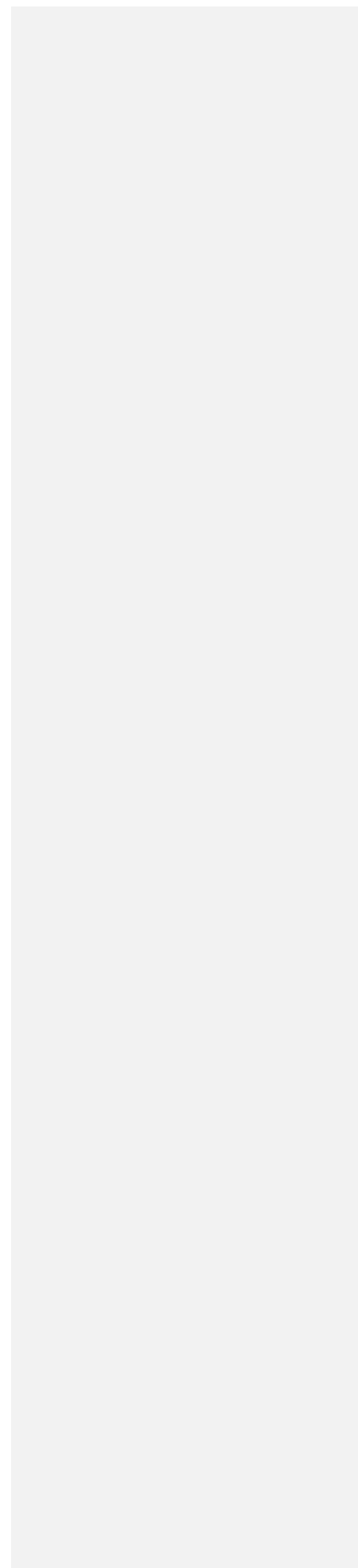


MADECO

and subsidiaries

*Interim Consolidated Financial Statements
As of September 30, 2011*





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ThUSD : Thousands of U.S. dollars

CLP : Chilean pesos

ARS : Argentine pesos

EUR : Euros

CLF : Unidad de Fomento a peso-denominated, inflation indexed monetary unit (UF)

GBP : Sterling Pounds

PEN : Peruvian Soles

BRL : Brazilian Real



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Consolidated Interim Classified Statements of Financial Position

Assets	Note	Sep. 30, 2011	Dec. 31, 2010
	No.	ThUSD	ThUSD
Current assets			
Cash and cash equivalents	(6)	17,276	69,154
Other current financial assets	(23a)	3,015	257
Other current non-financial assets	(11)	7,075	18,487
Trade and other receivables, current	(7)	95,448	103,113
Due from related parties, current	(8a)	892	724
Inventory	(9)	68,875	78,543
Current tax assets		4,017	12,190
Total current assets other than assets or group of assets for disposal classified as held-for-sale or as held for distribution to owners		196,598	282,468
Non-current assets or group of assets for disposal classified as held-for-sale	(12a)	4,208	4,500
Non-current assets or groups of assets for disposal classified as held-for-sale or as held-for distribution to owners		4,208	4,500
Total current assets		200,806	286,968
Non-current assets			
Other non-current financial assets	(13 - 23a)	330,670	200,988
Other non-current non-financial assets	(11)	17,519	19,361
Intangible assets other than goodwill	(14a)	3,033	2,507
Goodwill	(14c)	848	848
Property, plant and equipment	(15a)	176,798	178,578
Investment property	(16a)	7,566	5,408
Deferred tax assets	(17a)	29,232	11,890
Total non-current assets		565,666	419,580
Total assets		766,472	706,548

Liabilities and equity

Liabilities	Note	Sep. 30, 2011	Dec. 31, 2010
	No.	ThUSD	ThUSD
Current liabilities			
Other current financial liabilities	(18 - 23b)	129,085	60,509
Trade and other payables	(19 - 23b)	38,605	41,073
Due to related parties, current	(8b)	18	12
Other short-term accruals	(20a)	9,315	10,315
Current tax liabilities		995	2,545
Current employee benefit liabilities	(22)	6,311	6,689
Other current non-financial liabilities	(21)	2,237	3,079
Total current liabilities other than liabilities included in groups of assets held for disposal classified as held-for-sale		186,566	124,222
Liabilities included in groups of assets for disposal classified as held-for-sale		-	-
Total current liabilities		186,566	124,222
Non-current liabilities			
Other non-current financial liabilities	(18 - 23b)	39,211	33,341
Other long-term accrued expenses	(20a)	2,214	1,570
Deferred tax liabilities	(17a)	8,403	9,904
Non-current employee benefit liabilities	(22)	7,341	8,677
Other non-current non-financial liabilities	(21)	1	1
Total non-current liabilities		57,170	53,493
Total liabilities		243,736	177,715
Equity			
Issued capital	(24)	469,497	391,440
Retained earnings	(24)	28,969	16,298
Share premium		86,388	86,652
Other reserves	(24)	(87,766)	12,071
Equity attributable to owners of the parent		497,088	506,461
Non-controlling interests	(24c)	25,648	22,372
Total equity		522,736	528,833
Total equity and liabilities		766,472	706,548

The accompanying notes 1 to 34 form an integral part of these consolidated interim financial statements.

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Consolidated Interim Statements of Income by Function

	Note No.	ACCUMULATED		QUARTER	
		Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
		Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
		ThUSD	ThUSD	ThUSD	ThUSD
Profit or loss for the period					
Sales	(25a-27)	337,425	306,669	114,642	115,608
Cost of sales	(9)	(277,242)	(257,160)	(94,988)	(97,603)
Gross profit		60,183	49,509	19,654	18,005
Other income, by function	(25b)	6,619	3,761	(21)	154
Distribution costs		(8,743)	(6,544)	(3,037)	(2,238)
Administrative expenses		(30,352)	(26,841)	(10,081)	(9,465)
Other expenses, by function	(25e)	(3,147)	(2,183)	(629)	(1,286)
Other gains (losses)	(25f)	3,949	(3,172)	52	7
Finance income	(25c)	989	1,225	100	401
Finance costs	(25d)	(5,578)	(3,809)	(2,053)	(1,295)
Foreign currency translation differences	(26)	(2,381)	(62)	(2,741)	1,650
Profit (loss) from indexed units		944	(91)	535	(99)
Profit before tax		22,483	11,793	1,779	5,834
Income tax expense	(17c)	(6,522)	(2,321)	(949)	2,109
Profit from continuing operations		15,961	9,472	830	7,943
Profit from discontinued operations		-	-	-	2
Profit for the period		15,961	9,472	830	7,945
Profit (loss) attributable to					
Profit (loss) attributable to owners of the parent		12,671	6,489	(362)	6,821
Profit attributable to non-controlling interests	(24c)	3,290	2,983	1,192	1,124
Profit for the period		15,961	9,472	830	7,945
Earnings per share					
Basic earnings per share					
Basic earnings (loss) per share from continuing operations (USD per share)		0.0021	0.0011	(0.0002)	0.0012
Basic earnings (loss) per share from discontinued operations (USD per share)		-	-	-	-
Basic earnings (loss) per share (USD pr share)		0.0021	0.0011	(0.0002)	0.0012
Diluted earnings per share					
Diluted earnings (loss) per share from continuing operations (USD per share)		0.0021	0.0011	(0.0002)	0.0012
Diluted earnings (loss) per share from discontinued operations (USD per share)		-	-	-	-
Diluted earnings (loss) per share USD per share)		0.0021	0.0011	(0.0002)	0.0012

The accompanying notes 1 to 34 form an integral part of these consolidated interim financial statements.

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Consolidated Interim Statements of Comprehensive Income

	ACCUMULATED		QUARTER	
	Jan. 1, 2011 Sep. 30, 2011 ThUSD	Jan. 1, 2010 Sep. 30, 2010 ThUSD	Jul. 1, 2011 Sep. 30, 2011 ThUSD	Jul. 1, 2010 Sep. 30, 2010 ThUSD
Profit for the period	15,961	9,472	830	7,945
Components of other comprehensive income before tax				
Foreign currency translation differences				
Foreign current translation gain (loss) before tax	(11,509)	(13,760)	(34,018)	17,012
Other comprehensive income before tax, foreign currency translation differences	(11,509)	(13,760)	(34,018)	17,012
Available for sale financial assets				
Gains (losses) on new measurements of available for sale financial assets before tax	(108,586)	(4,896)	(127,039)	18,116
Other comprehensive income before tax, available for sale financial assets	(108,586)	(4,896)	(127,039)	18,116
Cash flow hedges				
Gains (losses) on cash flow hedges before tax	(199)	214	(184)	(11)
Other comprehensive income before tax, cash flow hedges	(199)	214	(184)	(11)
Income tax related to other comprehensive income components				
Income tax related to foreign currency translation differences in other comprehensive income	1,957	2,333	5,777	(2,920)
Income tax related to available-for-sale financial assets in other comprehensive income	18,460	832	21,597	(3,080)
Income taxes related to cash flow hedges in other comprehensive income	40	(32)	37	4
Amount of income taxes related to other comprehensive income components	20,457	3,133	27,411	(5,996)
Other comprehensive income (loss)	(99,837)	(15,309)	(133,830)	29,121
Total comprehensive income (loss)	(83,876)	(5,837)	(133,000)	37,066
Comprehensive income (loss) attributable to:				
Comprehensive income (loss) attributable to owners of the Parent	(87,166)	(8,820)	(134,192)	35,942
Comprehensive income attributable to non-controlling interests	3,290	2,983	1,192	1,124
Total comprehensive income (loss)	(83,876)	(5,837)	(133,000)	37,066

The accompanying notes 1 to 34 form an integral part of these consolidated interim financial statements.

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Statements of Changes in Net Equity

September 2011	Issued capital ThUSD	Share premium ThUSD	Foreign currency translation reserve (1) ThUSD	Cash flow hedge reserve ThUSD	Reserves for gains or losses on the remeasurement of available-for-sale financial assets ThUSD	Other miscellaneous reserves ThUSD	Other reserves ThUSD	Retained earnings ThUSD	Equity attributable to the owners of the Parent ThUSD	Non-controlling interests ThUSD
Opening balance, current 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 restated 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								12,671	12,671	3,290
Other comprehensive income (loss)			(9,552)	(159)	(90,126)		(99,837)		(99,837)	
Comprehensive income (loss)									(87,166)	3,290
Issue of share capital	78,057	(264)							77,793	
Dividends										
Decrease on transfers and other changes										(14)
Total changes in equity	78,057	(264)	(9,552)	(159)	(90,126)		(99,837)	12,671	(9,373)	3,276
Final balance, current period 9/30/2011	469,497	86,388	(20,287)	(150)	(35,986)	(31,343)	(87,766)	28,969	497,088	25,648

September 2010	Issued capital ThUSD	Share premium ThUSD	Foreign currency translation reserve (1) ThUSD	Cash flow hedge reserve ThUSD	Reserves for gains or losses on the remeasurement of available-for-sale financial assets ThUSD	Other miscellaneous reserves ThUSD	Other reserves ThUSD	Retained earnings ThUSD	Equity attributable to the owners of the Parent ThUSD	Non-controlling interests ThUSD
Opening balance, prior period 1/1/2010	400,938	86,652	1,765	(468)	45,533	(31,343)	15,487	38,449	541,526	19,721
Restated opening balance	400,938	86,652	1,765	(468)	45,533	(31,343)	15,487	38,449	541,526	19,721
Changes in equity										
Comprehensive income										
Profit for the period								6,489	6,489	2,983
Other comprehensive income (loss)			(11,427)	182	(4,064)		(15,309)		(15,309)	
Comprehensive income (loss)									(8,820)	2,983
Dividends								(20,600)	(20,600)	
Increase (decrease) on transfers and other changes	(9,498)							9,498		(141)
Total changes in equity	(9,498)		(11,427)	182	(4,064)		(15,309)	(4,613)	(29,420)	2,842
Final balance, prior period 9/30/2010	391,440	86,652	(9,662)	(286)	41,469	(31,343)	178	33,836	512,106	22,563

1) Foreign currency translation reserves include the effects of the financial investment available for sale (shares of Nexans S.A.) and the foreign currency translation 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.

The accompanying notes 1 to 34 form an integral part of these consolidated interim financial statements.

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Consolidated Interim Statements of Cash Flows – Direct Method

Statement of cash flows	Note No.	Sep. 30, 2011 ThUSD	Sep. 30, 2010 ThUSD
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		386,402	332,622
Types of payments			
Payment to suppliers for the sale of goods and rendering of services		(313,283)	(307,039)
Payments to and on account of employees		(39,828)	(37,429)
Dividends received		3,468	2,660
Interest paid		(3,427)	(2,510)
Interest received		1,281	1,103
Income tax reimbursed		2,133	327
Other cash inflows		3,338	7,629
Net cash flows provided by (used in) operating activities		40,084	(2,637)
Cash flows used in investing activities			
Cash flows from the loss of control of subsidiaries or other businesses		25,950	-
Cash flows used to obtain control of subsidiaries or other businesses		(20)	(42)
Cash flows used to acquire non-controlling interests		(249,767)	-
Proceeds from sale of property, plant and equipment		3,812	(81)
Additions to property, plant and equipment		(13,947)	(18,299)
Additions to intangible assets		(168)	(753)
Income tax paid		(613)	-
Net cash flows used in investing activities		(234,753)	(19,175)
Net cash flows provided by (used in) financing activities			
Proceeds from share issuance		77,752	-
Proceeds from short-term loans		227,132	35,809
Total proceeds from loans		227,132	35,809
Payment of loans		(156,108)	(25,722)
Payments of finance lease liabilities		(2,195)	(1,582)
Dividends paid		(1,208)	(30,444)
Other cash inflows (outflows)		(647)	(539)
Net cash flows provided by (used in) financing activities		144,726	(22,478)
Net increase (decrease) in cash equivalents before the effects of foreign currency translation		(49,943)	(44,290)
Effects of foreign currency translation on cash and cash equivalents			
Effects of foreign currency translation on cash and cash equivalents		(1,935)	2,869
Net decrease in cash and cash equivalents		(51,878)	(41,421)
Cash and cash equivalents at January 1		69,154	114,334
Cash and cash equivalents at September 30	(6)	17,276	72,913

The accompanying notes 1 to 34 form an integral part of these consolidated interim financial statements.



Note 1 – Corporate Information

(a) Company information

Madeco S.A. (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 in 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 to this it is dedicated to manufacturing packaging for use in the mass consumption market and manufacturing PVC doors, windows and systems.

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

The Parent is registered in the Securities Registry under No. 251 and is subject to the supervision of the Chilean Superintendence of Securities and Insurance.

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 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%), in 1983 the Luksic Group acquired a majority interest and control of the Company.

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

In 1993, the Company entered the Argentine packaging market business with the constitution of its indirect subsidiary, Aluflex. In 1994 it acquired the subsidiary Decker, 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 equity interest that

Madeco currently has in Nexans, the Company has a member on the Nexans Board of Directors.

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:

September 30, 2011	Ownership %
Quiñenco S.A.	34.8229
Inversiones Río Azul S.A.	9.0222
Inmobiliaria Norte Verde S.A.	5.4133
Inversiones Río Grande S.P.A.	5.1852
Inversiones Consolidadas S.A.	0.0003
Inversiones Carahue S.A.	0.0001
Total interest by controlling companies	<u>54.4440</u>

(c) Description of main operations and activities

The operations of Madeco are organized into four main operating segments or business units, based on production processes. The Company's current business units are:

- Flexible packaging: through subsidiaries of the Alusa S.A. Group, Madeco S.A. manufactures flexo laminate and rotogravure packaging (plastic, laminated, paper). This business unit is present in Chile, Argentina (Aluflex S.A.) and Peru (Peruplast S.A.).
- Brass mills: through its subsidiaries Madeco Mills S.A. (Chile) and Decker S.A. (Argentina), Madeco S.A. is in the business of manufacturing copper and alloy tubes, sheets, bobbins, flanges and bars. Together with this, Armat S.A. is in the business of manufacturing coins and blank coins made of copper, aluminum and like alloys. This company was sold in June 2011.
- 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 the resources and investment in Nexans.

Note 1 – Corporate Information (continued)

(d) Employees

The following table shows the number of employees of Madeco and its subsidiaries as of September 30, 2011 and December 31, 2010:

Company	Professionals and technicians			Total	Total
	Executives		Employees	09-30-2011	12-31-2010
Madeco S.A.	4	19	2	25	27
Madeco Mills S.A.	3	86	182	271	242
Alusa S.A. and subsidiaries (1)	24	354	1,300	1,678	1,625
Indalum S.A. and subsidiaries	11	137	130	278	293
Decker S.A. (Argentina)	2	10	81	93	84
Armat S.A. (2)	-	-	-	-	145
Total employees	44	606	1,695	2,345	2,416

(1) The consolidated staff figures for Alusa consider 100% of the employees of Peruplast.

(2) This company was disposed of on June 2, 2011.

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.
- Hypotheses used in the actuarial calculation of liabilities and obligations with 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 to calculate impairment of inventory values ("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.

In spite of the fact that these estimates have been made on the basis of the best information available as of the date of issuance of these consolidated interim financial statements, it is possible that events that might take place in future could cause them to be modified (upward or downward) 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 September 30, 2011 and December 31, 2010.
- Statements of Income by Function and the Statement of Comprehensive Income for the intermediate periods between July 1, and September 30, 2011 and 2010 and the nine-month periods between January 1 and September 30, 2011 and 2010.
- Statement of Cash Flows for the nine-month periods ended September 30, 2011 and 2010.
- Statement of Changes in Net Equity includes its evolution in each of the periods ended September 30, 2011 and 2010.

(b) Basis of preparation

These consolidated interim financial statements of Madeco S.A. as of September 30, 2011, 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 interim financial statements faithfully reflect the Company's net equity and 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. The consolidated interim financial statements have been prepared under IAS 34.

(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 minority 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			
		Direct	Indirect	Total	12/31/2010 Total
84.898.000-5	Alusa S.A. and subsidiaries - Chile (1)	75.96	-	75.96	75.96
96.538.550-9	Armat S.A. – Chile (2)	-	-	-	100.00
76.148.193-2	Inmobiliaria AR S.A. (2)	98.82	1.18	100.00	-
91.524.000-3	Indalum S.A. and subsidiaries - Chile (3)	99.34	-	99.34	99.28
94.262.000-4	Soinmad S.A. and subsidiaries - Chile (4)	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 - Brazil (5)	100.00	-	100.00	100.00

Note 3 – Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation, continued

(1) Alusa S.A. owns 50% of Peruplast S.A., 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 September 30, 2011 and December 31, 2010.

(2) On May 2, 2011, Armat S.A. span-off in two companies, constituting a new company, Inmobiliaria AR S.A. For the purposes of the spin-off, the financial statements for the period ended April 30, 2011 were used. On June 1, 2011, the Company sold its interest in Armat S.A. to Amera International AG.

(3) During 2010, the Parent Company, Madeco S.A. has made several share purchases which have resulted in an increase in the interest in Indalum S.A. As of September 30, these operations have not ended and it is estimated that they will be finished during 2011.

(4) During 2010, Decker S.A. (Argentina) absorbed Misa Argentina S.A. and Comercial Madeco S.A. This transaction was carried out through an exchange of shares for the owners of these companies, Madeco S.A. and Soinmad S.A., causing a change in the ownership of subsidiary Decker S.A., leaving Soinmad S.A. with a equity interest of 55.8%, and therefore with the consolidation of the financial statement of that subsidiary.

(5) Because of the dissolution of Metal Overseas S.A., beginning in July 2010 the Parent Company directly consolidates the financial statements of Madeco Brazil Ltda. and subsidiary.

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.

Statement of Income

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

Statements of cash flows

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



Notes to the Consolidated Interim Financial Statements

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 September 30, 2011

Taxpayer ID	84.898.000-5	76.148.193-2	96.538.550-9	91.524.000-3	94.262.000-4	76.009.053-0	Foreign company
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	Brazil
Functional currency (ISO 4217)	USD	USD	USD	USD	USD	USD	USD
Ownership interest in significant subsidiary	75.96	100.00	-	99.34	100.00	100.00	100.00
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Total assets of the subsidiary	214,195	8,127	-	71,553	27,913	45,370	2,005
Current assets of the subsidiary	104,393	4,217	-	36,772	5,416	44,036	1,963
Non-current assets of the subsidiary	109,802	3,910	-	34,781	22,497	1,334	42
Total liabilities of the subsidiary	108,638	289	-	29,967	11,567	29,963	6,778
Current liabilities of the subsidiary	63,839	113	-	20,805	8,137	27,382	3,817
Non-current liabilities of the subsidiary	44,799	176	-	9,162	3,430	2,581	2,961
Revenue of the subsidiary	173,460	2,026	2,221	45,869	13,999	102,355	-
Revenue and other income of subsidiary	(159,818)	(3,137)	(1,324)	(44,243)	(10,514)	(100,297)	38
Profit or loss of subsidiary	13,642	(1,111)	897	1,626	3,485	2,058	38

As of December 31, 2010

Taxpayer ID	84.898.000-5	76.148.193-2	96.538.550-9	91.524.000-3	94.262.000-4	76.009.053-0	Foreign company
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	Brazil
Functional currency (ISO 4217)	USD	USD	USD	USD	USD	USD	USD
Ownership interest in significant subsidiary	75.96	-	100.00	99.28	100.00	100.00	100.00
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Total assets of the subsidiary	195,745	-	16,031	70,738	24,436	58,329	2,365
Current assets of the subsidiary	98,442	-	8,153	34,039	10,527	55,906	2,318
Non-current assets of the subsidiary	97,303	-	7,878	36,699	13,909	2,423	47
Total liabilities of the subsidiary	103,873	-	3,674	31,156	11,559	44,399	7,176
Current liabilities of the subsidiary	65,111	-	2,894	21,182	8,405	40,782	7,176
Non-current liabilities of the subsidiary	38,762	-	780	9,974	3,154	3,617	-
Revenue of the subsidiary	199,200	-	10,688	52,889	16,125	144,977	-
Revenue and other income of subsidiary	(182,445)	-	(10,631)	(52,345)	(16,918)	(147,816)	(673)
Profit or loss of subsidiary	16,755	-	57	544	(793)	(2,839)	(673)

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 minority partners or shareholders is composed of the part of the Company's own funds and profit or loss as of September 31, 2011 and 2010 and that of companies consolidated on a line-by-line basis as assignable to them, and are 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
Inmobiliaria AR S.A.	Direct subsidiary	USD
Indalum S.A.	Direct subsidiary	USD
Madeco Mills S.A.	Direct subsidiary	USD
Madeco Brasil S.A.	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.



Notes to the Consolidated Interim Financial Statements

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 US 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	September 30, 2011	December 31, 2010	September 30, 2011
Euro	EUR/USD	0.74	0.75	0.73
Chilean peso	CLP/USD	521.76	468.01	483.65
New Peruvian sol	PEN/USD	2.77	2.81	2.78
Argentine peso	ARS/USD	4.21	3.98	3.96
Brazilian real	BRL/USD	1.85	1.67	1.69
Sterling pound	GBP/USD	0.64	0.65	0.64

The foreign currency translation 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.

On the other hand, 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	September 30, 2011	December 31, 2010	September 30, 2011
UF	USD/CLF	42.19	45.84	44.12

The Unidad de Fomento (UF) is an inflation-indexed, Chilean peso denominated 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 price 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 costing 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 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 net of the impairment provision for this asset.

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

(g) 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.

Goodwill is not amortized, and as of each accounting period-end an estimate is made as to whether there are indications of impairment that might decrease its recoverable value to an amount that is 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.

Note 3 – Summary of Significant Accounting Policies (continued)

(g) Intangible assets, continued

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 sell the intangible asset.
- It is possible to reliably value the disbursement attributable to the intangible asset during its development.

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.

(h) Property, plant and equipment

(h.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:

(h.1.1) Interest 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 interest 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.

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

Note 3 – Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment, continued

Subsequent to initial recording, 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.

(h.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.

(i) 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 and are not destined 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 (land).

Note 3 – Summary of Significant Accounting Policies (continued)**(j) 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:

(j.1) Goodwill

Goodwill is reviewed annually to determine whether impairment indications exist, or more frequently if events or changes in circumstances indicate that the carrying amount might be 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 (or group of cash generating units) is lower than the carrying amount of the cash generating unit (group of cash generating units) 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)

(j) Impairment of non-financial assets, continued

(j.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.

(k) 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 lower cost of carrying amount or fair value less costs to sell.

(l) Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and can be measured reliably. Revenue 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 revenue:

(l.1) Sale of assets

Revenue 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)**(l) Revenue recognition, continued****(l.2) Revenue from rendering of services**

Revenue 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.

(l.3) Interest income

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

(l.4) Dividends received

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

(m) 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:

(m.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.

(m.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)

(m) Financial instruments - initial recognition and subsequent measurement, continued

(m.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.

(m.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.

(m.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)

(m) Financial instruments - initial recognition and subsequent measurement, continued

(m.5) Impairment of financial assets, continued

(m.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).

(m.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).

(m.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.

(m.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)

(m) Financial instruments - initial recognition and subsequent measurement, continued

(m.6) Financial liabilities, continued

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

As of September 30, 2011 and December 31, 2010, no financial liabilities at fair value through profit or loss have been designated.

(m.7) Classification of financial instruments and liabilities

The classification of financial instruments and liabilities according to their category and valuation is disclosed in Note 23 Financial Instruments.

Note 3 – Summary of Significant Accounting Policies (continued)**(n) 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 statement 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 or a highly probable expected transaction or foreign currency risk in an unrecognized firm commitment; or.

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 that they really have been highly effective during the financial reporting periods for which they were designated.

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

(n.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)

(n) Derivative financial instruments and hedge accounting, continued

(n.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.

(n.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 interest expense or interest income 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 statement 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.

(n.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 23 Financial Instruments and Note 10 Hedging Assets and Liabilities.

Note 3 – Summary of Significant Accounting Policies (continued)**(o) Cash and cash equivalents and statement of cash flows**

Cash equivalents correspond to short-term 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, 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.

(p) Current and deferred income taxes**(p.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)

(p) Current and deferred income taxes, continued

(p.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) at the time of the transaction does not affect profit or loss for accounting or tax purposes.

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)

(p) Current and deferred income taxes, continued

(p.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 offset if there is a legally enforceable right to compensate tax assets against tax liabilities and the deferred tax is related to the same tax entity and tax authority.

(q) Provisions

(q.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 statement 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.

(q.2) Post-employment benefits (staff severance indemnities)

The Parent and its subsidiaries, which have agreed with their employees to the payment of staff severance indemnities 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 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 as a reference the local sovereign bond rate (BCU).

(q.3) Vacation accrual

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

Note 3 – Summary of Significant Accounting Policies (continued)

(r) 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 only a revaluation after the beginning of the lease 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).

(r.1) Finance lease

Finance leases that substantially transfer to the Company all the risks and benefits incidental to ownership of the leased item, 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.

(r.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)**(s) 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.

(t) 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 synergies of 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:

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

(u) Joint ventures

The Company has joint control over the Peruvian company, Peruplast S.A. 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.

(v) Current and non-current classification

In the accompanying consolidated statement 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.

(w) 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 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 accumulated losses 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 (accumulated 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.

(x) Financial reporting by segment

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. 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. Starting from 2009 there are four operating business segments: Corporate, Brass Mills, Flexible Packaging and Profiles.

As of September 30, 2011, the four segments of the company are described as follows:

Corporate

The Parent Company has investments which generate interest income from interest accrued on the use of cash flows obtained from assets classified in investment properties, financial assets, which are mainly located in Chile. In addition to the abovementioned, this unit incorporates the Company's shares in Nexans.



Note 3 – Summary of Significant Accounting Policies (continued)

(x) Segment reporting, continued

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. The Company also manufactures blank coins and coins made of alloys composed mainly of copper, nickel, aluminum and zinc. Madeco 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 three plants in Chile and two in Argentina. Within Chile, in Santiago there is a plant that manufactures tubes and sheets and a foundry. In addition, the plants located in Argentina are located close to Buenos Aires, in Lavallol and Barracas. A large part of the physical sales of this unit correspond to exports, which are mostly exported from operations in Chile. Most of these sales correspond to copper tubes and sheets, the latter of which are used mainly to manufacture residential roofing, gutters and facades.

During December 2010, Madeco Mills S.A. made the decision to stop manufacturing copper sheets and concentrate its business solely on the manufacture and commercialization of copper tubes, for the reasons described in Note 27 Segment Reporting.

During June 2011, Amat S.A., which is related to the manufacturing of blank coins and coins was sold to Amera International A.G.

Flexible packaging

The Company's flexible packaging segment manufactures packaging for mass consumption products using flexography and rotogravure printing technologies. These products are manufactured mainly using oil derivatives (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 and, since 2007, in Peru (an operation that is managed as a "joint venture"). These plants not only supply domestic markets, but cover the regional market 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.



Notes to the Consolidated Interim Financial Statements

Note 4 – New Accounting Pronouncements

As of the date of issuance of these consolidated interim financial statements, the following accounting pronouncements had been issued by the IASB, but their application was not mandatory:

<u>New standards, revisions and amendments</u>		<u>Date of mandatory application</u>
IFRS 7	Financial Instruments: Disclosures	1-1-2012
IAS 12	Income Taxes	1-1-2012
IAS 1	Presentation of Financial Statements	1-1-2013
IAS 19	Employee Benefits	1-1-2013
IFRS 9	Financial Instruments: Classification and Disclosures	1-1-2013
IFRS 10	Consolidated Financial Statements	1-1-2013
IFRS 11	Joint Arrangements	1-1-2013
IFRS 12	Disclosures of Interests in Other Entities	1-1-2013
IFRS 13	Fair Value Measurement	1-1-2013

The Company is still assessing the impacts of IFRS 11 Joint Arrangements with regard to the current accounting criterion applied by subsidiary Alusa S.A. to record the joint control it maintains in the Peruvian company Peruplast S.A..

Except for what is described in the preceding paragraph, the Company's management believes that the adoption of the standards, amendments and interpretations described above will not have any significant impact on the Company's consolidated financial statements in the first application period.

Nota 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 interim financial statements.

5.2 Changes in accounting policies

The Company's consolidated interim financial statements as of September 30, 2011 present no changes in the accounting policies and estimates compared to the prior period.

The consolidated statements of financial position as of September 30, 2011 and December 31, 2010, and the comprehensive income, net equity and cash flows for the period ended September 30, 2011 and 2010, 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:

	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Cash	140	103
Cash in banks	8,190	7,973
Short-term deposits	4,517	60,587
Other	4,429	491
Total	17,276	69,154

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

	Currency	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Cash and cash equivalents	USD	10,986	8,070
Cash and cash equivalents	CLF	-	28,699
Cash and cash equivalents	CLP	5,053	30,052
Cash and cash equivalents	BRL	339	669
Cash and cash equivalents	ARS	165	429
Cash and cash equivalents	PEN	729	482
Cash and cash equivalents	EUR	4	753
Total		17,276	69,154

Note 7 – Trade and Other Receivables

As of September 30, 2011 and December 31, 2010, trade and other receivables are detailed as follows:

a) Trade and other receivables, current

Gross amount	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Trade receivables	89,913	97,619
Other receivables	8,315	10,703
Total	98,228	108,322

Net amount	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Trade receivables	87,133	92,410
Other receivables	8,315	10,703
Total	95,448	103,113



Notes to the Consolidated Interim Financial Statements

Note 7 – Trade and Other Receivables (continued)

b) Trade and other receivables, non-current

Gross amount	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Other receivables	9	128
Total	9	128

Net amount	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Other receivables	9	128
Total	9	128

Expiration terms of trade and other receivables not overdue as of September 30, 2011 and December 31, 2010 are detailed as follows:

Trade and other receivables due	Balance as of	
	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Maturity in less than three months	80,605	82,258
Maturity between three and six months	1,527	2,865
Maturity in over twelve months	9	128
Total trade receivables due	82,141	85,251

Expiration terms of trade and other receivables overdue but not impaired as of September 30, 2011 and December 31, 2010 are detailed as follows:

Trade and other receivables overdue, unpaid but not impaired	Balance as of	
	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Maturity in less than three months	12,251	17,990
Maturity between three and six months	835	-
Maturity between six and twelve months	230	-
Total trade receivables overdue, unpaid but not impaired	13,316	17,990

Expiration terms of trade and other receivables overdue and impaired as of September 30, 2011 and December 31, 2010 are detailed as follows:

Trade and other receivables overdue and impaired	Balance as of	
	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Maturity in less than three months	226	115
Maturity between three and six months	121	2,434
Maturity between six and twelve months	1,843	216
Maturity in over twelve months	590	2,444
Total trade receivables overdue and impaired	2,780	5,209

MADECO Notes to the Consolidated Interim Financial Statements

Note 7 – Trade and Other Receivables (continued)

Impaired trade receivables as of September 30, 2011 and December 31, 2010 are detailed as follows:

Carrying amount of trade and other receivables	Balance as of	
	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Trade receivables	2,780	5,209
Total	2,780	5,209

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

Trade and other receivables overdue, unpaid and impaired	Balance as of	
	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Opening balance	5,209	9,057
Derecognition of impaired financial assets for the period	(1,861)	(5,243)
Increase (decrease) for the period	(383)	1,596
Effect on exchange rate variations	(185)	(201)
Final balance	2,780	5,209

Note 8 – Related Party Transactions

The Parent and its subsidiaries have engaged current accounts, temporary investments and financial obligations with Banco de Chile. 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 the fact that it is a related company, so as not to distort their analysis.

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 September 30, 2011 and December 31, 2010, 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	
						Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
76.003.431-2	Aguas CCU Nestlé Chile S.A.	Related to the Parent	Chile	Rendering of services	CLP	58	227
96.605.150-7	Alte S.A.	Related to the Parent	Chile	Sale of products	CLP	96	128
96.538.550-9	Armat S.A.	Common director	Chile	Sale of products	CLP	440	-
96.989.120-4	Cervecera CCU Chile Ltda.	Related to the Parent	Chile	Sale of products	CLP	-	15
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Related to the Parent	Chile	Sale of products and services	CLP	254	334
99.542.980-2	Food Cía. de Alimentos CCU S.A.	Related to the Parent	Chile	Sale of products and services	CLP	-	20
78.896.610-5	Minera El Tesoro	Related to the Parent	Chile	Sale of products	CLP	44	-
Total due from related parties, current						892	724

b) Due to related parties, current

Related party Taxpayer ID	Related Party Name	Relationship	Country of Origin	Transaction description	Currency	UP TO 90 DAYS	
						Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
96.538.550-9	Armat S.A.	Common director	Chile	Services engaged	CLP	9	-
96.894.740-0	Banchile Factoring S.A.	Related to the Parent	Chile	Transfer of supplier invoice	CLP	-	1
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Related to the Parent	Chile	Purchase of products	CLP	-	1
96.806.980-2	Entel PCS S.A.	Related to the Parent	Chile	Services engaged	CLP	8	9
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						18	12

Note 8 – Related Party Transactions (continued)

c) Transactions with related parties are detailed as follows:

Taxpayer ID	Company	Relationship	Transaction description	Sep. 30, 2011		Sep. 30, 2010	
				Transaction Amount ThUSD	Effect on profit or loss ThUSD	Transaction Amount ThUSD	Effect on profit or loss ThUSD
76.003.431-2	Aguas CCU Nestle Chile S.A.	Related to the Parent	Sale of products	544	457	569	478
96.605.150-7	Alte S.A.	Related to the Parent	Sale of products	300	252	404	339
96.538.550-9	Armat S.A.	Common director	Sale of products	348	293	-	-
96.538.550-9	Armat S.A.	Common director	Services	79	55	-	-
97.004.000-5	Banco de Chile	Related to the Parent	Bank commissions and fees	36	(32)	24	(20)
97.004.000-5	Banco de Chile	Related to the Parent	Loan interest	66	(66)	52	(52)
97.004.000-5	Banco de Chile	Related to the Parent	Deposit interest	39,900	171	78,131	181
96.989.120-4	Cervecera CCU Chile Ltda.	Related to the Parent	Sale of products	15	13	39	33
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Related to the Parent	Services	1,154	970	985	828
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Related to the Parent	Services	3	(2)	2	(2)
96.806.980-2	Entel PCS S.A.	Related to the Parent	Services	55	(49)	66	(59)
99.542.980-2	Foods Compañía de Alimentos CCU S.A.	Related to the Parent	Sale of products	16	14	110	93
78.896.610-5	Minera El Tesoro	Related to the Parent	Sale of products	-	-	33	28
78.896.610-5	Minera El Tesoro	Related to the Parent	Purchase of products	-	-	2,097	-
91.840.000-1	Minera Michilla S.A.	Related to the Parent	Purchase of products	-	-	1,956	-
91.840.000-1	Minera Michilla S.A.	Related to the Parent	Sale of products	16	13	24	30
	Extranjero Nessus Perú S.A.	Common shareholders	Services	77	(77)	77	(77)
77.736.670-K	Vending Servicios CCU Ltda.	Related to the Parent	Services	9	(8)	5	(5)
91.041.000-8	Víña San Pedro Tarapaca S.A.	Related to the Parent	Purchase of products	1	(1)	-	-



Notes to the Consolidated Interim Financial Statements

Note 8 – Related Party Transactions (continued)

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

	ACCUMULATED		QUARTER	
	Jan. 1, 2011 Sep. 30, 2011 ThUSD	Jan. 1, 2010 Sep. 30, 2010 ThUSD	Jul. 1, 2011 Sep. 30, 2011 ThUSD	Jul. 1, 2010 Sep. 30, 2010 ThUSD
Compensation received by key management personnel, salaries	1,151	910	483	305
Compensation received by key management personnel, managers' fees	225	321	69	61
Compensation received by key management personnel, other	403	254	403	-
Total compensation received by key management personnel	1,779	1,485	955	366

Note 9 – Inventory

Inventory is detailed as follows:

Classification of inventory	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Raw materials	26,919	27,146
Goods	14,924	10,641
Supplies for production	6,884	5,853
Work-in-progress	8,071	23,049
Finished products	11,339	11,180
Other inventory (1)	738	674
Total	68,875	78,543

(1) Includes mainly inventory-in-transit.

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

	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Amount of write-downs of inventories	1,465	1,610

Amounts that deduct balances as of September 30, 2011 and December 31, 2010 mainly correspond to the adjustment of the net realizable value of materials for consumption.

	ACCUMULATED		QUARTER	
	Jan. 1, 2011 Sep. 30, 2011 ThUSD	Jan. 1, 2010 Sep. 30, 2010 ThUSD	Jul. 1, 2011 Sep. 30, 2011 ThUSD	Jul. 1, 2010 Sep. 30, 2010 ThUSD
Inventory costs recognized as expenses during the period	277,242	257,160	94,988	97,603

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

Note 10 – Hedging Assets and Liabilities

a) As of September 30, 2011 and December 31, 2010, hedging assets are detailed as follows:

Classification of the hedging asset	Type of hedge	Hedged risk	Hedged item	CURRENT		NON-CURRENT		FAIR VALUE	
				Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2011	Dec. 31, 2010
				ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Hedging assets, other derivatives	Cash flow hedge instrument	Exposure to the risk of changes in commodity prices (copper)	Copper inventory	2,689	-	-	-	2,689	-
Hedging assets, other derivatives	Cash flow hedge instrument	Exposure to the risk of changes in commodity prices (copper)	Expected sales item	326	257	-	-	326	257
Total hedging assets				3,015	257	-	-	3,015	257

b) As of September 30, 2011 and December 31, 2010, hedging liabilities are detailed as follows:

Classification of the hedging liability	Type of hedge	Hedged risk	Hedged item	CURRENT		NON-CURRENT		FAIR VALUE	
				Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2011	Dec. 31, 2010
				ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Hedging liabilities, interest rate derivatives	Cash flow hedging instrument	Exposure to the interest rate risk	Bank loan at variable rate	-	-	41	192	41	192
Hedging liabilities, foreign currency derivatives	Fair value hedging instrument	Exposure to the exchange rate risk	Time deposit in Chilean pesos	-	1,439	-	-	-	1,439
Hedging liabilities, other derivatives	Fair value hedging instrument	Exposure to the risk of changes in commodity prices (copper)	Copper inventory	-	2,425	-	-	-	2,425
Hedging liabilities, non-derivatives	Cash flow hedging instrument	Exposure to the risk of changes in commodity prices (copper and aluminum)	Sales expected item	627	32	-	-	627	32
Total hedging liabilities				627	3,896	41	192	668	4,088

Note 10 – Hedging Assets and Liabilities (continued)

1. Cash Flow Hedging Instruments:

As of September 30, 2011, the related company Peruplast S.A. has recorded a cash flow hedge liability to hedge exposure to interest rate risk, establishing it in respect to bank loans entered into at a variable rate. Subsidiaries Madeco Mills S.A. and Indalum S.A. have recorded a cash flow hedge asset to cover changes in the prices of commodities (Copper and Aluminum), setting the price of expected sales items.

The maturities of cash flows with regard to interest rate hedge of the related company Peruplast S.A. are quarterly.

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

a) A net credit to equity of ThUSD182 for the period ended September 30, 2010 and a net charge of ThUSD159 for the period ended September 30, 2011.

b) Subsidiaries Madeco Mills S.A. and Indalum S.A. discounted ThUSD69 from equity net of deferred taxes for the period. This resulted in an effect on retained earnings as of September 30, 2011 of a credit of ThUSD113 and a charge of ThUSD44, respectively (a credit of ThUSD319 and a credit of ThUSD25, respectively on retained earnings as of September 30, 2010). These effects arise from the expected sales hedged items.

c) Madeco S.A. discounted ThUSD61 and ThUSD191 from equity net of deferred taxes, which resulted in a charge to retained earnings as of September 30, 2011 and 2010, respectively, which corresponds to the hedging of the interest rate flow expected item.

Regarding the pending balance receivable of ThUSD150 in equity as of September 30, 2011 and future changes experienced by the hedging instrument (interest rate and sales), it is expected that these will affect profit or loss during 2011 and 2012.

As of September 30, 2011 and 2010 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 Parent, Madeco S.A. and its subsidiary 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 Madeco S.A. has recorded a hedging asset and liability to hedge foreign currency risk exposure (US dollar versus Chilean pesos) for the asset it held for time deposits.

Retained earnings were recognized for fair value hedging instruments for the exposure to the risk of commodity prices (Copper and Aluminum) for the period ended September 30, 2011, in the amount of ThUSD3,301 (accumulated losses of ThUSD2,633 as of September 30, 2010), recorded under cost of sales. Accumulated losses recognized for the hedged item (Copper and Aluminum) for the period ended September 30, 2011 amount to ThUSD2,923 (retained earnings of ThUSD2,725 as of September 30, 2010), 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 September 30, 2011 for ThUSD1,002 (earnings of ThUSD2,415 as of September 30, 2010), are recorded under foreign currency translation. Earnings recognized on the hedged item (time deposit) for the period ended September 30, 2011 for ThUSD1,002 (losses of ThUSD2,426 as of September 30, 2010), are recorded under foreign currency translation.

Note 11 – Other Non-Financial Assets

As of September 30, 2011 and December 31, 2010, other non-financial assets are detailed as follows:

CURRENT	Balance as of	
	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Nexans guarantee (1)	-	13,998
Collective negotiation bonus	288	-
Prepayments to suppliers and other	6,689	4,410
Other	98	79
Total	7,075	18,487

NON-CURRENT	Balance as of	
	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Ficap judicial deposits (2)	17,248	18,427
Inventory with turnover of over one year	-	443
Collective negotiation bonus	101	227
Labor process judicial deposits	34	38
Other	136	226
Total	17,519	19,361

1) The amount of ThUSD13,998 reported as of December 31, 2010 related to the adjusted balance of the guarantee related to the agreement entered into with Nexans as reported in Note 30, 2a).

2) Relates to judicial deposits (see Note 30 3a)), 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:

	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Property at Dresden N° 4688 - San Miguel (1)	415	-
Property at La Divisa N° 900 - San Bernardo (1)	3,475	-
Property at Ureta Cox N° 474 - 476 - San Miguel (1)	81	-
Property at Ureta Cox N° 495 - A - San Miguel (1)	237	-
(1) At the Board of Directors' meeting, the directors agreed upon and approved the disposal of these		4,500
Total	4,208	4,500

Investment in shares of Nexans Colombia (formerly - Cedsa S.A.) (2)

(2) Due to the agreement with Nexans as informed in Note 30 number 2 letter a), as of December 31, 2010 the investment in shares held due to the contract for the sale of the Cables Unit has been reclassified from other current assets. During January 2011, this investment was disposed of for ThUSD9,250 before taxes.

Comentario [Ncr1]: Revisar vista, cuadro superpone texto.

b) Discontinued operations

For the reporting periods under consideration, there are no operations classified under this concept.



Notes to the Consolidated Interim Financial Statements

Note 13 – Available-for-Sale Financial Investments

Available for sale financial investments, stated as described in Note 3 (letter m.4) as of September 30, 2011 and December 31, 2010 are detailed as follows:

Company	Number of shares	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Shares at the beginning of the period	2,568,726	151,081	200,792
Shares acquired during the period (1) and (2)	3,051,448	179,473	-
Nexans S.A. (France)	5,620,174	330,554	200,792

Movements in this investment for each period are detailed as follows:	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Opening balance	200,792	205,514
Additions for the period (1) and (2)	249,859	-
Increase (decrease) in foreign currency exchange rate (3)	(11,511)	(15,092)
Recognition of the fair value of shares (3)	(108,586)	10,370
Balance at each period-end	330,554	200,792

(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 of Euros agreed upon in two installments, one for 65.5 million of 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 September 30, 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 August and September, the Company conducted direct purchases for the total of 1,011,819 shares at an average purchase price of Euros 50.58 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 translation 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 translation effect with a charge to profit or loss of ThUSD69,813. 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.

Note 14 – Intangible Assets

a) Intangible assets are detailed as follows:

Types of intangible assets, net (presentation)	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Finite life intangible assets, net	3,033	2,507
Intangible assets, net	3,033	2,507

Types of intangible assets, net (presentation)	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Patents, registered trademarks and other rights	332	317
IT programs	2,701	2,190
Intangible assets, net	3,033	2,507

Types of intangible assets, net (presentation)	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Patents, registered trademarks and other rights	535	479
IT programs	3,281	2,518
Intangible assets, gross	3,816	2,997

Types of accumulated amortization and asset impairment, intangible assets (presentation)	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Patents, registered trademarks and other rights (1)	(203)	(162)
IT programs (1)	(580)	(328)
Identifiable intangible assets	(783)	(490)

(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	Minimum useful life	Maximum useful life
Useful lives for patents, registered trademarks and other rights	5	10
Useful lives of IT programs	3	6

The entity has considered that intangible assets “goodwill” held have an indefinite life considering, among other things, such factors as the expected use of the asset and the period in which the Company will hold control over those assets. Accordingly, the Company’s Management has considered that there is a foreseen limit to the period with respect to which the asset is expected to generate net cash inflows for the Company.

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Notes to the Consolidated Interim Financial Statements

Note 14 – Intangible Assets (continued)

b) Movements in identifiable intangible assets

b.1) As of September 30, 2011, movements in identifiable intangible assets are detailed as follows:

Movements in identifiable intangible assets (Presentation)	Patents, registered trademarks and other rights, net ThUSD	IT programs, net ThUSD	Identifiable intangible assets, net ThUSD
Opening balance as of 1/1/2011	317	2,190	2,507
Additions for internal development	-	617	617
Additions	48	130	178
Amortization	(41)	(240)	(281)
Increase (decrease) in foreign currency translation	-	(5)	(5)
Other increases (decreases)	8	9	17
Total movements	15	511	526
Final balance as of 9/30/2011	332	2,701	3,033

b.2) As of December 31, 2010, movements in identifiable intangible assets are detailed as follows:

Movements in identifiable intangible assets (Presentation)	Patents, registered trademarks and other rights, net ThUSD	IT programs, net ThUSD	Identifiable intangible assets, net ThUSD
Opening balance as of 1/1/2010	371	1,721	2,092
Additions for internal development	-	961	961
Additions	-	1,065	1,065
Disposals	-	(1,302)	(1,302)
Amortization	(54)	(255)	(309)
Total movements	(54)	469	415
Final balance as of 12/31/2010	317	2,190	2,507

c) Goodwill

During the periods covered by these financial statements there has been no goodwill:

Movements in goodwill, net	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Opening balance, net	848	848
Goodwill, gross, opening balance	848	848
Changes (presentation)		
Additional recognized	-	-
Total changes	-	-
Final balance, net	848	848
Goodwill, gross	848	848
Cumulative balance impairment, goodwill	-	-

Note 15 – Property, Plant and Equipment

a) As of September 30, 2011 and December 31, 2010, property, plant and equipment are detailed as follows:

Types of property, plant and equipment, net	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Assets under construction	9,759	19,260
Land	41,923	44,596
Buildings	40,243	38,424
Plant and equipment	75,362	66,895
IT equipment	529	593
Fixed facilities and accessories	3,662	3,974
Vehicles	1,173	1,329
Other property, plant and equipment	4,147	3,507
Total property, plant and equipment, net	176,798	178,578

Types of property, plant and equipment, gross	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Assets under construction	9,759	19,260
Land	41,923	44,596
Buildings	44,598	42,045
Plant and equipment	115,381	101,674
IT equipment	4,193	4,027
Fixed installations and accessories	10,980	9,205
Vehicles	2,057	2,060
Other property, plant and equipment	8,379	7,716
Total property, plant and equipment, gross	237,270	230,583

Accumulated depreciation and asset impairment, property, plant and equipment	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Buildings	(4,355)	(3,621)
Plant and equipment	(40,019)	(34,779)
IT equipment	(3,664)	(3,434)
Fixed installations and accessories	(7,318)	(5,231)
Vehicles	(884)	(731)
Other property, plant and equipment	(4,232)	(4,209)
Total accumulated depreciation and asset impairment, property, plant and equipment	(60,472)	(52,005)

b) The policy for recognizing property, plant and equipment dismantling, removal or rehabilitation costs 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.

As of September 30, 2011 and December 31, 2010, the Parent and its subsidiary, Alusa S.A.'s management determined an impairment loss for those periods based on internal analyses of technical impairment explained in Note 3 letter j) and Note 25 letter f).

For the other companies, it considers that the carrying amount of assets does not exceed their net recoverable value.



Notes to the Consolidated Interim Financial Statements

Note 15 – Property, Plant and Equipment (continued)

c) As of September 30, 2011 and December 31, 2010, movements in property, plant and equipment are detailed as follows:

As of September 30, 2011

Description	Assets under construction	Land	Buildings, net	Plant and equipment, net	IT equipment, net	Fixed installations and accessories, net	Vehicles, net	Other property, plant and equipment, net	Property, plant and equipment, net
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	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	9,517	3,714	217	4,968	177	166	74	1,807	20,640
Disposals	-	-	-	(375)	(7)	(10)	(19)	(34)	(445)
Transfers to (from) non-current assets and disposal groups held-for-sale	-	(3,663)	(545)	-	-	-	-	-	(4,208)
Transfers to (from) investment property	-	(2,724)	(1,022)	-	-	-	-	-	(3,746)
Disposals through the sale of businesses	(77)	-	-	(3,276)	-	15	(8)	(19)	(3,365)
Depreciation expense	-	-	(951)	(7,738)	(233)	(542)	(203)	(959)	(10,626)
Decrease in foreign exchange rate	-	-	-	(23)	(1)	(2)	-	(4)	(30)
Other increases (decreases)	(18,941)	-	4,120	14,911	-	61	-	(151)	-
Total movements	(9,501)	(2,673)	1,819	8,467	(64)	(312)	(156)	640	(1,780)
Final balance as of September 30, 2011	9,759	41,923	40,243	75,362	529	3,662	1,173	4,147	176,798

Note 15 – Property, Plant and Equipment (continued)

c) As of September 30, 2011 and December 31, 2010, movements in property, plant and equipment are detailed as follows, continued:

As of December 31, 2010

Description		Assets under construction	Land	Buildings, net	Plant and equipment, net	IT equipment, net	Fixed installations and accessories, net	Vehicles, net	Other property, plant and equipment, net	Property, plant and equipment, net
		ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Opening balance as of January 1, 2010		4,285	45,161	40,845	66,696	704	3,969	1,414	6,373	169,447
Movements	Additions	15,383	-	115	14,239	288	716	169	1,006	31,916
	Disposals	-	(510)	(917)	(272)	(2)	(6)	(10)	(8)	(1,725)
	Withdrawals	-	-	-	(14)	-	(2)	-	-	(16)
	Depreciation expense	-	-	(1,276)	(10,239)	(392)	(806)	(255)	(1,358)	(14,326)
	Impairment loss recognized in the statement of income	-	-	(348)	(4,141)	-	-	-	-	(4,489)
	Increase in foreign exchange rate	-	-	-	13	1	2	-	8	24
Other increases (decreases)		(408)	(55)	5	613	(6)	101	11	(2,514)	(2,253)
Total movements		14,975	(565)	(2,421)	199	(111)	5	(85)	(2,866)	9,131
Final balance as of December 31, 2010		19,260	44,596	38,424	66,895	593	3,974	1,329	3,507	178,578

Note 15 – Property, Plant and Equipment (continued)

d.1) Capitalized interest costs, property, plant and equipment

	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Capitalization rate	4.53%	5.67%
Capitalized cost amount	260	464
Total	260	464

d.2) Capitalized interest costs, interest-bearing loans

	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Capitalization rate	3.46%	4.15%
Finance cost amount	3,481	3,217
Total	3,481	3,217

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 Corbanca, Banco Crédito, Scotiabank, Crédito Leasing, Interbank, Citibank and Banco Patagonia S.A.

	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Land under finance lease, net	13,264	9,549
Buildings under finance lease, net	9,801	9,968
Plant and equipment under finance lease, net	9,602	3,952
Vehicles under finance lease, net	182	186
Total	32,849	23,655

Note 15 – Property, Plant and Equipment (continued)

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

Periods	Sep. 30, 2011		
	Gross	Interest	Present value
	ThUSD	ThUSD	ThUSD
Less than one year	5,321	774	4,547
Between one and five years	23,322	1,537	21,785
Over five years	1,201	28	1,173
Total	29,844	2,339	27,505

Periods	Dec. 31, 2010		
	Gross	Interest	Present value
	ThUSD	ThUSD	ThUSD
Less than one year	4,576	771	3,805
Between one and five years	14,094	1,405	12,689
Over five years	1,709	50	1,659
Total	20,379	2,226	18,153

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

Institution	Nominal amount	Installment amount	Purchase option amount	Contract renewal	Number of installments
	ThUSD	ThUSD	ThUSD		
Banco Corpbanca	14,561	819	819	None	10
Banco BBVA	2,005	89	89	None	25
Banco BBVA	3,524	151	151	None	26
Crédito Leasing	1,021	21	3	None	48
Interbank	1,408	23	-	None	60
Bco de Crédito	1,630	31	3	None	48
Scotiabank	1,542	31	-	None	50
Bco de Crédito	2,374	84	-	None	40
Bco de Crédito	7,200	-	-	None	-
Banco Continental	528	9	-	None	60
Citibank	991	17	-	None	60
Scotiabank	311	5	-	None	60
Bco de Crédito	896	15	-	None	60
Bco de Crédito	818	14	-	None	60
Banco Continental	75	1	-	None	60
Citibank	156	3	-	None	60
BANCO PATAGONIA S.A.	145	6	9	None	37

Nota 15 – 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, or 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	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Less than one year	512	498
Between one and five years	915	811
Total	1,427	1,309

f.2) Lease installments and subleases recognized in the statement of income	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD
Minimum lease payments under operating leases	760	661

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 16 – Investment Property

a) Investment property is detailed as follows:

	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Land	5,452	4,193
Buildings and facilities	2,114	1,215
Total	7,566	5,408

b) Detail of movements

Movements in investment property as of September 30, 2011 and December 31, 2010 are detailed as follows:

Movements	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Opening balance, net	5,408	5,454
Disposals (1)	(1,492)	-
Transfers to (from) properties used by the owner(2)	3,746	-
Depreciation expense	(69)	(46)
Other increases (decreases)	(27)	-
Final balance, net	7,566	5,408

(1) In June 2011, the Parent sold the property located at Vicuña Mackenna for ThUSD3,505.

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

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

	Sep. 30, 2011 ThUSD	Sep. 30, 2010 ThUSD
Income from rent	142	125
Direct operating expenses for the period	69	34

d) The fair value of investment property amounts to ThUSD5,452 for land and ThUSD2,618 for constructions and facilities, the value of which is based on a report issued in 2009 by external experts.

Note 17 – Current and Deferred Income Taxes

a) Deferred tax assets and liabilities

a.1) Deferred tax assets

	Assets	
	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Deferred taxes related to depreciation	297	324
Deferred taxes related to amortization	-	1
Deferred taxes related to provisions	3,041	3,181
Deferred taxes related to foreign currency contracts	-	737
Deferred taxes related to property, plant and equipment revaluation	2,709	2,576
Deferred taxes related to investment property revaluations	9	7
Deferred taxes related to financial instrument revaluations	26,908	6,387
Deferred taxes related to tax losses	2,108	3,262
Deferred taxes related to other concepts	1,078	1,200
Subtotal	36,150	17,675
Reclassification	(6,918)	(5,785)
Total deferred tax assets	29,232	11,890

a.2) Deferred tax liabilities

	Liabilities	
	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Deferred taxes related to depreciation	2,489	3,247
Deferred taxes related to amortization	4,312	4,381
Deferred taxes related to provisions	145	461
Deferred taxes related to post-employment liabilities	277	518
Deferred taxes related to property, plant and equipment revaluations	7,631	7,066
Deferred taxes related to investment property revaluations	176	-
Deferred taxes related to other concepts	291	16
Subtotal	15,321	15,689
Reclassification	(6,918)	(5,785)
Total deferred tax liabilities	8,403	9,904

b) Movements in deferred tax liabilities

	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Deferred tax liabilities, opening balance	15,689	16,842
Increase in deferred tax liabilities	509	436
Disposals through the sale of businesses, deferred tax liabilities	(65)	-
Decrease in foreign exchange rate, deferred tax liabilities	(12)	(1,498)
Other decreases, deferred tax liabilities	(800)	(91)
Subtotal	15,321	15,689
Reclassification	(6,918)	(5,785)
Total deferred tax liabilities	8,403	9,904

Note 17 – Current and Deferred Income Taxes (continued)

c) Income tax

c.1) Income tax (expense) income is detailed as follows:

	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Current tax expense	(4,442)	(4,548)	(646)	(1,802)
Adjustment to prior period current tax	95	731	-	345
Other current tax expense	(140)	451	-	(1)
Deferred income for tax related to the generation and reversal of temporary differences	(662)	(1,072)	684	1,083
Reversals of write-downs of deferred tax assets during the assessment of their usefulness	(2,742)	(65)	(15)	(65)
Tax benefit from tax assets not recognized previously used to decrease deferred tax expense	1,333	2,180	(972)	2,542
Other deferred tax expense	36	2	-	7
Income tax income (expense)	(6,522)	(2,321)	(949)	2,109

c.2) Through the resolution dated December 29, 2010, the Chilean IRS authorized Madeco S.A. to maintain its accounting records in U.S. dollars beginning on January 1, 2011.

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

	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Current tax expense, net, foreign	(2,383)	(2,960)	(1,715)	(1,300)
Current tax expense, net, domestic	(2,104)	(406)	1,069	(158)
Deferred tax expense, net, foreign	(9)	(87)	13	(44)
Deferred tax expense, net, domestic	(2,026)	1,132	(316)	3,611
Income tax income (expense)	(6,522)	(2,321)	(949)	2,109

Note 17 – Current and Deferred Income Taxes (continued)

e) Reconciliation of tax expense using the legal rate with the tax expense using the effective rate

	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Tax expense using the legal rate	(4,497)	(2,005)	(356)	(992)
Tax effect of rates in other jurisdictions	(2,800)	(2,845)	(951)	(1,324)
Tax effect of non-taxable income	4,237	6,636	610	2,590
Tax effect of non-deductible expenses	(2,002)	(3,927)	279	1,594
Tax effect of the use of tax losses not recognized previously	821	-	821	-
Tax effect of tax benefit not recognized previously in the statement of income	1,862	-	1,862	-
Tax effect of new evaluation of unrecognized deferred tax assets	(3,031)	-	(3,031)	-
Tax effect of change in tax rates	118	63	118	63
Tax effect of excessive provisions in prior periods	-	(119)	-	-
Other increases (decreases) in charges for legal taxes	(1,230)	(124)	(301)	178
Total adjustments to the tax expense using the legal rate	(2,025)	(316)	(593)	3,101
Tax income (expense) using the effective rate	(6,522)	(2,321)	(949)	2,109

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

Country	Rates applied as of September 30, 2011	Rates applied as of September 30, 2010
Argentina	35%	35%
Brazil	34%	34%
Chile	20%	17%
Peru	30%	30%

Note 17 – Current and Deferred Income Taxes (continued)

f) Type of temporary difference

Origin of temporary differences	ACCUMULATED		
	Asset	Liability	Income (expense)
	ThUSD	ThUSD	ThUSD
Depreciation of property, plant and equipment	77	2,640	(476)
Allowance for doubtful accounts	507	-	(356)
Inventory	910	-	308
Property, plant and equipment	2,756	11,971	(452)
Miscellaneous provisions	1,720	-	450
Tax loss	40,130	-	1,577
Provision for tax loss valuation	(38,022)	-	(2,731)
Other events	9	116	(41)
Financial assets held-for-sale (Nexans)	26,803	-	-
Investment property	37	-	4
Hedging assets and liabilities	115	-	(737)
Unearned income	478	-	124
Manufacturing expenses	-	268	16
Employee vacation	427	-	(71)
Intangible assets	219	-	-
Post-employment benefit obligations	-	277	315
Collective negotiation bonus	(16)	49	35
Subtotal	36,150	15,321	(2,035)
Reclassification	(6,918)	(6,918)	
Total	29,232	8,403	(2,035)

MADECO Notes to the Consolidated Interim Financial Statements

Note 17 – Current and Deferred Income Taxes (continued)

g) Unrecognized deferred tax assets are detailed as follows:

	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Unrecognized deferred tax assets, temporary differences	56	144
Unrecognized deferred tax assets, tax losses	48,336	33,510
Total unrecognized deferred tax assets	48,392	33,654
Unrecognized offsettable tax loss, between one and five years	1,934	1,738
Unrecognized offsettable tax loss, which does not expire	46,402	31,772
Total unrecognized offsettable tax loss	48,336	33,510

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

	ACCUMULATED AT 9.30.2011		
	Amount before taxes	Income tax expense (income)	Amount after tax
	ThUSD	ThUSD	ThUSD
Available-for-sale financial assets	(108,586)	18,460	(90,126)
Cash flow hedge	(199)	40	(159)
Translation adjustments	(11,509)	1,957	(9,552)
Income tax related to other income and expense components with a charge or credit to net equity		20,457	

h.2) Disclosures on the effects of taxes of other comprehensive income components	QUARTER July - Sept. 2011		
	Amount before taxes	Income tax expense (income)	Amount after tax
	ThUSD	ThUSD	ThUSD
Available-for-sale financial assets	(127,039)	21,597	(105,442)
Caah flow hedge	(184)	37	(147)
Foreign currency translation adjustments	(34,018)	5,777	(28,241)
Income tax related to other income and expense components with a charge or credit to net equity		27,411	

Note 17 – Current and Deferred Income Taxes (continued)

h) Disclosures of tax effects of other comprehensive income components, continued

h.3) Disclosures on the effects of taxes for other comprehensive income components	ACCUMULATED AT 9.30.2010		
	Amount before taxes	Income tax expense (income)	Amount after tax
	ThUSD	ThUSD	ThUSD
Available-for-sale financial assets	(4,896)	832	(4,064)
Cash flow hedge	214	(32)	182
Foreign currency translation adjustments	(13,760)	2,333	(11,427)
Income tax related to other income and expense components with a charge or credit to net equity		3,133	

h.4) Disclosures on the effects of taxes for other comprehensive income components	QUARTER July - Sept. 2010		
	Amount before taxes	Income tax expense (income)	Amount after tax
	ThUSD	ThUSD	ThUSD
Available-for-sale financial assets	18,116	(3,080)	15,036
Cash flow hedge	(11)	4	(7)
Foreign currency translation adjustments	17,012	(2,920)	14,092
Income tax related to other income and expense components with a charge or credit to net equity		(5,996)	



Notes to the Consolidated Interim Financial Statements

Note 18 – Bank Loans and Other Financial Liabilities (Leases)

a.1) As of September 30, 2011, the detail of bank loans exposed to liquidity risk is 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							Repayment	Effective rate (%)	Nominal amount (')	Nominal rate	
								Maturity date											Total non-current
								Up to three months	Three to twelve months	Total current	One to three years	Three to five years	Five or more years	ThUSD					
ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD											
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	615	2,89	2,802	2,375	3,388	-	5,563	Quarterly	7.00%	6,536	17.03%	
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Corpbanca	Argentina	-	1,84	1,84	-	-	-	-	Quarterly	5.09%	1,741	5.09%	
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	97.051000-1	Banco del Desarrollo	Chile	-	745	745	-	-	-	-	Quarterly	1.99%	733	1.99%	
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Citibank N.A.	Argentina	744	501	1,245	-	-	-	-	Semi-annual	2.50%	1,305	2.50%	
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Patagonia S.A.	Argentina	1004	-	1,004	-	-	-	-	Quarterly	3.00%	1,000	3.00%	
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.060.000-6	Banco BCI	Chile	672	-	672	-	-	-	-	Monthly	6.49%	669	6.30%	
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	1870	-	1,870	-	-	-	-	Monthly	6.52%	1,861	6.30%	
Bank loan	96.587.500-K	Alumco S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	5,626	-	5,626	-	-	-	-	Monthly	1.55%	5,619	1.53%	
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	-	1,592	1,592	3,030	1,438	-	4,468	Semi-annual	3.60%	7,000	3.60%	
Bank loan	84.898.000-5	Alusa S.A.	Chile	CLP	97.030.000-7	Banco Estado	Chile	-	1,715	1,715	1,565	-	-	1,565	Semi-annual	10.10%	5,233	10.10%	
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.060.000-6	Banco BCI	Chile	3,210	-	3,210	-	-	-	-	Annual	1.26%	3,200	1.26%	
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.080.000-k	Banco Bice	Chile	2,506	-	2,506	-	-	-	-	Annual	1.35%	2,500	1.35%	
Bank loan	Foreign	Decker S.A.	Argentina	USD	Foreign	Banco Patagonia S.A.	Argentina	510	-	510	-	-	-	-	Upon maturity	9.00%	2,000	9.00%	
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	581	-	581	-	-	-	-	Monthly	6.80%	575	6.60%	
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	771	-	771	-	-	-	-	Monthly	6.51%	767	6.32%	
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	829	1,429	2,258	-	4,791	-	4,791	Semi-annual	6.65%	5,696	6.53%	
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	601	-	601	-	-	-	-	Monthly	2.40%	600	2.37%	
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	5,050	-	5,050	-	-	-	-	Monthly	2.91%	4,925	2.86%	
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	97.060.000-6	Banco BCI	Chile	2,889	-	2,889	-	-	-	-	Upon maturity	0.00%	3,238	0.06%	
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	3,573	-	3,573	-	-	-	-	Upon maturity	0.00%	4,005	5.93%	
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	9,455	-	9,455	-	-	-	-	Upon maturity	0.00%	9,450	0.61%	
Bank loan	91021000-9	Madeco S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	-	22,073	22,073	-	-	-	-	Upon maturity	1.25%	22,000	1.25%	
Bank loan	91021000-9	Madeco S.A.	Chile	USD	97.039.000-6	Banco Santander	Chile	-	49,790	49,790	-	-	-	-	Upon maturity	1.55%	49,700	1.55%	
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	2,109	1017	3,126	1,294	140	-	1,434	Quarterly	4.26%	5,350	4.53%	
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	209	627	836	215	-	-	216	Quarterly	6.10%	1,600	6.10%	
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	1,003	-	1,003	-	-	-	-	Quarterly	2.25%	1,000	2.25%	
Total interest-bearing loans								43,825	82,862	126,687	8,480	9,557	-	18,037					

a.2) As of September 30, 2011, 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							Repayment	Effective rate (%)	Nominal amount (')	Nominal rate	
								Maturity date											Total non-current
								Up to three months	Three to twelve months	Total current	One to three years	Three to five years	Five or more years	ThUSD					
ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD											
Lease	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	61	-	61	88	-	-	-	88	Monthly	8.50%	145	8.50%
Lease	84.898.000-5	Alusa S.A.	Chile	CLF	97.023.000-9	Banco Corpbanca	Chile	836	819	1,655	3,277	3,260	-	6,537	Semi-annual	4.80%	14,561	4.80%	
Lease	84.898.000-5	Alusa S.A.	Chile	CLF	97.032.000-8	Banco BBVA	Chile	240	721	961	1,922	1,921	1,352	5,195	Quarterly	3.40%	5,529	3.40%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Crédito Leasing	Peru	3	-	3	-	-	-	-	Monthly	7.20%	1,021	7.20%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Interbank	Peru	70	209	279	255	-	-	255	Monthly	7.20%	1,408	7.20%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	430	1,250	1,680	8,872	1,103	-	9,975	Monthly	5.09%	12,919	5.26%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	107	322	429	628	373	-	1,001	Monthly	5.92%	1,853	5.99%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	26	79	105	211	186	-	397	Monthly	4.87%	603	4.87%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Citibank	Peru	-	99	99	397	496	-	893	Monthly	4.63%	1,147	4.63%	
Other minor	91021000-9	Madeco S.A.	Chile	USD	-	-	Chile	-	41	41	-	-	-	-	Upon maturity	0.00%	-	0.00%	
Total other financial liabilities								1,773	3,540	5,313	15,650	7,339	1,352	24,341					



Notes to the Consolidated Interim Financial Statements

Note 18 – Bank Loans and Other Financial Liabilities (Leases) (continued)

b.1) As of September 30, 2011, 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	Debtor Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Accounting balance reported in the financial statements							Repayment	Effective rate (*)	Nominal amount (*)	Nominal rate	
								Maturity date											Total non-current
								Up to three months	Three to twelve months	Total current	One to three years	Three to five years	Five or more years	ThUS\$					
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	618	1367	1,985	2,338	1,902	-	4,240	Quarterly	17.00%	6,536	17.03%	
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Corpbanco	Argentina	-	1,146	1,146	-	-	-	-	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	736	501	1,237	-	-	-	-	Semi-annual	2.50%	1,305	2.50%	
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Patagonia S.A.	Argentina	1,004	-	1,004	-	-	-	-	Quarterly	3.00%	1,000	3.00%	
Bank loan	76.801220-2	Alumco S.A.	Chile	CLP	97.060.000-6	Banco BCI	Chile	669	-	669	-	-	-	-	Monthly	6.49%	669	6.30%	
Bank loan	76.801220-2	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	1,861	-	1,861	-	-	-	-	Monthly	6.52%	1,861	6.30%	
Bank loan	76.801220-2	Alumco S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	5,623	-	5,623	-	-	-	-	Monthly	1.55%	5,619	1.53%	
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	-	1,450	1,450	2,802	1,400	-	4,202	Semi-annual	3.60%	7,000	3.60%	
Bank loan	84.898.000-5	Alusa S.A.	Chile	CLP	97.030.000-7	Banco Estado	Chile	-	1,528	1,528	1,453	-	-	1,453	Semi-annual	10.10%	5,233	10.10%	
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.060.000-6	Banco BCI	Chile	3,201	-	3,201	-	-	-	-	Annual	1.26%	3,200	1.26%	
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.080.000-k	Banco Bice	Chile	2,500	-	2,500	-	-	-	-	Annual	1.35%	2,500	1.35%	
Bank loan	Foreign	Deckler S.A.	Argentina	USD	Foreign	Banco Patagonia S.A.	Argentina	510	-	510	-	-	-	-	Upon maturity	9.00%	2,000	9.00%	
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	578	-	578	-	-	-	-	Monthly	6.80%	575	6.60%	
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	769	-	769	-	-	-	-	Monthly	6.5%	767	6.32%	
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	828	81	909	-	4,791	-	4,791	Semi-annual	6.65%	5,696	6.53%	
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	601	-	601	-	-	-	-	Monthly	2.40%	600	2.37%	
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	5,042	-	5,042	-	-	-	-	Monthly	2.9%	4,925	2.86%	
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	97.060.000-6	Banco BCI	Chile	2,875	-	2,875	-	-	-	-	Upon maturity	0.00%	3,238	6.06%	
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	3,570	-	3,570	-	-	-	-	Upon maturity	0.00%	4,005	5.93%	
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	9,452	-	9,452	-	-	-	-	Upon maturity	0.00%	9,450	0.6%	
Bank loan	91021000-9	Madeco S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	-	22,015	22,015	-	-	-	-	Upon maturity	1.25%	22,000	1.25%	
Bank loan	91021000-9	Madeco S.A.	Chile	USD	97.039.000-6	Banco Santander	Chile	-	49,715	49,715	-	-	-	-	Upon maturity	1.55%	49,700	1.55%	
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	2,109	974	3,083	1,201	125	-	1,326	Quarterly	4.26%	5,350	4.53%	
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	209	600	809	200	-	-	200	Quarterly	6.10%	1,600	6.10%	
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	1,004	-	1,004	-	-	-	-	Quarterly	2.25%	1,000	2.25%	
Total interest-bearing loans								43,754	80,116	123,870	7,994	8,218	-	16,212					

b.2) As of September 30, 2011, 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	Debtor Currency	Creditor Taxpayer ID	Creditor Name	Creditor Country	Accounting balance reported in the financial statements							Repayment	Effective rate (*)	Nominal amount	Nominal rate	
								Maturity date											Total non-current
								Up to three months	Three to twelve months	Total current	One to three years	Three to five years	Five or more years	ThUS\$					
Lease	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	30	-	30	56	-	-	56	Monthly	8.50%	145	8.50%	
Lease	84.898.000-5	Alusa S.A.	Chile	CLP	97.023.000-9	Banco Corpbanca	Chile	758	682	1,440	2,810	3,071	-	5,881	Semi-annual	4.80%	14,561	4.80%	
Lease	84.898.000-5	Alusa S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	195	594	789	1,800	1,777	1,173	4,750	Quarterly	3.40%	5,529	3.40%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Crédito Leasing	Peru	3	-	3	-	-	-	-	Monthly	7.20%	1,021	7.20%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Interbank	Peru	67	203	270	252	-	-	252	Monthly	7.20%	1,408	7.20%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	357	1,082	1,439	8,702	1,053	-	9,755	Monthly	5.09%	2,919	5.26%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	91	282	373	569	360	-	929	Monthly	5.92%	1,853	5.99%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	24	74	98	211	205	-	416	Monthly	4.87%	603	4.87%	
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Citibank	Peru	6	99	105	392	527	-	919	Monthly	4.63%	1,147	4.63%	
Other minor	91021000-9	Madeco S.A.	Chile	USD	0	0	Chile	-	41	41	-	-	-	-	Upon maturity	0.00%	41	0.00%	
Total other financial liabilities								1,531	3,057	4,588	14,792	6,993	1,173	22,958					

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



Notes to the Consolidated Interim Financial Statements

Note 18 – Bank Loans and Other Financial Liabilities (Leases) (continued)

a.1) As of December 31, 2010, 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							Repayment	Effective rate (%)	Nominal amount (€)	Nominal rate	
								Maturity date											Total non-current
								Up to three months	Three to twelve months	Total current	One to three years	Three to five years	Five or more years	ThUSUD					
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	324	909	1,233	1308	-	-	-	1,308	Quarterly	9.95%	2,075	9.95%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	97.023.000-9	Banco Copbanca	Chile	630	615	1,245	1,186	-	-	-	1,186	Semi-annual	5.09%	2,286	5.09%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	97.051000-1	Banco del Desarrollo	Chile	755	748	1,503	741	-	-	-	741	Semi-annual	1.99%	2,200	1.99%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Citibank N.A.	Argentina	-	915	915	-	-	-	-	-	Quarterly	2.50%	900	2.50%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Patagonia S.A.	Argentina	-	1,010	1,010	-	-	-	-	-	Quarterly	2.50%	1,000	2.50%
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	754	-	754	-	-	-	-	-	Monthly	5.41%	750	5.28%
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	2,050	-	2,050	-	-	-	-	-	Monthly	5.56%	2,043	5.42%
Bank loan	96.587.500-K	Alumco S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	4,248	-	4,248	-	-	-	-	-	Monthly	0.39%	4,241	1.75%
Bank loan	84.898.000-5	Alusa S.A.	Chile	CLP	97.030.000-7	Banco Estado	Chile	120	83	243	-	-	-	-	-	Monthly	4.63%	239	4.63%
Bank loan	84.898.000-5	Alusa S.A.	Chile	CLP	97.030.000-7	Banco Estado	Chile	-	1,704	1,704	2,553	-	-	-	2,553	Semi-annual	9.13%	4,050	9.13%
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	-	1,451	1,451	2,902	1,451	725	-	5,078	Semi-annual	3.60%	6,300	3.60%
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	2,512	-	2,512	-	-	-	-	-	Annual	0.47%	2,500	0.47%
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.018.000-1	Banco Scotiabank	Chile	2,017	-	2,017	-	-	-	-	-	Annual	1.49%	2,000	1.49%
Bank loan	Foreign	Decker S.A.	Argentina	USD	Foreign	Banco Patagonia S.A.	Argentina	526	-	526	-	-	-	-	-	Monthly	8.50%	500	8.50%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	858	-	858	-	-	-	-	-	Monthly	5.41%	855	5.28%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	643	-	643	-	-	-	-	-	Monthly	4.50%	641	4.50%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	938	-	938	-	7,109	-	-	7,109	Monthly	6.45%	6,276	6.34%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	-	610	610	-	-	-	-	-	Monthly	1.83%	600	1.82%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	-	4,124	4,124	-	-	-	-	-	Monthly	3.21%	4,000	3.18%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	7,245	-	7,245	-	-	-	-	-	Upon maturity	1.34%	7,199	1.34%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	1,003	-	1,003	-	-	-	-	-	Upon maturity	3.96%	1,009	3.96%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	97.040.000-5	Banco Chile	Chile	8,476	-	8,476	-	-	-	-	-	Upon maturity	1.73%	8,450	1.73%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	Foreign	Banco Estado	USA	-	1,545	1,545	-	-	-	-	-	Semi-annual	1.24%	1,536	1.24%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	Foreign	Bank Of America N.A.	Cayman Islands	-	769	769	-	-	-	-	-	Semi-annual	1.24%	764	1.24%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	Foreign	Banco BBVA - Islas	Cayman Islands	-	755	755	-	-	-	-	-	Semi-annual	1.24%	750	1.24%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	347	989	1,336	1,825	633	-	-	2,458	Quarterly	5.57%	3,600	5.57%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	216	609	824	812	-	-	-	812	Quarterly	6.10%	1,600	6.10%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	2,968	-	2,968	-	-	-	-	-	Quarterly	16.0%	2,955	16.0%
Total interest-bearing loans								36,629	16,885	53,514	11,327	9,193	725	21,245					

a.2) As of December 31, 2010, 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							Repayment	Effective rate (%)	Nominal amount (€)	Nominal rate	
								Maturity date											Total non-current
								Up to three months	Three to twelve months	Total current	One to three years	Three to five years	Five or more years	ThUSUD					
Lease	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	-	52	52	97	-	-	-	97	Monthly	8.50%	131	8.50%
Lease	84.898.000-5	Alusa S.A.	Chile	CLP	97.023.000-9	Banco Copbanca	Chile	-	1,780	1,780	3,560	3,560	890	-	8,010	Semi-annual	4.80%	10,290	4.80%
Lease	84.898.000-5	Alusa S.A.	Chile	CLP	97.032.000-8	Banco BBVA	Chile	91	273	364	638	728	820	-	2,186	Semi-annual	3.50%	2,542	3.50%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Crédito Leasing	Peru	63	105	168	-	-	-	-	-	Monthly	7.20%	1,021	7.20%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Interbank	Peru	67	242	309	487	-	-	-	487	Monthly	7.20%	1,408	7.20%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	284	1,089	1,373	2,478	398	-	-	2,876	Monthly	5.12%	5,398	5.32%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	73	268	341	557	259	-	-	816	Monthly	5.67%	1,368	6.11%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	22	80	102	201	222	-	-	423	Monthly	4.88%	554	4.88%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Citibank	Peru	40	48	88	354	555	-	-	909	Monthly	4.60%	991	4.60%
Other minor	91021000-9	Madeco S.A.	Chile	USD	-	-	Chile	-	109	109	-	-	-	-	-	Upon maturity	0.00%	-	0.00%
Total other financial liabilities								640	4,046	4,686	8,372	5,722	1,710	15,804					

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



Notes to the Consolidated Interim Financial Statements

Note 18 – Bank Loans and Other Finance Liabilities (Leases) (continued)

b.1) As of December 31, 2010, the accounting balance reported in the financial statements for 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							Repayment	Effective rate (*)	Nominal amount (')	Nominal rate
								Maturity date										
								Up to three months	Three to twelve months	Total current	One to three years	Three to five years	Five or more years	Total non-current				
ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD								
Bank loan	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	239	892	931	153	-	-	1,153	Quarterly	17.95%	2,075	17.95%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Copbanca	Argentina	609	571	1,180	143	-	-	1,143	Semi-annual	5.09%	2,286	5.09%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	97.051000-1	Banco del Desarrollo	Chile	749	733	1,482	733	-	-	733	Semi-annual	1.99%	2,200	1.99%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Citibank N.A.	Argentina	-	901	901	-	-	-	-	Quarterly	2.50%	900	2.50%
Bank loan	Foreign	Aluflex S.A.	Argentina	USD	Foreign	Banco Patagonia S.A.	Argentina	-	1003	1,003	-	-	-	-	Semi-annual	2.50%	1,000	2.50%
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	751	-	751	-	-	-	-	Monthly	5.41%	750	5.28%
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	2,045	-	2,045	-	-	-	-	Monthly	5.56%	2,043	5.42%
Bank loan	96.587.500-K	Alumco S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	4,242	-	4,242	-	-	-	-	Monthly	0.39%	4,241	1.75%
Bank loan	84.898.000-5	Alusa S.A.	Chile	CLF	97.030.000-7	Banco Estado	Chile	120	189	239	-	-	-	-	Monthly	4.63%	239	4.63%
Bank loan	84.898.000-5	Alusa S.A.	Chile	CLP	97.030.000-7	Banco Estado	Chile	-	1622	1,622	2,430	-	-	2,430	Semi-annual	13.13%	4,050	13.13%
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.030.000-7	Banco Estado	Chile	-	1,401	1,401	2,800	1,400	700	4,900	Semi-annual	3.60%	6,300	3.60%
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.032.000-8	Banco BBVA	Chile	2,501	-	2,501	-	-	-	-	Annual	0.47%	2,500	0.47%
Bank loan	84.898.000-5	Alusa S.A.	Chile	USD	97.018.000-1	Banco Scotiabank	Chile	2,007	-	2,007	-	-	-	-	Annual	1.49%	2,000	1.49%
Bank loan	Foreign	Decker S.A.	Argentina	USD	Foreign	Banco Patagonia S.A.	Argentina	526	-	526	-	-	-	-	Monthly	8.50%	500	8.50%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.080.000-k	Banco Bice	Chile	855	-	855	-	-	-	-	Monthly	5.41%	855	5.28%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	643	-	643	-	-	-	-	Monthly	4.59%	641	4.50%
Bank loan	91524.000-3	Indalum S.A.	Chile	CLP	97.053.000-2	Banco Security	Chile	938	-	938	-	5,342	-	5,342	Monthly	6.45%	6,276	6.34%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	-	601	601	-	-	-	-	Semi-annual	183%	600	182%
Bank loan	91524.000-3	Indalum S.A.	Chile	USD	97.053.000-2	Banco Security	Chile	-	4,020	4,020	-	-	-	-	Semi-annual	3.21%	4,000	3.16%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	CLP	76.645.030-k	Banco Itau	Chile	7,214	-	7,214	-	-	-	-	Upon maturity	134%	7,169	134%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	76.645.030-k	Banco Itau	Chile	1,002	-	1,002	-	-	-	-	Upon maturity	3.96%	1,000	3.96%
Bank loan	76.009.053-0	Madeco Mills S.A.	Chile	USD	97.040.000-5	Banco Chile	Chile	8,455	-	8,455	-	-	-	-	Upon maturity	173%	8,450	173%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	Foreign	Banco Estado	Cayman I.	-	1,537	1,537	-	-	-	-	Semi-annual	124%	1,536	124%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	Foreign	Bank Of America N.A.	Cayman I.	-	765	765	-	-	-	-	Semi-annual	124%	764	124%
Bank loan	91021000-9	Madeco S.A.	Chile	USD	Foreign	Banco BBVA - Islas Caym	Cayman I.	-	751	751	-	-	-	-	Semi-annual	124%	750	124%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	343	975	1,318	1,800	500	-	2,300	Quarterly	5.57%	3,600	5.57%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	212	600	812	800	-	-	800	Quarterly	6.10%	1,600	6.10%
Bank loan	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	2,957	-	2,957	-	-	-	-	Quarterly	160%	2,955	160%
Total interest-bearing loans								36,408	16,291	52,699	10,859	7,242	700	18,801				

b.2) As of December 31, 2010, the accounting balance reported in the financial statements for 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							Repayment	Effective rate (*)	Nominal amount (')	Nominal rate
								Maturity date										
								Up to three months	Three to twelve months	Total current	One to three years	Three to five years	Five or more years	Total non-current				
ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD								
Lease	Foreign	Aluflex S.A.	Argentina	ARS	Foreign	Banco Patagonia S.A.	Argentina	-	42	42	79	-	-	79	Monthly	8.50%	111	8.50%
Lease	84.898.000-5	Alusa S.A.	Chile	CLF	97.023.000-9	Banco Copbanca	Chile	-	1,422	1,422	2,981	3,278	869	7,128	Semi-annual	4.80%	1,290	4.80%
Lease	84.898.000-5	Alusa S.A.	Chile	CLF	97.032.000-8	Banco BBVA	Chile	72	219	291	524	653	790	1,967	Quarterly	3.50%	2,542	3.50%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Crédito Leasing	Peru	61	87	148	-	-	-	-	Monthly	7.20%	1,021	7.20%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Interbank	Peru	66	99	265	455	-	-	455	Monthly	7.20%	1,408	7.20%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco de Crédito	Peru	281	892	1,173	2,357	379	-	2,736	Monthly	5.12%	5,198	5.32%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Scotiabank	Peru	72	223	295	527	247	-	774	Monthly	5.67%	1,368	6.11%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Continental	Peru	22	67	89	132	211	-	403	Monthly	4.88%	554	4.88%
Lease	Foreign	Peruplast S.A.	Peru	USD	Foreign	Banco Citibank	Peru	40	40	80	338	468	-	806	Monthly	4.60%	991	4.60%
Other minor	91021000-9	Madeco S.A.	Chile	USD	-	-	Chile	-	19	19	109	-	-	-	Upon maturity	0.00%	-	0.00%
Total other financial liabilities								614	3,300	3,914	7,453	5,236	1,659	14,348				

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



Notes to the Consolidated Interim Financial Statements

Note 19 – Trade and Other Payables

As of September 30, 2011, trade and other payables are detailed as follows:

Type of liability	Debtor Taxpayer ID	Debtor Name	Currency	Creditor	Accounting balance reported in the financial statements					Repayment	Nominal value
					Maturity date						
					Up to one month ThUSD	One to three months ThUSD	Total current ThUSD	One to five years ThUSD	Total non-current ThUSD		
Accounts payable	91.021.000-9	Madeco S.A.	CLP	Accounts payable	57	114	171	-	-	Monthly	171
Accounts payable	91.021.000-9	Madeco S.A.	EUR	Accounts payable	187	-	187	-	-	Monthly	187
Accounts payable	91.021.000-9	Madeco S.A.	USD	Accounts payable	111	-	111	-	-	Monthly	111
Accounts payable	91.021.000-9	Madeco S.A.	CLP	Other payables	83	-	83	-	-	Monthly	83
Trade payables	76.009.053-0	Madeco Mills	CLP	Short-term payables	1,009	98	1,107	-	-	Monthly	1,107
Trade payables	76.009.053-0	Madeco Mills	EUR	Short-term payables	-	20	20	-	-	Monthly	20
Trade payables	76.009.053-0	Madeco Mills	CLP	Other payables	451	-	451	-	-	Monthly	451
Accounts payable	76.148.193-2	Inmobiliaria AR	CLP	Accounts payable	-	7	7	-	-	Monthly	7
Trade payables	Foreign	Decker	ARS	Trade payables	1,101	-	1,101	-	-	Monthly	1,101
Other payables	Foreign	Decker	ARS	Miscellaneous	303	-	303	-	-	Monthly	303
Trade payables	84.898.000-5	Alusa S.A.	CLP	Other suppliers	5,064	4,803	9,867	-	-	Monthly	9,867
Trade payables	84.898.000-5	Alusa S.A.	USD	Other suppliers	2,042	2,343	4,385	-	-	Monthly	4,385
Trade payables	84.898.000-5	Alusa S.A.	EUR	Other suppliers	601	-	601	-	-	Monthly	601
Trade payables	84.898.000-5	Alusa S.A.	Other currencies	Other suppliers	15	-	15	-	-	Monthly	15
Accounts payable	84.898.000-5	Alusa S.A.	CLP	Withholdings	637	-	637	-	-	Monthly	637
Trade payables	Extranjera	Peruplast	USD	Other suppliers	3,921	5,881	9,802	-	-	Monthly	9,802
Trade payables	Extranjera	Peruplast	PEN	Other suppliers	193	-	193	-	-	Monthly	193
Other payables	Extranjera	Peruplast	PEN	Other suppliers	357	-	357	-	-	Monthly	357
Trade payables	Extranjera	Aluflex S.A.	USD	Other suppliers	1,794	1,588	3,382	-	-	Monthly	3,382
Trade payables	Extranjera	Aluflex S.A.	ARS	Other suppliers	3,088	322	3,410	-	-	Monthly	3,410
Other payables	Extranjera	Aluflex S.A.	ARS	Other suppliers	85	-	85	-	-	Monthly	85
Trade payables	91.524.000-3	Indalum S.A.	USD	Trade payables	154	-	154	-	-	Monthly	154
Trade payables	91.524.000-3	Indalum S.A.	EUR	Trade payables	34	-	34	-	-	Monthly	34
Trade payables	91.524.000-3	Indalum S.A.	CLF	Trade payables	26	-	26	-	-	Monthly	26
Trade payables	91.524.000-3	Indalum S.A.	CLP	Trade payables	645	-	645	-	-	Monthly	645
Trade payables	76.880.220-2	ALUMCO S.A.	CLP	Trade payables	642	-	642	-	-	Monthly	642
Trade payables	76.880.220-2	ALUMCO S.A.	USD	Trade payables	759	-	759	-	-	Monthly	759
Trade payables	76.880.220-2	ALUMCO S.A.	EUR	Trade payables	41	-	41	-	-	Monthly	41
Trade payables	76.880.220-2	ALUMCO S.A.	CLF	Trade payables	1	-	1	-	-	Monthly	1
Trade payables	76.032.465-5	Tecnov in S.A.	CLP	Trade payables	20	-	20	-	-	Monthly	20
Trade payables	Foreign	Optel Brasil	BRL	Other suppliers	-	8	8	-	-	Monthly	8
Total trade payables					23,421	15,184	38,605	-	-		



Notes to the Consolidated Interim Financial Statements

Note 19 – Trade and Other Payables (continued)

As of December 31, 2010, trade and other payables are detailed as follows:

Type of liability	Debtor Taxpayer ID	Debtor Name	Currency	Creditor	Accounting balance reported in the financial statements					Repayment	Nominal value Nominal
					Maturity date						
					Up to one month ThUSD	One to three months ThUSD	Total current ThUSD	One to five years ThUSD	Total non-current ThUSD		
Trade payables	Foreign	Aluflex S.A.	USD	Other suppliers	1,676	1,232	2,908	-	-	Monthly	2,908
Trade payables	Foreign	Aluflex S.A.	ARS	Other suppliers	2,292	429	2,721	-	-	Monthly	2,721
Other payables	Foreign	Aluflex S.A.	ARS	Other creditors	356	-	356	-	-	Monthly	356
Trade payables	96.587.500-k	Alumco S.A.	CLP	Trade payables	-	1,899	1,899	-	-	Monthly	1,899
Trade payables	96.587.500-k	Alumco S.A.	USD	Trade payables	-	524	524	-	-	Monthly	524
Trade payables	96.587.500-k	Alumco S.A.	EUR	Trade payables	-	97	97	-	-	Monthly	97
Trade payables	96.587.500-k	Alumco S.A.	CLF	Trade payables	-	1	1	-	-	Monthly	1
Trade payables	96.587.500-k	Alumco S.A.	CLP	Other creditors	-	373	373	-	-	Monthly	373
Trade payables	84.898.000-5	Alusa S.A.	CLP	Other suppliers	-	9,782	9,782	-	-	Monthly	9,782
Trade payables	84.898.000-5	Alusa S.A.	USD	Other suppliers	-	2,925	2,925	-	-	Monthly	2,925
Trade payables	84.898.000-5	Alusa S.A.	EUR	Other suppliers	-	1,433	1,433	-	-	Monthly	1,433
Trade payables	84.898.000-5	Alusa S.A.	Other currencies	Other suppliers	-	3	3	-	-	Monthly	3
Accounts payable	84.898.000-5	Alusa S.A.	CLP	Withholdings	599	-	599	-	-	Monthly	599
Trade payables	96.538.550-9	Armat S.A.	CLP	Short-term payables	1,090	51	1,141	-	-	Monthly	1,141
Trade payables	96.538.550-9	Armat S.A.	EUR	Short-term payables	16	4	20	-	-	Monthly	20
Trade payables	96.538.550-9	Armat S.A.	USD	Short-term payables	25	-	25	-	-	Monthly	25
Trade payables	96.538.550-9	Armat S.A.	CLP	Other payables	69	-	69	-	-	Monthly	69
Trade payables	Foreign	Decker	ARS	Trade payables	1,040	-	1,040	-	-	Monthly	1,040
Other payables	Foreign	Decker	ARS	Trade payables	88	-	88	-	-	Monthly	88
Trade payables	91.524.000-3	Indalum S.A.	USD	Trade payables	-	621	621	-	-	Monthly	621
Trade payables	91.524.000-3	Indalum S.A.	EUR	Trade payables	-	63	63	-	-	Monthly	63
Trade payables	91.524.000-3	Indalum S.A.	CLF	Trade payables	-	62	62	-	-	Monthly	62
Trade payables	91.524.000-3	Indalum S.A.	CLP	Trade payables	-	472	472	-	-	Monthly	472
Trade payables	91.524.000-3	Indalum S.A.	CLP	Trade payables	-	792	792	-	-	Monthly	792
Trade payables	76009053-0	Madeco Mills S.A.	CLP	Short-term payables	1,420	695	2,115	-	-	Monthly	2,115
Trade payables	76009053-0	Madeco Mills S.A.	EUR	Short-term payables	8	-	8	-	-	Monthly	8
Trade payables	76009053-0	Madeco Mills S.A.	USD	Short-term payables	655	1	656	-	-	Monthly	656
Trade payables	76009053-0	Madeco Mills S.A.	CLP	Other payables	898	-	898	-	-	Monthly	898
Trade payables	91021000-9	Madeco S.A.	CLP	Trade payables	88	3	91	-	-	Monthly	91
Trade payables	91021000-9	Madeco S.A.	EUR	Trade payables	319	-	319	-	-	Monthly	319
Trade payables	91021000-9	Madeco S.A.	CLP	Other payables	259	-	259	-	-	Monthly	259
Trade payables	Foreign	Optel Brasil	BRL	Other creditors	109	-	109	-	-	Monthly	109
Trade payables	Foreign	Peruplast	USD	Other suppliers	3,175	4,763	7,938	-	-	Monthly	7,938
Trade payables	Foreign	Peruplast	PEN	Other suppliers	114	-	114	-	-	Monthly	114
Other payables	Foreign	Peruplast	PEN	Other creditors	505	-	505	-	-	Monthly	505
Trade payables	76.801.220-2	Pvtec S.A.	CLP	Other creditors	-	11	11	-	-	Monthly	11
Trade payables	76.032.465-5	Tecnowin S.A.	CLP	Trade payables	-	28	28	-	-	Monthly	28
Trade payables	76.032.465-5	Tecnowin S.A.	CLP	Other creditors	-	8	8	-	-	Monthly	8
Total trade payables					14,801	26,272	41,073	-	-		

Note 20 – Provisions

a) Composition

Provisions made correspond to the following concepts and amounts:

Description of the provision	Current	
	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Provision for restructuring (1)	28	312
Provision for legal claims (2)	51	461
Other provisions (3)	9,236	9,542
Total	9,315	10,315
Description of the provision	Non-current	
	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Provision for legal claims (2)	371	86
Other provisions (3)	1,843	1,484
Total	2,214	1,570

1) Restructuring Provision

As of September 30, 2011, the subsidiary Indalum S.A. records a provision for restructuring expenses of ThUSD28.

For the current period there are no charges. The charge to income for restructuring costs as of September 30, 2010 was ThUSD195.

These expenses contemplate the elimination of approximately 35 administrative positions and 5 production positions in Indalum and subsidiaries due to the pooling of duties.

In addition, this reorganization considers the elimination of a distribution center and a branch of Alumco S.A. (subsidiary of Indalum S.A.).

The restructuring implementation plan was reported in detail at Board of Directors' Meeting No. 393 of subsidiary Indalum S.A. held on October 28, 2009, corresponding to the management account for September 2009, and its completion in the first instance is expected in April 2010. However, at the end of 2010 the restructuring plan was supplemented by new reorganization activities planned for the Second half of 2011.

2) Provision for legal claims

Detail of type of provisions: The Company records a provision for lawsuits pending in courts for which there are 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 S.A. currently has lawsuits filed by former employees related to work accidents and dismissals.

Expected schedule of outflows by type of provision: Not determined

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Notes to the Consolidated Interim Financial Statements

Note 20 – 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 period end is detailed as follows:

Description	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Basic utilities (water, electric energy, gas supply)	512	785
Export, import, freight and sales commission expenses	858	752
Fees and external advisory services	508	448
Provision for municipal and other taxes	914	1,041
Provision for insurance policy deductible expenses	-	460
Provision for lawsuits, Brazil	6,864	5,142
Provision for fees lawsuits, Nexans S.A.	-	825
Provision for general expenses	1,423	1,573
Total other provisions	11,079	11,026

b) Movements

Movements in provisions are detailed as follows:

	For restructuring	For legal claims	Other provisions	Total
	ThUSD	ThUSD	ThUSD	ThUSD
Opening balance as of 1/1/2011	312	547	11,026	11,885
Additional provisions	8	-	2,791	2,799
Increase (decrease) in existing provisions	-	(125)	27,303	27,178
Uses	(278)	-	(28,836)	(29,114)
Reversal of unused provision	-	-	(235)	(235)
Increase (decrease) in foreign currency translation	(34)	-	(976)	(1,010)
Other increases (decreases)	20	-	6	26
Total changes in provisions	(284)	(125)	53	(356)
Final balance as of 9/30/2011	28	422	11,079	11,529

Note 21 – Other Non-Financial Liabilities

As of September 30, 2011 and December 31, 2010, other non-financial liabilities are detailed as follows:

CURRENT	Balance as of	
	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Dividends payable (*)	119	1,341
Unearned income	1,968	1,657
Other	150	81
Total	2,237	3,079

NON-CURRENT	Balance as of	
	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Other	1	1
Total	1	1

(*) Movements in the dividend payable balance	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Opening balance as of January 1	1,341	9,926
Recognition of dividend declared subs. Alusa (non-controlling int.) (1)	-	136
Recognition of dividends declared	-	20,600
Payments of dividends by the reporting entity	-	(29,418)
Payment for dividends to non-controlling interests	(1,208)	(1,026)
Recognition of minimum dividend of subs. Alusa (non-controlling int.) (2)	-	1,208
Increase (decrease) in foreign currency translation	(14)	(85)
Final balance at each period-end	119	1,341

(1) Relates to the recognition of dividends declared from 2009 for the 2010 period reported.

(2) Relates to the recognition of the minimum dividend in regard to 2010 earnings.

Note 22 – Accrual for Post-employment Benefit Obligation

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

- i. In general, short-term benefits are based on mixed plans or agreements destined to provide benefits for services received and cover the risks of disability or death of employees hired.
- ii. Long-term benefits relate to plans or agreements destined 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”.

Note 22 – Accrual for Post-employment Benefit Obligation (continued)

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 September 30, 2011 and December 31, 2010:

		Sep. 30, 2011	Dec. 31, 2010	
Mortality table	:	LA-2004	LA-2004	
Annual interest rate	:	3.50%	3.50%	
Redundancy turnover rate (*)	:	1.5% and 4.91%	1.5% and 4.91%	Annual
Company's needs turnover rate	:	0.50%	0.50%	Annual
Salary increases	:	2.00%	2.00%	
Age for retirement				
Men	:	65	65	Years
Women	:	60	60	Years

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

Types of expenses by employee	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Personnel expenses				
Salaries and wages	40,957	33,928	13,721	10,218
Short-term employee benefits	864	1,178	333	127
Post-employment benefit obligation	1,318	947	484	376
Termination benefits	746	515	343	198
Other employee expenses	247	47	14	12
Total	44,132	36,615	14,895	10,931

Note 22 – Accrual for Post-employment Benefit Obligation (continued)

Reconciliation of the present value of defined benefit plan obligation	Sep. 30, 2011 ThUSD	31-Dic-10 ThUSD
Present value of defined benefit plan obligation, opening balance	8,673	8,229
Cost of current service, defined benefit plan obligation	1,226	1,247
Interest cost of defined benefit plan obligation	194	311
Actuarial gains (losses) for defined benefit plan obligation	(485)	(877)
Increase (decrease) in foreign currency translation for defined benefit plan obligation.	(815)	725
Contributions paid for defined benefit plan obligation	(666)	(1,023)
Settlements for defined benefit plan obligation	(880)	60
Present value of defined benefit plan obligation, final balance	7,247	8,672

Presentation in the statement of financial position	Sep. 30, 2011 ThUSD	31-Dic-10 ThUSD
Post-employment benefit		
Current termination benefits obligation	354	502
Employee vacation	2,499	2,863
SAC bonus and dependents (Argentina)	226	-
Labor lawsuit agreement	49	53
provision for management bonus	827	849
Profit-sharing and bonuses	1,978	2,333
Employee termination benefits liability	237	-
Other benefits	141	89
Total current provisions for employee benefits	6,311	6,689
Amount of liability recognized for termination benefits, non-current	6,893	8,170
Labor lawsuit agreement	448	507
Total non-current employee benefits liability	7,341	8,677

Note 23 – Financial Instruments

As of September 30, 2011 and December 31, 2010, 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	
		Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2011	Dec. 31, 2010		Sep. 30, 2011	31-Dec-10
		ThUSD	ThUSD	ThUSD	ThUSD		ThUSD	ThUSD
Cash and cash equivalents	Cash and cash equivalents	17,276	69,154	-	-		17,276	69,154
Cash and cash equivalents		17,276	69,154	-	-		17,276	69,154
Trade and other receivables	Loans and receivables at amortizable cost	95,448	103,113	-	-		95,448	103,113
Trade and other receivables, net		95,448	103,113	-	-		95,448	103,113
Due from related parties	Loans and receivables at amortizable cost	892	724	-	-		892	724
Due from related parties		892	724	-	-		892	724
Commodity price hedges (copper)	Fair value hedging instrument (note 10)	2,689	-	-	-	Level 2	2,689	-
Sales expected item	Cash flow hedging instrument (note 10)	326	257	-	-	Level 2	326	257
Trade and other receivables	Loans and receivables at amortizable cost	-	-	9	128		9	128
Equity securities (investments in shares of shareholders' corporations)	Other non-current financial assets	-	-	107	68	Level 3	107	68
Equity securities (investment in shares of Nexans)	Available-for-sale financial assets (note 13)	-	-	330,554	200,792	Level 1	330,554	200,792
Other financial assets		3,015	257	330,670	200,988		333,685	201,245
Total Financial Assets		116,631	173,248	330,670	200,988		447,301	374,236

Note 23 – 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	
		Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2011	Dec. 31, 2010		Sep. 30, 2011	31-Dec-10
		ThUSD	ThUSD	ThUSD	ThUSD		ThUSD	ThUSD
Bank loans and bond obligations	Financial liability at amortizable cost	123,870	52,699	16,212	18,801		140,082	71,500
Finance lease liabilities	Financial liability at amortizable cost	4,588	3,914	22,958	14,348		27,546	18,262
Interest rate hedges	Cash flow hedging instrument	-	-	41	192	Level 2	41	192
Exchange rate hedges	Fair value hedging instrument (note 10)	-	1,439	-	-	Level 2	-	1,439
Commodity price hedges (copper)	Fair value hedging instrument (note 10)	-	2,425	-	-	Level 2	-	2,425
Sales expected item	Cash flow hedging instrument (nota 10)	627	32	-	-	Level 2	627	32
Other current financial liabilities		129,085	60,509	39,211	33,341		168,296	93,850
Trade payables, payroll and tax withholdings and other payables	Financial liability at amortizable cost	38,605	41,073	-	-		38,605	41,073
Trade and other payables		38,605	41,073	-	-		38,605	41,073
Due to related parties	Financial liability at amortizable cost	18	12	-	-		18	12
Trade and other payables		18	12	-	-		18	12
Total Financial Liabilities		167,708	101,594	39,211	33,341		206,919	134,935

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).



Notes to the Consolidated Interim Financial Statements

Note 24 - Equity

a) Capital and number of shares

Number of shares (*)

Series	No. of authorized shares	No. of subscribed shares	No. of fully-paid shares	No. of voting right shares
Single	7,422,000,000	7,265,821,217	7,265,821,217	7,265,821,217

Capital (*)

Series	Subscribed capital ThUSD	Paid-in capital ThUSD
Single	469,497	469,497

(*) At the Extraordinary Shareholders' Meeting held on April 21, 2011, the shareholders agreed to increase the Company's capital by USD100,023,359 (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 of May 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 will be opened as agreed upon at the meeting for a period of 10 business days for the shareholders who have subscribed the preferred option and within the period have indicated their interest in subscribing the remaining shares.

This share issuance was registered under number 930, on June 17, 2011 in the Securities Registry of the Chilean Superintendence of Securities and Insurance.

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.

On June 24, 2011, the Board of Directors agreed to set a share placement price of USD 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 translated to U.S. dollars using the observed exchange rate of June 23, 2011 of Ch\$472.04 per USD1.00.

Between July 1 and 30, 2011 (the preferential option period) 1,184,352,679 shares were subscribed and paid for ThUSD57,607. This placement generated goodwill of ThUSD9,664.

Between August 11 and 19, 2011, (voluntary offer period) 420,443,167 shares were subscribed and paid for ThUSD20,450. This generated a placement goodwill of ThUSD3,431.

Both capital increases were recorded under Issued Capital for ThUSD78,057 net of goodwill generated for a total amount of ThUSD13,095.

Note 24 - Equity (continued)

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Notes to the Consolidated Interim Financial Statements

a) Capital and number of shares, continued

Consequently, the Company's share capital as of September 30 amounts to ThUSD469,497 equivalent to 7,265,821,217 subscribed fully-paid shares, which results in 156,178,783 shares pending subscription and payment.

b) Other Reserves

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

Description	Balance as of Sep. 30, 2011 ThUSD	Net movement ThUSD	Balance as of 31-Dic-10 ThUSD
Foreign currency translation reserves	(20,287)	(9,552)	(10,735)
Hedging reserves	(150)	(159)	9
Available-for-sale reserves	(35,986)	(90,126)	54,140
Other reserves	(31,343)	-	(31,343)
Final balance	(87,766)	(99,837)	12,071

c) Non-controlling interests

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 interests			Non-controlling interests					
			Balance amounts		Statement of income			
			Balance as of		ACCUMULATED		QUARTER	
Company	Sep. 30, 2011 %	Dec. 31, 2010 %	Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD	Jan. 1, 2011 ThUSD	Jan. 1, 2010 ThUSD	Jul. 1, 2011 ThUSD	Jul. 1, 2010 ThUSD
Alusa S.A.	24.04	24.04	25,375	22,085	3,279	2,989	1,191	1,117
Indalum S.A.	0.61	0.72	273	287	11	(6)	1	7
Total			25,648	22,372	3,290	2,983	1,192	1,124

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 actually obtained. With regard to provisional dividends, the current policy will remain unchanged, requiring the distribution of a provisional dividend each year with a charge to 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.

The method used to determine the amount of this dividend will be based on the Company's profit for the period as of September 30 of the applicable year, forecasts as of December 31 of the same year and the respective cash flow situation.



Notes to the Consolidated Interim Financial Statements

Note 24 – Equity (continued)

d) Dividends, continued

As specified in Circular Letter 1945 issued by the Chilean Superintendence of Securities and Insurance, the Company's Board of Directors at the meeting held on November 30, 2009, the directors agreed, for the purpose of calculating distributable profits for 2009, not considering the adjustments determined under IFRS related to the transition periodm 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 International Financial Reporting Standards (IFRS) were absorbed against the account Paid-in capital during 2010.

Payments of dividends

At the Ordinary Shareholders' Meeting held on April 22, 2010, the shareholders approved the payment of a dividend declared No. 105 of USD0.0052 (Ch\$2.724) per share beginning on May 3, 2010.

This dividend was mixed in conformity with Circular No. 660 dated October 22, 1986 issued by the Chilean Superintendence of Securities and Insurance.

A part of the dividend; i.e., USD0.0016 (Ch\$0.838) per share related to 30% of profit for 2009, was mandatory in nature and amounted to ThUSD8,837, recorded in 2009.

The other portion of the dividend of USD0.0036 (Ch\$1.886) per share was additional in nature and amounted to ThUSD20,600, recorded in 2010.

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.

	ACCUMULATED		QUARTER	
	Jan. 1, 2011 Sep. 30, 2011 ThUSD	Jan. 1, 2010 Sep. 30, 2010 ThUSD	Jul. 1, 2011 Sep. 30, 2011 ThUSD	Jul. 1, 2010 Sep. 30, 2010 ThUSD
Earnings attributable to the owners of net equity shares of the Parent	12,671	6,489	(362)	6,821
Profit available for the shareholders	12,671	6,489	(362)	6,821
Basic earnings per share (USD per share)	0.0021	0.0011	(0.0002)	0.0012
Weighted average number of shares	6,025,342,351	5,661,025,371	6,025,342,351	5,661,025,371



Notes to the Consolidated Interim Financial Statements

Note 25 – Income and Expenses

a) Revenue

Revenue is composed of the following:

Description	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Sale of goods	332,121	294,647	112,442	111,028
Rendering of services	5,304	12,022	2,200	4,580
Total	337,425	306,669	114,642	115,608

b) Other income by function

Other income by function is detailed as follows:

Description	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Gain (loss) on sale of investment property	1,978	-	(35)	-
Dividends received	4,072	3,389	1	-
Tax recovery for the absorption of tax earnings	495	-	-	-
Rent received	20	241	6	74
Other operating income	54	131	7	80
Total	6,619	3,761	(21)	154

c) Finance income

Finance income is detailed as follows:

Description	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Interest income	989	1,225	100	401
Total	989	1,225	100	401



Notes to the Consolidated Interim Financial Statements

Note 25 – Income and Expenses (continued)

d) Finance costs

Finance costs are detailed as follows:

Description	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Interest expense, bank loans	2,934	2,067	1,180	636
Interest expense, other	1,308	938	492	308
Bank fees and other finance costs	1,336	804	381	351
Total	5,578	3,809	2,053	1,295

e) Other expenses by function

Other expenses by function are detailed as follows:

Description	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Lawsuit expenses, Brazil	2,186	769	281	769
Depreciation of assets not in use	291	294	97	97
Non-operating fees	123	129	44	53
Restructuring costs	50	195	8	-
Write-down of property, plant and equipment	19	228	19	210
Board compensation	-	153	-	-
Other operating expenses	478	415	180	157
Total	3,147	2,183	629	1,286



Notes to the Consolidated Interim Financial Statements

Note 25 – Income and Expenses (continued)

f) Other gains (losses)

Other gains (losses) are detailed as follows:

Description	ACCUMULATED		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Proceeds from sale of assets of Nexans Colombia (formerly - Cedsa S.A.)	4,750	-	-	-
result from sale of long-term investments	(1,111)	-	-	-
Recovery of Argentina bidding process expenses (Decker S.A.)	-	659	-	2
Insurance policy deductible expenses	-	(726)	-	-
Compensations received	-	27	-	-
Provision for earthquake damages	-	(136)	-	(15)
Gain on sale of property, plant and equipment	94	602	100	81
UN cables sales price adjustment for arbitrage lawsuit (see Note 30)	-	(3,364)	-	-
Other minor gains (losses)	216	(234)	(48)	(61)
Total	3,949	(3,172)	52	7

Note 26 – Effect of Foreign Currency Translation

a) The consolidated interim 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		QUARTER	
	Jan. 1, 2011	Jan. 1, 2010	Jul. 1, 2011	Jul. 1, 2010
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	ThUSD	ThUSD	ThUSD	ThUSD
Foreign currency translation differences recognized in profit or loss except for financial instruments measured at fair value through profit or loss	(2,381)	(62)	(2,741)	1,650
Foreign currency translation reserves (included in the statement of comprehensive income)	(11,509)	(13,760)	(34,018)	17,012

b) The information on liabilities in foreign currencies classified according to their maturity dates is included in Notes 18 and 19.

Note 26 – Effect of Changes in Foreign Currency Exchange Rates (continued)

c) As of September 30, 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
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Current assets									
Cash and cash equivalents	10,986	5,053	-	4	729	165	339	-	17,276
Other current financial assets	3,015	-	-	-	-	-	-	-	3,015
Other current non-financial assets	3,006	934	28	2,582	36	489	-	-	7,075
Trade and other receivables, current	43,317	40,283	394	29	1,682	9,743	-	-	95,448
Due from related parties, current	-	892	-	-	-	-	-	-	892
Inventories	68,750	125	-	-	-	-	-	-	68,875
Current tax assets	1,114	1,404	-	-	242	841	416	-	4,017
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	130,188	48,691	422	2,615	2,689	11,238	755	-	196,598
Non-current assets or groups of assets for disposal classified as held-for-sale	4,208	-	-	-	-	-	-	-	4,208
Total current assets	134,396	48,691	422	2,615	2,689	11,238	755	-	200,806
Non-current assets									
Other non-current financial assets (1)	13	102	-	330,554	-	1	-	-	330,670
Other non-current non-financial assets	-	228	-	-	-	8	17,283	-	17,519
Intangible assets other than goodwill	2,989	44	-	-	-	-	-	-	3,033
Goodwill	848	-	-	-	-	-	-	-	848
Property, plant and equipment	176,705	93	-	-	-	-	-	-	176,798
Investment property	7,566	-	-	-	-	-	-	-	7,566
Deferred tax assets	28,965	267	-	-	-	-	-	-	29,232
Total non-current assets	217,086	734	-	330,554	-	9	17,283	-	565,666
Total assets	351,482	49,425	422	333,169	2,689	11,247	18,038	-	766,472

1) As of September 30, 2011, the Parent classifies ThUSD330,554 (Euros) for an investment held in equity instruments in accordance with what is disclosed in Note 13. This investment is considered to be a non-monetary item, as indicated in IAS 21. Accordingly, "for non-monetary financial assets classified as available for sale in accordance with 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."



Notes to the Consolidated Interim Financial Statements

Note 26 – Effect of Changes in Foreign Currency Translation (continued)

c) As of September 30, 2011, 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	Total
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Current liabilities									
Other current financial liabilities	112,324	12,801	1,439	-	-	2,521	-	-	129,085
Trade and other payables, current	18,551	13,670	27	886	550	4,898	8	15	38,605
Due to related parties, current	-	18	-	-	-	-	-	-	18
Other current provisions	1,707	1,479	13	-	-	1,366	4,750	-	9,315
Current tax liabilities	300	89	-	-	-	606	-	-	995
Current provisions for employee benefits	251	3,724	49	-	1,476	811	-	-	6,311
Other current non-financial liabilities	671	1,114	-	-	1	451	-	-	2,237
Total current liabilities other than liabilities included in asset groups for disposal classified as held-for-sale	133,804	32,895	1,528	886	2,027	10,653	4,758	15	186,566
Liabilities included in asset groups for disposal classified as held-for-sale	-	-	-	-	-	-	-	-	-
Total current liabilities	133,804	32,895	1,528	886	2,027	10,653	4,758	15	186,566
Non-current liabilities									
Other non-current financial liabilities	22,788	6,244	5,882	-	-	4,297	-	-	39,211
Other long-term provisions	-	24	-	-	-	410	1,780	-	2,214
Deferred tax liability	580	-	-	-	2,028	5,795	-	-	8,403
Non-current provisions for employee benefits	-	6,893	448	-	-	-	-	-	7,341
Other non-current non-financial liabilities	1	-	-	-	-	-	-	-	1
Total non-current liabilities	23,369	13,161	6,330	-	2,028	10,502	1,780	-	57,170
Total liabilities	157,173	46,056	7,858	886	4,055	21,155	6,538	15	243,736

Note 26 – Effect of Changes in Foreign Currency Exchange Rates (continued)

d) As of December 31, 2010, 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
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Current assets									
Cash and cash equivalents (1)	8,070	30,052	28,699	753	482	429	669	-	69,154
Other current financial assets	257	-	-	-	-	-	-	-	257
Other current non-financial assets	16,669	1,169	15	231	102	298	-	3	18,487
Trade and other receivables, current	42,776	47,842	278	756	1,592	9,869	-	-	103,113
Due from related parties, current	-	724	-	-	-	-	-	-	724
Inventories	78,307	236	-	-	-	-	-	-	78,543
Current tax assets	575	10,863	-	-	-	310	442	-	12,190
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	146,654	90,886	28,992	1,740	2,176	10,906	1,111	3	282,468
Non-current assets or groups of assets for disposal classified as held-for-sale	4,500	-	-	-	-	-	-	-	4,500
Total current assets	151,154	90,886	28,992	1,740	2,176	10,906	1,111	3	286,968
Non-current assets									
Other non-current financial assets (2)	-	195	-	200,792	-	1	-	-	200,988
Other non-current non-financial assets	111	777	-	-	-	9	18,464	-	19,361
Intangible assets other than goodwill	2,507	-	-	-	-	-	-	-	2,507
Goodwill	848	-	-	-	-	-	-	-	848
Property, plant and equipment	178,287	291	-	-	-	-	-	-	178,578
Investment property	5,408	-	-	-	-	-	-	-	5,408
Deferred tax assets	11,516	374	-	-	-	-	-	-	11,890
Total non-current assets	198,677	1,637	-	200,792	-	10	18,464	-	419,580
Total assets	349,831	92,523	28,992	202,532	2,176	10,916	19,575	3	706,548

1) As of December 31, 2010 the parent company has foreign exchange hedges of ThUSD52,200 on time deposits affected by that risk, in accordance with Note 10, in order to minimize the effects of changes in the exchange rate of the Chilean peso and Unidad de Fomento (a Chilean peso denominated unit indexed by inflation) versus the U.S. dollar.

2) As of December 31, 2010 the Parent classifies ThUSD200,792 (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.”



Notes to the Consolidated Interim Financial Statements

Note 26 - Effect of Changes in Foreign Currency Translation (continued)

d) As of December 31, 2010, 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	Total
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Current liabilities									
Other current financial liabilities	43,518	14,068	1,951	-	-	972	-	-	60,509
Trade and other payables, current	16,614	18,772	64	688	615	4,204	116	-	41,073
Due to related parties, current	-	12	-	-	-	-	-	-	12
Other current provisions	2,231	3,090	11	7	-	1,464	3,512	-	10,315
Current tax liabilities	215	248	-	-	824	1,258	-	-	2,545
Current provisions for employee benefits	-	4,165	53	-	2,055	416	-	-	6,689
Other current non-financial liabilities	2,415	422	-	-	-	242	-	-	3,079
Total current liabilities other than liabilities included in asset groups for disposal classified as held-for-sale	64,993	40,777	2,079	695	3,494	8,556	3,628	-	124,222
Liabilities included in asset groups for disposal classified as held-for-sale	-	-	-	-	-	-	-	-	-
Total current liabilities	64,993	40,777	2,079	695	3,494	8,556	3,628	-	124,222
Non-current liabilities									
Other non-current financial liabilities	15,243	7,772	9,095	-	-	1,231	-	-	33,341
Other long-term provisions	-	273	-	-	-	86	1,211	-	1,570
Deferred tax liability	2,021	-	-	-	1,969	5,914	-	-	9,904
Non-current provisions for employee benefits	-	8,172	505	-	-	-	-	-	8,677
Other non-current non-financial liabilities	1	-	-	-	-	-	-	-	1
Total non-current liabilities	17,265	16,217	9,600	-	1,969	7,231	1,211	-	53,493
Total liabilities	82,258	56,994	11,679	695	5,463	15,787	4,839	-	177,715

Note 27 – 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 blank coins made of copper, aluminum and similar alloys; Flexible packaging business unit: This business unit manufactures flexo-laminate and rotogravure packaging; 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.

1) General information on retained earnings, assets and liabilities

Segment description	ACCUMULATED AS OF SEPTEMBER 30, 2011					ACCUMULATED AS OF SEPTEMBER 30, 2010				
	Corporate	Brass mills (*)	Packaging	Profiles	Consolidated	Corporate	Brass mills	Packaging	Profiles	Consolidated
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Revenue from external customers	220	117,939	173,397	45,869	337,425	-	124,848	145,377	36,444	306,669
Intersegment revenue	1,619	2,663	986	-	5,268	-	6,630	1,466	-	8,096
Interest income	835	-	64	90	989	1,096	16	38	75	1,225
Interest expense	967	813	2,956	842	5,578	323	581	2,362	543	3,809
Interest income, net	(132)	(813)	(2,892)	(752)	(4,589)	773	(565)	(2,324)	(468)	(2,584)
Depreciation included in cost of sales and administrative expenses	117	1,438	6,254	2,595	10,404	82	2,205	5,364	2,582	10,233
Amortization of intangible assets	130	-	151	-	281	107	-	61	-	168
Depreciation included in other operating expenses	-	291	-	-	291	-	294	-	-	294
Gain (loss) from reporting segment	721	3,278	16,872	1,612	22,483	(4,229)	746	16,264	(988)	11,793
Income tax expense (income)	(2,259)	(1,048)	(3,230)	15	(6,522)	1,814	(494)	(3,827)	186	(2,321)
Segment assets	422,736	59,081	213,433	71,222	766,472	336,587	119,978	193,438	70,486	720,489
Amounts in associates and joint ventures recognized using the equity method	-	-	-	-	-	-	-	-	-	-
Segment liabilities	78,305	32,957	107,225	25,249	243,736	18,518	34,308	100,854	32,139	185,819

Note 27 – Segment Reporting (continued)

2) General information on quarterly results

Segment description	QUARTER (July - Sept. 2011)					QUARTER (July - Sept. 2010)				
	Corporate	Brass mills (*)	Packaging	Profiles	Consolidated	Corporate	Brass mills (*)	Packaging	Profiles	Consolidated
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Revenue from external customers	87	39,052	59,728	15,775	114,642	-	47,031	54,789	13,788	115,608
Intersegment revenue	475	1,411	95	-	1,981	-	3,636	19	-	3,655
Interest income	49	-	26	25	100	369	4	12	16	401
Interest expense	353	279	1,133	288	2,053	55	224	837	179	1,295
Interest income, net	(304)	(279)	(1,107)	(263)	(1,953)	314	(220)	(825)	(163)	(894)
Depreciation included in cost of sales and administrative expenses	(40)	469	2,173	838	3,440	21	641	1,848	868	3,378
Amortization of intangible assets	30	-	46	-	76	35	-	50	-	85
Depreciation included in other operating expenses	-	97	-	-	97	-	97	-	-	97
Gain (loss) from reporting segment	(4,374)	76	5,620	457	1,779	(384)	(123)	6,182	159	5,834
Income tax expense (income)	9	(98)	(662)	(198)	(949)	3,118	(106)	(1,535)	632	2,109

(*) The following companies in the Brass mills business units present the following circumstances for comparative purposes:

1) During the last quarter of 2010, the subsidiary Madeco Mills S.A. made the decision to end the manufacture of copper sheets and focus its business solely on the manufacturing and sale of copper tubes.

The main reasons that led the subsidiary Madeco Mills S.A. to close this business are summarized as follows:

a) Loss of competitiveness due to the high cost of work and production.

The sheet production process of this subsidiary has a high energy and labor demand, which represents a disadvantage in relation to countries where these supplies have lower costs, factors that are important in an activity that is mainly focused on exporting.

b) The high price of copper and large amount of working capital required for the manufacture of copper sheets have also contributed to considerably decreasing the demand and profitability of these export products.

2) The subsidiary, Armat S.A. was sold in June 2011 to Amera International A.G.

Note 27 – Segment Reporting (continued)

3) Accumulated revenue from external customers by geographic areas

Geographical areas	ACCUMULATED AS OF SEPTEMBER 30, 2011					ACCUMULATED AS OF SEPTEMBER 30, 2010				
	Corporte	Brass mills	Packaging	Profiles	Consolidated	Corporte	Brass mills	Packaging	Profiles	Consolidated
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
In South America	220	99,026	159,004	45,800	304,050	-	97,770	134,137	34,117	266,024
In Central America	-	-	11,514	69	11,583	-	-	7,842	154	7,996
In North America	-	18,851	2,876	-	21,727	-	26,173	3,398	2,173	31,744
In Europe	-	62	3	-	65	-	856	-	-	856
In Africa	-	-	-	-	-	-	-	-	-	-
In Asia	-	-	-	-	-	-	49	-	-	49
Total revenue from external customers	220	117,939	173,397	45,869	337,425	-	124,848	145,377	36,444	306,669

4) Quarterly revenue from external customers by geographic areas

Geographical areas	QUARTER (JULY - SEPTEMBER 2011)					QUARTER (JULY - SEPTEMBER 2010)				
	Corporte	Brass mills	Packaging	Profiles	Consolidated	Corporte	Brass mills	Packaging	Profiles	Consolidated
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
In South America	87	33,061	54,280	15,751	103,179	-	37,756	50,490	12,845	101,091
In Central America	-	-	4,038	24	4,062	-	-	3,243	44	3,287
In North America	-	5,991	1,410	-	7,401	-	8,654	1,056	899	10,609
In Europe	-	-	-	-	-	-	621	-	-	621
In Africa	-	-	-	-	-	-	-	-	-	-
Total revenue from external customers	87	39,052	59,728	15,775	114,642	-	47,031	54,789	13,788	115,608

5) The largest customer of each of the Company's business units, considering accumulated revenue as of September 30, 2011, represents, 7.16% for the Brass mills unit, 15.50% for the Packaging unit and 4.86% for the Profiles unit.

Note 28 – The Environment

a) Disclosures on disbursements related to the environment

As of September 30, 2011, the Company presents disbursements related to the environment, incurred by the subsidiary, Alusa S.A..

Information on Disbursements Related to the Environment
As of December 30, 2011, the subsidiary Alusa S.A. made disbursements for ThUSD 6,674 for savings in the reduction of consumption of bulk solvents and a decrease in VOC (Volatile Organic Component) emissions into the environment. This project, referred to as "Solvent Recovery Systems" is finished.

b) Disbursements for the year (2011)

Identification of the Parent or subsidiary, disbursements for the year
Alusa S.A.(Subsidiary)
Name of project to which the disbursement is associated, disbursements for the year
Solvent recovery systems
Detail of the concept for which the disbursement has been or will be made, disbursements for the year
The concept is savings in the reduction of consumption of bulk solvents and a decrease in VOC (Volatile Organic Component) emissions to the environment.
Indication of whether the disbursement is part of the cost of an asset or was reflected as an expense, disbursement for the year
Yes, the disbursement is part of an asset
Amount of disbursement, disbursements for the year
ThUSD 263
Certain or estimated date in which future disbursements will be made, disbursements for the year
The "Solvent Recovery System" is finished as of September 30, 2011.

c) Future commitments

Identification of the Parent or Subsidiary, Future Commitments
None.
Name of project to which the disbursement is associated, future commitments
None.
Detail of the concept for which the disbursement has been or will be made, future commitments
None.
Indication of whether the disbursement is part of the cost of an asset or was reflected as an expense, future commitments
None.
Description of the asset or expense item, future commitments
None.
Amount of disbursement, future commitments
None.
Certain or estimated date in which future disbursements will be made, future commitments
None.
Description of each project indicating whether the project is in process or has been finished
None.



Note 29 – Financial Risk Management Objectives and Policies

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 and its subsidiaries and associates to a large extent depend 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 interest income 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 jointly 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, 2010, the Company had 1,950 tons of copper hedged by derivative contracts and as of September 30, 2011, the Company had 1,175 tons hedged by derivative contracts.



Note 29 – Financial Risk Management Objectives and Policies (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 September 2011, and assuming that no derivatives exist, there might be a negative effect on profit or loss due to a decrease in the carrying amount of inventory before taxes, estimated at ThUSD1,998.

- 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 ("Chilean GAAP").

As of September 30, 2011 the Company's total exposure in foreign currencies relates to an asset of ThUSD328,427. Notwithstanding the foregoing, since part of these assets correspond to investments or are hedged, foreign currency translation 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 liability of ThUSD2,127.

If an appreciation of 5% is assumed for currencies other than the controlling currency on the balance subject to foreign currency translation, one would see in the statements of income an estimated negative effect before taxes of ThUSD106. The investment in Nexans, which as of September 30 was valued at ThUSD330,554, would result in an additional negative effect before taxes on equity (other reserves) of ThUSD16,528 (due to depreciation of assets in Euros).

- 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 and Nexans entered an agreement through which the Company would have the option to increase its ownership up to 20% of the French multinational company. The period to exercise this option is 18 months to achieve 15% and three years to become the owner of 20%. From the date of this agreement through the close of September, the Company had acquired 3,051,448 additional shares. Through this agreement, the Company becomes the owner of 19.57% of interest in Nexans. These shares have been recognized as a financial investment and as such, are subject to two market risks: changes in the share value in the market and changes in the exchange rate between Madeco's functional currency and Euro (currency in which these shares are traded). The aforementioned risks affect the Company's equity reserve account¹.

¹ For further detail, review notes 13 and 23 to the Company's financial statements.



Note 29 – Financial Risk Management Objectives and Policies (continued)

As of September 30, 2011, the investment in Nexans amounted to ThUSD330,554. If a 5% drop in the market value of the Nexans shares is assumed, it would result in a negative effect on the Company's equity before taxes of ThUSD16,528. On the other hand, the risk associated with the exchange rate follows a similar logic, resulting in a negative effect before taxes of ThUD\$16,528 (for more detail of the estimation and assumptions see the note on foreign exchange risk).

- 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 September 30, 2011, the Company had 47.0% of its total financial debt at a fixed rate and 53.0% 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 4.43%), this could generate (on an annual basis) an additional effect (greater finance costs) on profit or loss before taxes of ThUSD888.

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.).

As of September 2011, consolidated sales amounted to ThUSD337,425 of which approximately 59% correspond to sales on credit terms, 31% to sales with insurance policies, 8% 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\$95,340, of which approximately corresponded to sales on credit terms, 75% to sales with insurance policies, 24% to sales with insurance policies and 1% to other sales.



Notes to the Consolidated Interim Financial Statements

Note 29 – Financial Risk Management Objectives and Policies (continued)

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 short and long-term, 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 not to have to request short-term 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 (the funds are placed in a diversified manner). 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		
	September 30, 2011	December 31, 2010
	ThUSD	ThUSD
Financial debt (A)	167,628	89,762
Cash and cash equivalents(B)	17,276	69,154
Net financial debt (A) – (B)	150,352	20,608

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 contemplates the most relevant processes and a defined action plan to prevent and mitigate the main risks.

Note 29 – 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 at long-term;
- 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, taking care of 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 September 30, 2011 and December 31, 2010, the financial structure of Madeco S.A. and subsidiaries is detailed as follows:

Financial structure	Balance as of	
	Sep. 30, 2011	Dec. 31, 2010
	ThUSD	ThUSD
Equity	497,088	506,461
Interest-bearing loans	140,082	71,500
Finance lease	27,505	18,153
Total	664,675	596,114

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.



Notes to the Consolidated Interim Financial Statements

Note 30 – Contingencies and Restrictions

Madeco S.A.

1) Lawsuits.

As of September 30, 2011, the Company has pending lawsuits filed against it due to lawsuits related to its normal course of business, which according to its legal counsel do not represent a risk of significant losses.

2) 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 mentioned Meeting, the main points of the aforementioned agreement are summarized as follows:

a) Price

On February 21, 2008, 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 USD448million (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) USD393 million in cash, obtained from the agreed upon USD 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 USD218 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 USD37 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 to Madeco S.A. the sum of USD8,615,000 of the USD 37 million provided as escrow. 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 lower selling price of USD 11,521 million, which is reflected in the Company's profit or loss as of December 31, 2010 (an adjustment which is added to that recognized in the financial statements as of September 30, 2010 of USD3,364 million).



Note 30 – Contingencies and Restrictions (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 USD250 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; iv) engaging with no-competition with Nexans in the cables business for a period of 3 years starting from September 30, 2008; and v) 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. In regard to the obligation to compensate for taxes in Brazil up to the date of the sale, the Company is only responsible for 90%.

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 ThUSD73; nor will it be responsible for accumulated damages without taking into account the aforementioned individual damages, which do not exceed USD 1.46 million and 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) USD 310 million in respect to tax contingencies; ii) USD 146 million in respect to other matters with a sub-limit in environmental matters of USD 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 USD 310 million.



Notes to the Consolidated Interim Financial Statements

Note 30 – Contingencies and Restrictions (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 ThUSD 9,250. The gain net of taxes on this transaction was ThUSD 4,137.

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

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

- i. On July 19, 2006, Ficap S.A. (former cable subsidiary of Madeco S.A.) 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 ThR\$18,550 (ThUSD 8,571 approximate historical value). However, when Ficap S.A. 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 in the manner stated in the writ of infraction. Notwithstanding the fact 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, and therefore Madeco maintains control over the lawsuit.
- ii. On February 10, 2010, the Brazilian Government notified the Company's former cable subsidiary in that country, i.e. Ficap S.A., currently Nexans Brasil S.A., of tax assessments for a total amount of ThR\$ 8,481 (equivalent as of that date to ThUSD 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. The legal counsel of Madeco S.A. in Brazil considers that there are sound arguments to reverse this situation and, therefore, the Company's management agreed to file the complaint and review recourses which are applicable according to Brazilian legislation.
- iii. On October 25, 2010, Ficap S.A. was notified of two tax assessments accessory to the lawsuit reported in point 3 a) i. of Note 30 with respect to Madeco S.A. In those new assessments, the government authorities require collection of income tax for the (A) 2006-2007 and (B) 2008 periods, even though Ficap S.A. guaranteed the payment of that tax through several legal deposits:
 - (A) 2006-2007 period: the purpose of this assessment is to disrupt the prescription of the period that the government has to require the amounts for the 2006-2007 period. Since government authorities believe that there are integral judicial deposits for this period established by Ficap S.A., the contingency is reduced to losing them.
 - (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.

Madeco S.A.'s legal advisors in Brazil believe that there are sound arguments to reverse this situation, therefore the Company's management agreed to file the corresponding recourses in accordance with Brazilian legislation.



Note 30 – Contingencies and Restrictions (continued)

Madeco S.A., continued

b) Lawsuits on ICMS.

On January 22, 2010, the State of Sao Paulo, Brazil, sent a notice to the former cable subsidiary of Madeco S.A. in that country (Ficap S.A.) currently - Nexans Brasil S.A. of tax assessments for a total amount of ThR\$ 89,172 (equivalent as of that date to ThUSD 49,079) including interest and fines. The notices sustains that ICMS taxes (similar to the VAT in Chile) paid by Ficap in the State of Espírito Santo, the location to which copper is imported, should have been paid to the State of Sao Paulo, where one of the Ficap plants is located. Additionally, the State of Sao Paulo states that the use of that tax credit generated in the State of Espírito Santo in 2005 is not applicable. This situation is framed within the differences between various States in Brazil relative to the location where ICMS taxes on imports to that country should be paid, since the use of tax credits, granted by certain States to encourage product imports through them, has been the practice by multiple local and international companies. With regards to this matter, the Board of Directors agreed to file the recourse of complaint and review which according to Brazilian legislation is applicable. On April 1, 2010, the main tax organization in respect to Brazilian tax issues which gathers all its States enacted an Agreement which authorizes the States of Sao Paulo and Espírito Santo to recognize the validity of ICMS payments made by an importer to the State to physically enter merchandise. However, the administrative first instance judge, without taking into consideration the abovementioned agreement, discarded the Company's arguments and issued a verdict against it. Madeco filed the applicable appeals. Confirming the ICMS Agreement enacted by CONFAZ, on July 26, 2010, the State of Sao Paulo enacted Decree 56.045/10 which provides recognition of tax payments made to the State of Espírito Santo in regard to import operations on account and by order of third parties. On October 22, 2010, Nexans Brasil S.A. applied the aforementioned Decree 56,045/10. Should the tax authorities accept the information presented by Nexans Brasil S.A. by applying it, the liability of that company before the State of Sao Paulo shall be extinguished semi-annually and gradually from December 31, 2010 to June 1, 2014, both on the assessments currently applied as well as possible assessments for years after 2005.

On the other hand, on July 18, 2011, Nexans Brasil S.A. was noticed of a new infraction for R\$45.8 million (US \$29.1 million) regarding payment of the ICMS taxes, in this case for the year 2006. This notice is in line with the Decree 56.045/10, to which Nexans Brasil S.A. adhered in October 2010, and therefore it states that it is intended to suspend the prescription. Likewise, in the infraction it is informed that the trial will be suspended. This new notice is due to the acceptance of Decree 56.045/10 by Nexans Brasil S.A. is dependent on the review by the State of Sao Paulo of the information submitted and to the verification of whether the conditions established in this Decree are complied with.

4) According to number 2) letter d) i) above, the Company should be liable for the following lawsuits in Brazil:

Collective Labor Lawsuit Ficap. The workers of Ficap S.A. – currently Nexans Brasil S.A. (“Nexans Brasil”) – filed a lawsuit against this Company through the “Sindicato de Campinas y de ciudades vecinas” in which they demand: (i) the payment, from March 2002, of a risk premium of 30% on top of the wages (including all the wage amounts) of approximately 400 employees of Nexans Brasil that were allegedly working under unsafe conditions; (2) payment of overtime of 1 extra hour per day and other benefits because Nexans Brasil did not allow the appropriate lunch break between February 2004 and April 2005 (it only allowed a 45-minute break instead of 1 hour); and (iii), the payment of lawyers' fees. If Nexans Brasil loses the aforementioned lawsuit, and according to number 2) letter d) ii) of this Note, Madeco will be required to compensate Nexans for any damage resulting from that lawsuit generated prior to September 30, 2008, date in which the abovementioned Brazilian company was sold to Nexans.



Note 30 – Contingencies and Restrictions (continued)

Madeco S.A., continued

5) Short-term loans for the acquisition of shares in Nexans.

- a. Loan with Banco Santander of USD37 million entered into on June 20, 2011, including the usual prepayment clauses, including using the amount received to acquire shares of Nexans.
- b. Loan with Banco Santander of US\$12.7 million entered into on August 30, 2011, including the usual prepayment clauses, including using the amount received to acquire shares of Nexans.
- c. Loan with Banco BBVA of US\$12 million entered into on September 6, 2011, including the usual prepayment clauses, plus the using the amount received to acquire shares of Nexans, maintaining Luksic Group as Parent and do not tax, pledge or sell the shares acquired in Nexans.
- d. Loan with Banco BBVA of US\$10 million entered into on September 15, 2011. Usual advance payment clauses, plus the following: using amount received to acquire shares in Nexans, maintaining Luksic Group as parent entity and not constituting any lien or pledge or disposing of the shares acquired in Nexans.

Indalum S.A. and subsidiaries

a) Restrictions

The Company and its subsidiaries have no indirect guarantees as of September 30, 2011.

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

- The Parent, Madeco entered a "property and payment comfort Letter" which states that it will maintain, directly or indirectly, an ownership of at least 50.1% of Indalum, and as a result, the control of its management.
- 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 September 30, 2011, the Company has fully complied with the abovementioned restrictions.

b) Contingencies

Legal contingencies

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



Note 30 – Contingencies and Restrictions (continued)

Indalum S.A. and subsidiaries, continued

Tax contingencies

Indalum S.A.

As of September 30, 2011, there are tax assessments by the Chilean Internal Revenue Service ("SII") for tax years 1999 to 2003 regarding corporate tax differences and refund of income of ThUSD562 (tax amount). In accordance with the deadlines established in the Tax Code, , the Company's management, through its legal advisors, has filed administrative proceedings to challenge the assessments made in first instance before the Tax Court, as it believes these are not applicable.

In March 2011, the following resolutions were issued by and received from the Chilean Internal Revenue Service, which significantly reduce the tax differences originally determined:

- 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 due is ThUSD60 (tax amount).

Ingewall S.A.

1. As of September 30, 2011, the subsidiary Ingewall S.A. is subject to the questioning and notices of payments issued by the Chilean Internal Revenue Service for value-added tax refunds for the periods between July and December 1999 and February and August 2001, the value of which after the first instance verdict is ThUSD 628. Through its legal advisors, the Company's management is taking the necessary steps and expects a favorable resolution.

2. As of September 30, 2011, there is a Resolution from the Chilean Internal Revenue Service for tax years 2000, 2001 and 2002 related to the amendment of the tax loss carry-forward. At the same time, notices and assessments by the Chilean IRS for tax years 2004, 2005, 2006 and 2007 which determine income tax with interest and adjustments for ThUSD 167, in addition to rejecting the tax loss for those years. The Company's management has replied to this case, defending and supporting its position on the applicable arguments of fact and law, requesting Administrative Reconsideration, which is still pending.



Note 30 - Contingencies and Restrictions (continued)

Alusa S.A. and subsidiaries

Restrictions

(a) As of September 30, 2011, Alusa S.A. has the following contingencies and/or restrictions:

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

(a1) Lease operations with Banco BBVA for a total amount of ThUSD 5,529

As a condition for this loan and lease operations, 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.

(a2) Loan with Banco del Desarrollo (Scotiabank)

On December 26, 2006, Alusa S.A. became the guarantor and co-debtor of Aluflex S.A. for the loan granted by Banco del Desarrollo to that company of US\$ 4,000,000, with a one-year grace period, semi-annual amortization and final expiration date in January 2011, which was extended to January 15, 2012

(a3) Loan with Corpbanca

On September 2, 2008, Alusa S.A. became guarantor and co-debtor of Aluflex S.A. for the loan granted by Corpbanca to this company of US\$ 4,000,000, with semi-annual amortization and final expiration date of September 2012.

(b) As of September 30, 2011, Peruplast S.A. has the following contingencies and/or restrictions:

On November 6, 2007, it assumed the following commitments related to two non-current bank loans of USD8,000,000 each:

(b1) Scotiabank

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

Maintaining an indebtedness ratio (Total Liabilities less Deferred Taxes over Net Equity less Intangibles Non-Trade Receivables with Subsidiaries of Peruplast) of no more than 1.5 times.

Maintaining a debt coverage ratio (Financial Debt over EBITDA) of no more than 2.0 from December 2007 to September 2009 and of no more than 1.75 times from December 2009 and thereafter.

Maintaining a debt service coverage ratio (EBITDA over the current portion of non-current debt plus finance expenses) of at least 1.5 times.



Notes to the Consolidated Interim Financial Statements

Note 30 - Contingencies and Restrictions (continued)

Alusa S.A. and subsidiaries, continued

Restrictions (continued)

(b2) BCP - Banco de Crédito del Peru

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

Leverage (Total Liabilities less Tax and Deferred equity share) of less than 1.50 times.

Measuring this ratio, liabilities will include all guarantees and contingencies granted by Peruplast S.A. in favor of third parties.

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.

As of September 30, 2011, Peruplast S.A. complies with all these restrictions

Decker S.A. and subsidiaries (Argentina)

Claims have been filed against Metacab S.A. (subsidiary of Decker S.A.) generated by the Investee 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 had to be organized under an Investee 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. As of 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 ThUSD39.



Notes to the Consolidated Interim Financial Statements

Note 31 - Impairment of Financial and Non-financial Assets

1. Financial Assets

a) The accumulated impairment for financial and non-financial assets as of each year-end is detailed as follows:

Description	Impairment	
	09/30/2011 ThUSD	12/31/2010 ThUSD
Trade and other accounts receivable	2,780	5,209
Financial assets available for sale (*)	-	-

(*) Management assessed the impairment risk in accordance with IAS 39 paragraph 58 "An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired." Since as of the date of issue of the financial statements for the year ended December 31, 2008 an adequate period has elapsed from the acquisition of the shares to be able to assess the behavior of their market value, (which, has been significantly below their carrying amount) the effects of that impairment have been recorded with a charge to 2008 profit or loss. Considering IAS 39 regarding recording of impairment, changes in the fair value generated in the years ended December 31, 2010 and 2009 were recorded with a credit to equity, generating total reversal of the impairment initially recorded as of December 31, 2008.

b) The impairment that has affected profit or loss for each year related to trade and other receivables is detailed as follows:

Description	Impairment (charge) credit		
	9/30/2011 ThUSD	12/31/2010 ThUSD	Profit or loss account
Trade and other receivables	(383)	1,596	Administrative expenses



Notes to the Consolidated Interim Financial Statements

Note 31 - Impairment of Financial and Non-financial Assets (continued)

2. Non-financial assets

The impairment charge to income for non-financial assets as of each period-end is detailed as follows:

Description	Impairment	
	9/30/2011 ThUSD	12/31/2010 ThUSD
Property, plant, and equipment (*)	-	4,489
Investment property	-	-
Intangible assets (patents, brands and computer software)	-	-
Goodwill	-	-

(*) As of December 31, 2010 the Parent, Madeco S.A. and its subsidiary Alusa S.A. recorded a charge to profit or loss of ThUSD 4,200 and ThUSD 289, respectively.

3. Testing impairment of non-financial assets

As stated in the summary of significant accounting policies note letter j), 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.



Notes to the Consolidated Interim Financial Statements

Note 31 - Impairment of Financial and Non-financial 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 September 30, 2011 and December 31, 2010 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 September 30, 2011 have not changed significantly compared to those existing as of December 31, 2010.

Note 31 - 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	
	<u>9/30/2011</u>	<u>12/31//2010</u>
	ThUSD	ThUSD
Flexible packaging unit	848	848
Total	848	848

As of December 31, 2010, the management of the Parent and its subsidiary Alusa S.A. determined that there was evidence of impairment in part of its non-financial assets, for which they assessed and opted to record a charge to profit or loss for the concept of impairment of property, plant and equipment. The methodologies and key assumptions on the recoverable amount are determined on the same basis and criteria indicated in point 3.1.

The remaining subsidiaries noted no evidence of impairment to any of their non-financial assets for the years ended September 30, 2011 and December 31, 2010.

Note 32 – Investments in Joint Ventures

The Madeco S.A. Group's share in Peruplast S.A., through its subsidiary Alusa, is detailed as follows:

Name of significant subsidiary	Peruplast S.A. (1)
Country of incorporation	Peru
Functional currency	USD
Ownership interest and voting rights	50.0%

Summarized financial information	ThUSD	ThUSD
	09-30-11	12-31-10
Total assets	63,298	55,681
Current assets	32,593	32,426
Non-current assets	30,705	23,255
Total liabilities	35,888	29,586
Current liabilities	19,595	18,833
Non-current liabilities	16,293	10,753
Operating Income	51,547	60,408
Operating expenses	(45,776)	(52,222)
Net gain (loss)	5,771	8,186

(1) Alusa S.A. owns 50% of Peruplast S.A., which corresponds to an interest in a joint venture and therefore, it has been consolidated in an amount proportional to that interest. Alusa S.A. has not incurred any contingent liabilities, nor does it have capital investment commitments as of September 30, 2011 and December 31, 2010.



Notes to the Consolidated Interim Financial Statements

Note 33 – Guarantees Provided and Received

a) Guarantees provided

Guarantees provided as of September 30, 2011 and December 31, 2010 are detailed as follows:

Creditor	Debtor	Type of guarantee	AMOUNT	
			Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Dirección de Vialidad	Indalum S.A.	Guarantee deposit	2	-
Comercial Aprilla S.A.	Alumco S.A.	Rental guarantee	5	-
Inmobiliaria Noruega Ltda.	Alumco S.A.	Rental guarantee	3	-
Vidrieria Pratt S.A.	Alumco S.A.	Rental guarantee	4	-
Inmobiliaria Robles Del Castillo Ltda.	Alumco S.A.	Rental guarantee	3	-
Central Bodegas	Alumco S.A.	Rental guarantee	15	-
Supetar Ltda	Alumco S.A.	Rental guarantee	4	-
María Cristina Gonzalez Rivas	Alumco S.A.	Rental guarantee	4	-
Soc. Minera Ferton Ltda.	Alumco S.A.	Rental guarantee	4	-
Edificio Punta Angamos	Alumco S.A.	Rental guarantee	1	-
Codelco Chile Division División Ventanas	Madeco S.A.	Guarantee deposit	-	10
Upcast Oy	Madeco S.A.	Letter of credit	-	556
Codelco Chile Division Ventanas	Madeco Mills	Guarantee deposit	-	5
Total			45	571



Notes to the Consolidated Interim Financial Statements

Note 33 – Guarantees Provided and Received (continued)

b) Guarantees received

Guarantees received as of September 30, 2011 and December 31, 2010 are detailed as follows:

Guarantee recived from third parties	Relationship	Type of guarantee	AMOUNT	
			Sep. 30, 2011 ThUSD	Dec. 31, 2010 ThUSD
Tito Alvarado	Supplier	Bills of exchange	-	233
SIALUM S.A.	Customer	Mortgage	5	5
Juan Fuentes Chávez	Customer	Pledge	1	-
Ángel Aravena	Customer	Pledge	58	65
Daniel Valverde	Customer	Mortgage	-	295
Rubén Riojas	Customer	Pledge	-	2
Soluciones Integrales de Aluminio Ltda.	Customer	Mortgage	46	-
Soc.e Ing. Construcción Inducon	Customer	Mortgage	70	78
Vidrios y Aluminio Alucenter	Customer	Mortgage	31	34
Ernesto Retamal	Customer	Pledge	5	6
Iván Maturana	Customer	Pledge	4	4
Pedro Gajardo	Customer	Mortgage	5	6
Cristales y Aluminio S.A.	Customer	Mortgage	405	-
Heat Transfer	Customer	Bills of exchange	-	12
Proyectos en Aluminio y Cristales Ltda.	Customer	Pledge	1	-
Daniel Muñoz Vergara	Customer	Pledge	1	-
Claudio Rojas Caballero	Customer	Pledge	1	-
Gabriel Merino Vidal	Customer	Pledge	1	-
Mario Arellano Muñoz	Customer	Pledge	1	-
Escobar Vidal Ángela Estela y Otro	Customer	Pledge	1	-
Humberto Manque Vega	Customer	Pledge	1	-
Comercial Isoglas Ltda.	Customer	Pledge	38	-
Tecnología Aplicada en Ventanas Ltda.	Customer	Pledge	48	-
Alubal E.I.R.L.	Customer	Mortgage	-	20
Barra & Strobel Ltda.	Customer	Mortgage	-	1
Becerra Marchant	Customer	Mortgage	-	1
Total			723	762

Note 34 – Subsequent events

1. Acquisition of shares in Nexans

Supplementing the information provided in Note 13, as of the date of presentation of these financial statements, Madeco has acquired 83,885 shares in Nexans at an average value of € 42.55 per share.

2. Subscription of a long-term line of credit contract for US\$82,000,000

The Company signed a contract with Banco Itaú for a 5-year term, which will be paid in one single installment upon maturity.

3. Appointment of a representative of Madeco in the Nexans' Compensation and Appointment Committee

On November 15, 2011, the Board of Directors of Nexans agreed to the entry of Madeco's Director Mr. Francisco Pérez Mackenna into its Compensation and Appointment Committee, who will assume his role in the Committee starting from January 2012.

At the ordinary Board of Directors' Meeting held on November 28, 2011, the Board approved and authorized these consolidated interim financial statements for issue.

Between October 1, 2011 and the date of issue of these financial statements, there have been no other events of a financial accounting nature which should be reported.