

# 2007 RESULTS

## Executive Summary



- OPERATING INCOME TOTALED CH\$21.427 BILLION (US\$MM 43.1) IN 2007, A RISE OF 21.4%
- CONSOLIDATED INCOME ROSE 25.75%, TO CH\$46.058 BILLION (US\$MM 92.6)
- GLA<sup>1</sup> GREW 11%, TO 577,570 M2 AT THE CLOSE OF 2007, 603,000 M2 INCLUDING MALL PASEO ESTACION.
- OPERATING INCOME IMPROVED IN CHILE, PERU AND ARGENTINA.
- MALL PLAZA EL ROBLE WAS CONSOLIDATED AS OF DECEMBER 2007.
- THE PROFIT ON INVESTMENTS IN RELATED COMPANIES ROSE 26%.
- ANNUAL SAVINGS OF CH\$1.4 BILLION BECAUSE OF BOND PREPAYMENT.
- NET PROFIT TOTALED CH\$5.759 BILLION (US\$MM 11.6), INCLUDING NON-RECURRING LOSSES IN RELATION TO BOND PREPAYMENT.
- NET PROFIT ADJUSTED BY THE BOND PREPAYMENT, AN INCREASE IN PRICE-LEVEL RESTATEMENT AND EXCHANGE DIFFERENTIALS TOTALED CH\$18.688 BILLION (US\$MM 37.6) (+30%).
- 65% OF THE 2007-2009 INVESTMENT PIPELINE IS UNDERWAY.

**I. INDEX**

I.	INDEX.....	2
II.	2007 HIGHLIGHTS.....	3
III.	CONSOLIDATED INCOME.....	4
IV.	ANALYSIS OF CONSOLIDATED INCOME.....	5
V.	OPERATING INDICATORS.....	6
VI.	REGIONAL EXPANSION - FUTURE PROJECTS.....	7
VII.	FINANCIAL INDICATORS.....	8
VIII.	PARQUE ARAUCO STOCK IN 2007.....	9
IX.	APPENDIX: SHOPPING MALL TABLE.....	9
X.	FINANCIAL STATEMENTS.....	10

### II. 2007 HIGHLIGHTS

- Purchase of all of Mall Plaza El Roble in Chillan for US\$32 million (assets worth US\$60 million as of December 2007).
- Negotiation of the purchase of an 83% interest in Inmobiliaria Mall Paseo de la Estación S.A., owner of the Mall Paseo Estacion located in the borough of Estacion Central in Santiago, Chile. The promise to purchase this shopping center was signed in early January 2008.
- Parque Arauco entered the Colombian market through a joint venture with Activa Constructores, a local construction company, to develop commercial projects in different cities in the country.
- An investment plan totalling US\$1.0 billion in assets was launched for the next 3 years. It includes developing different projects in Chile and in other countries in the region. As of December 2007, 65% of the projects in the plan were underway.
- Remodeling and enlargement of Mall Arauco Maipu in Santiago, Chile. The GLA<sup>1</sup> increased 54%, to approximately 54,000 m<sup>2</sup>.
- Enlargement of Megaplaza Norte in Peru. Leasable area increased by 8,000 m<sup>2</sup>.
- The GLA of Parque Arauco totals 577,570 m<sup>2</sup>, taking into account the operations in Chile, Peru and Argentina. 16 shopping malls are being operated. This number rises to more than 603,000 m<sup>2</sup> when including Mall Plaza El Roble.
- Bonds were redeemed in August 2007 for a cost of approximately US\$136 million. This meant recognizing a one-time loss of approximately CH\$7.8 billion (US\$MM15.6) because of prepayment costs and the amortization of goodwill.
- The organization was completely restructured to withstand the aggressive expansion plan launched by the company. Corporate Divisions were created that will be responsible for leading the company's regional development.

#### Notes:

- The observed dollar exchange rate on January 10, 2008 is used for all figures in dollars: CH\$496.89 per US\$1.
- Amounts in Ch\$ are taken from the Standard Financial Statements (FECU) for December 31, 2007.
- Symbols for quarters: 1Q, 2Q, 3Q and 4Q, as applicable.

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<sup>1</sup> GLA: Gross Leasable Area.

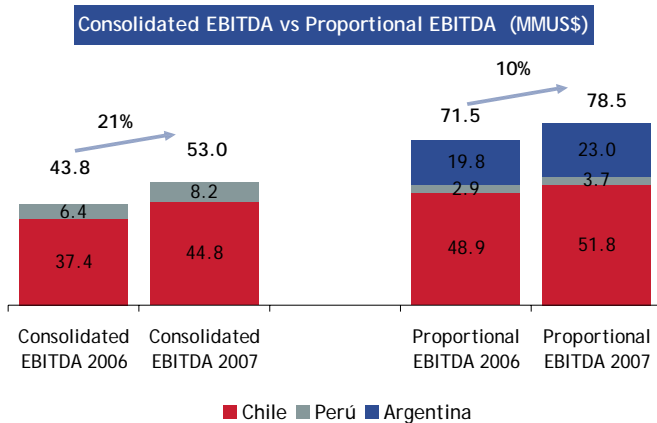
## III. CONSOLIDATED INCOME STATEMENT FOR YEAR 2007

Ch\$M	2007	% Revenues	2006	% Revenues	Var %
Ingresos de explotación	46.058.108		36.634.305		25,7%
Costos de explotación (menos)	(17.372.237)	-37,7%	(14.000.683)	-38,2%	24,1%
Margen de explotación	28.685.871	62,3%	22.633.622	61,8%	26,7%
Gastos de administración y ventas (menos)	(7.259.207)	-15,8%	(4.991.053)	-13,6%	45,4%
<b>RESULTADO DE EXPLOTACIÓN</b>	<b>21.426.664</b>	<b>46,5%</b>	<b>17.642.569</b>	<b>48,2%</b>	<b>21,4%</b>
<b>EBITDA<sup>2</sup></b>	<b>26.349.479</b>	<b>57,2%</b>	<b>21.782.186</b>	<b>59,5%</b>	<b>21,0%</b>
Ingresos financieros	3.962.540		1.630.922		143,0%
Utilidad inversiones empresas relacionadas	5.574.974		4.419.195		26,2%
Otros ingresos fuera de la explotación	723.070		468.723		54,3%
Amortización menor valor de inversiones (menos)	(269.499)		(294.495)		-8,5%
Gastos financieros (menos)	(7.635.402)		(6.804.743)		12,2%
Otros egresos fuera de la explotación (menos)	(8.711.978)		(494.228)		1662,7%
Corrección monetaria	(6.708.135)		(1.561.103)		329,7%
Diferencias de cambio	(490.687)		106.432		-561,0%
<b>RESULTADO FUERA DE EXPLOTACIÓN</b>	<b>(13.555.117)</b>	<b>-29,4%</b>	<b>(2.529.297)</b>	<b>-6,9%</b>	<b>435,9%</b>
Res. antes de impto. a la renta e ítemes ext.	7.871.547		15.113.272		-47,9%
Impuesto a la renta	(1.298.594)		(686.505)		89,2%
Utilidad (pérdida) antes de interés minoritario	6.572.953		14.426.767		-54,4%
Interés minoritario	(834.348)		(107.433)		676,6%
Utilidad (pérdida) líquida	5.738.605		14.319.334		-59,9%
Amortización mayor valor de inversiones	20.278		20.278		0,0%
<b>Utilidad (pérdida) del ejercicio</b>	<b>5.758.883</b>	<b>12,5%</b>	<b>14.339.612</b>	<b>39,1%</b>	<b>-59,8%</b>

#### IV. ANALYSIS OF CONSOLIDATED INCOME

→ Operating income: rose 21%, to Ch\$21.427 billion (US\$MM 43.1), mainly because:

- the income of Megapaza Norte (Peru) was included. It began to be consolidated in December 2006; and
- Chile made a greater contribution. New areas like Boulevard del Parque and the new Home & Design Zone were consolidated;
- The income of Mall Plaza El Roble was included for December 2007.



→ Operating Income: rose 25.7%, to Ch\$46.058 billion (US\$MM 92.6) due to the increase in sales in the Chile operation and the consolidation of the operations of Megaplaza in Peru.

→ Operating Expenses: increased 26% in 2007, to Ch\$17.372 billion (US\$MM 34.9), mainly because of the inclusion of the shopping center in Lima and the rise in electricity costs as well as the increase in depreciation for the fiscal year, the product of the increase in investments.

→ Operating Margin: totaled Ch\$28.868 billion (US\$MM 57.7) in 2007. This represents a growth of 275 compared to the previous year. The cumulative gross margin was 62.3% of sales as of December 2007, compared to 61.8% in the same period of the previous year.

→ Selling, General & Administration Expenses (SGA): climbed by Ch\$2.268 billion (US\$MM 14.6), mainly the result of including the Peru operation. SGA went from 13.6% in 2006 to 15.8% of sales in 2008. This increment came mainly from the percentage increase in expenses in Chile and the increase in expenses because of the consolidation of the Peru operation. There the expenses are higher as a percentage of sales than the base for the previous year.

→ EBITDA: was Ch\$26.349 billion (US\$MM 53.0), a reflection of the Chile and Peru operations that meant an increase of 21%. The Proportional Ebitda<sup>2</sup> amounted to Ch\$ 39.005 billion (US\$MM 78.5).

→ Non-Operating Loss: of Ch\$13.555 billion (US\$MM 27.2), Ch\$11.026 billion higher than the previous year. The difference can be explained as follows:

- Bonds were redeemed in August 2007 for approximately US\$MM 136. This entailed recognizing a one-time loss of approximately Ch\$7.800 billion (US\$MM15.6) because of prepayment costs (Ch\$4.479 billion) and goodwill amortization (Ch\$3.303 billion). Through this transaction, PASA substantially reduced the cost of debt because it went from a rate of UF+6.26% to one of UF+4.25% on the new loan. This will translate into lower interest expense of around Ch\$1.400 billion annually that will be seen in the increase in cash generation in the future.

<sup>2</sup> Proportional Ebitda: means the consolidated EBITDA + the percentage share in the EBITDA of companies related by ownership (APSA: 31.6%, Marina Arauco: 33.3%, and Curico: 33.3%).

- Inflation rose in the year as compared to 2006, which meant increases of approximately Ch\$5.147 billion in price-level restatement losses.

Partially offset by:

- An increase of Ch\$2.331 billion in interest income given the better liquidity resulting from the capital increase made in December of last year and the improved performance of our investments in Argentina Alto Palermo S.A. and Inmobiliaria Mall Viña del Mar S.A.
  - A rise of Ch\$1.556 billion in the profit on investments in related companies, the product of an increase in profits recognized for Alto Palermo (growth of 36%) and Inmobiliaria Mall Viña del Mar (growth of 48%).
- Net Profit: totaled Ch\$5.759 billion (US\$MM 11.5), Ch\$8.581 billion less than the previous fiscal year, mainly due to the non-recurring losses because of the bond prepayment.
- Adjusted Net Profit<sup>3</sup>: amounted to Ch\$18.688 billion (US\$MM 37.6) because of the non-recurring losses.

## V. OPERATING INDICATORS

Income Statement Chile			
Million of Chilean Pesos	2007	2006	Var %
Revenues	39.389	35.627	10,6%
Total Costs	-20.775	-18.217	14,0%
<b>Operating Income</b>	<b>18.614</b>	<b>17.410</b>	<b>6,9%</b>
EBITDA	23.017	21.501	7,0%
% EBITDA	58,4%	60,4%	

Income Statement Perú			
US\$ Thousands	2007	2006	Var %
Revenues	13.096	10.470	25,1%
Total Costs	-6.003	-4.933	21,7%
<b>Operating Income</b>	<b>7.093</b>	<b>5.537</b>	<b>28,1%</b>
EBITDA	8.217	6.411	28,2%
% EBITDA	62,7%	61,2%	

Note: Peru's Income Statement corresponds to the recognized income of ICP S.A., which represents the entire operation of Parque Arauco in Peru.

<sup>3</sup> Adjusted Net Profit: means Net Profit + Loss from bond prepayment + Exchange Differentials + Price-Level Restatement.

## 2007 RESULTS

Tentants Revenue Composition	Parque Arauco Kennedy	Arauco Maipú	Marina Arauco	Mall Center Curicó	Mega Plaza Norte	Alto Palermo S.A.
Department Stores & Home Improvement	49%	40%	52%	64%	50%	N/A
Small Stores	36%	55%	40%	12%	11%	N/A
Restaurants	9%	3%	6%	2%	5%	N/A
Other	6%	2%	2%	22%	34%	N/A
	100%	100%	100%	100%	100%	N/A
Tenants Revenue Var 07/06	6,0%	8,9%	3,6%	-	29,2%	26,3%
Monthly Revenue per M2 (US\$) 2007	440	240	338	127	305	N/A
Monthly Revenue per M2 (US\$) 2006	428	214	355	-	274	N/A

Note: Mall Center Curico and Megaplaza Norte operate supermarkets. That income is included in "Other."

## VI. REGIONAL EXPANSION - FUTURE PROJECTS

### → New Corporate Strategy:

- 1) Intensify the **internationalization** to the other countries in Latin America.
- 2) Expand the Company's regionalization by **expanding in provinces in Chile**.
- 3) Strengthen the growth in existing assets by **investments that make actual shopping malls more attractive**.
- 4) Develop **new concepts and formats** for growth (strip malls, power centers, neighborhood malls).
- 5) Create **alliances with relevant retail players** who already have an excellent positioning in real estate.

### → In this context, Parque Arauco S.A.:

- is consolidating the inclusion of Mall Plaza El Roble, purchased in its entirety by Parque Arauco S.A. in December 2007. It is located in downtown Chillan.
- is enlarging Mall Paseo Estacion to include an anchor store, a home improvement store and other smaller stores. The GLA will increase to 54,000 m<sup>2</sup>.
- is building two office towers at Parque Arauco Kennedy. They are scheduled for inauguration in the second half of 2008.
- is building, as part of its new format development, a strip mall in the borough of Maipu (to be inaugurated in 2008) and a neighborhood mall in the Quilicura sector (to be inaugurated in 2009).
- is developing 3 new shopping centers in Peru. Of particular note is Parque El Golf in San Isidro.
- recently bought land in Chorrillos, Lima, to build a strip mall.
- is developing an expansion plan for Colombia where PASA expects to build shopping malls in some of the major cities.

In mid-2007, Parque Arauco announced an aggressive expansion plan for the period 2007-2009 that includes investment projects appraised at US\$1.0 billion, both for the Chilean and regional markets. At the end of December 2007, approximately 65% of the projects are underway or approved. These new projects will double the GLA to nearly 1.2 million square meters by 2009.

Taking into consideration these new developments and the company's acquisitions, the consolidated EBITDA is expected to rise nearly 40% in 2008.

## VII. FINANCIAL INDICATORS<sup>4</sup>

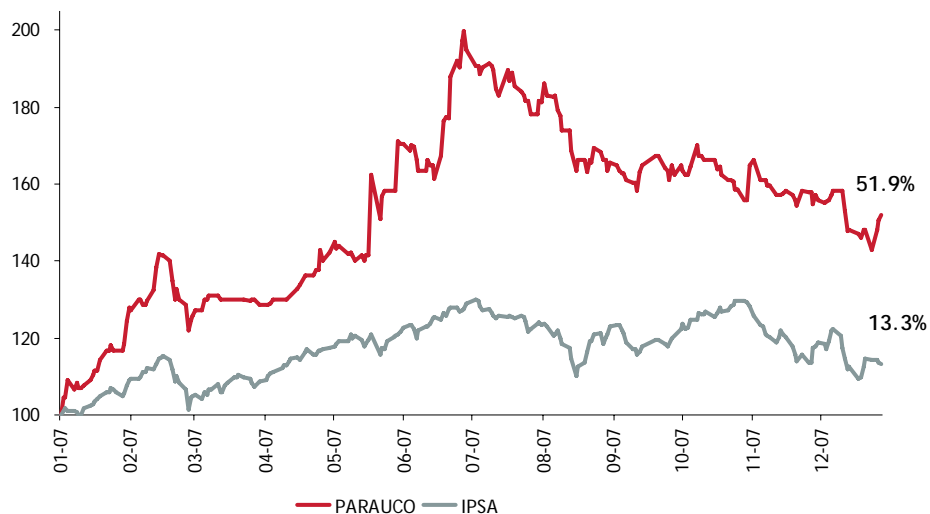
LIQUIDITY	Units	2007	2006
Current Ratio	times	0.68	5.51
Acid Test Ratio	times	0.68	5.51

DEBT	Units	2007	2006
Debt Ratio	times	0.87	0.77
Short-term Liabilities	%	36%	10%
Long-term Liabilities	%	64%	90%
Financial Expenses	Ch\$ million	7,635	6,805

PROFITABILITY	Units	2007	2006
ROE	%	2.7%	7.9%
ROA	%	1.5%	4.3%
FFO	Ch\$ million	10,682	18,479
EPS	Ch\$	9.5	23.7
Dividends return	%	1.7	2.6
Adjusted FFO	Ch\$ million	25,663	19,934
Adjusted ROE	%	9.8%	8.7%
Adjusted ROA	%	5.3%	4.9%

<sup>4</sup> Adjusted indicators take into account Net Profit + Loss on Bond Prepayment + Loss for Price-Level Restatement and Exchange Differentials.

## VIII. PARQUE ARAUCO STOCK IN 2007



## IX. APPENDIX: SHOPPING MALL TABLE

MALL	Country	Total GLA (m <sup>2</sup> )	% Ownership	Own GLA (m <sup>2</sup> )
1 Parque Arauco Kennedy	CL	107,167	100.0%	107,167
2 Mall Arauco Maipú	CL	54,029	100.0%	54,029
3 Mall Paseo el Roble	CL	26,089	100.0%	26,089
4 Mall Marina Arauco	CL	57,453	33.3%	19,151
5 Mall Center Curicó	CL	45,584	33.3%	15,195
<b>TOTAL CHILE</b>		<b>290,321</b>		<b>221,630</b>
6 Megaplaza Norte	PE	63,111	45.0%	28,400
<b>TOTAL PERU</b>		<b>63,111</b>		<b>28,400</b>
7 Alto Palermo	AR	18,210	31.6%	5,754
8 Abasto	AR	39,683	31.6%	12,540
9 Patio Bullrich	AR	10,978	31.6%	3,469
10 Paseo Alcorta	AR	14,403	31.6%	4,551
11 Alto Avellaneda	AR	27,336	31.6%	8,638
12 Buenos Aires Design	AR	13,988	17.1%	2,387
13 Alto Noa	AR	18,831	31.6%	5,951
14 Alto Rosario	AR	30,261	31.6%	9,562
15 Mendoza Plaza	AR	39,392	26.9%	10,581
16 Cordoba	AR	11,056	31.6%	3,494
<b>TOTAL ARGENTINA</b>		<b>224,138</b>		<b>66,927</b>
<b>TOTAL</b>		<b>577,570</b>		<b>316,957</b>

X. FINANCIAL STATEMENTS

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PARQUE ARAUCO S.A.  
CONSOLIDATED BALANCE SHEETS  
Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
<b>ASSETS</b>		
<b>Current Assets</b>	<b>44.488</b>	<b>91.762</b>
Cash	2.513	1.589
Time deposits	2.363	291
Marketeable securities	15.790	14.830
Trade receivables	9.098	7.505
Notes receivables	331	924
Other receivables	261	296
Notes and accounts receivable from related parties	63	58
Inventories	0	0
Recoverable taxes	4.879	1.203
Prepaid expenses	555	508
Deferred income taxes	524	542
Other current assets	8.110	64.016
Leasing agreements	0	0
Leasing assets	0	0
<b>Property, Plant and Equipment</b>	<b>277.058</b>	<b>206.313</b>
Land	56.773	44.203
Buildings and infrastructure	250.228	188.389
Machinery and equipment	5.230	4.924
Other property, plant and equipment	23.529	19.872
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(58.702)	(51.075)
<b>Other Assets</b>	<b>73.232</b>	<b>86.298</b>
Investments in related companies	68.088	74.615
Investments in other societies	0	0
Goodwill	2.799	3.614
Negative goodwill	(3.748)	(41)
Long Term receivables	576	730
Notes and accounts receivable from relates parties	0	0
Deferred income taxes	259	0
Intangibles assets	2.837	3.153
Amortization	(722)	(539)
Other long-term assets	3.143	4.766
Long-term leasing	0	0
<b>Total Assets</b>	<b>394.778</b>	<b>384.373</b>

PARQUE ARAUCO S.A.  
CONSOLIDATED BALANCE SHEETS

Expressed in Millions of Chilean Pesos as of December 31 2007

LIABILITIES	2007	2006
<b>Current Liabilities</b>	<b>65.705</b>	<b>16.663</b>
Short-term bank borrowings	34.054	0
Current portion of long-term bank borrowings	21.827	5.078
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	675	5.000
Current portion of long-term borrowings	82	271
Dividends to be paid	33	43
Trade account payables	5.313	2.312
Documents payable	28	577
Sundry creditors	6	7
Notes and accounts payable to related companies	392	394
Accruals	1.750	1.592
Withholdings	625	663
Income tax	255	126
Unearned income	665	599
Deferred taxes	0	0
Other short-term liabilities	0	0
<b>Total long-term liabilities</b>	<b>114.856</b>	<b>148.458</b>
Long-term bank borrowings	84.228	59.840
Bonds payable	14.489	69.587
Documents payable - long-term	2	3.299
Sundry creditors	0	0
Notes and accounts payable to related companies	0	0
Accruals	0	0
Deferred taxes	6.434	5.579
Other long-term liabilities	9.703	10.152
<b>Minority interest</b>	<b>6.354</b>	<b>5.312</b>
<b>Shareholder's Equity</b>	<b>207.863</b>	<b>213.941</b>
Paid-in capital	139.833	138.969
Capital revaluation reserve	0	0
Additional paid-in capital	9.194	9.041
Other reserves	(18.817)	(12.443)
<b>Retained earnings</b>	<b>77.654</b>	<b>78.375</b>
Reserve for future dividends	71.895	64.035
Accumulated profits	0	0
Accumulated loss	0	0
Net income (loss)	5.759	14.340
Interim dividends	0	0
Deficit from development period	0	0
<b>Total Liabilities</b>	<b>394.778</b>	<b>384.373</b>

PARQUE ARAUCO S.A.  
CONSOLIDATED INCOME STATEMENT

Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
<b>Operating Income</b>	<b>21.427</b>	<b>17.643</b>
Gross Margin	28.686	22.634
Revenues	46.058	36.634
Cost of sales	(17.372)	(14.001)
Selling , general and administrative expenses	(7.259)	(4.991)
<b>Non-operating Income</b>	<b>(13.555)</b>	<b>(2.529)</b>
Financial income	3.963	1.631
Profit on investments in related companies	5.575	4.419
Other non-operating income	723	469
Loss on investment in related companies	0	0
Amortization of goodwill	(269)	(294)
Financial expenses	(7.635)	(6.805)
Other non-operating expenses	(8.712)	(494)
Price-level restatement	(6.708)	(1.561)
Exchange differentials	(491)	106
Profit Before Income Tax & Extraordinary Items	7.872	15.113
Income Tax	(1.299)	(687)
Extraordinary Items	0	0
Profit (loss) before minority interest	6.573	14.427
Minority interest	(834)	(107)
<b>Net profit (loss)</b>	<b>5.739</b>	<b>14.319</b>
Amortization of negative goodwill	20	20
<b>Profit (loss) in the fiscal year</b>	<b>5.759</b>	<b>14.340</b>

PARQUE ARAUCO S.A.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
<b>Cash Flows From Operating Activities</b>	<b>18.203</b>	<b>15.794</b>
Collection of trade receivables	52.793	39.286
Financial income received	3.007	705
Dividends received	4.134	2.142
Other income received	243	286
Payments to suppliers and personnel	(22.221)	(14.136)
Interest paid	(7.798)	(6.845)
Income tax payments	(83)	(286)
Other expenses	(10.081)	(3.108)
VAT and other taxes paid	(1.791)	(2.821)
<b>Cash Flows From Financing Activities</b>	<b>(4.376)</b>	<b>59.721</b>
Proceeds from issuance of common stock	3.456	54.332
Borrowings from banks	120.389	24.932
Proceeds from issuance of bonds	15.164	0
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	0	0
Payment of dividends	(7.288)	(4.941)
Distribution of capita	(1.443)	0
Payment of loans	(62.306)	(9.845)
Payment of public liabilities incurred	(69.448)	(3.005)
Payment of related companies loans	0	0
Payment of other related companies loans	(2.900)	(1.751)
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	0
Other payments	0	0
<b>Cash Flows From Investing Activities</b>	<b>(63.057)</b>	<b>(19.234)</b>
Proceeds from sales of property, plant and equipment	362	7
Proceeds from sales of long-term investments	0	0
Proceeds from sales of other investments	0	0
Collection of loans to related companies	0	0
Collections of other loans to related companies	0	2.620
Other investment income	764	817
Additions to property, plant and equipment	(41.639)	(13.070)
Payment of interest capitalized	0	0
Purchase of permanent investments	(15.323)	(6.187)
Investments in financial instruments	(343)	(438)
Loans to related companies	0	0
Other payments to related companies	(6.585)	0
Other payments of investments	(293)	(2.982)
<b>Net Cash Flow</b>	<b>(49.230)</b>	<b>56.281</b>
	(1.236)	(181)
Price-level Restatements of Cash and Cash Equivalents	(50.466)	56.099
Net Increase (Decrease) in Cash and Cash Equivalents	66.426	10.293
Cash and Cash Equivalents at Beginning of Period	15.960	66.392
Cash and Cash Equivalents at End of Period	0	0

PARQUE ARAUCO S.A.  
**CONSOLIDATED RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS**  
Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
<b>Income on sale of assets</b>	<b>(29)</b>	<b>0</b>
Gain on sales of property, plant and equipment	(29)	0
Gain on sales of investments	0	0
Loss on sales of investments	0	0
Gain (loss) on sales of other assets	0	0
<b>Other Debits (Credits) to income that do not represent cash flows</b>	<b>12.580</b>	<b>1.347</b>
Depreciation	4.923	4.140
Amortization of Intangibles	221	73
Write-offs and provisions	88	146
Equity in gains of unconsolidated affiliates	(5.575)	(4.419)
Equity in losses of unconsolidated affiliates	0	0
Amortization of goodwill	269	294
Amortization of negative goodwill	(20)	(20)
Price-level restatement	6.708	1.561
Exchange differentials	491	(106)
Other credits to income that do not represent cash flows	(561)	(1.049)
Other debits to income that do not represent cash flows	4.914	728
<b>Changes in operating assets</b>	<b>(1.862)</b>	<b>(2.904)</b>
Receivables	(2.827)	(2.905)
Inventories	0	0
Other current assets	965	2
<b>Changes in operating liabilities</b>	<b>921</b>	<b>2.904</b>
Trade accounts payable and notes payables relating to operating activities	5.420	2.586
Taxes to be paid	575	1.876
Net income tax	657	378
Other trade accounts payable relating to operating activities	(4.419)	(1.462)
VAT and other taxes	(1.313)	(475)
<b>Income attributable to minority interest</b>	<b>834</b>	<b>107</b>
<b>Net cash provided by operating activities</b>	<b>18.203</b>	<b>15.794</b>

PARQUE ARAUCO S.A.  
**INDIVIDUAL BALANCE SHEETS**  
Expressed in Millions of Chilean Pesos as of December 31 2007

ASSETS	2007	2006
<b>Current Assets</b>	<b>17.613</b>	<b>71.474</b>
Cash	409	651
Time deposits	0	0
Marketeable securities	4.152	3.257
Trade receivables	6.729	6.095
Notes receivables	239	906
Other receivables	160	191
Notes and accounts receivable from related parties	145	73
Inventories	0	0
Recoverable taxes	334	67
Prepaid expenses	402	424
Deferred income taxes	338	362
Other current assets	4.705	59.449
Leasing agreements	0	0
Leasing assets	0	0
<b>Property, Plant and Equipment</b>	<b>169.538</b>	<b>157.418</b>
Land	36.111	32.533
Buildings and infrastructure	156.696	147.054
Machinery and equipment	3.674	3.484
Other property, plant and equipment	17.745	15.348
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(44.688)	(41.001)
<b>Other Assets</b>	<b>163.651</b>	<b>134.762</b>
Investments in related companies	70.988	57.728
Investments in other societies	0	0
Goodwill	850	927
Negative goodwill	(3.748)	(41)
Long Term receivables	567	730
Notes and accounts receivable from relates parties	92.137	69.958
Deferred income taxes	0	0
Intangibles assets	487	460
Amortization	(279)	(221)
Other long-term assets	2.650	5.221
Long-term leasing	0	0
<b>Total Assets</b>	<b>350.802</b>	<b>363.655</b>

PARQUE ARAUCO S.A.  
**INDIVIDUAL BALANCE SHEETS**  
Expressed in Millions of Chilean Pesos as of December 31 2007

LIABILITIES	2007	2006
<b>Current Liabilities</b>	<b>47.442</b>	<b>18.202</b>
Short-term bank borrowings	34.054	0
Current portion of long-term bank borrowings	6.774	5.062
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	0	5.000
Current portion of long-term borrowings	0	0
Dividends to be paid	33	43
Trade account payables	3.031	1.693
Documents payable	18	486
Sundry creditors	5	4
Notes and accounts payable to related companies	1.712	3.728
Accruals	876	1.192
Withholdings	489	489
Income tax	0	93
Unearned income	451	412
Deferred taxes	0	0
Other short-term liabilities	0	0
<b>Total long-term liabilities</b>	<b>95.497</b>	<b>131.512</b>
Long-term bank borrowings	84.228	49.922
Bonds payable	0	69.587
Documents payable - long-term	2	2
Sundry creditors	0	0
Notes and accounts payable to related companies	0	0
Accruals	0	0
Deferred taxes	1.447	1.342
Other long-term liabilities	9.820	10.659
<b>Minority interest</b>	<b>0</b>	<b>0</b>
<b>Shareholder's Equity</b>	<b>207.863</b>	<b>213.941</b>
Paid-in capital	139.833	138.969
Capital revaluation reserve	0	0
Additional paid-in capital	9.194	9.041
Other reserves	(18.817)	(12.443)
<b>Retained earnings</b>	<b>77.654</b>	<b>78.375</b>
Reserve for future dividends	71.895	64.035
Accumulated profits	0	0
Accumulated loss	0	0
Net income (loss)	5.759	14.340
Interim dividends	0	0
Deficit from development period	0	0
<b>Total Liabilities</b>	<b>350.802</b>	<b>363.655</b>

PARQUE ARAUCO S.A.  
**INDIVIDUAL INCOME STATEMENT**  
Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
<b>Operating Income</b>	<b>16.954</b>	<b>16.099</b>
Gross Margin	21.540	19.876
Revenues	34.110	30.984
Cost of sales	(12.570)	(11.109)
Selling , general and administrative expenses	(4.587)	(3.777)
<b>Non-operating Income</b>	<b>(11.035)</b>	<b>(1.261)</b>
Financial income	3.013	595
Profit on investments in related companies	3.965	4.864
Other non-operating income	547	474
Loss on investment in related companies	(1.092)	(113)
Amortization of goodwill	(77)	(77)
Financial expenses	(6.636)	(6.615)
Other non-operating expenses	(8.273)	(453)
Price-level restatement	(2.229)	(36)
Exchange differentials	(253)	100
Profit Before Income Tax & Extraordinary Items	5.918	14.837
Income Tax	(180)	(518)
Extraordinary Items	0	0
Profit (loss) before minority interest	5.739	14.319
Minority interest	0	0
<b>Net profit (loss)</b>	<b>5.739</b>	<b>14.319</b>
Amortization of negative goodwill	20	20
<b>Profit (loss) in the fiscal year</b>	<b>5.759</b>	<b>14.340</b>

PARQUE ARAUCO S.A.  
**INDIVIDUAL STATEMENT OF CASH FLOWS**  
Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
<b>Cash Flows From Operating Activities</b>	<b>11.254</b>	<b>11.893</b>
Collection of trade receivables	37.014	33.596
Financial income received	2.837	555
Dividends received	2.343	447
Other income received	1.057	280
Payments to suppliers and personnel	(12.657)	(11.573)
Interest paid	(5.812)	(6.701)
Income tax payments	(98)	(279)
Other expenses	(10.134)	(2.666)
VAT and other taxes paid	(3.296)	(2.326)
<b>Cash Flows From Financing Activities</b>	<b>(7.247)</b>	<b>61.810</b>
Proceeds from issuance of common stock	949	54.332
Borrowings from banks	120.389	24.932
Proceeds from issuance of bonds	0	0
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	0	0
Payment of dividends	(6.080)	(4.941)
Distribution of capita	0	0
Payment of loans	(53.057)	(9.507)
Payment of public liabilities incurred	(69.448)	(3.005)
Payment of related companies loans	0	0
Payment of other related companies loans	0	0
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	0
Other payments	0	0
<b>Cash Flows From Investing Activities</b>	<b>(53.657)</b>	<b>(18.696)</b>
Proceeds from sales of property, plant and equipment	0	7
Proceeds from sales of long-term investments	0	0
Proceeds from sales of other investments	0	0
Collection of loans to related companies	0	0
Collections of other loans to related companies	1.253	4.468
Other investment income	764	817
Additions to property, plant and equipment	(13.634)	(10.592)
Payment of interest capitalized	0	0
Purchase of permanent investments	(15.214)	(75)
Investments in financial instruments	0	0
Loans to related companies	0	0
Other payments to related companies	(26.824)	(13.318)
Other payments of investments	(2)	(2)
<b>Net Cash Flow</b>	<b>(49.651)</b>	<b>55.007</b>
	(4.343)	(169)
Price-level Restatements of Cash and Cash Equivalents	(53.994)	54.838
Net Increase (Decrease) in Cash and Cash Equivalents	63.033	8.195
Cash and Cash Equivalents at Beginning of Period	9.039	63.033
Cash and Cash Equivalents at End of Period	0	0

PARQUE ARAUCO S.A.  
**INDIVIDUAL RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS**  
Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
<b>Income on sale of assets</b>	<b>0</b>	<b>0</b>
Gain on sales of property, plant and equipment	0	0
Gain on sales of investments	0	0
Loss on sales of investments	0	0
Gain (loss) on sales of other assets	0	0
<b>Other Debits (Credits) to income that do not represent cash flows</b>	<b>5.771</b>	<b>(1.637)</b>
Depreciation	3.688	3.443
Amortization of Intangibles	57	49
Write-offs and provisions	43	93
Equity in gains of unconsolidated affiliates	(3.965)	(4.864)
Equity in losses of unconsolidated affiliates	1.092	113
Amortization of goodwill	77	77
Amortization of negative goodwill	(20)	(20)
Price-level restatement	2.229	36
Exchange differentials	253	(100)
Other credits to income that do not represent cash flows	(847)	(862)
Other debits to income that do not represent cash flows	3.164	398
<b>Changes in operating assets</b>	<b>448</b>	<b>(3.097)</b>
Receivables	(1.784)	(2.120)
Inventories	0	0
Other current assets	2.232	(977)
<b>Changes in operating liabilities</b>	<b>(724)</b>	<b>2.287</b>
Trade accounts payable and notes payables relating to operating activities	3.496	1.240
Taxes to be paid	545	1.831
Net income tax	183	797
Other trade accounts payable relating to operating activities	(4.085)	(1.141)
VAT and other taxes	(863)	(441)
<b>Income attributable to minority interest</b>	<b>0</b>	<b>0</b>
<b>Net cash provided by operating activities</b>	<b>11.254</b>	<b>11.893</b>