantees received, as of December 31, 2012 and December 31, 2011, are detailed as follows:

Guarantee received from third parties	Relationship	Type of guarantee	AMOUNT Dec. 31, 2012 ThUS$	AMOUNT Dec. 31, 2011 ThUS$
Hector Manuel Rojas	Customer	Mortgage	58	-
Juan Fuentes Chávez	Customer	Pledge	1	1
Ángel Aravena	Customer	Pledge	63	58
Calle Olga Readi Sialum	Customer	Mortgage	5	-
Soluciones Integrales de Aluminio Ltda.	Customer	Mortgage	51	47
Soc.e Ing. Construcción Inducon	Customer	Mortgage	76	71
Vidrios y Aluminio Alucenter	Customer	Mortgage	33	31
Ernesto Retamal	Customer	Pledge	6	5
Iván Maturana	Customer	Pledge	4	4
Pedro Gajardo	Customer	Mortgage	6	5
SIALUM S.A.	Customer	Mortgage	-	5
Proyectos en Aluminio y Cristales Ltda.	Customer	Pledge	1	1
Daniel Muñoz Vergara	Customer	Pledge	-	1
Claudio Rojas Caballero	Customer	Pledge	2	1
Gabriel Merino Vidal	Customer	Pledge	1	1
Mario Arellano Muñoz	Customer	Pledge	1	1
Escobar Vidal Ángela Estela y Otro	Customer	Pledge	1	1
Humberto Manque Vega	Customer	Pledge	1	1
Comercial Isoglas Ltda.	Customer	Pledge	42	39
Tecnología Aplicada en Ventanas Ltda.	Customer	Mortgage	52	48
Total			**404**	**321**

Note 35 – Events After the Reporting Period

1. Division of Madeco S.A.

At an extraordinary meeting held on January 7th, the Board of Directors agreed to submit the division of Madeco S.A. to the approval of the shareholders board. This division would generate: i. the legal continuation of investment in Nexans, part of the existing financial debt and other obligations related to the contract signed with Nexans, for the sale of the cable unit to the latter French company; and, ii. the new company created from the division of the subsidiaries Alusa S.A., Madeco Mills S.A. and Indalum S.A., and the remaining existing financial debt. For more information, please see Events After the Reporting Period.

2. Increased Quiñenco S.A. share in Madeco

On January 22, 2013, the parent company of Madeco, Quiñenco S.A., informed the SVS, of the purchase of 8.9% of the Company's capital for a total 64.3% direct and indirect share in the company.

3. Consolidation of investments in Peru and Colombia by Alusa S.A.

On January 2, 2013, Alusa S.A and Nexus Capital Partners III S.A., sole shareholders, with a fifty percent share each in the Peruvian companies, Peruplast S.A., Inmobiliaria Eliseo S.A. and Efren Soluciones Logísticas S.A., as well as Inversiones Alusa S.A. and San Isidro Global Opportunities Corp., sole shareholders, with a fifty percent share each in the Colombian company Empaques Flexa S.A.S, signed a supplementary statement to the previously signed shareholders agreement regarding the definition and control of the relevant activities, with the latter falling under the responsibility of Alusa S.A. Therefore, as of this declaration, Alusa S.A. (directly or through Inversiones Alusa S.A.) will proceed to consolidate 100% of the financial statements of the abovementioned companies in order to control these companies according to IFRS 10.

As a consequence of the above, and in compliance with IFRS 3, Alusa S.A. must measure the identifiable assets and liabilities at their fair values on the date of the agreement, and any difference between the determined fair value and the accounting value shall be measured as capital gain. This measurement was entrusted to an independent company, with the preliminary estimate that there would be a difference between the value of these assets and liabilities with respect to what is currently reported in the financial statements of these companies, which must be determined accurately at the conclusion of said operation. Because the valuation of assets and liabilities is currently underway, the Management cannot estimate the impact that this transaction will have on the 2013 financial statements.

However, in an ordinary meeting held on February 27, 2013, the Board of Directors agreed to modify for the 2013 period the policy used up until now to determine distributable liquid profits, thus removing from the item “Profit (Loss) attributable to Shareholders in the Net Equity of the Parent Company”, the unrealized profit originating from the change in accounting methodology for the 100% consolidation of the abovementioned companies’ financial statements according to IFRS 10, due to the variations produced when determining the fair value of assets and liabilities of these companies. These profits will be reincorporated in the calculation of liquid profits during the financial period in which said variations occur.

Note 35 – Events After the Reporting Period (continued)

4. Sale of property in Peru

In January 2013, Inmobiliaria Eliseo S.A. formalized the sale of the real estate property located at Block J - Lots 16 and 17, in the city of San Luis, Lima, Peru.

In February 2013, Inmobiliaria Eliseo S.A. formalized the sale of the real estate properties located at Block K - Lots 3, 8, 9, 10, 11, 17 and 18, as well as the sale of the real estate property located at Block L – Lots 5 and 6, all located in the city of San Luis, Lima, Peru.

The sale of these assets generated an estimated profit of ThUS$ 6,000.

5. These consolidated financial statements have been approved and authorized and may be issued by the Board of Directors of the Company at ordinary meeting held on March 4, 2013.

6. Between January 1, 2013 and the date of issue of the present consolidated financial statements, no other financial or accounting events occurred which need to be reported.