

# 1Q 2008 RESULTS

## Executive Summary



- CONSOLIDATED EBITDA FOR THE 1ST QUARTER INCREASED BY 8.9% TO CH\$ 7,216 MILLION (US\$ 16.5 MILLION)
- CONSOLIDATED INCOME INCREASED BY 12% TO CH\$ 12,270 MILLION (US\$ 28 MILLION)
- EQUITY IN EARNINGS OF AFFILIATES INCREASED BY 24%
- NET INCOME TOTALED CH\$ 3,249 MILLION (US\$ 7.4 MILLION)
- NET INCOME BEFORE MONETARY CORRECTION AND EXCHANGE DIFFERENTIALS TOTALED CH\$ 4,076 MILLION (US\$ 10.8 MILLION)
- ADJUSTED FFO GREW 6.1%
- TOTAL ABL, INCLUDING MALL PASEO ESTACIÓN (NOT YET CONSOLIDATED) ACCOUNT FOR 583,534 M2
- SUCCESSFUL CORPORATE BOND PLACEMENT FOR UF 3.5 MILLION (US\$ 170 MILLION) UNDER EXCELLENT FINANCING CONDITIONS
- PARQUE ARAUCO ANNOUNCES ITS PURCHASE OF A 51% STAKE IN MALL DEL PACÍFICO, IN SAN ANTONIO, CHILE
- PARQUE ARAUCO ANNOUNCES THE CONSTRUCTION OF THE FIRST PREMIUM OUTLET MALL IN SANTIAGO

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Notes:

- Figures are based on exchange rate as of April 1, 2008: \$437.71 Ch\$/US\$ for all figures in dollars
- Amounts in Ch\$ in accordance with FECU as of March 31, 2008
- Symbols for quarters: 1Q, 2Q, 3Q and 4Q, as appropriate

## II. HIGHLIGHTS FOR 1st Quarter 2008

→ Financing of the Company's investment plan:

- Corporate Bond Placement: On March 18, 2008 Parque Arauco S.A. successfully placed corporate bonds totaling UF 3.5 million (approximately US\$170 million).
  - Series "G", with 10 years term to maturity and a 1.5 years grace period, for a total of UF 1.25 million at a placement rate of UF + 2,97%. The placement spread was 62 basis points.
  - Series "H", with 21 years term to maturity and a 10 years grace period, for a total of UF 2.25 million at a placement rate of UF + 3,79%. The placement spread was 72 basis points.
- Syndicated Loan: Parque Arauco S.A. underwrote a syndicated loan for UF 2.5 million (US\$ 110 million), also under very competitive conditions; approximately UF+2.92% (Tab+0.45) (Note: The underwriting of the loan was done in April 2008).

The success of both transactions shows the market's confidence in Parque Arauco's future projects, thus allowing the completion of approximately **90% of the necessary financing to carry forth the investment plan** proposed by the Company.

- Due diligence was completed on the purchase of 83% of the Paseo Estación Mall property, located in the municipality of Estación Central in Santiago, Chile. The successful completion will allow Parque Arauco to consolidate the operations of this shopping center as of May 1, 2008.
- Expansion of MegaPlaza Norte in Peru, where rentable area was increased to 67,750 m<sup>2</sup>.
- Parque Arauco's total ABL is 583,534 m<sup>2</sup>, including operations in Chile, Peru and Argentina, where it operates 16 shopping centers. With the inclusion of Plaza El Roble Mall, the Company's total GLA (gross leasable area) will be more than 608,000 m<sup>2</sup>.

- Parque Arauco S.A. announced the purchase of a 51% stake in the Paseo del Pacifico Mall project, located in San Antonio (Chile), at a total cost of US\$ 44 million. The project's format is the first of its kind in Chile, and includes a casino, a hotel and a shopping center in the same location. Paseo del Pacífico will generate annual EBITDA of around US\$ 6 million.

SAN ANTONIO PROJECT:



- Parque Arauco S.A. recently announced the construction of a Premium Outlet Mall in the municipality of Quilicura in Santiago, Chile. The shopping center will have approximately 7,000 m<sup>2</sup> of ABL during its first phase and calls for an investment of US\$ 18 million. It should be operational by March 2009. (Announced in April 08).

PREMIUM OUTLET QUILICURA PROJECT:



III. CONSOLIDATED RESULTS<sup>1</sup>CONSOLIDATED INCOME STATEMENT 1st QUARTER 2008

Ch\$M	1Q - 2008	% Ing	1Q - 2007	% Ing	Var %
Revenues	12,269,545		10,951,062		12.0%
Cost of Sales	(5,206,971)	-42.4%	(4,059,740)	-37.1%	28.3%
Gross Margin	7,062,574	57.6%	6,891,322	62.9%	2.5%
Selling, General and Administrative Expenses	(1,324,384)	-10.8%	(1,459,670)	-13.3%	-9.3%
<b>OPERATING INCOME</b>	<b>5,738,190</b>	<b>46.8%</b>	<b>5,431,652</b>	<b>49.6%</b>	<b>5.6%</b>
<b>EBITDA<sup>1</sup></b>	<b>7,215,873</b>	<b>58.8%</b>	<b>6,624,233</b>	<b>60.5%</b>	<b>8.9%</b>
Financial Income	429,320		1,034,355		-58.5%
Profit on Investment in Related Companies	1,414,167		1,142,611		23.8%
Other non-operating Income	182,568		126,342		44.5%
Amortization of Goodwill	(58,720)		(79,852)		-26.5%
Financial Expenses	(1,996,627)		(1,848,077)		8.0%
Other non-operating Expenses	(397,586)		(157,201)		152.9%
Price-level Restatement	(737,198)		(262,818)		180.5%
Exchange Differentials	(1,008,338)		(25,606)		3838.0%
<b>NON-OPERATING INCOME</b>	<b>(2,172,414)</b>	<b>-17.7%</b>	<b>(70,247)</b>	<b>-0.6%</b>	<b>2992.6%</b>
Profit before Income Tax & Extraordinary Items	3,565,776		5,361,405		-33.5%
Income Tax	(388,975)		(524,993)		-25.9%
Profit (Loss) before Minority Interest	3,176,801		4,836,412		-34.3%
Minority Interest	66,955		(221,973)		-130.2%
Net Profit (Loss)	3,243,756		4,614,440		-29.7%
Amortization of Negative Goodwill	5,110		5,113		-0.1%
<b>PROFIT LOSS IN THE FISCAL YEAR</b>	<b>3,248,866</b>	<b>26.5%</b>	<b>4,619,553</b>	<b>42.2%</b>	<b>-29.7%</b>

<sup>1</sup> EBITDA takes into account only operational depreciation attributed to operating costs

#### IV. ANALYSIS OF CONSOLIDATED RESULTS

Compared with the previous year:

- Net Revenues from Operations increased 12%.
- EBITDA increased 8.9%, a reflection of greater activity and a general improvement in the operational performance of the Chile and Peru operations.
- EBITDA of Chilean operations increased 11.3%.
- Equity in Earnings of Affiliates increased 24%, due to better results in Argentina (Alto Palermo S.A), up 21%, and the Marina Arauco and Curico malls, which increased 28%. (Inmobiliaria Mall Viña del Mar S.A.)
- Non Operating Income decreased, mainly due to higher inflation during this period (0.8% vs. 0.2%) and to exchange rate differences caused by the appreciation of the Peruvian Sol and its effects on accounting. These non-recurring items totaled Ch\$ 1,746 million.
- Net Income totaled Ch\$ 3,249 million during the first quarter of 2008.
- Net Income after non-recurring losses totaled Ch\$ 4,994 million, an increase of 8%.

EBITDA increased 8.9% (Operating Income + 5.6%):

- Greater contribution from Parque Arauco Kennedy where new areas were consolidated such as Boulevard del Parque (restaurants) and the new Home 7 Design Zone among others.
- Greater contribution from Arauco Maipu where the leasable area which was practically doubled was inaugurated at the end of 2007.
- Inclusion of the results of Mall Plaza el Roble as of December 2007.
- Operating income increased by 22% at megaplaza in Peru reflecting the strong consumer activity and increased leasable space. However, upon converting the results to Chilean pesos using the end of year period rates, the operating result was slightly negative.

Costs of Goods:

- COGS increased by 28% principally due to the consolidation of Mall Plaza el Roble and the increase in the cost of energy, mainly associated with the operations of Parque Arauco Kennedy and Arauco Maipu. Energy costs are passed on top tenants where possible and the company implemented a widespread energy savings initiative in 2007. Additionally, depreciation increased based on a higher asset base during the quarter.

Gross Income:

- Reached Ch\$ 7,063, representing an increase of 2.5% as compared to the previous period. As a percentage of revenues the margin was 57.6% as compared to 62.9% in the previous period.

SG & A:

- Decreased to 10.8% from 13.3% primarily due to a change in accounting method for marketing campaigns where costs are deferred to months related to the actual execution of campaigns. This will not have an impact on the full year numbers. This was offset by expenses associated with the consolidation of Mall Plaza el Roble.

Adjusting for expenses related to Mall Plaza el Roble which was not included in Q107 and the greater depreciation associated with new investments, the total operating expenses (COGS plus SG& A) increased 7%.



EBITDA for Chile and Peru operations totaled Ch\$ 7,216 million during the first quarter of 2008, an increase of 8.9% compared with the previous year.

Non Operating Income posted a loss of Ch\$ 2,172 million, which was Ch\$ 2,102 million higher than a year earlier. This difference is mainly a result of:

- Higher inflation during the period (0.8% vs. 0.2%) compared with the first quarter of 2007, which translated into higher losses due to a monetary correction of approximately Ch\$ 474 million.
- Losses due to Exchange Rate Differences, which were Ch\$ 983 million higher than in the first quarter of 2007. This result was mainly due to the accounting effects of converting Mega Plaza's debt from Soles to dollars, using a stronger Sol/dollar ratio than in the year ago period. It was also a result of the appreciation of the Chilean peso against the dollar and its effect on balances kept in foreign currency.
- Lower net interest income during the first quarter of 2008, which totaled Ch\$ 429 million, compared with Ch\$ 1,034 million during the same year period a year earlier. During the first quarter of 2007, Parque Arauco benefited from liquidity related to the capital increase obtained in December 2006.

Compensated partially by:

- Higher Equity in Earnings of Affiliates totaled Ch\$ 272 million, as a result of an increase in earnings at Alto Palermo and Inmobiliaria Mall Viña del Mar, whose earned profits increased 21% and 28%, respectively, during the first quarter of 2008.

Finally, Net Income totaled Ch\$ 3,249 million, a decrease of Ch\$ 1,371 million from a year earlier.

## V. OPERATING INDICATORS

Income Statement Chile				
Ch\$MM	Mar-08	Mar-07	Var 08/07	
Revenues	10,608	9,257	14.6%	
Total Costs	-5,645	-4,633	21.9%	
Operating Income	4,963	4,625	7.3%	
<b>EBITDA</b>	<b>6,312</b>	<b>5,671</b>	<b>11.3%</b>	
% EBITDA	59.5%	61.3%		

Income Statement Megaplaza - Peru				
US\$M	Mar-08	Mar-07	Var 08/07	
Revenues	4,004	3,386	18.3%	
Total Costs	-1,773	-1,563	13.4%	
Operating Income	2,231	1,823	22.4%	
<b>EBITDA</b>	<b>2,601</b>	<b>2,143</b>	<b>21.4%</b>	
% EBITDA	65.0%	63.3%		

## 1st Quarter 2008 RESULTS

### INDICATORS BY SHOPPING CENTER:

	Parque Arauco Kennedy	Arauco Maipú	Mall Plaza El Roble	Marina Arauco	Mall Center Curicó	Mega Plaza Norte
<b>% Tenant Revenue Composition 1Q08</b>						
Anchor Stores	44%	51%	78%	46%	81%	77%
Small Stores	47%	39%	13%	45%	14%	15%
Entertainment	1%	2%	1%	1%	1%	3%
Foodcourt	3%	6%	5%	7%	4%	3%
Others	6%	2%	2%	1%	0%	2%
	100%	100%	100%	100%	100%	100%
<b>% GLA Composition 1Q08</b>						
Anchor Stores	45%	53%	67%	43%	85%	63%
Small Stores	33%	32%	11%	32%	11%	18%
Entertainment	1%	1%	4%	3%	1%	1%
Foodcourt	8%	10%	7%	7%	3%	13%
Others	12%	3%	11%	15%	0%	4%
	100%	100%	100%	100%	100%	100%
<b>Operating Income 1Q08 (Ch\$MM)</b>						
Revenues	7,918	1,777	910	3,139	1,161	1,753
Costs	-3,462	-920	-326	-501	-193	-553
Gross Margin	4,456	857	584	2,638	968	1,199
% Gross Margin	56%	48%	64%	84%	83%	68%
SG&A	-728	-116	-83	-732	-357	-223
% SG&A	-9%	-7%	-9%	-23%	-31%	-13%
EBITDA	4,681	1,027	609	2,263	719	1,139
% EBITDA Margin	59%	58%	67%	72%	62%	65%
1Q08/1Q07 Tenants Revenue Var%	2.3%	67.0%	-3.8%	-2.1%	101.9%	21.8%
% Occupancy 1Q08	99.9%	99.5%	94.6%	100.0%	98.1%	99.9%
	Ch\$	Ch\$	Ch\$	Ch\$	Ch\$	SoL\$
Monthly Revenue per M2 1Q08	207,901	95,169	170,882	193,383	69,791	939.8
Monthly Revenue per M2 1Q07	209,398	100,392	180,698	198,974	59,332	826
Var 08/07	-0.7%	-5.2%	-5.4%	-2.8%	17.6%	13.8%
Total Visitors 1Q08 (thousands)	6,821	4,591	N/A	5,116	1,872	8,978
Total Visitors 1Q07 (thousands)	6,410	3,237	N/A	5,076	1,074	7,759
Var 08/07	6.4%	41.8%	N/A	0.8%	74.2%	15.7%

Sales per square meters in Parque Arauco Kennedy and Arauco Maipú fell slightly principally due to the fact that the rentable floor space was increased in these properties in the latter half of 2007, and revenues are not yet fully reflected based on the additional space. There were also some stores were closed due to the remodeling. In the case of Mall El Roble, as a recent acquisition, we are in the process of reevaluating the most appropriate store mix for the property. Marina Arauco experienced some additional local competition, which affected this indicator.

Consumption in Chile experienced a slight slowdown during first quarter 2008, this was reflected in lower revenues of our anchor stores. However, our rent structure allowed us to minimize this effect.



## VI. REGIONAL EXPANSION - FUTURE PROJECTS

→ New Corporate Strategy:

- 1) Intensify **internationalization** to other countries in Latin America.
- 2) Extend the Company's regionalization through expansion in other **provinces of Chile**.
- 3) Boost growth of current assets through investments that improve the **appeal of current shopping centers**.
- 4) Develop **new concepts and formats** to stimulate growth (Strip Centers - Power Centers - Local Malls).
- 5) Form **alliances with top retail players** who already have a significant participation in real estate assets.

→ Within this context and among other projects, Parque Arauco S.A. is:

- Expanding Paseo Estación Mall to include an anchor store, a home improvements store and additional smaller stores, for a total GLA area of 54,000 m<sup>2</sup>.
- Constructing two Office Towers at Parque Arauco Kennedy, with an estimated opening in the second half of 2008.
- Developing new formats, such as the construction of a Strip Center in the municipality of Maipú and a Mall in the Quilicura section, to be opened in 2008 and 2009, respectively.
- Developing 3 new Shopping Centers in Peru, including Parque El Golf in San Isidro.
- In the development stage for Mall del Pacífico, in San Antonio, Chile.
- In the development stage for Premium Outlet Center, in Quilicura, Santiago.
- Developing an expansion plan for Colombia, where PASA expects to build Shopping Centers in some of the country's main cities. At the moment, only the Pereira Project has been officially announced.

In mid-2007, Parque Arauco announced an aggressive expansion plan for the 2007–2009 period, with investment projects under consideration valued at US\$ 1 billion, both in the Chilean and regional markets. By the end of December 2007, approximately 70% of the projects were in the execution stage or had already been approved. These new projects will double the GLA area, totaling close to 1.2 million square meters by 2009.

In view of these new developments and the acquisitions made by the Company, we expect an increase of 30% to 40% in consolidated EBITDA in 2008, not including potential acquisitions of ongoing projects on the part of Parque Arauco.

VII. FINANCIAL INDICATORS<sup>2</sup>

DEBT	UNITS	1Q - 2008	1Q - 2007
Leverage	times	1,24	0,72
Short-term Liabilities	%	22%	10%
Long-term Liabilities	%	78%	90%
Financial Expenses	Mill. Ch\$	7.635	6.805
Interest Coverage	times	3,46	3,30

PROFITABILITY	UNITS	1Q - 2008	1Q - 2007
Revenues	Mill. \$	12.270	10.951
NOI	Mill. \$	5.738	5.432
NOI Margin	%	46,8%	49,6%
Non Operating Income	Mill. \$	-2.172	-70
Net Income	Mill. \$	3.249	4.620
Adjusted FFO	Mill. \$	4.869	3.287
ESP	\$	5,4	7,6
Return on Dividends	%	1,9	2,0

<sup>2</sup> Adjusted FFO: Funds From Operation = Net Income - Depreciation - Price Level Restatement - Exchange Differentials

## VIII. ANNEX: SHOPPING CENTERS TABLE

MALL	Country	Total GLA (m2)	% Ownership	Own GLA (m2)
1 Parque Arauco Kennedy	CL	107,336	100.0%	107,336
2 Mall Arauco Maipú	CL	53,151	100.0%	53,151
3 Mall Paseo el Roble	CL	27,282	100.0%	27,282
4 Mall Marina Arauco	CL	57,419	33.3%	19,140
5 Mall Center Curicó	CL	46,458	33.3%	15,486
<b>TOTAL CHILE</b>		<b>291,646</b>		<b>222,395</b>
6 Megaplaza Norte	PE	67,750	45.0%	30,488
<b>TOTAL PERÚ</b>		<b>67,750</b>		<b>30,488</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>583,534</b>		<b>319,809</b>

IX. FINANCIAL STATEMENTS

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PARQUE ARAUCO S.A.  
CONSOLIDATED BALANCE SHEETS  
Expressed in Millions of Chilean Pesos as of March 31 2008

ASSETS	1Q - 2008	1Q - 2007
<b>Current Assets</b>	<b>110.148</b>	<b>84.253</b>
Cash	962	2.596
Time deposits	4.207	5.541
Marketeable securities	18.514	15.296
Trade receivables	6.886	5.713
Notes receivables	578	1.054
Other receivables	548	199
Notes and accounts receivable from related parties	106	59
Inventories	0	0
Recoverable taxes	2.543	1.901
Prepaid expenses	1.006	945
Deferred income taxes	490	529
Other current assets	74.309	50.423
Leasing agreements	0	0
Leasing assets	0	0
<b>Property, Plant and Equipment</b>	<b>286.406</b>	<b>218.354</b>
Land	57.889	48.147
Buildings and infrastructure	259.500	197.099
Machinery and equipment	5.280	4.996
Other property, plant and equipment	24.154	20.839
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(60.418)	(52.727)
<b>Other Assets</b>	<b>70.921</b>	<b>89.569</b>
Investments in related companies	63.087	77.066
Investments in other societies	0	0
Goodwill	5.837	3.610
Negative goodwill	(3.577)	(36)
Long Term receivables	512	697
Notes and accounts receivable from relates parties	0	0
Deferred income taxes	0	0
Intangibles assets	2.575	3.214
Amortization	(730)	(619)
Other long-term assets	3.217	5.637
Long-term leasing	0	0
<b>Total Assets</b>	<b>467.476</b>	<b>392.177</b>

PARQUE ARAUCO S.A.  
CONSOLIDATED BALANCE SHEETS  
Expressed in Millions of Chilean Pesos as of March 31 2008

LIABILITIES	1Q - 2008	1Q - 2007
<b>Current Liabilities</b>	<b>57.902</b>	<b>16.085</b>
Short-term bank borrowings	37.257	0
Current portion of long-term bank borrowings	9.578	5.516
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	823	4.331
Current portion of long-term borrowings	7	273
Dividends to be paid	33	35
Trade account payables	4.700	1.911
Documents payable	447	379
Sundry creditors	9	7
Notes and accounts payable to related companies	397	397
Accruals	1.918	1.874
Withholdings	1.358	358
Income tax	256	369
Unearned income	1.120	635
Deferred taxes	0	0
Other short-term liabilities	0	0
<b>Total long-term liabilities</b>	<b>200.758</b>	<b>147.807</b>
Long-term bank borrowings	97.896	49.187
Bonds payable	82.645	82.848
Documents payable - long-term	18	22
Sundry creditors	0	0
Notes and accounts payable to related companies	1.932	0
Accruals	0	0
Deferred taxes	5.949	5.749
Other long-term liabilities	12.319	10.001
<b>Minority interest</b>	<b>5.813</b>	<b>5.748</b>
<b>Shareholder's Equity</b>	<b>203.002</b>	<b>222.537</b>
Paid-in capital	139.833	140.745
Capital revaluation reserve	1.119	281
Additional paid-in capital	9.267	9.272
Other reserves	(28.741)	(11.423)
<b>Retained earnings</b>	<b>81.524</b>	<b>83.663</b>
Reserve for future dividends	72.471	64.581
Accumulated profits	5.805	14.462
Accumulated loss	0	0
Net income (loss)	3.249	4.620
Interim dividends	0	0
Deficit from development period	0	0
<b>Total Liabilities</b>	<b>467.476</b>	<b>392.177</b>



PARQUE ARAUCO S.A.  
**CONSOLIDATED INCOME STATEMENT**  
Expressed in Millions of Chilean Pesos as of March 31 2008

	1Q - 2008	1Q - 2007
<b>Operating Income</b>	<b>5.738</b>	<b>5.432</b>
Gross Margin	7.063	6.891
Revenues	12.270	10.951
Cost of sales	(5.207)	(4.060)
Selling , general and administrative expenses	(1.324)	(1.460)
<b>Non-operating Income</b>	<b>(2.172)</b>	<b>(70)</b>
Financial income	429	1.034
Profit on investments in related companies	1.414	1.143
Other non-operating income	183	126
Loss on investment in related companies	0	0
Amortization of goodwill	(59)	(80)
Financial expenses	(1.997)	(1.848)
Other non-operating expenses	(398)	(157)
Price-level restatement	(737)	(263)
Exchange differentials	(1.008)	(26)
Profit Before Income Tax & Extraordinary Items	3.566	5.361
Income Tax	(389)	(525)
Extraordinary Items	0	0
Profit (loss) before minority interest	3.177	4.836
Minority interest	67	(222)
Net profit (loss)	3.244	4.614
Amortization of negative goodwill	5	5
<b>Profit (loss) in the fiscal year</b>	<b>3.249</b>	<b>4.620</b>

PARQUE ARAUCO S.A.  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Expressed in Millions of Chilean Pesos as of March 31 2008

	1Q - 2008	1Q - 2007
<b>Cash Flows From Operating Activities</b>	<b>8.471</b>	<b>6.656</b>
Collection of trade receivables	16.295	13.246
Financial income received	924	813
Dividends received	0	0
Other income received	205	232
Payments to suppliers and personnel	(7.264)	(5.232)
Interest paid	(1.415)	(502)
Income tax payments	0	(131)
Other expenses	(1.952)	(766)
VAT and other taxes paid	(1.678)	(1.004)
<b>Cash Flows From Financing Activities</b>	<b>75.239</b>	<b>(2.503)</b>
Proceeds from issuance of common stock	0	1.026
Borrowings from banks	31.013	5
Proceeds from issuance of bonds	72.939	14.572
Borrowings from related companies	0	0
Other borrowings from related companies	327	286
Other sources of financing	0	0
Payment of dividends	0	(8)
Distribution of capita	0	0
Payment of loans	(28.097)	(11.455)
Payment of public liabilities incurred	0	(3.490)
Payment of related companies loans	0	0
Payment of other related companies loans	(4)	(84)
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	0
Other payments	(939)	(3.356)
<b>Cash Flows From Investing Activities</b>	<b>(11.877)</b>	<b>(11.345)</b>
Proceeds from sales of property, plant and equipment	0	0
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	5	7
Other investment income	681	463
Additions to property, plant and equipment	(9.889)	(11.763)
Payment of interest capitalized	0	0
Purchase of permanent investments	(2.324)	0
Investments in financial instruments	0	0
Loans to related companies	0	0
Other payments to related companies	(308)	(47)
Other payments of investments	(42)	(5)
<b>Net Cash Flow</b>	<b>71.832</b>	<b>(7.192)</b>
	(796)	(31)
Price-level Restatements of Cash and Cash Equivalents	71.036	(7.224)
Net Increase (Decrease) in Cash and Cash Equivalents	16.094	67.400
Cash and Cash Equivalents at Beginning of Period	87.130	60.177
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 March 31 2008

	1Q - 2008	1Q - 2007
<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>1.974</b>	<b>1.122</b>
Depreciation	1.478	1.193
Amortization of Intangibles	54	72
Write-offs and provisions	40	36
Equity in gains of unconsolidated affiliates	(1.414)	(1.143)
Equity in losses of unconsolidated affiliates	0	0
Amortization of goodwill	59	80
Amortization of negative goodwill	(5)	(5)
Price-level restatement	737	263
Exchange differentials	1.008	26
Other credits to income that do not represent cash flows	(355)	(74)
Other debits to income that do not represent cash flows	372	675
<b>Changes in operating assets</b>	<b>2.077</b>	<b>(168)</b>
Receivables	1.743	1.429
Inventories	0	0
Other current assets	334	(1.597)
<b>Changes in operating liabilities</b>	<b>1.238</b>	<b>861</b>
Trade accounts payable and notes payables relating to operating activities	(433)	365
Taxes to be paid	758	1.203
Net income tax	2.924	509
Other trade accounts payable relating to operating activities	(1.574)	(702)
VAT and other taxes	(438)	(514)
<b>Income attributable to minority interest</b>	<b>(67)</b>	<b>222</b>
<b>Net cash provided by operating activities</b>	<b>8.471</b>	<b>6.656</b>