



*Annual Report 2013*

*The Company*

*Sustainability &  
the Environment*

10 30



*Financial  
Information*



*Financial  
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# EMPRESAS CMPC

*Throughout its history, CMPC has maintained a way of doing business and engaging with employees, customers and shareholders. With a 94-year tradition, the following five values summarise our vision of how we should work.*

## RESPECT

---

### *for people*

At CMPC we respect all the people we engage with as dignified human beings. At all our operations we value good treatment, frankness, loyalty, trust and good faith. We also take care of people's integrity and health.

## FAIRNESS

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### *when competing*

CMPC values free competition as the essence of the market economy, enhancing the development of more and better products and services at a lower price for consumers.



A close-up photograph of green leaves, likely from a plant, filling the left side of the page. The leaves are vibrant green and have a slightly textured appearance. The background is blurred, creating a shallow depth of field.

## CARE

### *of the environment*

The company values sustainable development, taking care of the environment and natural resources so as not to affect future generations. All those who work at CMPC are committed to the environment.

## STRICT COMPLIANCE

### *with the legal regulations*

We abide by the legal regulations governing our operations. All managers, executives and directors are committed to strict compliance with current legislation for all aspects involved in the development of our business.

## CONSIDERATION

### *for neighbours' needs*

We forge relations of collaboration and trust with our neighbours to maximise the social benefits of our operations. We have a courteous and open attitude, identifying the needs of our neighbours and possibilities of collaboration.

# Large regional

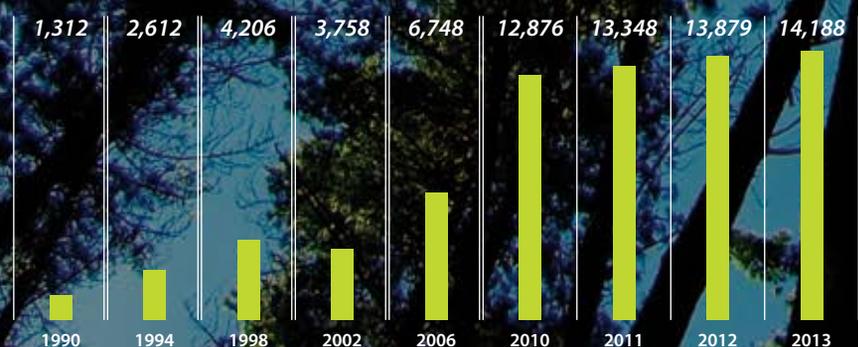
1920

CMPC IS  
ESTABLISHED  
IN CHILE

1990 | 2000

CMPC'S PRESENCE:  
CHILE, ARGENTINA,  
PERU, URUGUAY

*Total Assets 1990 · 2013*  
(US\$ million)



# expansion

*in the last 20 years*

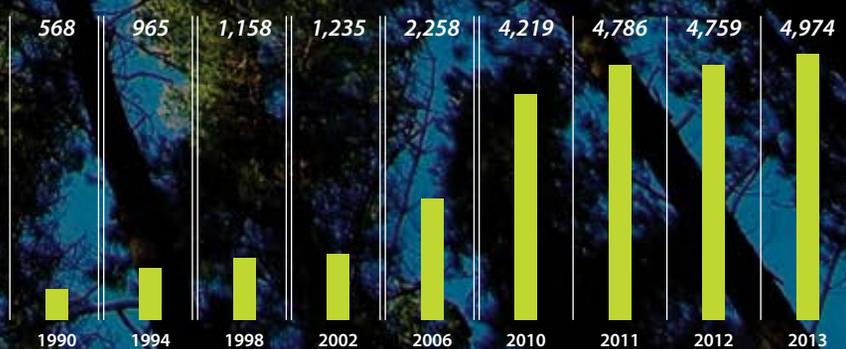
2000 | 2006

EXPANSION  
TO MEXICO

2006 | today

EXPANSION TO:  
BRAZIL, ECUADOR,  
COLOMBIA

Sales 1990 · 2013  
(US\$ million)



## 1920

CMPC is established.

It produces paper, cardboard and wheat stram-based pulp at the Puente Alto mill.

## 1938

Start-up of newsprint production in Chile on machine Nº 9 at the Puente Alto paper mill.

## 1951

Start-up of the Valdivia paper mill, initially producing newsprint and kraft.

## 1959

Start-up of the Laja mill, the first wood pulp mill in Chile.

## 1960

CMPC exports the first Chilean wood pulp to South America.

## 1972

New paper bag facility in Chillán.

## 1978

Construction of a moulded pulp tray mill and tissue mill in Puente Alto.

# HISTORY CMPC

## 1998

Start-up of the Maule boxboard mill in the district of Yervas Buenas, Chile.

## 2004

Construction starts on the Santa Fe II wood pulp mill, with a production capacity of 780,000 tonnes a year.

## 2005

Start-up of the rebuilt Mulchén sawmill, expansion of the Talagante tissue mill and Maule boxboard mill.

## 2006

Acquisition of ABSORMEX in Mexico (tissue). Start-up of line II of the Santa Fe pulp mill.

## 2007

Start-up of a plywood mill at Mininco in the Araucanía region in Chile.

Acquisition of the Colombian company Drypers Andina, which produces and sells babies' nappies.



## 1985

Start-up of the Mulchén sawmill.

## 1986

Purchase of INFORSA, and sale of Papeles Bío-Bío.

## 1991

CMPC's first foreign investment, with the acquisition of the Argentinean nappy producer Química Estrella San Luis S.A.

Start-up of the new Pacífico wood pulp mill in the Araucanía region in Chile.

## 1994

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

## 1995

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

CMPC implements a holding structure through its five business divisions.

## 1996

Acquisition of the Argentinean tissue producer La Papelera del Plata.

Start-up of the tissue business in Peru.

*Empresas CMPC is characterized by having a strong organisational culture, whose hallmark is delivery, honesty, a job well done and personal effort. The entire organisation has embraced these values throughout the company's history and establishment in 1920.*

## 2009

Acquisition of the Guaíba wood pulp mill in the state of Rio Grande do Sul in Brazil from Celulosa Aracruz.

Purchase of Melhoramentos Papéis with operations in the state of Sao Paulo in Brazil.

Start-up of a new paper mill in Mexico.

## 2010

A new tissue mill starts up at Gachancipá in Colombia, with a production capacity of 26,000 tonnes a year.

## 2011

Inauguration of the new corrugated box mill at Pichil in Osorno, Chile.

## 2012

Forest Stewardship Council (FSC) certification of all the company's forest equity in Chile and Brazil.

Approval of the second wood pulp mill at Guaíba in Brazil.

## 2013

Construction starts on the Guaíba II wood pulp mill in the state of Rio Grande do Sul in Brazil.

Newsprint production shuts down. Closure of the Papeles Río Vergara mill at Nacimiento in the Bío-Bío region.

# MEXICO



## TISSUE

3 MILLS *Production capacity: 87,000 tonnes*

## PAPER PRODUCTS

1 PAPER SACK MILL *Production capacity: 169 million units*

# ECUADOR



## TISSUE

1 MILL *Tissue converter*

# PERU



## TISSUE

1 MILL *Production capacity: 71,000 tonnes*

## PAPER PRODUCTS

1 PAPER SACK MILL *Production capacity: 190 million units*

# CHILE



## FORESTRY

PLANTATIONS *499,000 hectares planted*

3 SAWMILLS *Production capacity: 1,285,000 m<sup>3</sup>*

2 REMANUFACTURING FACILITIES *Production capacity: 190,000 m<sup>3</sup>*

1 PLYWOOD MILL *Production capacity: 240,000 m<sup>3</sup>*

## WOOD PULP

3 MILLS *Production capacity: 2,280,000 tonnes*

## TISSUE

2 MILLS

## PAPER PRODUCTS

2 BOXBOARD MILLS *Production capacity: 425,000 tonnes*

1 CONTAINERBOARD MILL *Production capacity: 290,000 tonnes*

1 PAPER DISTRIBUTOR *Production capacity: 116,000 tonnes*

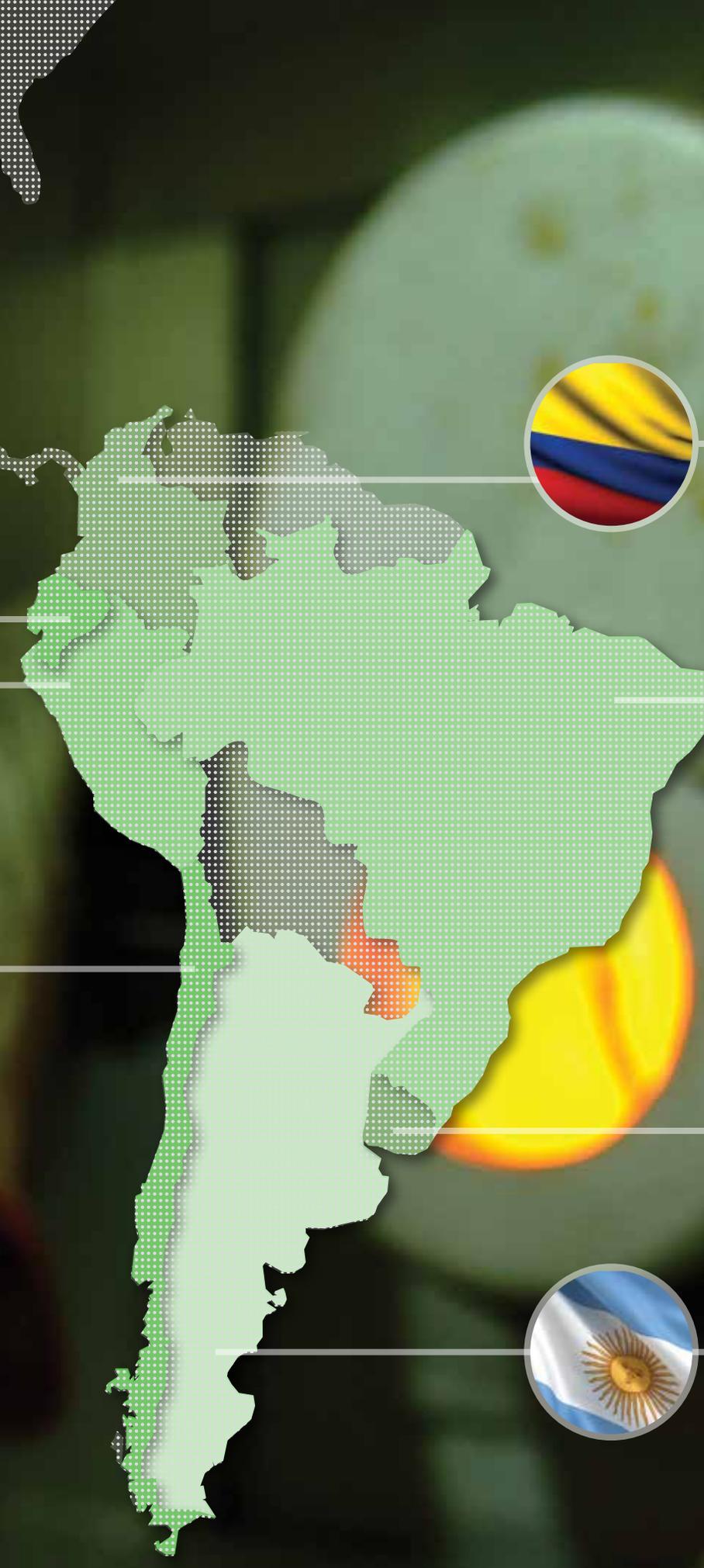
1 PAPER RECYCLER *Production capacity: 335,000 tonnes*

4 CORRUGATED CARDBOARD MILLS *Production capacity: 285,000 tonnes*

1 PAPER SACK MILL *Production capacity: 180 million units*

1 MOULDED PRODUCT MILL *Production capacity: 21,000 tonnes*

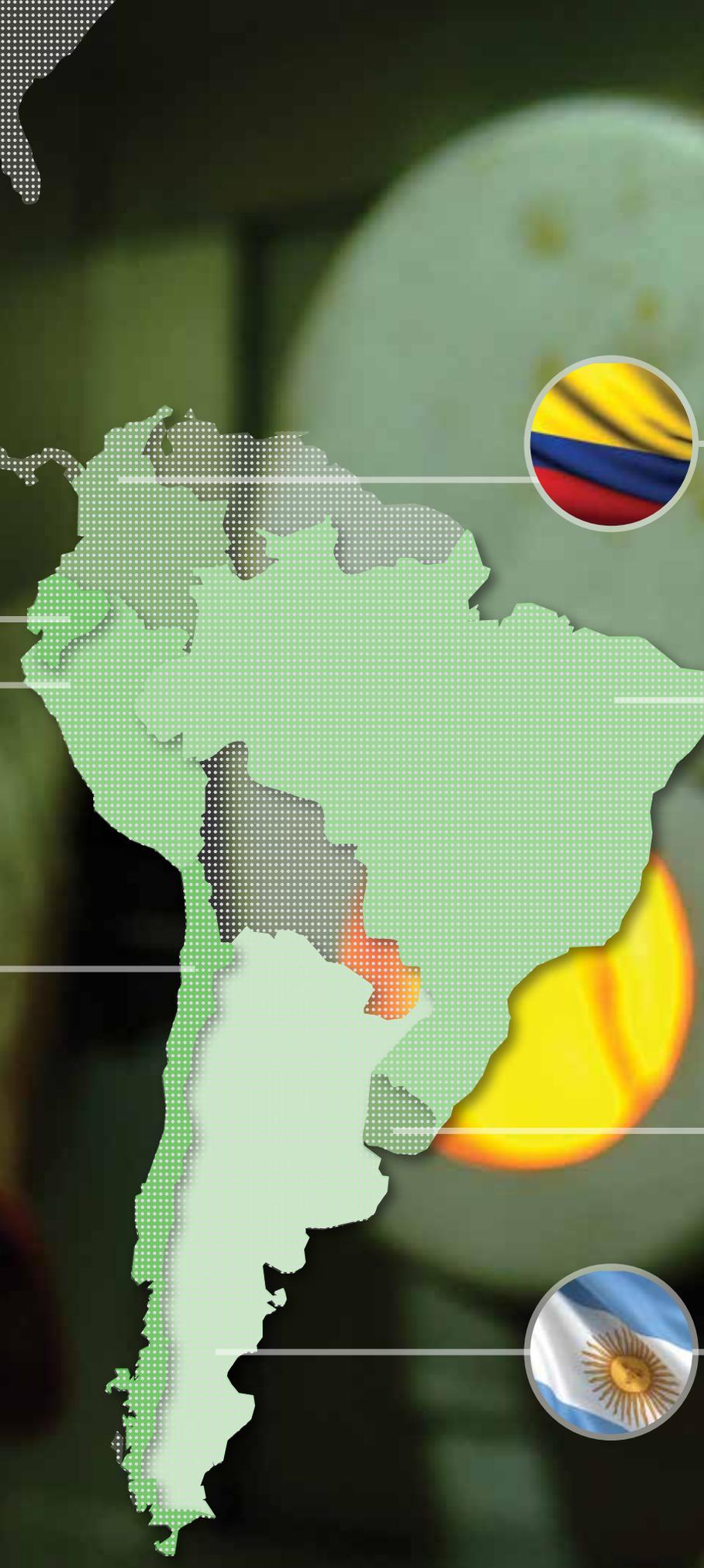
# PRESENCE CMPC



## COLOMBIA

### TISSUE

2 MILLS\_ *Production capacity: 27,000 tonnes*



## BRAZIL

### FORESTRY

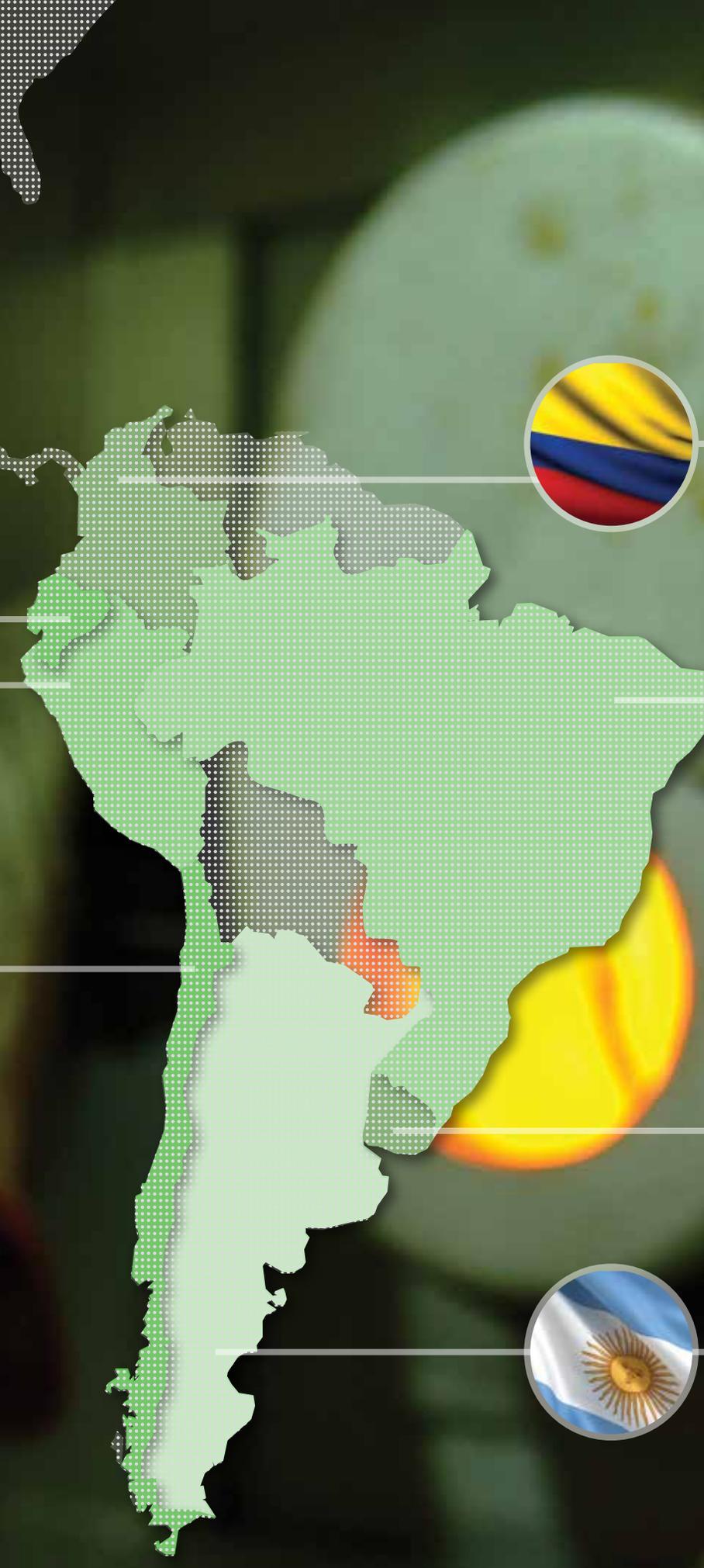
PLANTATIONS\_ *120,000 hectares planted*

### WOOD PULP

1 MILL\_ *Production capacity: 450,000 tonnes*

### TISSUE

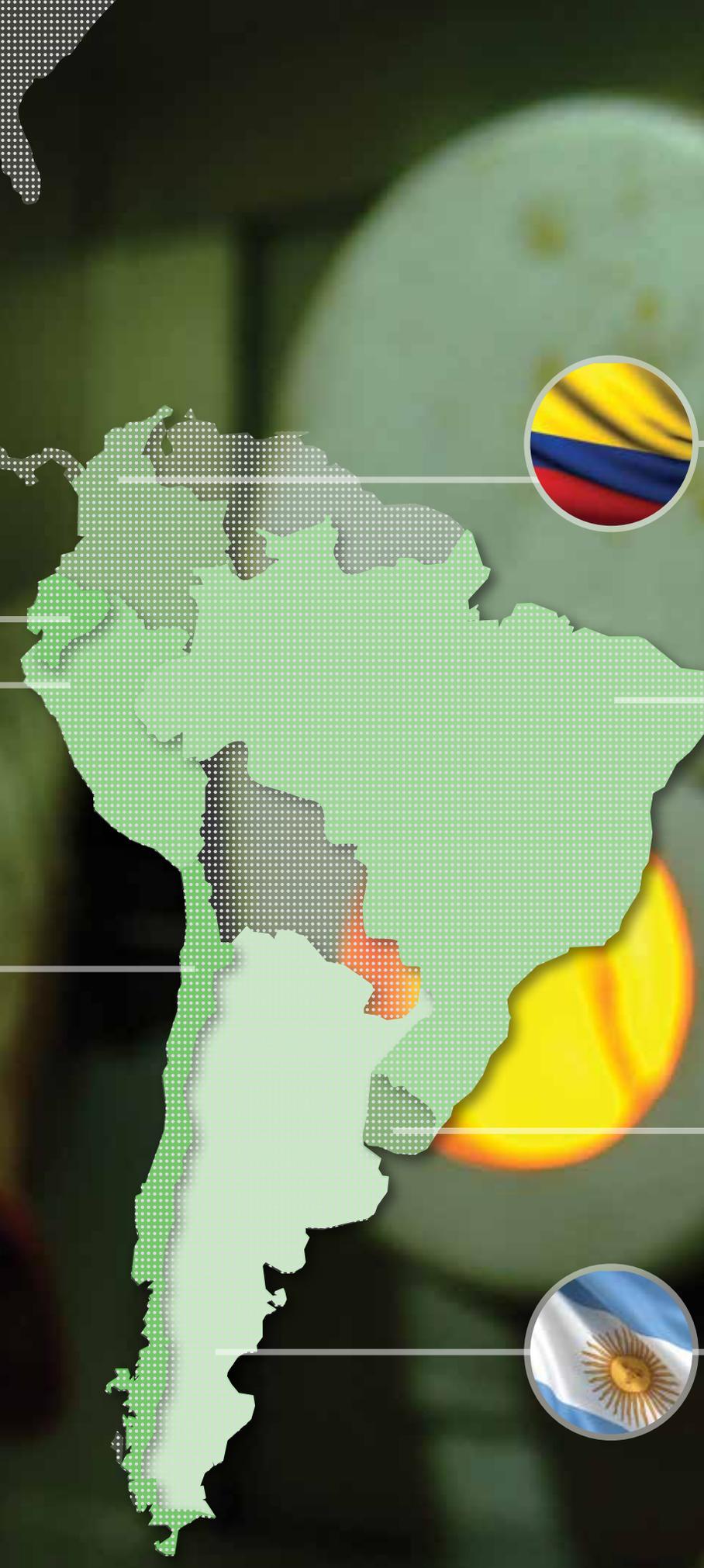
2 PLANTAS\_ *Production capacity: 126,000 tonnes*



## URUGUAY

### TISSUE

1 MILL\_ *Production capacity: 35,000 tonnes*



## ARGENTINA

### FORESTRY

PLANTATIONS\_ *57,000 hectares planted*

### TISSUE

2 MILLS\_ *Production capacity: 99,000 tonnes*

### PAPER PRODUCTS

1 PAPER SACK MILL\_ *Production capacity: 105 million units*

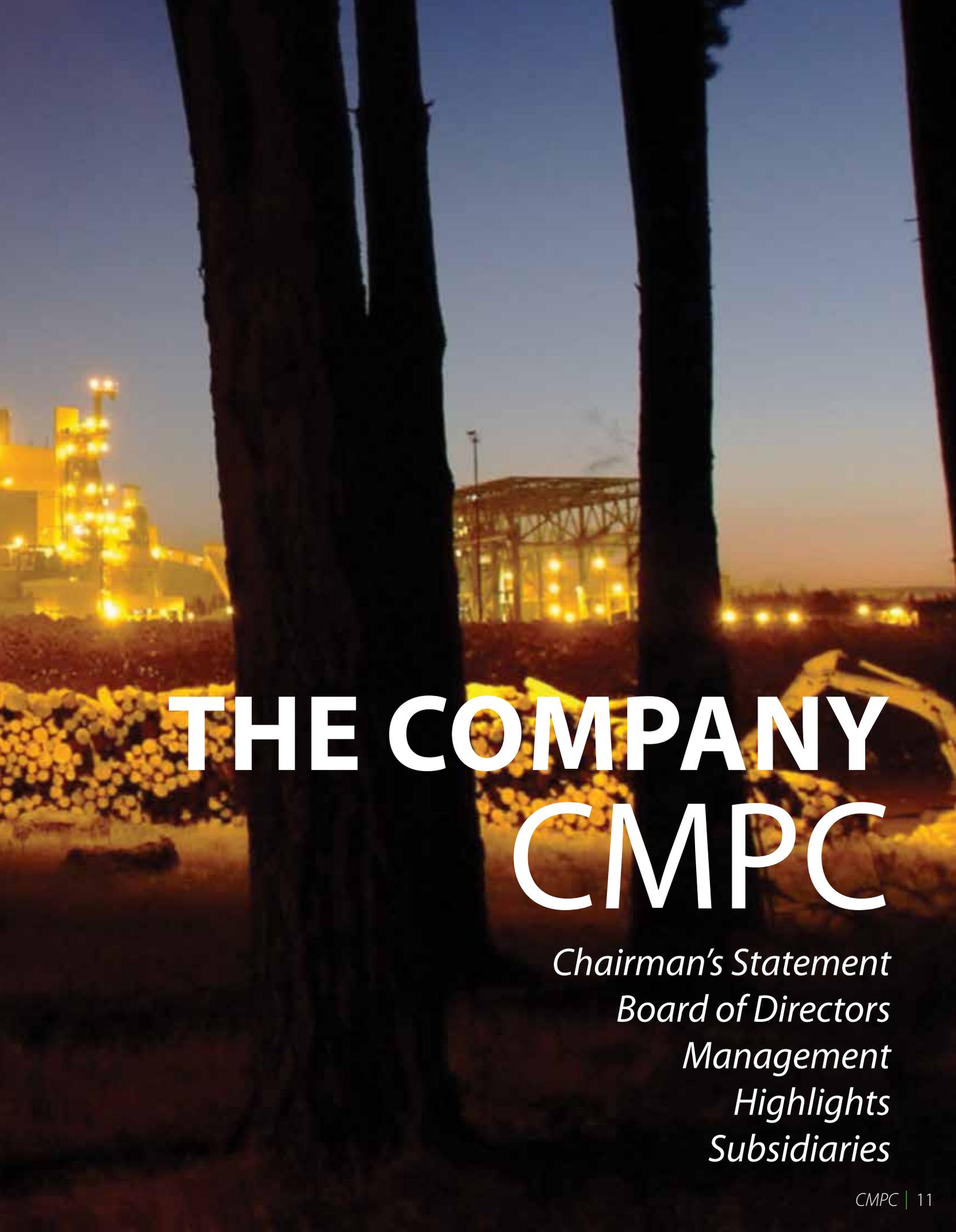
*Established in 1920, it is a listed corporation of private equity.  
For the year ended 31 December 2013, CMPC had:*

**2,375,000,000**

COMMON SHARES

**27,623**

SHAREHOLDERS



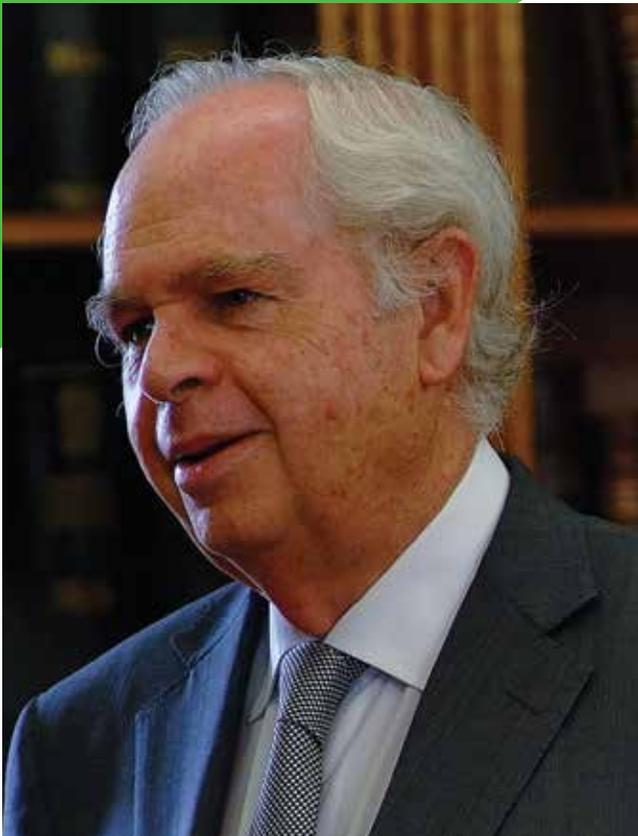
# THE COMPANY CMPC

*Chairman's Statement  
Board of Directors  
Management  
Highlights  
Subsidiaries*

# CHAIRMAN'S STATEMENT

*2013 was an intense year of work and changes for CMPC, which have enabled us to continue to grow and develop with the same dynamism the company has had throughout its almost 94-year history.*

**ELIODORO MATTE LARRAÍN**  
*chairman*



*Dear shareholders,*

I am very pleased to present you the annual report, balance sheet and financial statements for the year ended 2013.

CMPC had consolidated sales of US\$4.974 billion, a 5% year-on-year increase. Operating cash generation (EBITDA) was 5% up on 2012 and amounted to US\$964 million. Accrued net income was only US\$196 million, essentially due to the accounting charge for closing the Papeles Río Vergara mill and the deferred tax effects of the depreciation of local currencies. You can find a more detailed explanation of these figures in the ratio analysis of our financial statements.

2013 was an intense year of work and changes for CMPC, which have enabled us to continue to grow and develop with the same dynamism the company has had throughout its almost 94-year history.

CMPC's main focus is now on the Guaíba wood pulp mill expansion project. This is the largest in terms of size and costs the company has ever undertaken, entailing an investment of US\$2.1 billion for an additional production capacity of 1.3 million tonnes of bleached eucalyptus pulp a year. I have no doubts that we have the ability to carry it out, meeting the forecasted timescales, budgets and targets. Progress with works is now according to schedule to commission it by mid-2015. We have taken special care with the environment, work safety and the impact on the community, devoting a great deal of energy and resources to make sure we comply with the commitments made. Regarding this, it is very gratifying to note the degree of social integration and the support our operation has in the state of Rio Grande do Sul, which was evident during the ceremony of laying the first stone of this project, held in August 2013 and attended by the authorities, the community, employees, customers and suppliers. This is commensurate with CMPC's tradition of reconciling its productive activities with various aspects that are important for society, getting involved in the challenges and dreams of its neighbours, making constant and significant social contributions to the communities around its forest lands and industrial facilities. In Chile, the programmes of the CMPC Foundation and the Good Neighbourhood Engagement Plan driven by Forestal Mininco have been operating for 14 years with the company doing hard work that has led to large achievements.

Besides the Guaíba project, CMPC also has investments and growth projects in its other businesses. In October 2013, it therefore started the commissioning of the new plywood mill line at Mininco, which entailed an investment of US\$124

million to double the mill production capacity to a total of 500,000 m<sup>3</sup> of boards a year.

It is also undertaking the natural gas-fired cogenerating project at the Puente Alto mill, which will entail a total investment of US\$70 million and will meet all that's unit's electricity and steam needs. This project is very important for the operating continuity of this mill due to high energy costs in Chile.

The company invested around US\$160 million in the tissue business in 2013 in different equipment that has been commissioned at the various mills of this business in Latin America. Such equipment includes a paper machine and 10 converter lines providing 70,000 tonnes of capacity. In the sanitary area, the company installed three new production lines. In the logistical area, it started up a 40,000 m<sup>2</sup> distribution centre at the Caieiras plant in Sao Paulo, which will serve the central region of Brazil. The company recently approved the installation of a new paper machine at the Altamira mill in Mexico, which can produce 50,000 tonnes of tissue products a year at a total investment of US\$160 million, including conversion and a natural gas-fired cogenerating plant.

Innovation is a key factor in the development of this business, so the company continued to work on developing products to meet consumer needs. A good example of this was the recent launch of DÚO® toilet paper in seven countries with very good acceptance. It should be highlighted that we are the first company in the world to mass launch this ingenious product.

Nevertheless, CMPC's evolution in 2013 was not only growth and projects but we also had to make the painful decision



of shutting down newsprint production. This was perhaps the toughest event of the year. CMPC is enterprising and works to create companies and progress not close them. In November 2013, our Papeles Río Vergara mill stopped producing newsprint after 56 years in operation. Over its history it had various difficulties but none as serious as this.

As we informed at the time, the closure was due to the increase in production costs from the high electricity prices. In the last 10 years, the company had an electricity supply contract with compatible prices to produce newsprint and this contract ended. We did all we could to continue but to no avail. Fortunately many of the people working in this company have been hired at other operations of the company. Despite our conviction of having made the right decision, this closure still leaves a bitter taste and shows that Chile needs to have an energy supply with competitive costs.

Regarding another aspect of changes, in 2013 the company decided it was advisable to reorganise the paper and packaging businesses to attain operating efficiency and leverage synergies. Up to then, CMPC Papeles was a subsidiary that produced containerboard and boxboard and CMPC Productos de Papel produced boxes, paper bags and moulded pulp trays. The decision made entails CMPC

Productos de Papel S.A. being absorbed by CMPC Papeles S.A. and the merger of Envases Impresos S.A. and Envases Roble Alto S.A. With this new structure, Empresas CMPC has its operations split into four business areas: forestry, wood pulp, paper and tissue.

It is evident that we are in a period of great investment and growth, particularly in the wood pulp, forestry and tissue areas, whose results we will see in the next few years. CMPC's shareholders have made two capital increases in the last four years amounting to US\$1 billion, and it has also been necessary to increase the company's debt to thereby finance this ambitious growth plan. Before acquiring Guaíba, CMPC had a shareholders' equity of US\$6.453 billion and total assets of US\$10.550 billion. At the close of 2013, those figures had increased to US\$8.316 billion and US\$14.188 billion, respectively. Shareholders' equity increased 29% and assets 34%, so the debt ratio has increased, despite the capital injected by shareholders to support our expansion.

2014 will be a complex year for CMPC due to the huge challenges we will face of executing projects, operating in a tougher economic climate and managing risk. In Chile, the public policies announced by the new government will, to some extent, involve fewer resources available for



# CHAIRMAN'S STATEMENT

companies. This point is particularly important for the huge investment plan we have underway. But this has not taken us by surprise. The change for CMPC of undertaking the projects it has in the next two years is the toughest point of a long process. We have reached what we are and where we are by means of years of accumulating commercial, technical and financial abilities, of developing skills, and above all the consistent efforts every day of all those who work in the company to achieve its business objectives strictly ethically, and abiding by essential regulations, principles and values. This is the path we have mapped out, that of a great company that is permanently investing, which believes in its employees and in its business, faithful to its traditions and in turn with innovative management. We work with enthusiasm to achieve our aim of growing and being competitive in the markets in which we operate, innovating, complying with investors, having skilled and

motivated people, and proactively meeting environmental requirements.

The new company logo that can be seen in this annual report shows the image we want to project of CMPC, a more friendly and modern company in keeping with the times. We want to address the future with this new symbol. We are the same CMPC that a group of entrepreneurs envisaged in 1920, the same values inspire us but we are open to change, to innovate, to be creative and continue to progress.

I would like to end by thanking our shareholders for their trust in our company and this Board of Directors.

**ELIODORO MATTE LARRAÍN**  
*Chairman*

# BOARD OF DIRECTORS

## CMPC

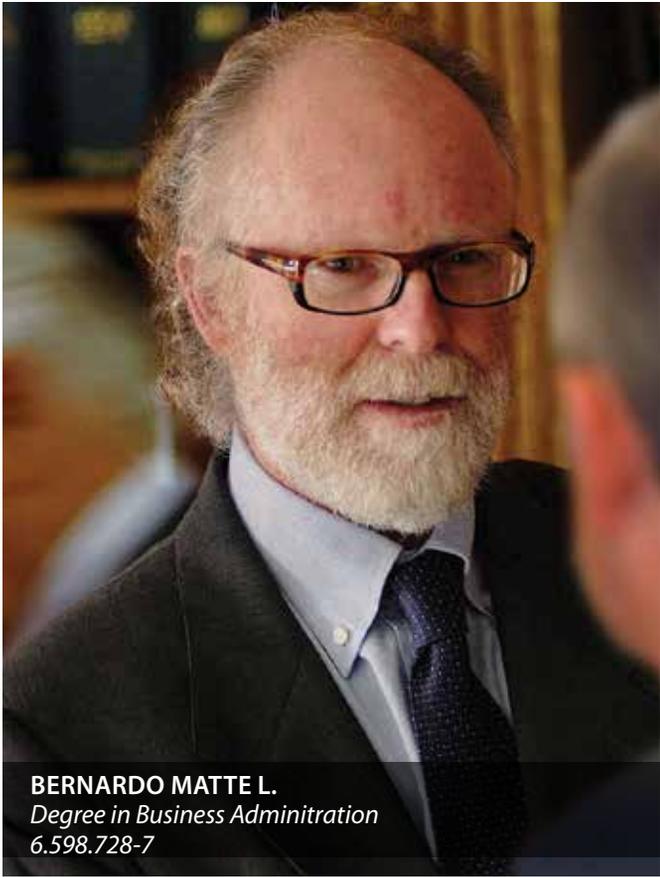
*directors' committees*

Jorge Marín C.  
Erwin Hahn H.  
Arturo Mackenna I.



**JORGE GABRIEL LARRAÍN B.**  
*Degree in Business Administration*  
4.102.581-6

**JORGE MARÍN C.**  
*Business Administrator*  
7.639.707-4

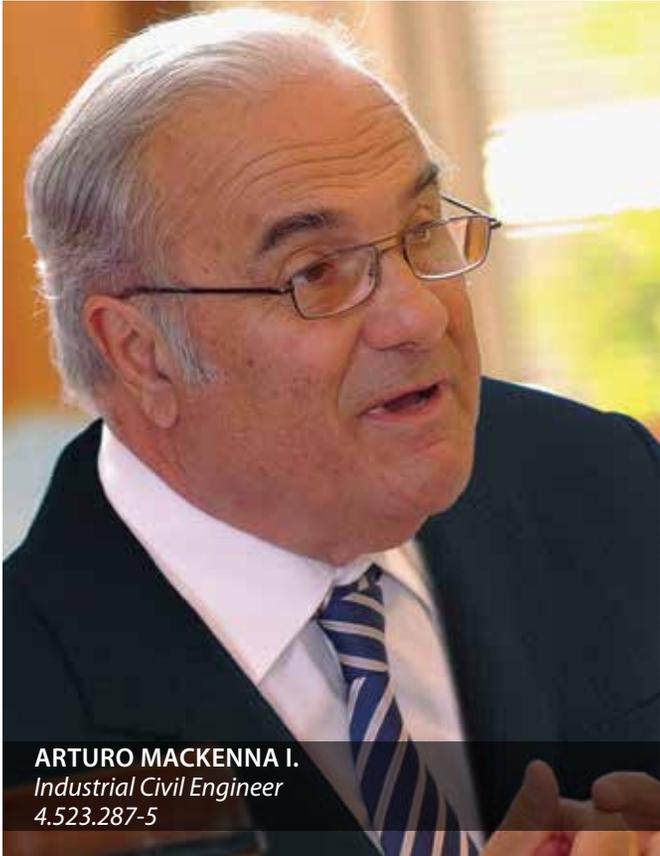


**BERNARDO MATTE L.**  
*Degree in Business Administration*  
6.598.728-7



**ERWIN HAHN H.**  
*Industrial Civil Engineer*  
5.994.212-3

**MARTÍN COSTABAL LL.**  
*Degree in Business Administration*  
5.593.528-9



**ARTURO MACKENNA I.**  
*Industrial Civil Engineer*  
4.523.287-5



**ELIODORO MATTE L. · CHAIRMAN**  
*Industrial Civil Engineer*  
4.436.502-2

The company is headed by a Board of Directors, comprising seven members elected in a Shareholders' Meeting who remain in office for three years.

Its main function, regulated by law 18.046 on Corporations, is to manage the company. Such law addresses, among other issues, how the Board of Directors should operate, establishing the competencies, obligations and responsibilities of its members. The Board of Directors also represents the company in- and out-of-court for all acts needed to comply with the corporate purpose and to achieve that it is vested with all the management and disposition powers that the law or articles of association do not lay down as exclusive to the General Shareholders' Meeting.

This Board of Directors convenes monthly to assess and guide the company's development of economic, environmental and social aspects.

Shareholders can give their opinions on the operation of the company in the ordinary and extraordinary shareholders' meetings summoned legally.

The remuneration of the Board of Directors is variable, according to the dividends distributed to shareholders. Directors have no variable remuneration for achieving the economic, social or environmental objectives.

## MANAGEMENT



**CHIEF FINANCIAL OFFICER  
LUIS LLANOS C.**  
*Industrial Civil Engineer*  
7.003.064-0

**GENERAL SECRETARY  
GONZALO GARCÍA B.**  
*Lawyer*  
5.543.123-k

**CHIEF EXECUTIVE OFFICER  
HERNÁN RODRÍGUEZ W.**  
*Industrial Civil Engineer*  
7.051.490-7



# HIGHLIGHTS

## CMPC

FIGURES FOR THE YEAR ENDED DECEMBER 31, 2013



**16,693**

**DIRECT EMPLOYEES**

*work in the eight countries where CMPC has industrial processes*



**45 countries**

**BUY THE COMPANY'S**

*products*



**US\$ 4.974**

**BILLION**

*consolidated sales*



**US\$ 14.188**

**BILLION**

*total assets*

**US\$ 8.320**

**BILLION**

*the company's  
shareholders' equity*

**US\$ 964**

**MILLION**

*EBDIT*

# FORESTRY

## CMPC

### CHAIRMAN

*Jorge Matte C.*

### VICE-CHAIRMAN

*Hernán Rodríguez W.*

### DIRECTORS

*Gonzalo García B.  
Bernardo Larraín M.  
Bernardo Matte L.  
Leonidas Montes L.  
Fernando Raga C.*

### CHIEF EXECUTIVE OFFICER

*Francisco Ruiz –Tagle E.*



## CMPC Forestal 2013

CMPC Forestal manages the company's forest equity in Chile, Argentina and Brazil. Its subsidiary CMPC Maderas develops and markets solid wood, sawn lumber, remanufactured products and plywood panels.

The forest equity in Chile is certified pursuant to the Forest Stewardship Council (FSC) and Sustainable Forest Management Standard (CERTFOR–PEFC). Additionally, CMPC forest equity in Brazil is certified pursuant to FSC and CERTFOR–PEFC.

CMPC Maderas has three sawmills in Chile: Bucalemu, Mulchén and Nacimiento and two remanufacturing facilities, which produce dry sawn lumber-based products (mouldings, wood boards and laminated products) at Coronel and Los Ángeles in the Bío-Bío region. It handed over the operations of the Las Cañas sawmill in the Maule region to third parties.

In 2013, CMPC Maderas completed the project to expand its plywood mill at Mininco in the Araucanía region, whose production capacity was doubled to 500,000 m<sup>3</sup> a year. That mill produces Selex boards that are sold in Chile and abroad.

## Business development

2013 was characterised by a good market situation for solid wood with prices above budget for the period.

Sawn lumber sales increased 13% in the Asian market on 2012. There was a 10% year-on-year sales increase in the Middle East and Latin America.

The European market is still depressed, but the company managed to sell the volume forecasted for the year. There was good demand and prices for this product in the US market throughout 2013.

A total of 22,000 hectares were planted in Chile this year, with radiata pine accounting for 11,000 hectares, eucalyptus globulus and nitens for 10,800 hectares. In Argentina 2,000 hectares were planted with different pine species, and in Brazil over 7,000 hectares were planted with different eucalyptus species.

Log production in 2013 was 10 million m<sup>3</sup> in Chile, 1.4 million m<sup>3</sup> in Argentina and 1.9 million m<sup>3</sup> in Brazil.

HomeDepot USA Inc is our main customer.



# US\$ 119

**MILLION**  
*consolidated EBITDA*



# 677,000

**HECTARES PLANTED**  
*in Chile, Argentina and Brazil*



# 600 MEMBERS

**OF SURROUNDING INDIGENOUS**  
*communities worked in forestry operations*



# 300 FAMILIES

**WILL BENEFIT**  
*from water supply projects*



# 157,000

**HECTARES OF NATIVE FOREST AND**  
*watercourses were protected and preserved*



# 500,000 m<sup>3</sup>

**OF PLYWOOD**  
*will be produced a year*

# WOOD PULP

## CMPC

### CHAIRMAN

*Bernardo Matte L.*

### VICE-CHAIRMAN

*Hernán Rodríguez W.*

### DIRECTORS

*Sergio Colvin T.*

*Andrés Echeverría S.*

*Gonzalo García B.*

*Arturo Mackenna I.*

*Jorge Matte C.*

### CHIEF EXECUTIVE OFFICER

*Washington*

*Williamson B.*



## *CMPC Celulosa 2013*

CMPC Celulosa is a business unit that produces and markets pulp. Its four mills (three in the south of Chile: Santa Fe (lines I and II), Pacífico and Laja; and one in Guaíba in the state of Rio Grande do Sul in Brazil) have a total production capacity of 2.8 million tonnes per annum.

Its mills are mainly supplied by its own cultivated forests. These forests are unencumbered and fully traceable to the final destination, and also have CERTFOR-PEFC chain-of-custody certification in Chile, CERTFOR in Brazil and FSC in both countries. The three mills in Chile have current integrated management systems in accordance with the ISO 14001, ISO 9001 and OHSAS 18.001 standards.

## *Business development*

Demand for pulp in 2013 grew 3.2% on 2012. According to the Pulp and Paper Products Council (PPPC), this is mainly explained by the higher share of the total fibre volume of market pulp consumed globally and higher pulp inventories of consumers.

Due to lower supply, in the first half of the year market pulp prices had a slight increase that continued up to the middle

of the year. Due to lower inventories of consumers, in the second half of the year the long-fibre segment had a much tighter supply and demand balance than short fibre and that led to a large price difference between both types of fibre. Lastly, short-fibre prices stabilised in the third and fourth quarters due to higher paper demand and low inventory levels.

In the environmental area and as a result of a series of measures taken to prevent environmental incidents, including operating and maintenance procedure improvements, community complaints dropped by almost 60% on 2012.

In 2013, the most important project in CMPC's history started to be undertaken, i.e., the construction of a second production line at the Guaíba mill in the state of Rio Grande do Sul in Brazil. This line, entailing an investment of around US\$2.1 billion, will have a design capacity of 1.3 million tonnes of eucalyptus pulp a year and in the future can be ramped up to 1.5 million tonnes a year.

Likewise, in 2013 the new 45MW rated biomass-fired power generating plant started up at the Laja mill. This investment will enable the mill to stop being an energy consumer and inject about 15 MW into the central power grid (SIC).

Our main suppliers are Petrobras Chiles Distribución Ltda, Occidental Chemical Ltda and Comercial e Industrial ERGO.



**US\$ 481**

**MILLION**  
*Consolidated EBITDA*



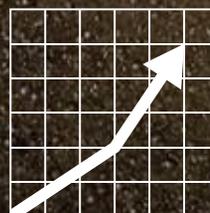
**9,000**

**EMPLOYEES**  
*at the peak of the Guaíba project*



**2,596,000**

**TONNES**  
*of wood pulp production*



**2,599,000**

**TONNES**  
*total sales*

# PAPER PRODUCTS CMPC

## CHAIRMAN

*Juan Carlos Eyzaguirre E.*

## VICE-CHAIRMAN

*Hernán Rodríguez W.*

## DIRECTORS

*Martín Costabal Ll.*

*Andrés Infante T.*

*Luis Llanos C.*

*Eliodoro Matte C.*

*Bernardo Matte I.*

## CHIEF EXECUTIVE OFFICER

*Eduardo Serrano S.*



## CMPC Papeles 2013

CMPC Papeles S.A. is the subsidiary that produces and markets boxboard, containerboard and for industrial use, corrugated cardboard boxes for various uses, industrial bags and moulded pulp trays. It also runs a distribution unit and a paper recycling plant.

Its companies are:

### *Cartulinas CMPC:*

Which produces and markets boxboard. Its experience in this sector and cutting-edge technology enable it to provide top quality products in Chile, Latin America, the Caribbean, Europe, Asia and the United States.

### *Papeles Cordillera:*

Which produces and markets containerboard, wrapping paper, gypsum board, laminated and industrial paper.

### *Envases Impresos Roble Alto:*

Produces corrugated cardboard boxes for the fruit, industrial, salmon farming and wine industries.

### *Forsac:*

Is in the folding sack business and has operations in Chile, Argentina, Peru and Mexico.

### *Chimolsa:*

Is a subsidiary in the moulded pulp tray business, and produces apple and avocado export trays, egg trays and cartons.

### *Edipac:*

Is a subsidiary that markets all grades of paper in the Chilean market, some produced by CMPC and others by third parties.

### *Sorepa:*

Collects waste paper and cardboard boxes for recycling and re-use as a raw material at the company's various paper mills.

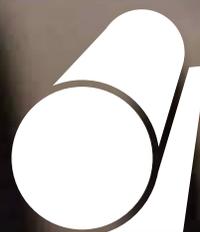
## *Business Development*

One of the most important and regrettable decisions in the year was the closure of the newsprint business operated by the subsidiary Papeles Río Vergara S.A. The company made this decision as it was impossible to obtain power supply contracts with prices and timescales making the business viable.



**US\$ 170**

**MILLION**  
*consolidated EBIDTA*



**379,000**

**TONNES**  
*of boxboard sales*



**309,000**

**TONNES**  
*total sales of Papeles Cordillera*



**187,000**

**TONNES**  
*of corrugated cardboard box sales  
by Envases Impresos Roble Alto*

# PAPER PRODUCTS CMPC



On announcing this measure, Papeles Río Vergara S.A. and Empresas CMPC S.A. committed to implementing a reinsertion plan for those workers affected by this decision, which was satisfactorily undertaken.

Another important decision was CMPC Papeles absorbing all the business of the subsidiary CMPC Productos de Papel S.A., giving rise to one single unit with all the foregoing business.

Cartulinas had total sales of 379,000 tonnes in the year, a 1% year-on-year decrease. Exports accounted for 83.5% of the sales and the domestic market the rest, with sales in Chile growing 1.5%.

Our main customers in this business are Mayr-Melnhof Packaging Marinetti Ltda and Vera y Gianini Impresores S.A

The energy saving project of the mechanical pulp plant at the Maule mill was completed. This project, at an investment of US\$25.7 million, will reduce electricity consumption per tonne produced by 14%.

*Papeles Cordillera* had total sales of 309,000 tonnes, a 4% year-on-year decrease. Containerboard sales were 276,000 tonnes.

An important project approved in the year was the natural gas-fired cogenerating plant, which entailed a total investment of US\$70 million. This project will enable the Puente Alto mill to meet its electricity needs itself.

*Envases Impresos Roble Alto* had corrugated cardboard sales of 187,000 tonnes in the year, 2.5% down on 2012. Corner piece and fruit paper sales were 7,200 tonnes, an 8% year-on-year increase.

Our main customer is San Miguel S.A in Argentina.

*Forsac* closed the year with total sales 12% up on 2012 amounting to 611 million sacks.

The installation of two production lines were completed in Mexico, which will double the production capacity of the Guadalajara mill.

*Chimolsa* ended the year with physical sales 10% up on 2012. The inclusion of thermoforming technology in the year has enabled new flat top egg cartons to be launched in the market and the Biopak vegetable tray line to be renewed.

Our main customers are Exporfruit and Patagonian Fruits Trade.

*Edipac* had sales of 116,000 tonnes, maintaining its leadership of the printing and writing paper, boxboard and packaging paper market.

*Sorepa* purchased 335,000 tonnes of collected paper in the year, 2% down on the 2012. It also relocated its facilities since, due to the La Legua estate improvement plan, there was expropriation of part of the land on which the head office was located, which moved to Carlos Valdovinos N°473.



**611** MILLION  
**SACKS**  
*sold by Forsac*



**20,900**  
**TONNES**  
*of moulded pulp products sales  
by Chimolsa*



**116,000**  
**TONNES**  
*total sales of Edipac*



**335,000**  
**TONNES**  
*of paper recycled by Sorepa*

# TISSUE CMPC

## CHAIRMAN

*Arturo Mackenna I.*

## VICE-CHAIRMAN

*Hernán Rodríguez W.*

## DIRECTORS

*Gonzalo García B.*

*Jorge Hurtado G.*

*Bernardo Matte I.*

*Jorge Matte C.*

*Bernardo Larraín M.*

## CHIEF EXECUTIVE OFFICER

*Jorge Morel B.*



## CMPC Tissue 2013

CMPC Tissue is the subsidiary that produces and markets toilet paper, paper towels, paper napkins, facial tissues, baby and adult nappies and women's sanitary towels.

It is one of the leading producers of tissue products in Latin America and is focused on mass consumption products. It has industrial operations in Chile, Argentina, Brazil, Colombia, Ecuador, Mexico, Uruguay and Peru.

Products are marketed under own brands. Elite is the regional brand name. Likewise, Confort and Nova in Chile, and Higienol and Sussex in Argentina, are leading brands in the toilet paper and paper towel markets, respectively. Disposable baby and adult nappies and women's sanitary towels are marketed under the Babysec, Cotidian and Ladysoft brands.

## Business development

CMPC Tissue had an EBITDA of US\$214 million, making it the largest tissue and sanitary business company in South America and the second largest in Latin America.

Early in the year, the company detected large irregularities at the subsidiary in Colombia entailing concealing losses of US\$37 million. Due to this, the company carried out a deep restructuring

process. There was also organisational reinforcement at the CMPC Tissue holding involving four corporate managements. In the innovation area, Dúo toilet paper was launched in seven countries with very good acceptance. It is the first company in the world to launch this innovative product.

In Chile, the company maintained its leadership of the tissue business with a 4% sales increase. It also commissioned paper machine 3 at Talagante.

In Brazil, it consolidated the operation in the south with the installation of a conversion line at Guaíba. In the northeast, it has already started to operate with a distribution centre at Recife and the new 40,000-m2 distribution centre at Caieiras started to operate by mid-year.

In Mexico, the company attained 18% annual growth in the tissue market with its Elite and Premier brands. In 2013, a new roll conversion line started up at the Altamira mill and the company consolidated the operation of the distribution centres at a location in Monterrey.

Price and import controls continued in Argentina with the execution of advance affidavits. Despite this, Papelera del Plata had a good year.

Protisa had a great year in Peru, developing quality products for its different customers. It maintained its leadership of the tissue segment and had large growth in the sanitary area.

In Uruguay, the company maintained its high share of the tissue and sanitary product businesses, following the company's strategy; this company also helps with the product supply with exports to Brazil and Argentina.

The tissue business grew 4% in Ecuador on the previous year and market share was 23%.

During the year, the company commissioned: a double width paper machine, a capacity increase of the current paper machine and 10 conversion lines at the different mills of CMPC Tissue. Three new production lines started up in the sanitary area.

Our main customer is Walmart.



**US\$ 214**

**MILLION**  
*Consolidated EBDIT*



**571,000**

**TONNES**  
*of tissue products sold*



**2.470**

**BILLION**  
*baby nappies sold*



**US\$ 160**

**MILLION**  
*to be invested in the region*





**SUSTAINABILITY  
COMMUNITY  
AND THE  
ENVIRONMENT**

# SUSTAINABILITY, COMMUNITY AND THE ENVIRONMENT

*CMPC does business by seeking to forge a balanced and long-term relationship with its shareholders, employees, suppliers, service companies and customers, along with the surrounding communities and the environment. They are all key factors in the company's corporate social responsibility policy and it therefore undertakes various social investment initiatives for this.*



## *CMPC Foundation*

The CMPC Foundation was established in 2000 to develop educational support projects in state schools and cultural projects. It had completed 13 years of this work in 2013 with rewarding achievements endorsing its mission, objectives and principles, which have entailed collaborating with state education in the communities where the company operates, and this contribution is of high strategic value for the company.

The 2013 education quality assessment (SIMCE) exam reflected the development and progress of the schools supported by the Foundation. There has been substantial progress over time and schools have improved their results every year.

In 2013, the CMPC Foundation helped 11 districts in the Metropolitan, Maule, Bío-Bío and Araucanía regions, benefitting 47 schools and about 6,500 children.

## *Good neighbourhood Engagement Plan*

The Good Neighbourhood Engagement Plan, which has been undertaken for 13 years, aims to get the company closer to rural communities to create social and economic development opportunities for them. Forestal Mininco

has therefore focused on applying a system to help these communities which live in areas around the company's forest lands, providing jobs for heads of households, training for them and their wives, scholarships for their children and donations in different areas. These not only make a contribution to their productive development but also improve their quality of life, thereby helping them to fulfil their dreams and address their challenges. This plan has four areas of action: employability, enterprise, education and ethnic groups. Community surveys are a key part of this plan.

### *Jorge Alessandri Educational Park*

The aim of the Jorge Alessandri Educational Park on the Concepción to Coronel road is to disseminate the company's productive, forestry and environmental work by means of educational and cultural activities that are free and open to the whole community. Its cultural and educational areas include the Cultural Centre, park trails, native forest, trekking, a cultural amphitheatre, an educational greenhouse, the Tree Hall and Artequín Museum, which have been visited by more than 1.9 million people since the park was opened in 1993.

### *Environment*

In the environmental area, CMPC advocates the real application of sustainable development principles, which entails making the productive activities required for Chile's progress compatible with the legitimate right of future generations to live in a suitable environment.

An environmental agenda was prioritised into four work areas: development of renewable forest plantations, replacement of fossil fuels with the biomass, certification of clean productive processes and an increase in paper recycling.

Renewable energy generation has been increased as a need to mitigate climate change. The technological upgrading of our mills also envisages a plan to boost the recycling of industrial waste from mills in the medium term, and prevent this from being disposed of at industrial waste dumps.

The company is very strict about environmental and biodiversity conservation, and it therefore has clean productive processes that comply with current legislation



**6,576** CHILDREN

ARE SUPPORTED EACH YEAR  
*by the CMPC Foundation*



**158,000**

PEOPLE VISITED  
*the Jorge Alessandri Educational Park*



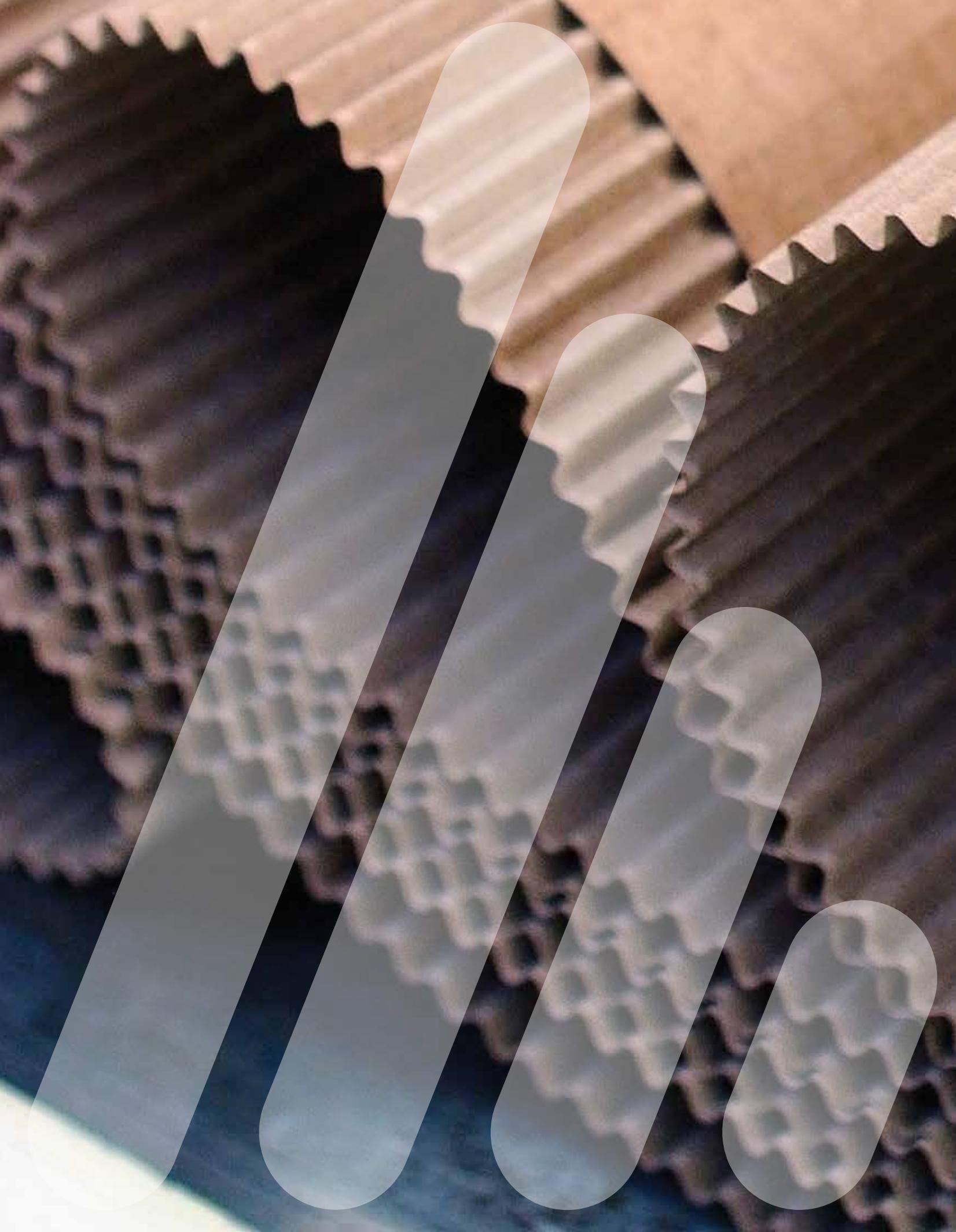
**157,000**

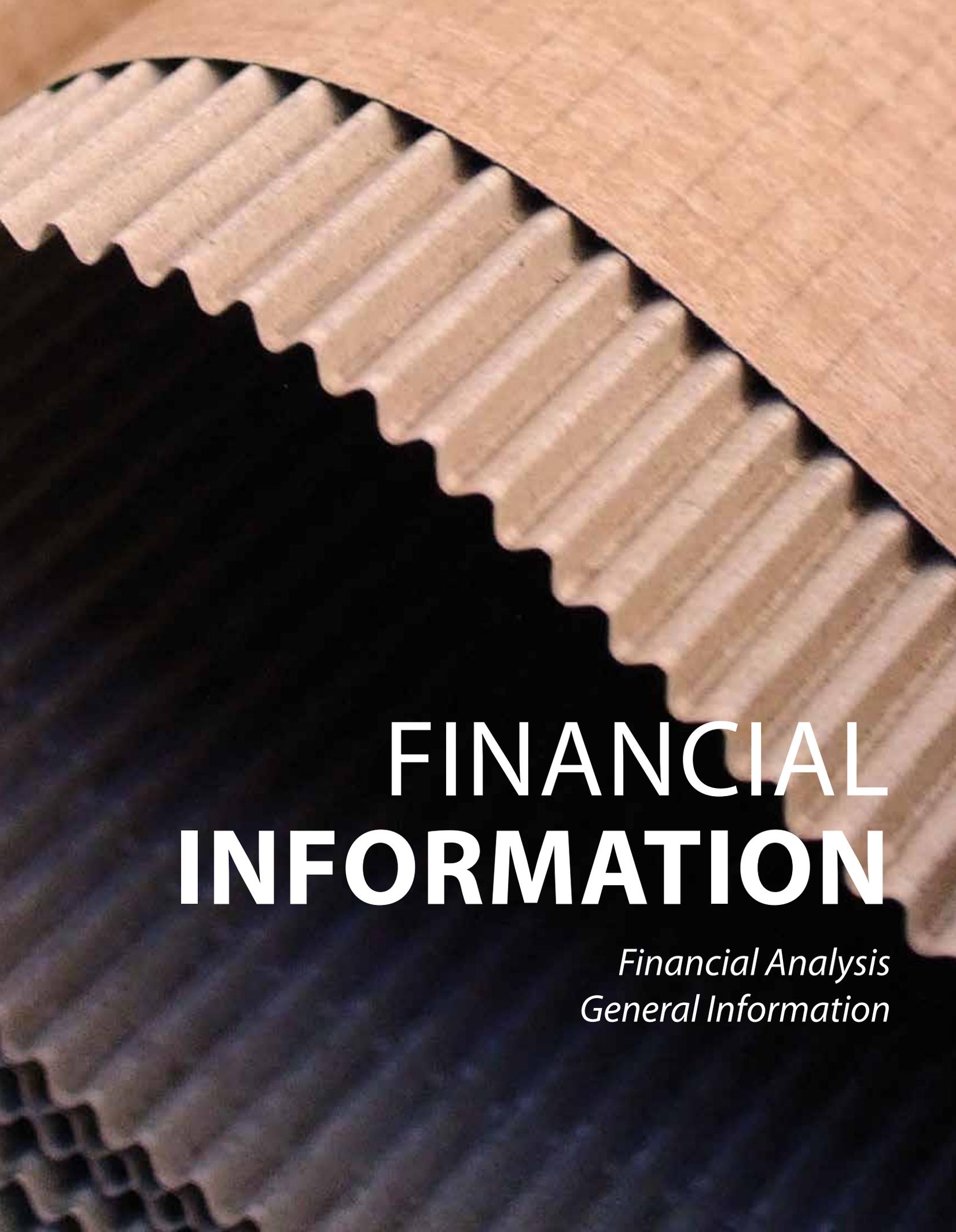
HECTARES  
*of native forest and watercourses are protected and preserved*



**34,000** PEOPLE

HAVE BEEN TRAINED  
*in Forestal Mininco programmes*





# FINANCIAL INFORMATION

*Financial Analysis  
General Information*

# FINANCIAL INFORMATION



## 1. OVERVIEW OF THE YEAR

CMPC and its subsidiaries had a consolidated EBITDA of US\$964 million in 2013, which was a 5% year-on-year increase. EBITDA in the fourth quarter of 2013 was US\$254 million, 21% up on that of the fourth quarter of 2012, mainly due to the better performance of the wood pulp business. The EBITDA margin improved significantly from 17% to 20% on that of the previous year.

CMPC's sales revenues in 2013 amounted to US\$4.974 billion, a 5% year-on-year increase, mainly explained by higher sales of wood pulp and tissue products.

CMPC had consolidated net income of US\$196 million in 2013, which was a 3% decrease on the US\$202 million in 2012. Although the company had better operating income and a positive effect of exchange rate differences, that was offset by higher income tax (mainly due to the depreciation of the Chilean pesos and Brazilian real against the US dollar that generated a higher charge for the deferred tax provision), recognition of an impairment loss of US\$50 million for the drop in value of the assets of the subsidiary Papeles Río Vergara S.A., which closed down in late November 2013, and lower financial revenue.

The performance of the forestry business in 2013 was hit by higher operating costs compared to the previous year and the EBITDA of this business was 25% down on 2012.

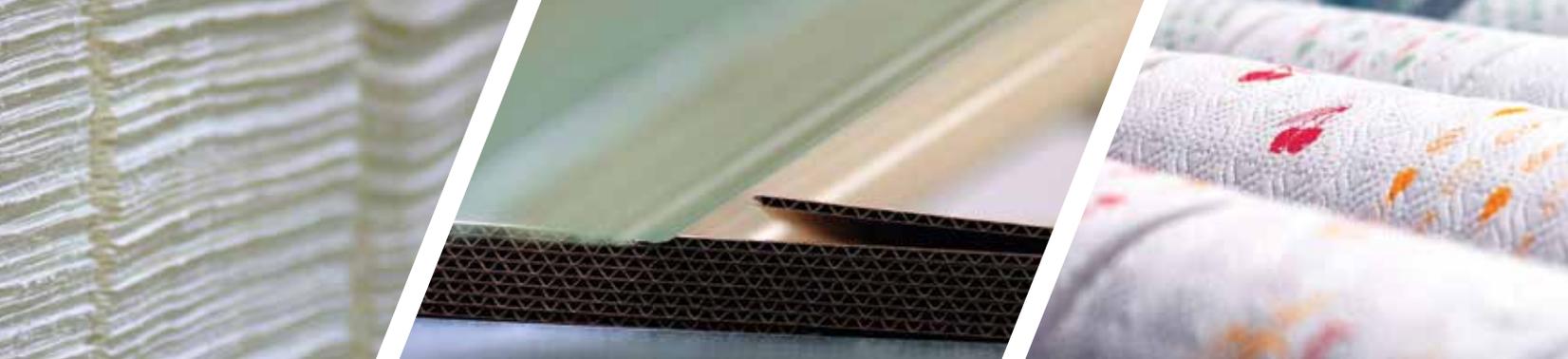
The wood pulp business had a large 32% increase in EBITDA. Revenue was 11% up on the previous year, mainly explained by greater export sales of both types of fibre and higher electricity sales. That was partly offset by higher expenses for scheduled maintenance of industrial mills in 2013 and higher costs.

The paper product business had a 4% year-on-year revenue decrease, because of a lower sales volume of newsprint and boxboard. That was partly offset by higher average containerboard prices and a higher sack sales volume in foreign subsidiaries. The EBITDA of this business dropped 14% on the previous year.

The tissue business had a 5% year-on-year increase in revenue because of higher sales volumes, particularly sanitary products with sales increasing 13% and tissue product sales up 3%. From a regional standpoint, the markets with sales growth were the subsidiaries in Mexico and Uruguay. The EBITDA of this business in 2013 was 3% up on 2012, largely explained by higher sales.

For the item other profits (losses) the company recognised a loss of US\$50 million for the reduction in value of the assets of the subsidiary Papeles Río Vergara S.A., whose newsprint mill at Nacimiento closed down in late November 2013 due to it being impossible to get electricity supply contracts making its operation economically viable. This loss was partly offset by the corresponding adjustment of the deferred tax provision of US\$10 million, so the charge to net income in 2013 for the mentioned shut-down was about US\$40 million. On the other hand, in 2013 the company had exchange rate difference earnings of US\$37 million, mainly explained by the depreciation of the Chilean peso against the US dollar in the year, which was favourable compared to the loss of US\$37 million for this item in 2012.

The company had financial debt<sup>(1)</sup> of US\$3.730 billion for the year ended 31 December 2013, which was similar to the US\$3.750 billion for the same period in 2012. This was achieved despite issuing a bond of US\$500 million in May 2013. Cash flow<sup>(2)</sup> amounted to US\$1.023 billion for the year ended 31 December 2013. CMPC's net financial debt (financial debt minus cash flow) was therefore US\$2.707 billion for the



year ended 31 December 2013, a US\$302 million year-on-year decrease. The net debt to EBITDA<sup>(3)</sup> ratio improved by dropping from 3.29 times for the year ended 31 December 2012 to 2.88 times for the same period in 2013. It should be highlighted that in 2013 there was a capital increase

of US\$500 million to finance the company's investment programme. To such effect, in early December 2013, CMPC completed the sale of 6,583,741 shares (7.74% shareholding) it had in Bicecorp by means of a stock exchange auction. It raised US\$106 million from this operation.

<sup>(1)</sup> Financial debt: total interest-bearing loans - other obligations + liabilities of swaps and cross currency swaps + hedging liabilities - assets from swaps and cross currency swaps - hedging assets (see notes N°8 and 22 to the consolidated financial statements).

<sup>(2)</sup> Cash flow: cash and cash equivalents + time deposits with maturity of 90 days to one year (see note N°8 to the consolidated financial statements).

<sup>(3)</sup> Considering an EBITDA accumulated over a 12-rolling month period.

## 2. INCOME ANALYSIS

Table N°1 shows the main items of the consolidated statement of income of Empresas CMPC S.A.

### Table N°1: Consolidated Statement of Income

Figures given in millions of US\$

	2013	4Q 2013	2012	4Q 2012
Total current revenue	4,974.5	1,259.5	4,759.3	1,213.0
Operating cost <sup>(1)</sup>	(3,311.8)	(826.2)	(3,163.4)	(816.8)
Operating margin	1,662.7	433.3	1,595.9	396.2
Other costs & operating expenses <sup>(2)</sup>	(698.8)	(179.1)	(681.8)	(186.7)
<b>EBITDA</b>	<b>963.9</b>	<b>254.2</b>	<b>914.1</b>	<b>209.5</b>
EBITDA/operating income %	19%	20%	19%	17%
Depreciation and stumping <sup>(3)</sup>	(425.1)	(107.8)	(424.8)	(115.8)
Revenue from net biological asset growth <sup>(4)</sup>	(4.1)	(4.9)	36.8	8.9
<b>OPERATING INCOME</b>	<b>534.7</b>	<b>141.5</b>	<b>526.1</b>	<b>102.5</b>
Financial income	21.4	5.2	37.3	8.7
Financial costs	(174.3)	(45.5)	(175.2)	(42.7)
Interest in profit (loss) of related companies	8.9	2.1	12.8	4.1
Exchange rate difference	37.0	21.2	(37.5)	10.5
Price-level restatement	(17.9)	(8.9)	(18.1)	(6.2)
Other profits (loss)	(35.8)	(0.2)	(15.1)	(9.5)
Income tax	(178.3)	(78.0)	(127.8)	(27.1)
<b>NET INCOME (PROFIT)</b>	<b>195.6</b>	<b>37.5</b>	<b>202.4</b>	<b>40.3</b>
Net margin <sup>(5)</sup>	4%	3%	4%	3%

<sup>(1)</sup> Sales cost less depreciation, less harvested plantation formation cost, less higher cost of the plantations harvested and sold arising from revaluation due to their natural growth (see note 13: Biological Assets).

<sup>(2)</sup> Distribution costs, administration and other operating expenses.

<sup>(3)</sup> Harvested plantation formation cost (see note 13: Biological Assets).

<sup>(4)</sup> Profit from the natural growth of plantations, less higher cost of the harvested and sold portion (see note 13: Biological Assets).

<sup>(5)</sup> Total net income (profit)/current revenue, Total.

# FINANCIAL INFORMATION



CMPC is a leading producer of forest products in Latin America. Its main products are sawn and remanufactured lumber, plywood, long- and short-fibre wood pulp, boxboard, containerboard, tissue and sanitary products, corrugated cardboard boxes, and other packing products. CMPC is structured into four business areas: forestry, wood pulp, paper and tissue which, coordinated strategically and sharing administrative support functions, act independently to serve markets with very different products and dynamics.

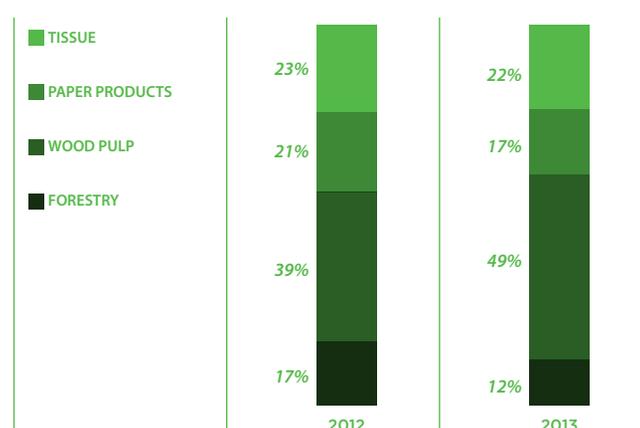
CMPC had a 5% increase in sales in 2013 compared to 2012 and total costs rose 5%. The operating margin increased by 4% amounting to US\$1.663 billion.

The consolidated EBITDA of Empresas CMPC was US\$964 million for the year ended 31 December 2013, a 5% year-on-year increase. That was mainly explained by greater local sales revenues of foreign subsidiaries, mainly due to the higher sales volume of tissue products and greater export sales of short- and long-fibre wood pulp. That was offset by higher production costs in the tissue, wood pulp and forestry businesses. In 2013, the EBITDA margin on current revenue was therefore 19%, similar to that in 2012. It should be noted that the EBITDA margin in the fourth quarter of 2013 was 20% against 17% in the same quarter of the previous year.

Figure N°1 shows the EBITDA breakdown by business area. It can be seen that in 2013 the wood pulp share rose to 49% on the previous year, mainly due to higher prices and greater wood pulp export volumes. The forestry business share dropped to 12% because of higher operating costs and lower prices. The paper product business share fell to 17% on account of lower export sales of newsprint and boxboard. The tissue business had a similar share.

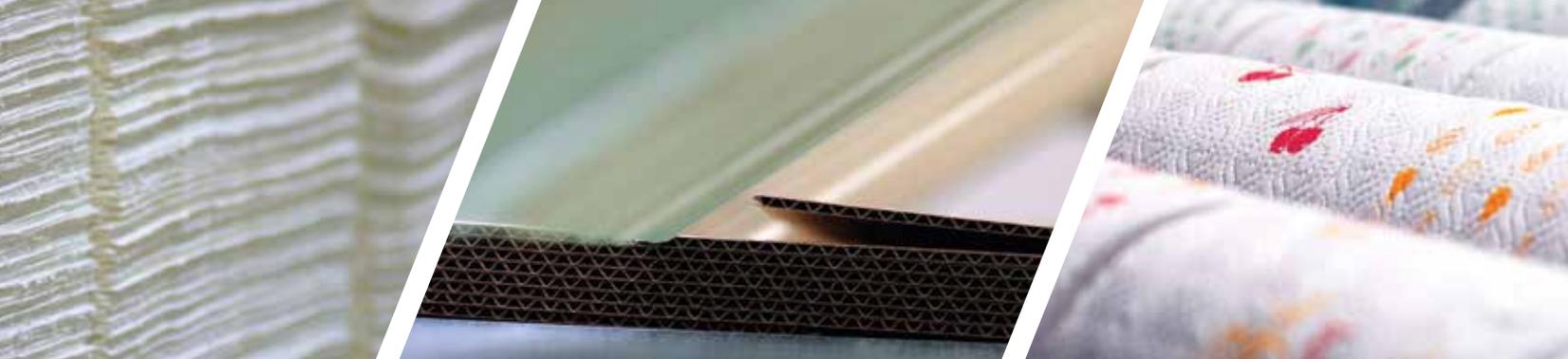
**Figure N°1:**  
**EBITDA Breakdown by Business Area**

Given in US\$ and accrued up to December



In 2013, there was exchange rate income of US\$37 million, essentially explained by the depreciation of the Chilean peso against the US dollar in the year. In effect, as Empresas CMPC has debt in Chilean pesos and this depreciated 9.3% against the US dollar in 2013, liabilities in that currency lost value in US dollars. That compared favourably with the US\$37 million loss for the same item in 2012, when the Chilean peso appreciated 7.6% against the US dollar. Moreover, the item other profits (losses) had a negative result of US\$36 million in 2013, largely due to the recognition of the lower value of the assets of the subsidiary Papeles Río Vergara S.A., which stopped producing newsprint in late 2013.

On the other hand, in the deferred tax account the depreciations of the Chilean peso and Brazilian real against the US dollar generated a negative effect on income. This effect arose from the value difference of financial assets, which are recorded in the accounts in the functional



currency of the financial accounting (US dollar), and the bases of the main tax accounting other than the functional currency (Chilean peso and Brazilian real). The adjustment of the deferred tax provision applicable to this difference entailed a higher expense in the year for the income tax item of US\$89 million, which was partly offset by deferred tax due to adjustments of assets and liabilities arising from shutting down the subsidiary Papeles Río Vergara S.A. of US\$10 million (see note N°36 to the consolidated financial statements). It should be noted that in the third quarter of 2012 income tax was hit by the modification of the Income Tax Law in Chile, which increased the corporate tax rate from 17% to 20%, which at the time generated a higher expense of US\$132.7 million from the recalculation of deferred tax of previous years.

## 2.1. Sales Analysis

CMPC is characterised by product and market diversification. Current revenue accrued up to 2013 amounted to US\$4.974 billion, which was a 5% year-on-year increase. That was mainly due to a 2% increase in local sales in Chile, driven by higher sales of tissue products and electricity and a 6% increase in the local sales of foreign subsidiaries because of higher sales of tissue products. Exports rose 5%, explained by higher sales of both types of wood pulp, partly offset by a lower newsprint sales volume.

Figure N°2 shows that on comparing 2013 with the same period in 2012 the relative sales share of local sales in Chile, local sales of foreign subsidiaries and export sales regarding total sales remained unchanged.

**Figure N°2:**  
*Breakdown of Accrued Sales to Third Parties*

Given in US\$ and accrued up to December

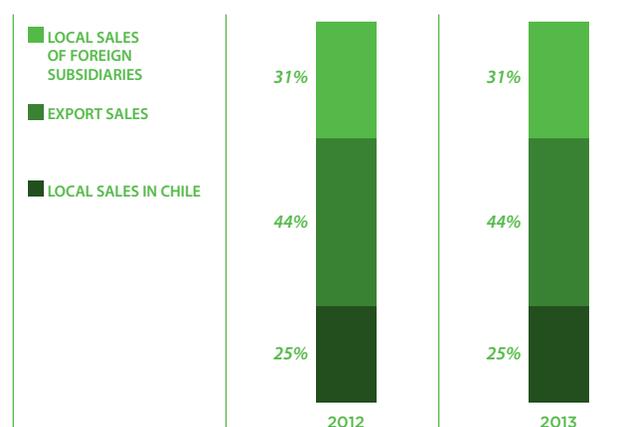
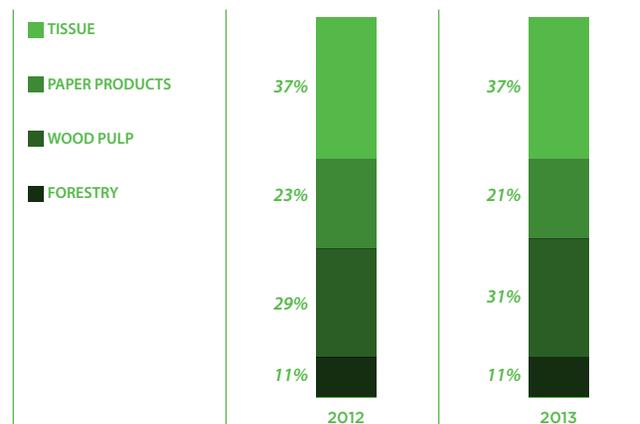


Figure N°3 shows the relative share of each of CMPC's business areas of the consolidated sales.

**Figure N°3:**  
*Breakdown of Consolidated Sales to Third Parties by Business Area*

Given in US\$ and accrued up to December



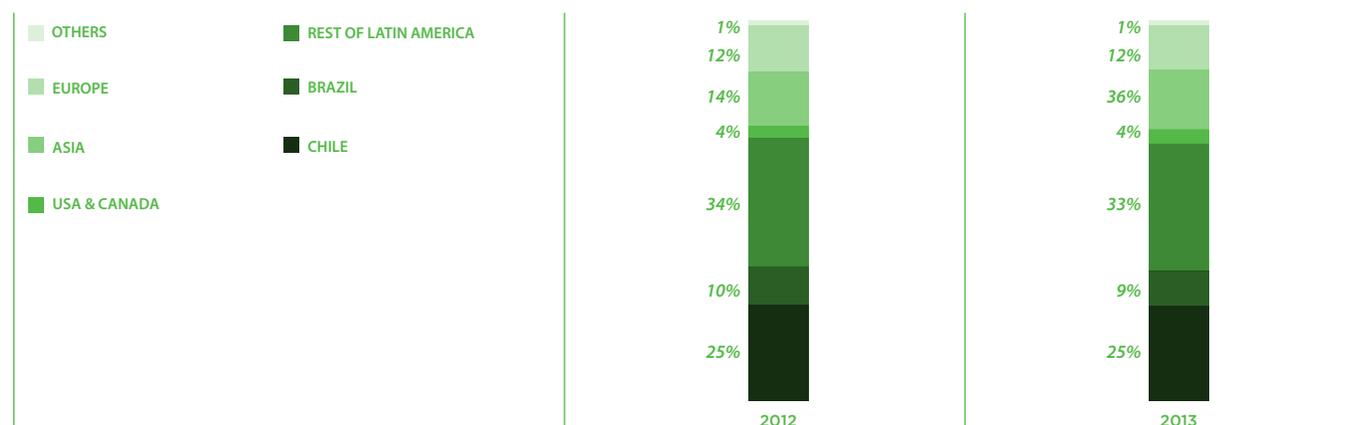
# FINANCIAL INFORMATION



Figure N°3 shows that in 2013 the wood pulp business increased its relative share of the consolidated sales compared to the previous year to 31%. The tissue business maintained its 37% share. Combined, these two businesses accounted for 68% of the company's consolidated sales to third parties. Figure N°4 shows the sales breakdown by export market.

**Figure N°4:**  
*Breakdown of Sales to Third parties by Export Market*

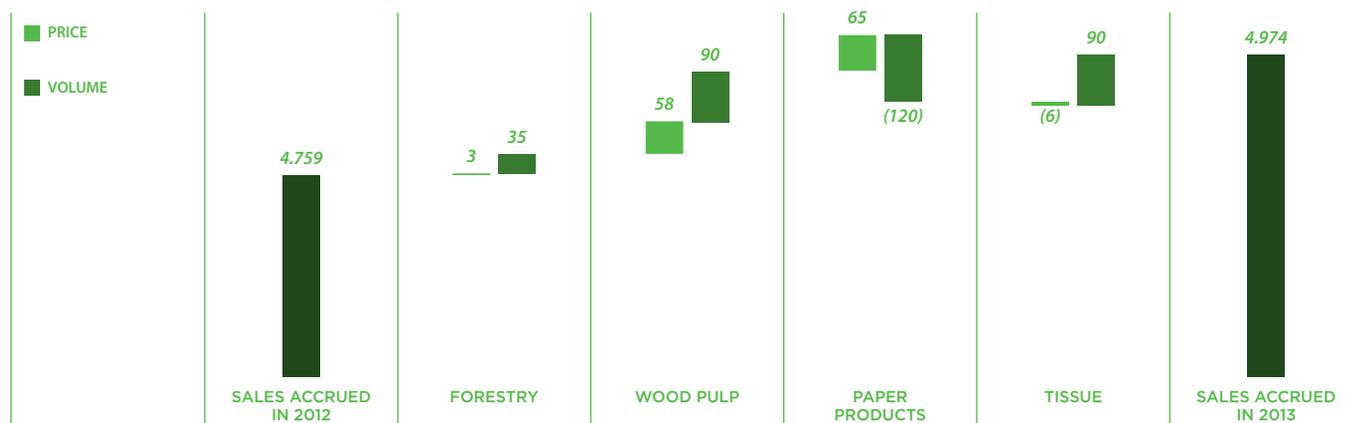
Given in US\$ and accrued up to December

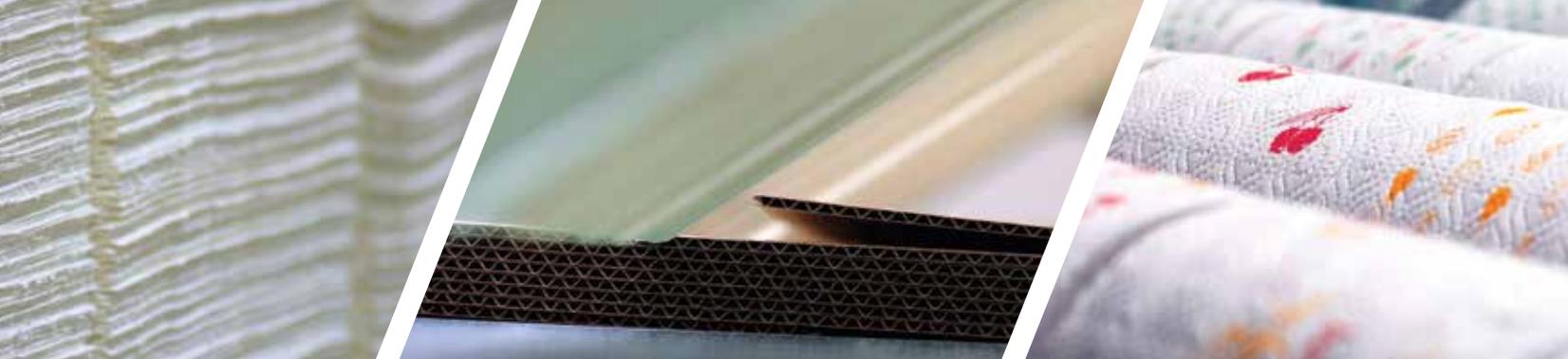


It can be seen that in 2013 sales to Asia increased in importance on the previous year, due to higher wood pulp sales, whereas sales to Brazil and the rest of Latin America lost their relative share, because of the effect of local currency depreciation on tissue product sales. The contribution of the rest of the markets to CMPC's total sales remained unchanged.

**Figure N°5:**  
*Consolidated Sales Variation Analysis (price and volume effect)*

Figures in millions of US\$





## 2.2. Analysis by Business Area

Results by business area are shown in Table N°2.

**Table N°2: Results by Business Area**

Figures in millions of US\$

ITEMS	BUSINESS AREAS (OPERATIVE AREAS) US\$ MILLION					OTHERS <sup>(2)</sup>	ADJUSTMENTS <sup>(3)</sup>	ENTITY TOTAL
	FORESTRY	WOOD PULP	PAPER	TISSUE	TOTAL AREAS			
<b>Accrued at 31 December 2013</b>								
Revenue from foreign & related customers	840.8	1,794.4	1,113.1	1,853.9	5,602.2	48.7	(676.5)	4,974.5
EBITDA by business area <sup>(1)</sup>	118.9	481.5	169.6	213.8	938.8	(18.0)	(1.9)	963.9
<b>Accrued at 31 December 31 2012</b>								
Earnings from foreign & related customers	815.2	1,616.0	1,164.1	1,768.0	5,363.2	50.7	(654.6)	4,759.3
EBITDA by business area <sup>(1)</sup>	159.3	364.0	196.5	207.6	927.4	(11.5)	(1.8)	914.1

<sup>(1)</sup> This is the gross margin plus depreciation and amortisation, plus the harvested plantation formation cost, plus the higher cost of the exploited and sold portion of plantations arising from revaluation due to their natural growth (see note N°13 to the consolidated financial statements), minus distribution costs, minus administration expenses and minus other operating expenses.

<sup>(2)</sup> Others\* exclude the accrued income of CMPC and Inversiones CMPC S.A. of their subsidiaries, which are stated separately in each of the business areas.

<sup>(3)</sup> Adjustments and eliminations between operating areas of the same entity.

### The forestry business

The forestry business had a 3% increase in sales revenue in 2013 compared to the same period of the previous year, driven by higher export prices of lumber and higher sawn lumber volume. Nevertheless, operating costs rose 10% on 2012, mainly because of increased harvesting and transport costs.

The EBITDA of this business area had a 25% year-on-year decrease, largely because of higher costs mentioned in the previous paragraph.

### The wood pulp business

The wood pulp business had an 11% year-on-year increase in revenue, mainly explained by higher export sales of short-fibre wood pulp, which had an average price increase of 6% with volume rising 7%. The long-fibre wood pulp export volume rose 1% and the average price increased 6% on

2012. Revenue also rose from the sale of electricity by the subsidiary Bioenergías Forestales. Moreover, in the first quarter of 2013 a new power plant started up at the Laja mill with net electricity sales to the central interconnected power grid (SIC) of 345 GWh in 2013, which was a 59% year-on-year increase.

The total costs of this business area were 6% up on the previous year, due to the higher cost of scheduled maintenance of the Laja, Pacífico and Santa Fe mills in 2013, along with greater sales costs related to the higher sales volume compared to 2012. The EBITDA of this business area rose 32% on 2012.

### The paper business

The paper business revenue in 2013 dropped 4% on the previous year, mainly due to the lower sales volume of newsprint and boxboard. In contrast, average containerboard sales prices were higher than the previous year along with the

# FINANCIAL INFORMATION



sack sales volume in foreign subsidiaries. It should be noted that in November 2013 CMPC stopped producing newsprint due to the high electricity costs.

The total costs of this business area were 2% down on 2012, explained by the lower sales volume, and partly offset the revenue decrease. The EBITDA of this business unit in 2013 was 14% down on 2012.

## *The tissue business*

The tissue business had a 5% year-on-year increase in current revenue, mainly due to a 13% increase in the sales volume of sanitary products, and 3% of tissue products, with the highlight being the subsidiaries in Mexico and Uruguay. The EBITDA of this business area rose 3% on the previous year, mainly explained by higher sales.

## 3. TRENDS AND SIGNIFICANT EVENTS

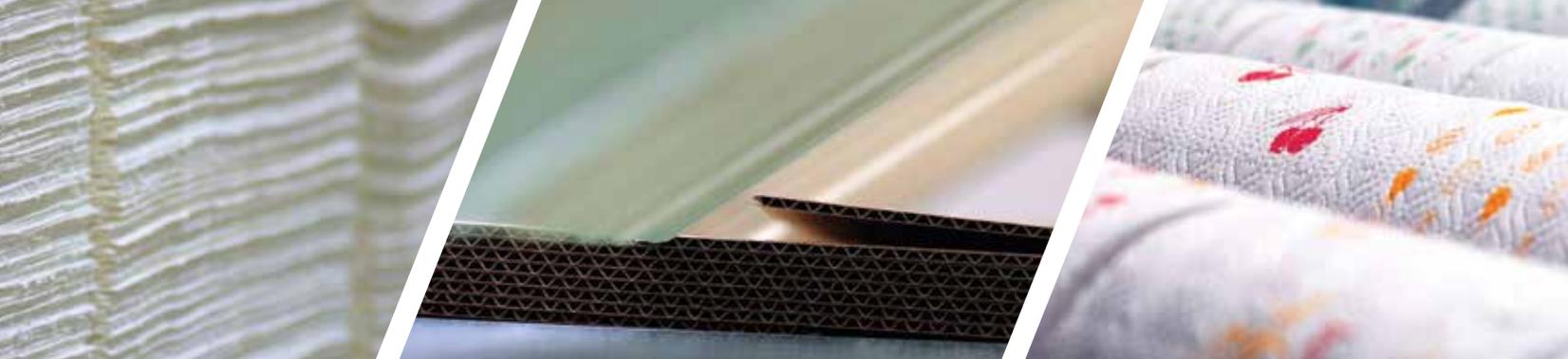
It is not CMPC's policy to make forecasts of its results or variables that might have a major effect thereon. The consensus of industry analysts is a reasonable outlook for forestry products, if growth conditions continue in developing countries. Nevertheless, it is not possible to rule out cycles of economic instability which, besides new productive capacity coming on stream, could have effects on market stability.

The following main projects were undertaken in the year

- The plywood mill expansion project, which will double plywood panel output at an investment of about US\$120 million, started up in the fourth quarter of 2013.
- The Talagante tissue mill expansion project, which entailed an investment of US\$78 million, is in full production, after a successful start-up in the second quarter of 2013.
- The project to set up a new folding sack mill at Guadalajara in Mexico was completed with the inclusion of two production lines that started up in the second quarter of 2013.

- The project to build a new distribution centre at Caieiras in the state of Sao Paulo, which entailed an investment of US\$25 million, started up in the fourth quarter of 2013, just like the modification to paper machine N°8 of the same mill, which at an investment of US\$17 million optimised its efficiency and raised production by 15,000 tonnes a year.

On 24 January 2013, the 53rd Extraordinary Shareholders' Meeting approved a US\$500 million capital increase of Empresas CMPC S.A., by issuing 155,602,948 cash non-par-value shares. A Board meeting of Empresas CMPC S.A., held on 18 April 2013, decided to establish the issuance price of the capital increase as Ch\$1,480 per share. The pre-emptive right period started on 9 May 2013, which was in force up to 8 June 2013. In that period, 95.27% of the total shares offered were subscribed, with 7,353,164 shares remaining. The rest were placed by means of a Santiago Stock Exchange auction on 27 September at a price of Ch\$1,600 per share. After this, all the company's stock comprises 2,375,000,000 shares of a single series.



On 25 April 2013, Ordinary Shareholders' Meeting N°94 of Empresas CMPC S.A was held, which approved: i) the balance sheets, financial statements and annual report of 2012; ii) distributing a final dividend charged to 2012 of Ch\$6 per share to be paid on 9 May 2013 to those shareholders registered in the Shareholders' Registry on 3 May 2013; iii) acknowledging the dividend distribution policy in 2013 which was established as 30% of net income; and iv) appointing Ernst & Young as the company's external auditor for 2013.

On 8 May 2013, Inversiones CMPC S.A., acting through its agency on the Cayman Islands, issued an international bond of US\$500 million under rule 144A regulation S of the United States Securities Act of 1933. The bond has 10-year maturity with a coupon rate of 4.375% per annum. The actual placement rate was 4.469% per annum. Interest shall be paid half-yearly and the capital shall be amortised in one instalment on maturity. Empresas CMPC S.A. is the guarantor and joint and several co-signer of this issue and the proceeds were allocated to general corporate uses. Deutsche Bank and J.P. Morgan were the underwriter banks.

On 8 August 2013, the company placed the first stone of the project to expand the Guaíba wood pulp mill, located in the state of Rio Grande do Sul in Brazil. The project entails building a second production line at the Guaíba mill, with a production capacity of 1.3 million tonnes a year of bleached short-fibre wood pulp at an investment of US\$2.1 billion. The project will be financed by a loan from Banco BNDES of Brazil, a recent capital increase and an international bond mentioned in the previous paragraph. Commissioning is forecasted for mid-2015. As of the date of this report, the project is in full construction and according to schedule.

In 2013, the Board of CMPC approved the execution of two natural gas-fired electricity generating projects at the Puente Alto and Talagante mills. Both projects will entail a joint investment of about US\$102 million. The company thereby

expects to have own generation of about 70 MW early in the second half of 2015 and guarantee a large portion of the electricity supply needed for the operations of both mills.

On 5 September 2013, by means of a significant event sent to the Superintendency of Securities and Insurance (SVS), CMPC reported that the subsidiary Papeles Río Vergara S.A., located in the district of Nacimiento in the Bío-Bío region, had shut down operations on 30 November 2013 due to the increase in production costs arising from the electricity price reaching a level that made operations unprofitable. CMPC thereby stopped producing newsprint. As a result of this, the financial statements of September recorded net losses of US\$40 million from applying the asset and liability impairment test pursuant to the International Financial Reporting Standards (IFRS), which are stated in Other profits (losses) and income tax expense in the statement of income.

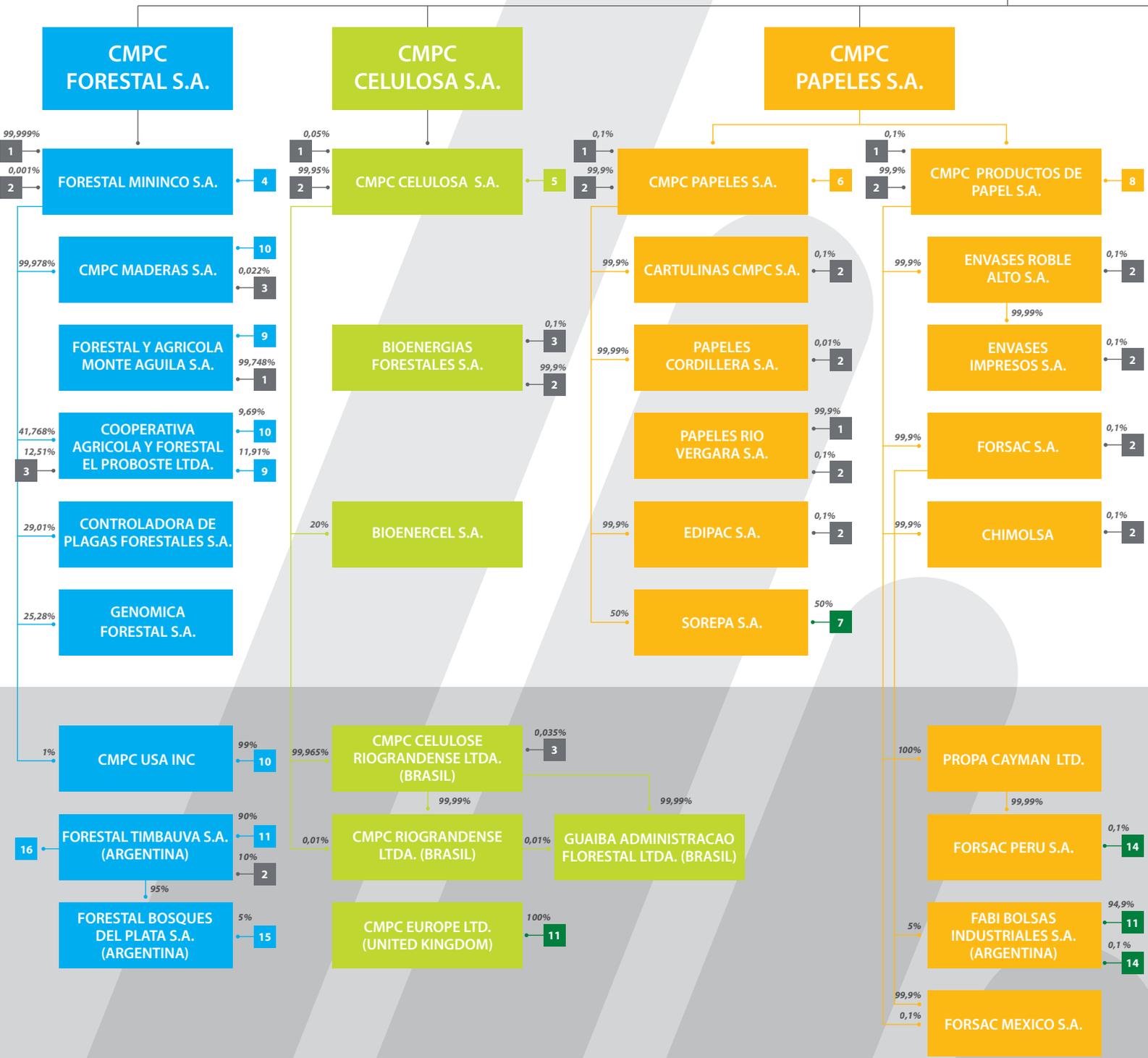
In 2013, the Board of CMPC approved a project to build a new production line for tissue products in Mexico, which will entail an investment of around US\$127 million, including a new paper machine and various related conversion lines. Moreover, for the same location the Board approved the construction of a natural gas-fired power cogenerating plant at an investment of about US\$34 million. These projects should come on stream by late 2015.

The Board of CMPC decided to restructure its paper and paper products businesses seeking operating efficiency. This decision will entail CMPC Productos de Papel being absorbed by CMPC Papeles and the merger of the subsidiaries Envases Impresos and Envases Roble Alto, which will be undertaken in 2014.

From 27 November to 3 December, CMPC auctioned on the stock exchange 6,583,741 shares (7.74% shareholding) it held in Bicecorp. It raised US\$106 million from this operation, which will be allocated to financing the project portfolio.

# OWNERSHIP STRUCTURE CHART

1 → EMPRESAS CMPC S.A.



- 1 EMPRESAS CMPC S.A.
- 2 INVERSIONES CMPC S.A.
- 3 INMOBILIARIA PINARES S.A.
- 4 FORESTAL MININCO S.A.
- 5 CMPC CELULOSA S.A.
- 6 CMPC PAPELES S.A.
- 7 CMPC TISSUE S.A.
- 8 CMPC PRODUCTOS DE PAPEL S.A.
- 9 FORESTAL Y AGRICOLA MONTE AGUILA S.A.
- 10 CMPC MADERAS S.A.
- 11 INVERSIONES PROTISA S.A.
- 12 CMPC INVERSIONES DE ARGENTINA S.A.
- 13 TISSUE CAYMAN LTD.
- 14 IPUSA S.A.
- 15 LA PAPELERA DEL PLATA S.A.
- 16 FORESTAL TIMBAUVA S.A.



# FINANCIAL INFORMATION



## GENERAL INFORMATION

### Capital Stock

For the year ended 31 December 2013, the company's capital stock amounted to US\$1.246 billion divided into 2,375 million shares. The equity of Empresas CMPC S.A. was US\$8,315.52 million for the year ended 31 December 2013.

### Share Ownership

Table A shows the 12 majority shareholders and the number of shares held by each of them for the year ended 31 December 2013..

**Table A: Twelve majority shareholders**

for the year ended 31 December 2013

SHAREHOLDER	Nº OF SHARES
Forestal Cominco S.A.	462,072,455
Forestal, Constructora y Comercial del Pacífico Sur S.A.	452,395,317
Forestal O'Higgins S.A.	167,652,664
Banco de Chile on behalf of third parties	121,513,746
Forestal Bureo S.A.	101,135,058
Banco Itaú Chile S.A. on behalf of foreign investors	91,472,669
A.F.P. Provida S.A. for pension funds	77,941,658
A.F.P. Habitat S.A. for pension funds	66,780,362
A.F.P. Capital S.A. for pension funds	53,799,591
Inmobiliaria Ñague S.A.	49,972,870
Banco de Santander – J. P. Morgan	47,236,839
Coindustria Ltda.	43,850,772

Table B provides a breakdown of the shares of Empresas CMPC S.A. owned by companies that directly or through some mutual relationship controlled 55.50% of the voting capital for the year ended 31 December 2013.

**Table B: Breakdown of shares owned by the controller's companies**

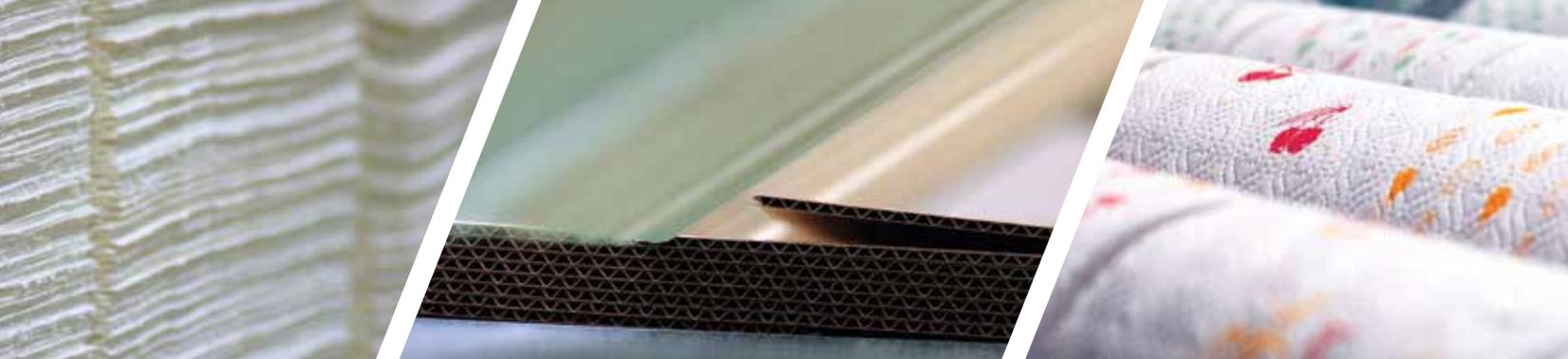
for the year ended 31 December 201

SHAREHOLDER	Nº OF SHARES
Forestal Cominco S.A.	462,072,455
Forestal, Constructora y Comercial del Pacífico Sur S.A.	452,395,317
Forestal O'Higgins S.A.	167,652,664
Forestal Bureo S.A.	101,135,058
Inmobiliaria Ñague S.A.	49,972,870
Coindustria Ltda.	43,850,772
Forestal y Minera Ebro Ltda.	10,749,488
Forestal y Minera Volga Ltda.	8,381,907
Viecal S.A.	6,176,559
Forestal Peumo S.A.	4,884,230
Forestal Calle Las Agustinas S.A.	3,670,168
Forestal Choapa S.A.	2,215,599
Puertos y Logística S.A.	1,401,288
Others	3,669,481
<b>TOTAL</b>	<b>1,318,227,856</b>

All these shareholders, who belong to the same business group, have no formal joint agreement. The following natural people are the final controllers of the above-mentioned companies with an equal share: Mrs. Patricia Matte Larraín, taxpayer code N°4.333.299-6 and Messrs Eliodoro Matte Larraín, taxpayer code N°4.436.502-2, and Bernardo Matte Larraín, taxpayer code N°6.598.728-7.

### Share transactions

Table C shows the total share transactions by number of shares, unit and total values, and by quarter in the last 3 years:



**Table C: Quarterly Share Transaction Statistics**

QUARTER	N° OF SHARES	AMOUNT TRADED THCHS	AVERAGE PRICE CH\$/SHARE
1 <sup>st</sup> Quarter 2011	6,592,258	150,570,386	22,840.49
2 <sup>nd</sup> Quarter 2011	5,432,026	131,966,639	24,294.18
3 <sup>rd</sup> Quarter 2011	44,940,085	185,252,318	4,122.21
4 <sup>th</sup> Quarter 2011	112,373,136	207,663,502	1,847.98
1 <sup>st</sup> Quarter 2012	112,414,405	229,114,935	2,038.13
2 <sup>nd</sup> Quarter 2012	85,840,618	164,311,508	1,914.15
3 <sup>rd</sup> Quarter 2012	69,412,450	126,297,509	1,819.52
4 <sup>th</sup> Quarter 2012	75,406,040	134,638,420	1,785.51
1 <sup>st</sup> Quarter 2013	70,998,894	128,564,129	1,810.79
2 <sup>nd</sup> Quarter 2013	91,764,188	150,072,256	1,635.41
3 <sup>rd</sup> Quarter 2013	100,206,655	156,541,089	1,562.18
4 <sup>th</sup> Quarter 2013	76,731,694	107,870,274	1,405.81

NOTES:

1. Statistics include information from the Santiago Stock Exchange, the Chilean Electronic Exchange and the Brokers' Exchange.
2. As of the 10x1 share exchange operation undertaken on 16 September 2011, the number of shares traded increased and their unit value therefore dropped. Moreover, as of 30 October 2011, Inforsa's shares were no longer traded due to the merger with CMPC.
3. There was a capital increase in 2013 (see note N°28 to the financial statements).

In 2012, related shareholders made company share transactions, as shown in Table D below.

**Table D: Share Transactions by Related Shareholders**

SHAREHOLDER	SHARES OR OPTIONS TRADED (QTY)			AVERAGE UNIT PRICES (CH\$/SHARE)			TOTAL AMOUNT TRADED (THCHS)		
	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD
<b>CONTROLLING SHAREHOLDERS</b>									
Agrícola e Inmobiliaria Rapel Ltda.		38,464			1,480			56,927	
Coindustria Limitada	790,000	2,821,213		1,304	1,480		1,030,470	4,175,395	
Forestal Bureo S.A.	6,157,661	6,222,637		1,555	1,480		9,575,163	9,209,503	
Forestal Calle Las Agustinas S.A.		240,458			1,480			355,878	
Forestal Choapa S.A.		145,159			1,480			214,835	
Forestal Cominco S.A.		30,273,615			1,480			44,804,950	
Forestal O'Higgins S.A.		10,984,104			1,480			16,256,474	
Forestal Peumo S.A.		320,000			1,480			473,600	
Forestal y Minera Ebro Limitada	1,385,091	613,527		1,302	1,480		1,803,925	908,020	
Forestal y Minera Volga Ltda.		549,157			1,480			812,752	
Forestal, Const.y Com.del Pacifico Sur S.A.		29,639,597			1,480			43,866,604	
Inmobiliaria Nague S.A.		3,274,074			1,480			4,845,630	
Inmobiliaria y Forestal Chigualoco Ltda.		403,431	6,157,661		1,480	1,555		597,078	9,575,163
Patricia Matte Larraín		59,835			1,480			88,559	
Puertos y Logística S.A.		91,808			1,480			135,876	
Viecal S.A.		404,669			1,480			598,910	

# FINANCIAL INFORMATION



Table D: (continuation)

SHAREHOLDER	SHARES OR OPTIONS TRADED (QTY)			AVERAGE UNIT PRICES (CH\$/SHARE)			TOTAL AMOUNT TRADED (THCH\$)		
	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD
<b>DIRECTORS</b>									
Eliodoro Matte Larraín		73,885			1,480			109,350	
Martín Costabal Llona		402			1,480			595	
Erwin Hahn Huber		350			1,480			518	
Jorge Gabriel Larraín Bunster		8,392			1,480			12,420	
Arturo Mackenna Iñiguez		350			1,480			518	
Jorge Eduardo Marin Correa		350			1,480			518	
Bernardo Matte Larraín		59,835			1,480			88,556	
<b>COMPANIES RELATED TO DIRECTORS</b>									
Constructora Santa Marta Ltda.		2,920,053			1,480			4,321,678	
Constructora Santa Marta Ltda. (options)	358,602			129			46,260		
Don Guillermo S.A.		2,709			1,480			4,009	
Dona Maria Loreto S.A.		483,648			1,480			715,799	
Inmob. y Prom. Los Dominicos			4,416			1,605			7,087
Inmobiliaria Tolhuaca Limitada	300,000			1,362			408,499		
Inversiones Hemaco Limitada.		937,223			1,480			1,387,090	
Inversiones Hemaco Limitada (options)	20,824			164			3,414		
Inversiones La Pinta Ltda.			3,856			1,610			6,208
Polo Sur Sociedad de Rentas Ltda.		3,505			1,480			5,187	
Rentas Camino Mirasol Ltda. (options)			95,137			129			12,273
Rentas e Inversiones San Antonio Ltda.		479,846			1,480			710,172	
Rentas Kiev Ltda. (options)			98,015			129			12,644
Rentas Kurewen S.A.		23,020			1,480			34,070	
Rentas Las Rocas Limitada (options)			78,265			160			12,522
Rentas Padua Ltda. (options)			88,977			129			11,478
Rentas San Ramón Ltda.		87,990			1,480			130,225	
Rentas Santa Blanca Ltda. (options)			76,473			129			9,865
Sociedad de Rentas Don Ernesto Limitada		215,537			1,480			318,995	
Sociedad de Rentas Santa Marta		4,883			1,480			7,227	

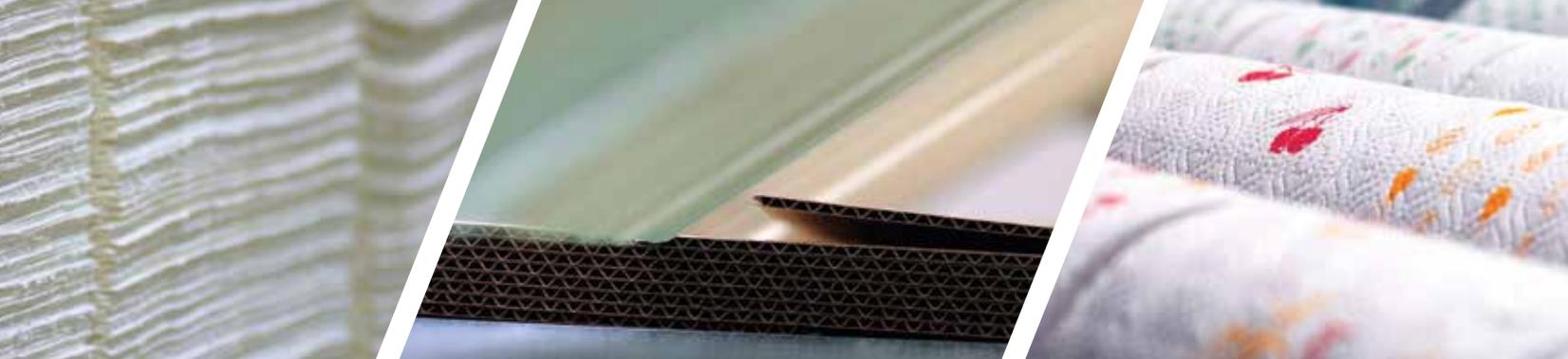


Table D: (continuation)

SHAREHOLDER	SHARES OR OPTIONS TRADED (QTY)			AVERAGE UNIT PRICES (CH\$/SHARE)			TOTAL AMOUNT TRADED (THCH\$)		
	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD	PURCHASED	1ST EMISSION SECURITIES SUBSCRIPTION	SOLD
<b>DIRECTORS' RELATIVES</b>									
Valentina Bunster Saavedra		1,485			1,480			2,198	
María Luz Correa Salas (options)			9,314			164			1,527
José Tomás Eyzaguirre Larraín		101			1,480			149	
Juan Carlos Eyzaguirre Larraín		101			1,480			149	
M. Patricia Eyzaguirre Larraín		7			1,480			10	
María Patricia Larraín Matte (options)			9,254			1			9
Jorge Bernardo Larraín Matte		9,254			1,480			13,696	
Jorge Gabriel Larraín Matte		9,254			1,480			13,696	
M. Magdalena Larraín Matte		9,254			1,480			13,696	
María Josefina Marín Correa		1,473			1,480			2,180	
María Loreto Marín Correa		192			1,480			284	
Marta Eugenia Marín Correa (options)			11,510			164			1,887
Francisco Matte Izquierdo		1,928			1,480			2,853	
María del Pilar Matte Capdevila					1,480			1,100	
Bernardo Matte Izquierdo		1,313			1,480			1,943	
Sofía Matte Izquierdo		1,928			1,480			2,853	
<b>SENIOR EXECUTIVES</b>									
Luis Llanos Collado		1,398			1,480			2,069	
Jorge Navarrete García		785			1,480			1,162	
<b>RELATED TO SENIOR EXECUTIVES</b>									
Claudia Baboun Musalem		274			1,480			406	
Gonzalo García Mekis		106			1,480			157	
M. Josefina Mekis Martínez		65			1,480			96	
Michelle Andrea Wilson Nicoll			5,500			1,607			8,837
<b>TOTAL</b>	<b>9,012,178</b>	<b>91,423,387</b>	<b>6,638,378</b>				<b>12,867,730</b>	<b>135,306,616</b>	<b>9,659,500</b>



# FINANCIAL STATEMENTS

*Consolidated Financial Statements*  
*Summarised Financial Statements*

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# CONSOLIDATED FINANCIAL STATEMENTS

Empresas CMPC S.A.



EY Chile  
Avda. Presidente  
Riesco 5435, piso 4,  
Santiago

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## **Report of Independent Auditors (Translation of a report originally issued in Spanish - See Note 2.1)**

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

We have audited the accompanying consolidated financial statements of Empresas CMPC S.A. and Subsidiaries which comprise the consolidated statements of financial position as of December 31, 2013 and the consolidated comprehensive income statements, consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows for the year then ended, and the related notes to the financial statements. The consolidated financial statements of Empresas CMPC S.A. and Subsidiaries for the year ended as of December 31, 2012 were audited by other auditors, whose report, dated March 27, 2013, expressed an unqualified opinion on the audited consolidated financial statements in accordance with International Financial Reporting Standards.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Empresas CMPC S.A. and Subsidiaries as of December 31, 2013 and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'V. Zamora Q.', is written over the printed name.

Victor Zamora Q.

ERNST & YOUNG LTDA.

Santiago, Chile  
March 6, 2014

# CONSOLIDATED FINANCIAL STATEMENTS

*Empresas CMPC S.A.*

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# CONSOLIDATED FINANCIAL STATEMENTS

Empresas CMPC S.A.

## CLASSIFIED STATEMENT OF FINANCIAL POSITION

	Note	As of 12/31/2013 ThUS\$	As of 12/31/2012 ThUS\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	927,249	431,242
Other financial assets	8	185,366	433,951
Other non-financial assets	9	24,572	32,667
Trade and other accounts receivable	10	917,235	955,232
Accounts receivable from related parties	11	2,209	2,382
Inventory	12	1,057,951	1,098,369
Biological assets	13	251,568	244,886
Current tax assets	14	122,630	154,964
<b>TOTAL CURRENT ASSETS</b>		<b>3,488,780</b>	<b>3,353,693</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	2,083	4,353
Other non-financial assets	9	318,596	328,834
Accounts receivable	10	40,945	29,551
Investments accounted for using the equity method	16	660	93,853
Intangible assets other than goodwill	17	14,904	10,546
Goodwill	18	132,291	142,691
Property, plant and equipment	19	6,810,573	6,569,815
Biological assets	13	3,306,717	3,280,990
Current tax assets	14	26,233	11,004
Deferred tax assets	21	46,072	54,052
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,699,074</b>	<b>10,525,689</b>
<b>TOTAL ASSETS</b>		<b>14,187,854</b>	<b>13,879,382</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other financial liabilities	22	378,138	705,490
Trade and other accounts payable	23	646,865	707,031
Accounts payable to related parties	24	5,199	20,772
Other provisions	25	3,382	24,516
Current tax liabilities	14	30,493	22,294
Employee benefits provisions	26	46,079	47,474
Other non-financial liabilities	27	28,044	41,658
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,138,200</b>	<b>1,569,235</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	22	3,582,714	3,230,886
Other provisions	25	21,317	26,437
Deferred tax liabilities	21	1,024,778	955,449
Current tax liabilities	14	14,657	22,565
Employee benefits provisions	26	82,655	86,059
<b>OTHER NON-FINANCIAL LIABILITIES</b>	27	<b>3,764</b>	<b>3,717</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,729,885</b>	<b>4,325,113</b>
<b>TOTAL LIABILITIES</b>		<b>5,868,085</b>	<b>5,894,348</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	28	1,246,027	746,027
Retained earnings (losses)	29	7,171,047	7,038,548
Share premiums	28	(39,313)	-
<b>OTHER RESERVES</b>	30	<b>(62,237)</b>	<b>195,737</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>8,315,524</b>	<b>7,980,312</b>
Non-controlling interests		4,245	4,722
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>8,319,769</b>	<b>7,985,034</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,187,854</b>	<b>13,879,382</b>

## STATEMENT OF CHANGES IN EQUITY

	Issued capital Note 28 ThUS\$	Share premium Note 28 ThUS\$	Company shares Note 28 ThUS\$	Currency translation reserves Note 30 ThUS\$	Cash flow hedge reserves Note 30 ThUS\$	Actuarial profits or (losses) on defined benefit plans reserves Note 30 ThUS\$	Other miscellaneous reserves Note 30 ThUS\$	Other reserves ThUS\$	Retained earnings (losses) Note 29 ThUS\$	Equity attributable to owners of the parent ThUS\$	Non-controlling interest ThUS\$	Total equity ThUS\$
FOR THE YEAR ENDED												
DECEMBER 31, 2013												
Current year beginning balance 01/01/2013	746,027	-	-	(80,059)	2,398	-	273,398	195,737	7,038,548	7,980,312	4,722	7,985,034
RESTATED BEGINNING BALANCE	746,027	-	-	(80,059)	2,398	-	273,398	195,737	7,038,548	7,980,312	4,722	7,985,034
CHANGES IN EQUITY												
Comprehensive income												
Profit (loss)	-	-	-	-	-	-	-	-	195,706	195,706	(73)	195,633
Other comprehensive income	-	-	-	(99,068)	(126,514)	(6,745)	(23,683)	(256,010)	-	(256,010)	-	(256,010)
COMPREHENSIVE INCOME	-	-	-	(99,068)	(126,514)	(6,745)	(23,683)	(256,010)	195,706	(60,304)	(73)	(60,377)
Equity issuance	500,000	(39,313)	-	-	-	-	-	-	-	460,687	-	460,687
Dividends	-	-	-	-	-	-	-	-	(65,171)	(65,171)	-	(65,171)
Increase (decrease) from transfers and other changes	-	-	-	-	-	(1,964)	-	(1,964)	1,964	-	(404)	(404)
TOTAL CHANGES IN EQUITY	500,000	(39,313)	-	(99,068)	(126,514)	(8,709)	(23,683)	(257,974)	132,499	335,212	(477)	334,735
<b>ENDING BALANCE AS OF 12/31/2013</b>	<b>1,246,027</b>	<b>(39,313)</b>	<b>-</b>	<b>(179,127)</b>	<b>(124,116)</b>	<b>(8,709)</b>	<b>249,715</b>	<b>(62,237)</b>	<b>7,171,047</b>	<b>8,315,524</b>	<b>4,245</b>	<b>8,319,769</b>
FOR THE YEAR ENDED												
DECEMBER 31, 2012												
Current year beginning balance 01/01/2012	761,425	-	(30,237)	(96,895)	11,750	-	278,382	193,237	6,929,432	7,853,857	8,579	7,862,436
RESTATED BEGINNING BALANCE	761,425	-	(30,237)	(96,895)	11,750	-	278,382	193,237	6,929,432	7,853,857	8,579	7,862,436
CHANGES IN EQUITY												
Comprehensive income												
Profit (loss)	-	-	-	-	-	-	-	-	201,746	201,746	664	202,410
Other comprehensive income	-	-	-	16,836	(9,352)	-	9,855	17,339	-	17,339	-	17,339
COMPREHENSIVE INCOME	-	-	-	16,836	(9,352)	-	9,855	17,339	201,746	219,085	664	219,749
Dividends	-	-	-	-	-	-	-	-	(92,913)	(92,913)	-	(92,913)
Increase (decrease) from transfers and other changes	(15,398)	-	30,237	-	-	-	(14,839)	(14,839)	283	283	(4,521)	(4,238)
TOTAL CHANGES IN EQUITY	(15,398)	-	30,237	16,836	(9,352)	-	(4,984)	2,500	109,116	126,455	(3,857)	122,598
<b>ENDING BALANCE AS OF 12/31/2012</b>	<b>746,027</b>	<b>-</b>	<b>-</b>	<b>(80,059)</b>	<b>2,398</b>	<b>-</b>	<b>273,398</b>	<b>195,737</b>	<b>7,038,548</b>	<b>7,980,312</b>	<b>4,722</b>	<b>7,985,034</b>

# CONSOLIDATED FINANCIAL STATEMENTS

Empresas CMPC S.A.

## INCOME STATEMENT BY FUNCTION

INCOME STATEMENT	NOTE N°	FOR THE YEAR ENDED DECEMBER 31,	
		2013 ThUS\$	2012 ThUS\$
<b>INCOME STATEMENT</b>			
<b>PROFIT</b>			
Operating income	32	4,974,459	4,759,320
Cost of sales		(3,948,911)	(3,789,800)
<b>GROSS MARGIN</b>		<b>1,025,548</b>	<b>969,520</b>
Other income	13	207,940	238,384
Distribution costs		(260,465)	(264,425)
Administrative expenses		(227,668)	(220,196)
Other expenses		(210,688)	(197,187)
Other losses	33	(35,795)	(15,101)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>498,872</b>	<b>510,995</b>
Finance income		21,371	37,275
Finance costs	34	(174,298)	(175,231)
Shares of profits of associates and joint ventures accounted for using the equity method	16	8,879	12,810
Foreign currency translation	35	37,020	(37,486)
Income from indexation units		(17,949)	(18,129)
<b>PROFIT BEFORE INCOME TAXES</b>		<b>373,895</b>	<b>330,234</b>
Income tax expense	36	(178,262)	(127,824)
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>195,633</b>	<b>202,410</b>
<b>PROFIT</b>		<b>195,633</b>	<b>202,410</b>
<b>PROFIT ATTRIBUTABLE TO</b>			
Profit attributable to owners of the parent		195,706	201,746
Profit attributable to non-controlling interest		(73)	664
<b>PROFIT</b>		<b>195,633</b>	<b>202,410</b>
<b>PROFIT PER SHARE</b>			
<b>BASIC PROFIT PER SHARE</b>			
Basic profit per share from continuing operations (US\$ per share)	31	0.0849	0.0909
Basic profit per share from discontinued operations (US\$ per share)		-	-
<b>BASIC PROFIT PER SHARE</b>		<b>0.0849</b>	<b>0.0909</b>
<b>DILUTED PROFIT PER SHARE</b>			
Diluted profit per share from continuing operations (US\$ per share)	31	0.0849	0.0909
Diluted profit per share from discontinued operations (US\$ per share)		-	-
<b>DILUTED PROFIT PER SHARE</b>		<b>0.0849</b>	<b>0.0909</b>
<b>COMPREHENSIVE INCOME STATEMENT</b>			
<b>PROFIT</b>		<b>195,633</b>	<b>202,410</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO INCOME FOR THE YEAR, BEFORE TAXES</b>			
Other comprehensive income before taxes, actuarial (losses) on defined benefit plans		(6,745)	-
<b>OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO INCOME FOR THE YEAR, BEFORE TAXES</b>		<b>(6,745)</b>	<b>-</b>
<b>COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO INCOME FOR THE YEAR, BEFORE TAXES</b>			
<b>FOREIGN CURRENCY TRANSLATION</b>			
Profit (loss) on foreign currency translation, before taxes		(99,068)	16,836
<b>OTHER COMPREHENSIVE INCOME, BEFORE TAXES, FOREIGN CURRENCY TRANSLATION</b>		<b>(99,068)</b>	<b>16,836</b>
<b>CASH FLOW HEDGES</b>			
(Loss) on cash flow hedges, before taxes		(129,553)	(4,257)
Reclassification adjustments on cash flow hedges, before taxes		(5,424)	(7,433)
Amounts eliminated from equity and included in the carrying amount of non-financial assets acquired or incurred through a highly probable foreseen transaction, before taxes		8,463	-
<b>OTHER COMPREHENSIVE INCOME, BEFORE TAXES, CASH FLOW HEDGES</b>		<b>(126,514)</b>	<b>(11,690)</b>
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to income for the year, before taxes		(23,683)	9,855
<b>OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO INCOME FOR THE YEAR, BEFORE TAXES</b>		<b>(249,265)</b>	<b>15,001</b>
<b>INCOME TAXES RELATED TO COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO INCOME FOR THE YEAR</b>			
Income taxes related to other comprehensive income cash flow hedges		-	2,338
<b>INCOME TAX RELATED TO COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO INCOME FOR THE YEAR</b>		<b>-</b>	<b>2,338</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(256,010)</b>	<b>17,339</b>
<b>COMPREHENSIVE INCOME</b>		<b>(60,377)</b>	<b>219,749</b>
<b>INCOME ATTRIBUTABLE TO:</b>			
Comprehensive income attributable to owners of the controller		(60,304)	219,085
Comprehensive income attributable to non-controlling interest		(73)	664
<b>COMPREHENSIVE INCOME</b>		<b>(60,377)</b>	<b>219,749</b>

## STATEMENT OF CASH FLOWS - DIRECT METHOD

Statement of cash flows	Note	For the year ended December 31	
		2013 ThUS\$	2012 ThUS\$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
TYPE OF PROCEEDS FROM OPERATING ACTIVITIES			
Proceeds from sale of assets and providing services		5,593,691	5,312,962
Other proceeds from operating activities		242,431	303,654
TYPES OF CASH PAYMENTS FROM OPERATING ACTIVITIES			
Payments to suppliers for goods and services		(4,317,824)	(4,239,931)
Payments to and on account of employees		(437,759)	(330,593)
Payment of premiums and services, annuities and other obligations on policies subscribed		(26,592)	(24,206)
Other operating activity payments		(181,827)	(160,344)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		872,120	861,542
Income taxes paid		(42,953)	(103,764)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		829,167	757,778
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Cash flows from loss of control of subsidiaries or other businesses		105,746	-
Cash flows used in obtaining control of subsidiaries or other businesses		(333)	(792)
Proceeds from disposal of property, plant and equipment		4,181	9,943
Additions to property, plant and equipment		(799,463)	(568,462)
Proceeds from disposal of intangible assets		1,589	5,480
Additions of other non-current assets		(68,444)	(76,005)
Payments on future and forward contracts, options and swaps		(86,125)	(37,502)
Proceeds from future and forward contracts, options and swaps		64,590	6,465
Dividends received		3,586	3,379
Interest received		20,709	34,338
Other cash inflows (outflows)		210,931	(164,577)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(543,033)	(787,733)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Proceeds from share issuance		460,687	-
PROCEEDS FROM LOANS		979,429	1,019,212
Proceeds from non-current loans		716,716	527,465
Proceeds from current loans		262,713	491,747
Loans paid		(961,953)	(691,669)
Dividends paid		(72,699)	(123,959)
Interest paid		(168,726)	(163,423)
Other cash outflows		(43)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		236,695	40,161
NET INCREASE IN CASH AND CASH EQUIVALENTS, BEFORE CHANGE IN THE EXCHANGE RATE		522,829	10,206
EFFECTS OF CHANGES IN THE EXCHANGE RATE ON CASH AND CASH EQUIVALENTS			
Effects of changes in the exchange rate on cash and cash equivalents		(26,822)	16,679
NET INCREASE IN CASH AND CASH EQUIVALENTS		496,007	26,885
Cash and cash equivalents at beginning of year	8	431,242	404,357
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>8</b>	<b>927,249</b>	<b>431,242</b>

# CONSOLIDATED FINANCIAL STATEMENTS

*Empresas CMPC S.A.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2013

### NOTE 1 - CORPORATE INFORMATION

Empresas CMPC S.A., the parent company, was established in Chile in 1920 as a stock corporation and is subject to the Chilean Corporations Act 18,046 dated October 22, 1981 and its subsequent amendments. It is registered in the Securities Registry of the Chilean Superintendency of Securities and Insurance (SVS) under number 0115. For Chilean tax purposes its taxpayer number is 90.222.000-3.

In accordance with IAS 24, Note 39 includes details of the shares of Empresas CMPC S.A. held by shareholders with either direct or indirect control of 55.50% of the Company's capital with voting rights. All these shareholders belong to the same business group and have no formal agreement to act jointly.

The corporate address and head office of Empresas CMPC S.A. (hereinafter "CMPC", "Empresas CMPC" or "the Company") is Agustinas 1343, Santiago, Chile, telephone (56-2) 24412000.

CMPC is one of the main forestry companies in Latin America and participates in multiple segments of that industry. Its production and commercial activities are carried out through four business centers: Forestry, Pulp, Paper and Tissue. A central holding company is responsible for strategic coordination and provides administrative and financial support services and relations with external entities.

CMPC has over 640,000 hectares of forest plantations, mainly pine and eucalyptus, of which 480,000 hectares are located in Chile, 57,000 hectares in Argentina and 103,000 hectares in Brazil. The Company also has usufruct, sharecropping and lease contracts with third parties covering 36,000 hectares of forest plantations distributed in Chile and in Brazil.

CMPC has 44 manufacturing plants distributed in Chile, Argentina, Peru, Uruguay, Mexico, Colombia, Brazil and Ecuador and sells mainly in Chile, Asia, Europe, the United States and the rest of Latin America. At an aggregate level, close to 75% of income is generated by exports or foreign subsidiaries and more than 25% is generated in Chile. It also has subsidiaries for commercial and financial operations in Europe, the United States and Cayman Islands.

As of December 31, 2013, CMPC comprises 58 companies: Empresas CMPC S.A., the parent company, 54 subsidiaries and 3 associates. In its financial statements CMPC has consolidated all the companies in which it has control over their business operations, and in cases where it only has significant influence, these investments are carried using the equity method and its proportional share is recognized in equity and income. The total assets of the parent company as of December 31, 2013 amount to ThUS\$ 8,743,793 (ThUS\$ 8,819,398 as of December 31, 2012).

The subsidiaries included in these consolidated financial statements are detailed as follows:

Consolidated company	Taxpayer No.	Country of origin	Funct. currency	Interest Percentage					
				December 31, 2013			December 31, 2013		
				Direct	Indirect	Total	Direct	Indirect	Total
Forestal Mininco S.A.	91.440.000-7	Chile	US\$	99.9999	0.0001	100.0000	99.9999	0.0001	100.0000
Inversiones CMPC S.A.	96.596.540-8	Chile	US\$	99.9988	0.0012	100.0000	99.9988	0.0012	100.0000
Inmobiliaria Pinares S.A.	78.000.190-9	Chile	US\$	99.9900	0.0100	100.0000	99.9900	0.0100	100.0000
Forestal y Agrícola Monte Águila S.A.	96.500.110-7	Chile	US\$	99.7480	0.0000	99.7480	99.7480	0.0000	99.7480
Papeles Río Vergara S.A.	76.150.883-0	Chile	US\$	99.9000	0.1000	100.0000	99.9000	0.1000	100.0000
CMPC Papeles S.A.	79.818.600-0	Chile	US\$	0.1000	99.9000	100.0000	0.1000	99.9000	100.0000
CMPC Tissue S.A.	96.529.310-8	Chile	CLP	0.1000	99.9000	100.0000	0.1000	99.9000	100.0000
CMPC Productos de Papel S.A.	96.757.710-3	Chile	US\$	0.1000	99.9000	100.0000	0.1000	99.9000	100.0000
CMPC Celulosa S.A.	96.532.330-9	Chile	US\$	0.0480	99.9520	100.0000	0.0480	99.9520	100.0000
Envases Roble Alto S.A.	78.549.280-3	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Forsac S.A.	79.943.600-0	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Portuaria CMPC S.A.	84.552.500-5	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Sociedad Recuperadora de Papel S.A.	86.359.300-K	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Empresa Distribuidora de Papeles y Cartones S.A.	88.566.900-K	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Envases Impresos S.A.	89.201.400-0	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Cartulinas CMPC S.A.	96.731.890-6	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Servicios Compartidos CMPC S.A.	96.768.750-2	Chile	US\$	20.0000	80.0000	100.0000	20.0000	80.0000	100.0000
Inversiones Protisa S.A.	96.850.760-5	Chile	CLP	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Papeles Cordillera S.A.	96.853.150-6	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Chilena de Moldeados S.A.	93.658.000-9	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
CMPC Maderas S.A.	95.304.000-K	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Cooperativa Agrícola y Forestal El Proboste Ltda.	70.029.300-9	Chile	US\$	0.0000	75.8776	75.8776	0.0000	74.9692	74.9692
Bioenergías Forestales S.A.	76.188.197-3	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
CMPC Inversiones de Argentina S.A.	Foreign	Argentina	ARS	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Forestal Bosques del Plata S.A.	Foreign	Argentina	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Forestal Timbauva S.A.	Foreign	Argentina	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Naschel S.A.	Foreign	Argentina	ARS	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Fabi Bolsas Industriales S.A.	Foreign	Argentina	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
La Papelera del Plata S.A.	Foreign	Argentina	ARS	0.0000	99.9914	99.9914	0.0000	99.9914	99.9914
Melhoramentos CMPC Ltda.	Foreign	Brazil	BRL	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
CMPC Celulose Riograndense Ltda.	Foreign	Brazil	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
CMPC Riograndense Ltda.	Foreign	Brazil	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Guaiba Administracao Florestal Ltda.	Foreign	Brazil	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
CMPC Investments Ltd.	Foreign	Channel Island	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Drypers Andina S.A.	Foreign	Colombia	COP	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Protisa Colombia S.A.	Foreign	Colombia	COP	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Productos Tissue del Ecuador S.A.	Foreign	Ecuador	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
CMPC Europe Ltd.	Foreign	England	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Inversiones CMPC Cayman Ltd.	Foreign	Cayman Islands	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Tissue Cayman Ltd.	Foreign	Cayman Islands	CLP	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Propa Cayman Ltd.	Foreign	Cayman Islands	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Grupo ABS International S.A. de CV	Foreign	Mexico	MXN	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Absormex S.A. de CV	Foreign	Mexico	MXN	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Convertidora de Productos Higiénicos S.A. de CV	Foreign	Mexico	MXN	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Convertidora CMPC México S.A. de CV	Foreign	Mexico	MXN	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Absormex CMPC Tissue S.A. de CV	Foreign	Mexico	MXN	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Forsac México S.A.	Foreign	Mexico	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Protisa Perú S.A.	Foreign	Peru	PEN	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Papelera del Rimac S.A.	Foreign	Peru	PEN	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Forsac Perú S.A.	Foreign	Peru	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Compañía Primus del Uruguay S.A.	Foreign	Uruguay	UYU	0.0000	99.6100	99.6100	0.0000	99.6100	99.6100
Celulosas del Uruguay S.A.	Foreign	Uruguay	UYU	0.0000	99.6100	99.6100	0.0000	99.6100	99.6100
Industria Papelera Uruguaya S.A. (Ipusa)	Foreign	Uruguay	UYU	0.0000	99.6100	99.6100	0.0000	99.6100	99.6100
CMPC USA Inc.	Foreign	United States	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000

# CONSOLIDATED FINANCIAL STATEMENTS

*Empresas CMPC S.A.*

Subsidiary Inversiones CMPC S.A. is registered in the Securities Registry of the SVS under number 0672 and prepares consolidated financial statements which are available to the public. The accounting policies followed are consistent with those applied by CMPC in the preparation of its financial statements.

Subsidiary Papeles Río Vergara S.A. located in the community of Nacimiento, VIII Region of Chile, stopped operating on November 30 2013, as a consequence of the increase in production costs derived from the price of electric energy to a level that did not allow its operation under economically profitable terms. This decision was reported as an essential event to the SVS on September 5, 2013 (see Note 19). Net losses in the amount of US\$ 40 million for adjustment of assets and liabilities are presented under other profits (losses) and income tax expense in the income statement (see Notes 33 and 36).

Changes occurred in the interests and capital contributions of the subsidiaries included in the consolidation are as follows:

- i) During 2013 subsidiary Protisa Colombia S.A. increased its share capital by a total of ThUS\$ 35,000, which was paid by its shareholders: CMPC Tissue S.A. (70.00%), Inversiones Protisa S.A. (29.99%), Inversiones CMPC S.A. and other subsidiaries (0.01%). In turn in 2013, subsidiary Drypers Andina S.A. of Colombia increased its share capital by ThUS\$ 49,000, which was paid by its shareholders: CMPC Tissue S.A. (70.00%), Inversiones Protisa S.A. (29.70%), Inversiones CMPC S.A. and other subsidiaries (0.30%).
- ii) During 2013 subsidiary Productos Tissue del Ecuador S.A. increased its share capital by a total of ThUS\$ 17,300 which was paid wholly by subsidiaries CMPC Tissue S.A. (99.999%) and Inversiones CMPC S.A. (0.001%).
- iii) During 2013 subsidiary CMPC Celulose Riograndense Ltda. of Brazil increased its share capital by a total of ThUS\$ 398,190 (ThBRL 882,650), which was wholly paid by subsidiary CMPC Celulosa S.A. The new interests in this subsidiary are CMPC Celulosa S.A. (99.96%) and Inmobiliaria Pinares S.A. (0.04%).
- iv) In December 2013 subsidiary Forestal Mininco S.A. paid a capital increase to its associate Genómica Forestal S.A. in the amount of ThUS\$ 56.
- v) On January 18, 2013 subsidiary Melhoramentos Papéis Ltda. of Brazil changed its name to Melhoramentos CMPC Ltda. During 2013 this subsidiary increased its share capital by a total of ThUS\$ 95,000, which was paid by its shareholders CMPC Tissue S.A. (99.93%) and Inversiones Protisa S.A. (0.07%).
- vi) On December 27, 2012 subsidiary CMPC Celulose Riograndense Ltda. of Brazil increased its share capital by ThUS\$ 325,000 (ThBRL 671,358), which was paid by subsidiary CMPC Celulosa S.A. The interests in this subsidiary as of that date are CMPC Celulosa S.A. (99.95%) and Inmobiliaria Pinares S.A. (0.05%).
- vii) On December 19, 2012, Convertidora CMPC México S.A. de CV was registered in the Public Registry of Property and Commerce of Monterrey, State of Nuevo León, Mexico. This company was created due to the division of subsidiary Convertidora de Productos Higiénicos S.A. de CV, maintaining the interest of Empresas CMPC S.A.
- viii) On November 23, 2012 the public deed for the capital increase of subsidiary Forestal Mininco S.A. was registered in the Commercial Registry of Concepción. This capital increase amounted to ThUS\$ 295,060 divided into 35,336,518 shares, which were subscribed and paid entirely by Empresas CMPC S.A.
- ix) On November 29, 2012 the public deed for the capital increase of subsidiary CMPC Maderas S.A. was registered in the Commercial Registry of Concepción. This capital increase amounted to ThUS\$ 295,060 divided into 10,655,830 shares which were subscribed and paid entirely by subsidiary Forestal Mininco S.A.
- x) During 2012 subsidiary Protisa Colombia S.A. increased its share capital by ThUS\$ 1,676, which was paid by its shareholders: CMPC Tissue S.A. (70.00%), Inversiones Protisa S.A. (29.99%), Inversiones CMPC S.A. and other subsidiaries (0.01%). In this last year subsidiary Drypers Andina S.A. of Colombia, increased its share capital by ThUS\$ 1,000, which was paid by its shareholders: CMPC Tissue S.A. (70.00%), Inversiones Protisa S.A. (29.70%), Inversiones CMPC S.A. and other subsidiaries (0.30%).

- xi) On August 30, 2012 subsidiary Melhoramentos CMPC Ltda. (formerly Melhoramentos Papéis Ltda.) of Brazil increased its share capital by ThUS\$ 56,331, which was paid by its shareholders CMPC Tissue S.A. (99.93%) and Inversiones Protisa S.A. (0.07%).
- xii) On June 29, 2012 Empresas CMPC S.A., through its subsidiaries CMPC Tissue S.A. and Inversiones CMPC S.A. became controllers of 100% of Grupo ABS Internacional S.A. de CV of Mexico, through the purchase of 2.86% of the shares (76,675,910 shares) from non-controlling shareholders Mr. César Montemayor for the sum of ThUS\$ 3,789, paid through the offsetting of accounts receivable with that shareholder in the amount of ThUS\$ 2,997 and the balance in cash. With this, the new share interest in Grupo ABS Internacional S.A. de CV of Mexico comprises 99.90% CMPC Tissue S.A. and 0.10% Inversiones CMPC S.A.

Before that, CMPC subscribed two capital increases of Grupo ABS Internacional S.A. de CV for the total amount of 2,082,285,082 shares that were paid through capitalization of contributions on account of future capital increases that were pending, in the sums of ThUS\$ 65,900 and ThUS\$ 95,700, with which CMPC's interest reached 97.14%.

Considering the Company's history of profitable operations, the plans for new investments at a local and international level and its access to the financial market, management declares that the principle of going concern is fully complied with.

The total workforce of CMPC and its subsidiaries as of December 31, 2013 is 16,693 employees distributed among the various operating segments detailed as follows:

Segments	Managers	Professionals & technicians	Workers	Total
Forestry	23	710	1,864	2,597
Pulp	27	910	974	1,911
Paper	50	938	2,697	3,685
Tissue	71	2,176	5,870	8,117
Other	13	338	32	383
<b>TOTAL</b>	<b>184</b>	<b>5,072</b>	<b>11,437</b>	<b>16,693</b>

The average number of CMPC employees during the year ended December 31, 2013 was 16,224.

These financial statements are consolidated and include the classified statement of financial position, comprehensive income statement, by function, statement of cash flows - direct method, statement of changes in equity, net and the notes with disclosures to those financial statements.

CMPC uses the United States dollar (hereinafter the "dollar") as its presentation and functional currency, except for the subsidiaries of the tissue operating segment, which use the local currency of each country as their functional currency, because local factors prevail in their business and due to the relevance of those currencies in the functional currency allocation factors; however they also use the dollar as the currency for presentation of their financial statements and to report to the CMPC Holding for consolidation purposes.

Subsidiaries that maintain their accounting in a currency other than the dollar, have converted their financial statements from their functional currency to the presentation currency, which is the dollar, as follows: the statement of financial position and the statement of changes in equity, net at the year-end exchange rate, and the comprehensive income statement and statement of cash flows at the daily or average monthly exchange rate, as appropriate.

The accompanying consolidated financial statements are shown in thousands of dollars (ThUS\$) and have been prepared from the accounting records of Empresas CMPC S.A. and its subsidiaries.

In the accompanying statement of financial position, assets and liabilities are classified in terms of their maturity as current those with maturities equal to or less than twelve months, and non-current, those whose maturities exceed twelve months. In turn, in the comprehensive income statement expenses are classified by function, identifying depreciation and personnel expenses based on their nature. The statement of cash flows is presented using the direct method.

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The consolidated financial statements show a true picture of the equity and financial position as of December 31, 2013, as well as the results of operations, changes in equity and consolidated cash flows produced at CMPC in the year then ended.

The figures in the statement of financial position, income statement, statement of cash flows, statement of changes in equity and respective explanatory notes are shown compared to the balances as of December 31, 2012, as required by International Financial Reporting Standards (IFRS).

The Company's management declares that these financial statements have been prepared in conformity with IFRS.

These consolidated financial statements have been approved at the Board meeting held on March 6, 2014, where the directors authorized management to publish them and transmit them to the corresponding regulatory and market entities. The financial statements of the subsidiaries were approved by their respective Boards.

## CAPITAL MANAGEMENT

Capital management refers to the management of the Company's equity. The objectives of CMPC in relation to capital management are to safeguard the Company's capacity to continue as a going concern, as well as ensuring a good return for its shareholders.

To meet these objectives, the Company is constantly monitoring the return obtained by each business, maintaining their correct operation and thus maximizing financial returns for its shareholders.

Part of this follow up of each business consists of ensuring that decision-making for investment in financial instruments is in line with the Company's conservative profile, in addition to favorable market conditions. Financial instruments are constantly monitored by the Company's Board of Directors. Among the activities relating to capital management, the Company reviews its balance of cash daily in order to make its investment decisions.

CMPC manages its capital structure so that its indebtedness does not put at risk its ability to pay its obligations or obtain an adequate return for its investors. In certain debt instruments CMPC has the obligation to maintain a ratio between financial obligations with third parties and tangible equity equal to or lower than 0.8. As of December 31, 2013 and 2012 this ratio was comfortably complied with, reaching levels of 0.46 and 0.48, respectively (see Note 22.2.e).

Together with the above, and as part of the financial covenants that CMPC must fulfill, at the end of each quarter the Company must maintain minimum tangible equity of CLF 71,580,000 (which as of December 31, 2013 is equivalent to US\$3,180 million and US\$ 3,406 million as of December 31, 2012), a condition that was comfortably met since tangible equity amounts to US\$8,168 million as of December 31, 2013 and US\$ 7,827 million as of December 31, 2012 (see Note 22.2.e).

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of these consolidated financial statements are described below. As required by IAS 1, these policies have been designed considering IAS and IFRS in force as of December 31, 2013, together with the standard changes which came into force as of January 1, 2013, and have been consistently applied to the years presented in these consolidated financial statements when applicable.

## 2.1. BASIS OF PREPARATION

These consolidated financial statements of Empresas CMPC S.A. as of December 31, 2013 were prepared in accordance with International Financial Reporting Standards (IFRS).

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

For the convenience of the reader, the financial statements and their accompanying notes have been translated from Spanish to English.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and also requires that management exercise its judgment in the process of applying the Company's accounting policies. Note 4 to these consolidated financial statements discloses the areas that imply a higher degree of complexity or areas where the hypotheses and estimates are significant to the consolidated financial statements.

The Company generally uses cost accounting as its criteria to value its assets and liabilities, except for hedge financial instruments, certain financial assets and liabilities and biological assets which are recorded at fair value, since this manner of periodic measurement eliminates or reduces incoherence in their valuation and/or yield.

## 2.2. BASIS OF PRESENTATION

### *a) Subsidiaries*

Subsidiaries are all companies where Empresas CMPC S.A. directly or indirectly controls most of the substantive voting rights or else has entitlements that grant it the present capacity to direct their relevant activities, considering for this purpose the potential voting rights in its power, or those belonging to third parties, exercisable or convertible as of each year-end.

CMPC is exposed or entitled to the variable returns of these companies and has the capacity to influence these amounts.

Subsidiaries are consolidated as of the date on which control is transferred to Empresas CMPC S.A. and are excluded from consolidation on the date in which it ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by CMPC. This method establishes that the cost of the acquisition is the fair value of the assets acquired and liabilities incurred or assumed at the exchange date. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are valued initially at their fair value as of the acquisition date. The acquisition cost in excess of the fair value of the interest of CMPC in the net identifiable assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly as profit in the income statement (Note 2.8.).

### *b) Non-controlling interests and transactions*

As part of the consolidation process, transactions, balances receivable and/or payable and unearned income from transactions between related CMPC companies are eliminated. The accounting policies of subsidiaries are consistent with those of the parent company.

Non-controlling interests are presented as net equity in the statement of financial position. The profit or loss attributable to non-controlling interests is shown in the income statement as profit (loss) for the year. Results of transactions between non-controlling shareholders and the shareholders of the companies where ownership is shared are accounted for in equity and are therefore shown in the statement of changes in equity.

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## *c) Associates*

Associates are all entities over which Empresas CMPC S.A. has significant influence but not control over the financial and operating policies. Investments in associates are accounted for at their formation or purchase at cost and are subsequently adjusted using the equity method. The investment of Empresas CMPC S.A. in associates includes goodwill (net of any accumulated impairment loss) identified in the acquisition (Note 2.8.).

The share of Empresas CMPC S.A. in the post- acquisition earnings or losses of its associates is recognized in income and its share of post-acquisition reserves is recognized in other comprehensive income, forming part of the corresponding reserve within equity. When the share of Empresas CMPC S.A. in the losses of an associate is equal to or exceeds its investment in the associate, including any other unsecured accounts receivable, the Company does not recognize additional losses unless it has incurred obligations or made payment on behalf of the associate.

## 2.3. SEGMENT REPORTING

IFRS 8 requires entities to adopt the “management focus” for disclosing information on the results of their operating segments. In general, this is the information that management uses internally to evaluate the performance of the segments and decide on how to allocate resources to them.

CMPC presents information by segment (which correspond to business areas) based on the financial information made available for decision makers, regarding matters such as measuring profitability and allocation of investments, and on the basis of differentiation of products, as indicated in IFRS 8 Segment Reporting.

As of 2013, segments thus determined, which reflect the current business management structure, are detailed as follows:

Forestry  
Pulp  
Papers  
Tissue

The Papers segment comprises the paper and paper products businesses. The latter are packaging, which up to the previous financial statements were presented separately.

Income from areas other than the mentioned segments, related to CMPC and others not transferred to operating segments, are presented under “Other” and do not individually represent significant amounts for their designation as an operating segment.

## 2.4. FOREIGN CURRENCY TRANSACTIONS

### *Presentation and functional currency*

Items included in the financial statements of each of the entities of CMPC are valued using the currency of the main economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in dollars, which is the functional currency of the parent company and its relevant businesses (except for the tissue business, where the functional currency is the local currency of each country) and therefore the presentation currency of the consolidated financial statements of the Company and its subsidiaries is the dollar.

### *Transactions and balances*

All the operations performed by Empresas CMPC S.A. or its subsidiaries in a currency other than the functional currency of each company are treated as foreign currency and are recorded at the exchange rate prevailing on the transaction date.

Balances of monetary assets and liabilities denominated in foreign currencies are presented valued at the exchange rate at each year-end. The variation between the original and closing value is recorded in foreign currency translation, except when these changes are deferred in net equity, such as cash flow hedges.

Changes in the fair value of investments in debt instruments denominated in foreign currency and classified as available for sale, if any, are separated into foreign currency translation and the increase corresponding to the profit of the investment measured in the functional currency. Foreign currency translation is recognized in income for the year and the investment's profit is recognized in net equity.

#### *CMPC entities*

The income and financial position of all CMPC entities (none of which operate with the currency of a hyperinflationary economy) with a functional currency other than the presentation currency are converted to the presentation currency as follows:

- a) The assets, liabilities and equity of each statement of financial position are converted at the year-end exchange rate;
- b) The income and expenses of each income statement account are converted at the daily exchange rate or when this is not possible, the average monthly exchange rate is used as a reasonable approximation; and
- c) All resulting foreign currency translation is recognized in the conversion reserve in net equity.

The change determined for foreign currency translation on the investment accounted for in a company whose functional currency is different from the functional currency of the subsidiary is recorded as other comprehensive income, forming part of equity as foreign currency translation reserves.

Foreign currency translation generated on balances maintained in long-term current accounts between subsidiaries with different functional currencies, are eliminated from income and recorded in the foreign currency translation reserves account under net equity, since they are treated as net investment in those subsidiaries.

#### *Foreign currency exchange rates*

As of December 31, 2013 and 2012 the exchange rates of the main foreign currencies used in the accounting processes of CMPC companies, with respect to the dollar are detailed as follows:

Currency		12/31/2013		12/31/2012	
		Closing	Accumulated monthly average	Closing	Accumulated monthly average
Chilean peso	CLP	524.61	495.31	479.96	486.49
Unidad de fomento *	CLF	0.02	0.02	0.02	0.02
Argentinean peso	ARS	6.52	5.48	4.92	4.55
New Peruvian sol	PEN	2.80	2.70	2.55	2.64
Mexican peso	MXN	13.08	12.77	13.01	13.17
Uruguayan peso	UYU	21.42	20.47	19.40	20.31
Colombian peso	COP	1,926.83	1,868.80	1,768.23	1,797.70
Euro	EUR	0.72	0.75	0.76	0.78
Brazilian real	BRL	2.34	2.16	2.04	1.95

\* The Unidad de fomento (CLF) is a monetary unit denominated in Chilean pesos indexed to Chile's inflation rate. Its value is established daily beforehand, on the basis of the variation in the Consumer Price index (CPI) for the previous month. The effects generated from restatement of assets and liabilities in CLF are recorded under income from indexation units in the income statement by function

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## 2.5. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are accounted for at acquisition cost. Acquisitions agreed upon in a currency other than the functional currency are converted to that currency at the exchange rate on the date of acquisition.

In the event that an asset is financed through direct and indirect loans, the policy on interest is to capitalize that cost during the construction or acquisition period, if the assets qualify due to the extension of time of their placement in operation and the magnitude of the investment involved. The cost may also include profits or losses on qualified cash flow hedges of foreign currency purchases of property, plant and equipment transferred from net equity.

Depreciation of assets is calculated using the straight-line method, distributed systematically over their useful lives. Useful lives have been determined on the basis of the natural impairment expected, technical or commercial obsolescence derived from changes and/or improvements in production and changes in market demand for the products obtained in the operation of such assets. Land, whether forestry or industrial, is not depreciated.

The residual value and useful lives of assets are reviewed and adjusted if necessary at the end of each reporting period.

Costs derived from daily maintenance and common repairs are recognized in income for the year, except for replacement of important and strategic spare parts, which are capitalized and depreciated over the remaining useful lives of the assets, on the basis of the component approach.

Profits and losses on disposal of property, plant and equipment are calculated comparing the proceeds to the carrying amount (net of depreciation) and are included in the income statement.

On the first-time application of IFRS (January 1, 2008), the Company reflected its main property, plant and equipment items at fair value, assimilating it to historical cost, based on the IFRS transition standard, specifically IFRS 1, paragraph D 5. Property, plant and equipment acquired as of that date, except for assets contained in newly acquired companies are valued at cost.

Property, plant and equipment items acquired through business combinations are accounted for at fair value, as required by IFRS 3 paragraph 18, and that is subsequently considered to be the cost of the asset.

## 2.6. BIOLOGICAL ASSETS (FOREST PLANTATIONS)

Forest plantations are presented in the statement of financial position at fair value. Groups of forests are accounted for at fair value at a "standing timber" level, i.e. discounting harvesting costs and transportation expenses to the point of sale.

The discounted cash flows method is used to determine fair value, i.e. updating cash flows of future operations up to the harvesting time of the forests, taking their potential growth into account. This means that the fair value of biological assets is measured as the "present value" of the harvest on the present growth cycle of productive plantations. In their first year plantations are valued at their cost of establishment.

Biological assets are recognized and measured at fair value separately from the land.

The costs of setting up forest plantations are classified as biological assets and the maintenance costs of these assets are recorded as expenses in the year in which they are incurred and are shown as cost of sales.

Forest plantations to be harvested in the next 12 months are classified as current biological assets.

## 2.7. INTANGIBLE ASSETS

Intangible assets refer to trademarks, water rights, emission entitlements, electric line easements and expenses incurred in the acquisition and development of computer software.

### *a) Trademarks*

CMPC has a portfolio of trademarks mostly developed internally, and some acquired from others. These are valued at their registration cost in the Public Trademarks Registry or purchase value, respectively. Disbursements incurred in trademark development are recorded as operating expenses in the period in which they are incurred. The Company considers that trademarks maintain their value through its investment in marketing and are therefore considered to have indefinite lives and are not amortized. However they are annually tested for impairment.

### *b) Water rights*

Water rights acquired by the Company correspond to the right to use water from natural sources and were recorded at purchase value. Since these rights are perpetual, they are not amortized; however they are annually tested for impairment.

### *c) Emission entitlements*

In Chile there are emission entitlements allocated by the National Environment Commission ("CONAMA" or Comisión Nacional del Medio Ambiente), necessary for the normal operation of factories. These entitlements are recorded at purchase value, provided that payment exists; from the time the Company is in a position to exert emission controls and measurement. These entitlements are not amortizable; however, they must be annually subjected to impairment testing. The entitlements allocated by CONAMA to the Company and its subsidiaries are not recorded in the financial statement since no payment has been made for them.

### *d) Electricity line easements*

The Company has paid for electricity line easements to perform power line work on third-party land, necessary for the operation of the industrial plants. Since these rights are perpetual, they are not amortized; however, they are annually tested for impairment. The values paid are capitalized as of the contract date.

### *e) Computer software acquisition and development expenses*

The cost of acquiring and developing computer software that is relevant and specific to the Company is capitalized and amortized in the year in which revenue is generated from their use.

## 2.8. GOODWILL

Goodwill represents the excess between the acquisition cost and the fair value of CMPC's share in the net identifiable assets of the subsidiary on the date of acquisition. Goodwill is tested annually for impairment, recognizing the corresponding accumulated impairment loss. Profits and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill originated from the acquisition of companies whose functional currency is other than the dollar is booked in the same way as if they were foreign currency assets, i.e. they are adjusted by the variation in the exchange rate of the respective currency.

Goodwill is allocated to the cash generating units (CGUs) for the purpose of impairment testing. The allocation is made in the CGUs that are expected to benefit from the business combination from which the goodwill arose. Each of these CGUs represent CMPC's investment in an industrial plant (Note 2.9).

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## 2.9. IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

Intangible assets with indefinite useful lives and goodwill, which are not amortized, are tested annually or before if there is evidence of impairment, in order to ensure that their carrying amount does not exceed their recoverable value.

Assets subject to depreciation (property, plant and equipment) are tested for impairment provided that some event or change in business circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is greater than the recoverable value. The recoverable value of an asset is its fair value less cost of sale or its value in use, whichever is higher. In order to assess impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Non-financial assets other than goodwill with impairment losses are tested on each financial statement closing date to check for possible reversal of losses. Impairment losses can be reversed in the accounting only up to the amount of the losses recognized in prior periods, in order for the carrying amount of these assets not to exceed the value they would have had if such adjustments had not been made. This reversal is recorded in other profits (losses).

## 2.10. FINANCIAL INSTRUMENTS

CMPC classifies its financial instruments in the following categories: financial instruments at fair value through profit or loss, financial assets held to maturity, loans and accounts receivable and available-for-sale financial assets. Management determines the classification of its financial instruments at the time of their initial recognition, based on the purpose for which those financial instruments were acquired.

Investments are initially recognized at fair value plus transaction costs for all financial assets not controlled at fair value through profit or loss. Financial instruments at fair value through profit or loss are initially recognized at fair value and transactions costs are charged to the income statement.

Investments are derecognized when the right to receive cash flows from the investments has expired or has been transferred and the Company has substantially transferred all the risks and advantages derived from ownership.

### *(a) Financial instruments at fair value through profit or loss*

Financial instruments at fair value through profit or loss are instruments held for trading acquired mainly for the purpose of selling them in the short-term. Derivatives are also classified as held for trading unless they are designated as hedges. Instruments in this category are classified as current assets or liabilities. They are subsequently valued by determining their fair value and recording any change in value in the income statement under other profits (losses).

### *(b) Financial assets held to maturity*

Financial assets held to maturity are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the management of CMPC has the positive intention and capacity to hold to maturity. These financial instruments are included in other non-current financial assets, except for those maturing in less than 12 months from the date of the financial statement, which are classified as other current financial assets. They are recognized at amortized cost and accrual of earnings on the instrument is recorded in the income statement.

### *(c) Loans and accounts receivable*

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes current trade and other accounts receivable, except for those maturing in more than 12 months from the date of the financial statement, which are classified as non-current assets. They are recognized at amortized cost, accrued income as per agreed conditions is recorded directly in the income statement.

#### *(d) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative instruments that are designated in this category when the Company's management plans to use these resources in the medium or long-term, before their respective maturities. They are subsequently valued at fair value, recording changes in value in equity. Once the instruments are sold, the reserve is taken to the income statement forming part of income for the period in which the instrument was sold.

As of the date of each financial statement, CMPC evaluates whether there is objective evidence that a financial instrument or group of financial instruments have suffered impairment losses.

## 2.11. HEDGE INSTRUMENTS

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value on each accounting close date. The method for recognizing the resulting profit or loss depends on whether the derivative has been designated as a hedge instrument or not, and if it has been so designated, it shall depend on the nature of the item that is being hedged. CMPC designates certain derivatives as:

- fair value hedges on recognized assets and liabilities (fair value hedge).
- hedges on a particular risk associated to a recognized liability or a highly probable foreseen transaction (cash flow hedge).

At inception of the transaction the Company documents the transaction relationship between the hedge instrument and the hedged item, as well as its objectives and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at the beginning and end of each year, as to whether the derivatives used in hedge transactions are highly effective in offsetting changes in the fair value or cash flows of the hedged items.

The fair value of derivative instruments used for hedging purposes is disclosed in Notes 8 and 22 (hedging assets and liabilities, respectively). Movements in the cash flows hedge reserve in equity are disclosed in Note 30. The total fair value of hedge derivatives is classified as a non-current asset or liability when the hedged item matures in more than 12 months or as a current asset or liability if the hedged item matures in less than 12 months.

#### *(a) Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges of existing assets and liabilities are recorded in the same income statement accounts where changes in the value of those underlying assets and liabilities are recorded.

#### *(b) Cash flow hedge*

The objective of currency forwards and of cross currency swaps is to reduce the financial risk of income and expense flows committed in currencies other than the dollar. The objective of oil price swaps is to hedge the risk of potential changes in the cost of oil which affect the rates of pulp transportation marine freight. In particular, currency forwards entered into are used to hedge financial risks associated to the volatility of sales in euros of the wood and cardboard product business and to hedge against changes in the price of the Brazilian currency (BRL) associated to the investment in the second pulp production line in Brazil.

Hedges are documented and tested to measure their effectiveness.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in net equity under cash flow hedge reserves. The profit or loss related to the non-effective portion is recognized immediately in the income statement under other profits (losses).

In the case of currency forwards, at the time of accrual of underlying income or at the time of payment of obligations on investments in property, plant and equipment, the amount accumulated in equity (cash flow hedge reserves) up to that date is transferred to income for the year (income or costs from operating activities) or to property, plant and equipment, respectively.

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Each time the hedged obligation in a cross currency swap affects income for the year, the respective amount is reclassified from equity (cash flow hedge reserves) to adequately reflect the effects of the hedge.

#### *Valuation methodologies:*

CMPC values its derivative contracts based on computer models, which are mainly based on discounting future cash flows at relevant market rates.

This system incorporates all the relevant market information (“data”) at the time of the valuation and uses the Bloomberg system as a source of Data.

#### Main Data:

- Closing exchange rates for each currency obtained from Bloomberg.
- Future exchange rates constructed from closing exchange rates plus “forward” points obtained directly from Bloomberg (calculated with rate differential).
- Respective interest rates obtained from Bloomberg to discount cash flows to present value. Management uses swap rates to discount cash flows more than 12 months as an approximation to the zero coupon rate.

For oil derivatives, valuation is obtained from information provided by third parties (at least two banks).

## 2.12. INVENTORY

Finished products are presented at production cost, which is lower than their net realizable value, considering production cost to be the value determined using the weighted average cost method.

The net realizable value is the estimated selling price in the ordinary course of business, less distribution and selling expenses. Should market conditions lead to their cost exceeding their net realizable value, an allowance is established for the difference in value.

Such allowance also takes into account amounts related to obsolescence due to slow turnover, technical obsolescence and products withdrawn from the market.

The cost of finished products and work in progress includes raw materials, direct labor, depreciation of industrial property, plant and equipment, other direct costs and expenses related to the production and maintenance of the industrial plant, excluding financing interest costs.

The allocation of indirect or fixed expenses to production considers the normal production capacity of the factory or plant that generates such expenses.

Supplies and raw materials acquired from others are valued initially at acquisition price and when consumed are included in the cost of finished products using the average cost method.

## 2.13. TRADE AND OTHER ACCOUNTS RECEIVABLE

Commercial credit is presented initially at fair value, quantifying the real collection value and subsequently at amortized cost. This means that income associated to the sale is recognized separately from interest arising from implicit interest associated to the collection terms. For this determination, CMPC consider 90 days as a normal collection period. Income associated to longer payment terms is recorded as deferred income in current liabilities and the accrued portion is recorded in operating income.

In addition, doubtful accounts are estimated on the basis of an objective review of all amounts pending payment at the end of each

year. Impairment losses associated to doubtful trade credit are recorded in the comprehensive income statement in the year they are produced. Trade credits are included in current assets in trade and other accounts receivable, to the extent that their estimated collection period does not exceed one year from the date of the financial statements.

#### 2.14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents considers cash in hand and bank account balances, time deposits and other financial investments (money market securities) maturing in less than 90 days from the date of the investment. This item also includes investments inherent to cash management such as repurchase and resale agreements with maturities as defined above.

Bank overdraft facilities used are included in interest bearing loans in current liabilities.

#### 2.15. ISSUED CAPITAL

Ordinary shares are classified as net equity.

#### 2.16. TRADE AND OTHER ACCOUNTS PAYABLE

Accounts payable to suppliers are initially recognized at fair value and are subsequently valued at amortized cost using the effective interest rate method, for significant transactions with terms exceeding 90 days.

#### 2.17. INTEREST BEARING LOANS

Interest bearing loans, classified in other financial liabilities, are initially recognized at fair value, which corresponds to the value of the debt net of directly associated transactions expenses, and are then controlled using the amortized cost method using the effective rate.

Management believes that the Company can obtain financing at a price and on terms similar to those of the outstanding debt therefore it considers the carrying amount of the debt as its fair value.

#### 2.18. CURRENT AND DEFERRED TAXES

The income tax expense includes the taxes of Empresas CMPC S.A. and its subsidiaries, based on their taxable income for the year, together with tax adjustments of previous years and changes in deferred taxes.

Deferred income tax is calculated using the liabilities method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts. However, deferred tax is not recorded if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting income or taxable income or loss. Deferred tax is determined using income tax rates under current laws or laws that are on the verge of being enacted, in each country of operation, on the date of the financial statement and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recorded when it is considered probable that the group entities will generate sufficient future taxable income against which temporary differences can be used.

In accordance with IAS 12, no deferred taxes have been recognized on temporary differences arising between the tax and accounting value generated by investments in related parties, since the Company maintains control of the time of reversal of the temporary difference. Therefore deferred tax arising from foreign currency translation or shares in other comprehensive income of associates recorded directly in net equity has not been recorded.

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## 2.19. EMPLOYEE BENEFITS

A large number of the subsidiaries of CMPC located in Chile have collective agreements with their employees which grant termination benefits in any case due to voluntary retirement or termination. This liability is therefore recognized according to technical standards using an actuarial methodology that takes into account turnover, discount rate, salary increase rate and average retirement. This value so determined is presented at present value using the projected unit credit method.

With regards to employees of foreign subsidiaries located abroad in whose countries legislation establishes the providing of seniority benefits to employees, this obligation is recorded on the basis of actuarial studies carried out using the projected unit credit method.

In addition, Brazilian subsidiary Melhoramentos CMPC Ltda. (formerly Melhoramentos Papéis Ltda.) signed a commitment in 1997 with the employee labor union to provide medical assistance for life to its retired employees as of that date. The amount recorded in the current financial statements refers to the actuarial calculation of the obligation generated by this commitment.

Profits or losses due to changes in actuarial variables, if any, are recognized in comprehensive income for the year in which they are produced.

The Company recognizes a liability for bonuses paid to its main executives, when it is contractually obligated or when past practices have created an implicit obligation, which is presented in current liabilities, under employee benefits provision.

## 2.20. PROVISIONS

Provisions are recognized when CMPC has a present legal or constructive obligation as a result of past events, when it is estimated that it is probable that an outflow of funds will be required to settle the obligation and when the amount of this obligation can be reliably estimated.

Restructuring provisions are recognized in the year in which CMPC is legally or constructively committed to the plan. Relevant costs are only those which are incremental or incurred as a result of the restructuring.

The main concepts for which provisions are established with a charge to income are civil, labor and tax lawsuits.

## 2.21. REVENUE RECOGNITION

Ordinary income is composed of sale of products, raw materials and services, less taxes related to the sale not transferred to third parties and discounts made to customers converted at the exchange rate on the day of the transaction in consideration of the functional currency defined for each company.

Income from sale of goods is recognized after the Company has transferred the risks and benefits of ownership to the buyer and does not have a right to dispose of them, or maintain effective control. Generally, this means that sales are recorded at the moment of transfer of the risks and benefits to customers in accordance with the terms of commercial agreements.

In general, the delivery terms of CMPC for export sales are based on *Incoterms* 2010, which are the official rules for interpretation of trade terms issued by the International Chamber of Commerce.

The revenue recognition structure is based on the grouping of *Incoterms*, into the following groups:

- “DAT (Delivered at Terminal), DAP (Delivered at Place), DDP (Delivered Duty Paid) and similar”, whereby the Company is obligated to deliver the merchandise to the buyer at the port of destination or on the last means of transportation used, or at the agreed upon destination, in which case the sale is completed at the time of delivery to the purchaser, recognizing income at the time of delivery of the product.

- “CIF (Cost, Insurance & Freight) and similar”, whereby the Company organizes and pays expenses for transportation abroad and certain other expenses, although CMPC ceases to be responsible for the merchandise once it has been delivered to the shipping company or air carrier in conformity with the relevant terms. The point of sale is therefore the delivery of the merchandise to the carrier engaged by the seller for transportation to the destination.
- “FOB (Free on Board) and similar terms”, where the buyer organizes and pays for the transportation. Therefore, the point of sale is the delivery of the merchandise to the carrier engaged by the buyer.

Should any discrepancy exist between the trade agreements and the *incoterms* defined for the operation, the terms set out in the contract shall prevail.

In case of local sales, the sale of merchandise that has been dispatched to customers is considered operating income.

Sales that fail to meet the aforementioned conditions are recognized as unearned income in current liabilities, and are subsequently recognized as operating income once the conditions of transfer of risks, benefits and ownership of the goods are met, as described above.

Should CMPC be responsible for organizing the transportation for its sale, these costs are not billed separately, they are included in income for the value of the merchandise billed to the customer and the shipment expenses are shown in cost of sales.

Ordinary income from sale of services is recorded when the service has been provided. A service is considered to be provided upon satisfactory reception by the customer.

## 2.22. LEASES

Leases of property, plant and equipment, where the Company has substantially all the risks and benefits of ownership, are classified as financial leases. Financial leases are recorded at inception of the lease at the fair value of the property leased. Each payment is split between the principal and financing charge in order to achieve a constant interest rate over the outstanding balance. The respective lease obligations, net of finance charges, are shown in interest bearing loans. Property, plant and equipment items acquired under financial lease contracts are depreciated according to the expected technical useful life of the asset.

Asset leases under which the lessor reserves all the rights and benefits of ownership, are classified as operating leases, and the lease payments are expensed throughout the term of the lease on a straight-line basis.

## 2.23. DIVIDENDS DISTRIBUTED

Dividends distributed to the shareholders are recognized as a liability on the closing date of the financial statements, in function of the dividend policy approved by the Shareholders' Meeting.

## 2.24. ENVIRONMENT

Should there be environmental liabilities, these are recorded on the basis of current interpretation of environmental laws and regulations, when a current obligation is likely to be incurred and the amount of that responsibility can be reliably estimated.

Investments in infrastructure intended to comply with environmental requirements are capitalized following the general accounting criteria for property, plant and equipment.

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## 2.25. RESEARCH AND DEVELOPMENT

These expenses are presented in administrative expenses in the statement of comprehensive income, and are recorded in the period in which they are incurred.

## 2.26. ADVERTISING EXPENSES

Advertising expenses are recognized in income when they are incurred.

## 2.27. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to the owner-shareholders of the parent company by the weighted average number of ordinary shares subscribed and paid during the year.

## 2.28. GOODS AND SERVICES INSURANCE EXPENSES

Payments on insurance policies purchased by the Company are recognized in expenses in proportion to the period of time they cover, regardless of the payment terms. Amounts paid and not consumed are recognized as other non-financial assets under current assets.

The costs of claims are recognized in income immediately after they are known. Recoverable amounts are recorded in trade and other accounts receivable as a reimbursable asset by the insurance company, calculated according to the terms of the insurance policies, once all the conditions that guarantee their recovery are met.

## NOTE 3 - RISK MANAGEMENT

Empresas CMPC and its subsidiaries are exposed to a combination of market, financial and operating risks inherent to their businesses. CMPC seeks to identify and manage such risks in the most adequate manner in order to minimize potential adverse effects. The Board of CMPC establishes the strategy and the general framework under which the Company's risk management operates, and is implemented on a decentralized basis through the different business units. At a corporate level, finance management and internal audit respectively co-ordinate and control the proper execution of the prevention and mitigation policies of the main risks identified.

### 3.1. MARKET RISK

A considerable percentage of the sales of CMPC come from products considered to be commodities, whose prices depend on the situation prevailing in the international markets in which the Company has an insignificant impact and has no control over the factors that affect prices. These factors include the fluctuation in global demand (determined mainly by the economic conditions of Asia, North America, Europe and Latin America), variations in the installed capacity of the industry, inventory levels, business strategies and comparative advantages of the main competitors in the forestry industry, availability of replacement products and the state of the product's life cycle. It should be noted that there are currently several projects for new pulp production lines in construction or in an advanced stage of development in Brazil, Uruguay and Indonesia, therefore a relevant increase in the supply is foreseen in the next few years.

CMPC has a diversified portfolio in terms of products and markets, with more than 31,000 customers worldwide. This allows commercial flexibility and significant risk dispersion.

One of the main categories of products of CMPC is bleached kraft pulp, which represents 27% of consolidated sales in value and is

marketed to more than 270 customers in 44 countries in Asia, Europe, America and Oceania. CMPC benefits from business diversification and the vertical integration of its operations, thus giving it certain flexibility to manage its exposure to changes in the price of pulp. The impact of a possible drop in pulp prices is partially offset with greater margins in the sale of products with more preparation, especially tissue and cardboard.

### 3.2. FINANCIAL RISK

The main financial risks identified by CMPC are: risk of conditions in the financial market conditions (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

CMPC follows the policy of concentrating a large part of its financial debt and funds placement operations, foreign exchange and derivatives trading in its subsidiary Inversiones CMPC S.A. The purpose of this policy is to optimize resources, achieve economies of scale, and improve operating control. Separate borrowing by subsidiaries occurs only when it is advantageous.

#### *a) Risk of financial market conditions*

- i) Exchange rate risk: CMPC is exposed to exchange rate fluctuations, expressed in two forms. The first is foreign currency translation, derived from possible accounting mismatch existing between assets and liabilities in the statement of financial position denominated in currencies other than the functional currency, which in the case of CMPC is the dollar. The second relates to the exchange rate variation on the Company's investment expenses, costs and income which directly or indirectly are denominated in currency other than the functional currency.

During the year ended December 31, 2013, the exports of CMPC and its subsidiaries represented approximately 44% of total sales, the main destinations being the markets of Asia, Europe, Latin America and the United States. Most of these export sales were denominated in dollars.

On the other hand, the domestic sales of CMPC in Chile and those of its subsidiaries in Argentina, Brazil, Colombia, Ecuador, Mexico, Peru and Uruguay, in their respective countries, represented 56% of the Company's total sales in the year. Those sales were carried out both in local currencies and in dollars.

Consequently, the flow of income in dollars or indexed to that currency is estimated at close to 51% of the Company's total sales. In turn, on the side of expenses, raw materials, supplies and spare parts required for the processes such as investments in property, plant and equipment are also mostly denominated in dollars or else indexed to that currency.

In particular cases, sales are carried out or payment commitments are acquired in a currency other than the United States dollar. Derivative transactions are carried out in order to fix the exchange rates in question to avoid the foreign exchange risk of non-dollar currencies. As of December 31, 2013 a significant proportion of the estimated sales of cardboard and lumber to Europe in euros up to 2017 have been hedged.

Considering that the structure of CMPC's cash flows is highly indexed to the dollar, most liabilities have been incurred in that currency. In the case of the foreign subsidiaries, as they receive revenue in local currency, a part of their debt is established in the same currency in order to reduce economic and accounting mismatches. Other mechanisms used to reduce the accounting mismatches are: managing the currency denomination of the financial investment portfolio, occasional contracting of short-term future operations and, in certain cases, transactions using options, which are subject to limits previously authorized by the Board and representing a small amount in relation to the Company's total sales.

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## Sensitivity analysis.

CMPC has an active accounting exposure in relation to currencies other than the dollar (more assets than liabilities denominated in currencies other than the dollar), amounting to US\$ 1,969 million as of December 31, 2013 (US\$ 1,294 million as of December 31, 2012). If the total exchange rates of these currencies (mainly Brazilian reales and Chilean pesos) are appreciated or depreciated by 10%, the effect on the Company's income is estimated to be an increase or decrease of US\$ 197 million respectively (US\$ 129 million as of December 31, 2012). The previously mentioned effect would be recorded as a credit or charge to foreign currency translation reserves and as a loss or gain for the year, detailed as follows:

	December 31, 2013		December 31, 2012	
	10% appreciation ThUS\$	10% depreciation ThUS\$	10% appreciation ThUS\$	10% depreciation ThUS\$
Effect of foreign currency translation on reserves	219,114	(219,114)	176,987	(176,987)
Effect on profit (loss)	(22,256)	22,256	(47,596)	47,596
<b>NET EFFECT ON EQUITY</b>	<b>196,858</b>	<b>(196,858)</b>	<b>129,391</b>	<b>(129,391)</b>

- ii) Interest rate risk: CMPC manages the interest rate structure of its debt through derivatives, in order to adjust and limit the finance cost in the estimated most probable rates scenario. The Company's financial investments are preferably maintained at fixed interest rates, thus eliminating the risk of variations in market interest rates.

CMPC has financial liabilities at floating interest rates amounting to US\$ 318 million as of December 31, 2013 (US\$ 346 million as of December 31, 2012) and consequently they are subject to changes in interest flows as a result of changes in interest rates. If this rate increases or decreases by 10% (over the average floating annual financing rate equivalent to 1.75% as of December 31, 2013 and 1.95 as of December 31, 2012) it implies that the annual finance costs of CMPC increase or decrease by approximately US\$ 0.56 million (US\$ 0.67 million as of December 31, 2012).

## b) Credit risk

Credit risk arises mainly from the eventual insolvency of certain CMPC customers and therefore from the ability to collect on outstanding accounts receivable and concluding committed transactions.

CMPC manages these exposures through continuous review and evaluation of the payment capability of its customers through an internal Credit Committee that uses information from several alternate sources and through risk transfer (using letters of credit or credit insurance) or guarantees which altogether cover practically all export sales and approximately half of domestic sales.

Trade accounts receivable according to coverage as of each year-end are detailed as follows:

	12/31/2013	12/31/2012
Accounts receivable	100%	100%
Credit Insurance, Letters of Credit	60%	56%
Not covered	40%	44%

Effective management of credit risk and wide distribution and diversity of sales have resulted in very low customer portfolio credit losses which in recent years has been less than 0.16% of sales.

There are also credit risks in the execution of financial operations (counterparty risk). This risk for the Company arises when there is a likelihood that the counterparty to a financial contract will not be able to fulfill the financial obligations incurred, thus making CMPC incur a loss. To reduce this risk in its financial operations, CMPC establishes individual exposure limits by financial institution, approved periodically by the Board of Empresas CMPC S.A. In addition, CMPC follows the policy of operating with banks and financial institutions with a risk rating similar to or higher than that of the Company.

The financial institutions in which CMPC has investments are detailed as follows:

Issuer	12/31/2013		12/31/2012	
	% Portfolio	ThUS\$	% Portfolio	ThUS\$
Banco Santander - Chile	17.49%	191,377	16.31%	136,275
Banco BCI - United States	13.19%	144,204	5.99%	50,008
Banchile Corredores de Bolsa S.A. - Chile	11.79%	128,904	6.41%	53,537
BICE Agente de Valores S.A. - Chile	9.82%	107,347	-	-
J.P. Morgan Chase Bank N.A. - United States	6.33%	69,192	13.58%	113,460
Banco BBVA - Chile	5.03%	55,015	10.00%	83,525
Banco Security - Chile	4.58%	50,017	-	-
Banco Santander - Brazil	4.06%	44,426	0.36%	3,025
BBVA Corredores de Bolsa S.A. - Chile	3.92%	42,886	-	-
Itaú Chile Corredores de Bolsa Ltda.	3.45%	37,732	3.71%	31,003
BNP Paribas - United States	3.16%	34,501	-	-
Banco BCI - Chile	3.00%	32,809	1.38%	11,545
Banco de Chile	2.90%	31,663	5.67%	47,352
Banco BBVA - United States	2.15%	23,502	-	-
BancoEstado N.Y. - United States	1.98%	21,600	-	-
Banco Corpbanca - Chile	1.46%	15,935	5.09%	42,551
Banco Itaú - Chile	1.08%	11,828	4.33%	36,197
BancoEstado - Chile	1.05%	11,454	0.00%	38
Banco BBVA - Peru	0.82%	8,913	0.27%	2,220
Banco Santander - Mexico	0.76%	8,344	1.37%	11,413
Banco HSBC - Mexico	0.47%	5,132	-	-
Banco de Crédito del Perú	0.42%	4,576	0.79%	6,614
Banco do Brasil - Brazil	0.39%	4,211	-	-
Citibank London - England	0.30%	3,253	0.76%	6,326
Banco Itaú - Brazil	0.09%	935	0.24%	2,022
HSBC Bank USA, N.A. - United States	0.06%	678	0.04%	352
HSBC Bank plc - England	0.06%	661	-	-
Banco BBVA Bancomer - Mexico	0.05%	580	-	-
Banco Bradesco - Brazil	0.04%	411	4.29%	35,878
J.P. Morgan Chase Bank N.A. - England	0.03%	318	-	-
BNP Paribas - France	0.03%	312	0.42%	3,540
Rothschild Asset Management - England	0.02%	210	0.03%	216
J.P. Morgan Money Market Fund - United States	0.01%	138	0.02%	138
J.P. Morgan Money Market Chase Bank N.A. - United States	0.01%	68	0.01%	65
Bank of America Merrill Lynch - England	0.00%	31	0.06%	532
Morgan Stanley & Co. International plc - England	0.00%	23	-	-
Banco J.P. Morgan Chase Bank - Chile	0.00%	9	0.07%	609
Goldman Sach - England	0.00%	7	0.01%	68
Citibank N.A. N.Y. - United States	0.00%	6	-	-
Banco BICE - Chile	0.00%	4	0.44%	3,700
Banco HSBC Bank - Chile	-	-	3.20%	26,711
Banco Scotiabank - Chile	-	-	0.06%	470
BancoEstado S.A. Corredores de Bolsa - Chile	-	-	12.69%	106,012
Deutsche Bank - England	-	-	0.00%	17
Banco Security - Chile	-	-	2.40%	20,025
<b>SUBTOTAL</b>	<b>100.00%</b>	<b>1,093,212</b>	<b>100.00%</b>	<b>835,444</b>
Plus: cash and bank accounts		21,486		34,102

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TOTAL CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS	1,114,698	869,546
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## *c) Liquidity risk*

This risk arises should the Company not be able to fulfill its obligations as a result of insufficient liquidity. CMPC manages these risks through appropriate distribution, extension of due dates and limits on the amount of its debt, as well as by maintaining an adequate liquidity reserve and prudent management of its operating and investment cash flows.

The Company has a policy of concentrating its financial debts in subsidiary Inversiones CMPC S.A. which finances operating subsidiaries. Debts are incurred through bank loans and bonds placed in international markets and in the local market. Indebtedness of other subsidiaries occurs only when it is advantageous.

The prudent financial policy followed by CMPC, added to its market position and quality of assets, enables Empresas CMPC S.A. to have an international credit rating of BBB according to Standard & Poor's and BBB+ according to Fitch Ratings, one of the highest in the world in the forestry, paper and pulp industry (see analysis of settlement of liabilities in Note 22.2 letter g).

It should also be noted that the Board of Empresas CMPC S.A. together with its management, have established a policy of financial objectives, beyond those required by creditors in order to maintain a solid financial position.

The financial objectives policy considers the following criteria:

- i) Cash (\*) > debt amortization + finance costs in the next 18 months.
- ii) Net financial debt (\*\*) / EBITDA < 2.5 over a horizon of 24 months.
- iii) Financial debt with third parties (\*\*\*) over tangible equity < 0.50.
- iv) Interest coverage [(EBITDA + finance income) / finance costs] > 5.0.

(\*) Cash: Cash and cash equivalents plus time deposits at over 90 days (See Note 8).

(\*\*) Net financial debt: financial debt with third parties less cash.

(\*\*\*) Financial debt with third parties: total interest bearing loans - other obligations + liabilities on swap and cross currency swap operations + hedge liabilities - assets on swaps and cross currency swap operations - hedge assets (See Note 22 letter e).

The Board and management constantly ensure compliance with these objectives. In case of non-compliance, the necessary measures will be taken to recover the levels defined within 6 months, either through increases in long-term debt, reduction of the dividends policy or capital increases, among other things. At each year-end the financial objectives referred to above are satisfactorily met.

## 3.3. OPERATING RISKS

### *a) Industrial and forestry operating risks*

Events that shutdown the Company's production facilities can stop us from fulfilling the needs of our customers, reaching production goals and could force unscheduled disbursements in maintenance and investment in assets, all of which can adversely affect the finance income of CMPC. The most significant events that can generate shutdowns include fires, equipment failures, interruption of supplies, spills, explosions, earthquakes, floods, droughts, terrorism and labor conflicts.

The operating risk management objectives at CMPC are to efficiently and effectively protect employees, the Company's assets, the environment and business operations in general. For this purpose, accident prevention measures and losses and insurance coverage are managed in a balanced manner. Loss prevention work is systematic and is carried out in accordance with pre-established guidelines and periodic inspections by insurance company specialist engineers. In addition, CMPC has a continuous improvement plan for its operating risk conditions in order to minimize the probability of occurrence and attenuate the possible effects of losses. Each of the Company's business units manages these plans in accordance with regulations and standards established at a corporate level.

CMPC and its subsidiaries maintain insurance coverage to protect themselves from a substantial part of its main risks. These risk transfers

are purchased from high standard local insurance and international reinsurance companies. The risks associated to the operating activities of the business are permanently reevaluated to optimize coverage, according to the market's competitive offers. In general, the conditions on limits and deductibles of insurance policies are established on the basis of maximum estimated losses for each risk category and the coverage conditions offered in the market.

All the Company's infrastructure assets (buildings, installations, machinery, etc.) are reasonably covered from operating risks by insurance policies at their replacement value.

In turn, forest plantations can suffer losses due to fire and other risks of nature, which also have insurance coverage, with limitations due to deductibles and maximum indemnities determined in accordance with historical losses. Other risks that are not covered, such as biological risk, could adversely affect the plantations. Although in the past these factors have not caused significant damages to the plantations of CMPC, one cannot discard the occurrence of events outside historical patterns that generate significant losses, beyond the purchased coverage.

#### *b) Continuity and costs of providing supplies and services*

The development of CMPC's businesses involves complex logistics in which timely supply, quality and cost of supplies and services is fundamental to maintaining its competitiveness.

The industrial operations of CMPC mostly have their own energy supply from generation based on biomass and/or supply contracts. In the last few years, CMPC has increased its own generating capacity through investments in co-generation units. It continues developing a plan to invest in new units and evaluates the convenience of incorporating additional projects in the future. Notwithstanding the above, in 2014 and 2015, the Company's own generation plus current supply contracts imply a deficit of close to 10% of consumption, which will be obtained from the spot market. In addition, plants have contingency plans to cope with restricted supply scenarios; however, the weaknesses of the Chilean electrical system continue generating higher costs for CMPC. The high relative level of electric energy prices in Chile continues being a cause for concern, a situation that if maintained, could affect the level of competitiveness of certain of the Company's businesses where electric energy has a relevant effect on costs, such as paper manufacturing.

Among CMPC's many suppliers of products and services in Chile, there are companies that provide specialized support and logistical services for its forestry and industrial operations. If these services are not performed with the required level of quality, or the contractual relationship with those companies is affected by regulations, labor conflicts or other contingencies, the operations of CMPC could be affected. One example of this is the situation of several ports in Chile, whose labor contracts implied a shutdown in January 2014.

CMPC seeks to maintain a close long-term relationship with its contractors, with which there is ongoing and systematic work on developing high standards of operation, with an emphasis on employee safety and improvement of working conditions in general.

#### *c) Environmental risk factors*

CMPC's operations are regulated by environmental standards in Chile and in the other countries where it operates. CMPC has characterized itself as generating a basis of sustainable development in its business management. This has enabled the Company to adapt smoothly to modifications in environmental legislation so that the impact of its operations is consistent with these standards. Future changes in these environmental regulations or in the interpretation of these laws, might have an impact on the operations of the Company's industrial plants.

It should be noted that in 2012 Brazilian subsidiary CMPC Celulose Riograndense Ltda. obtained the FSC® certification for its forest plantations. In addition, that year the same certification was obtained for forests in Chile. These accreditations, granted by the Forest Stewardship Council®, reaffirm CMPC's concern for the environment and sustainable development and complement similar long-standing certifications.

#### *d) Risks associated to community relations*

CMPC has good relations with the communities where it operates, collaborating in different areas, where we emphasize the support that the CMPC Foundation provides to the public school education process.

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The mission of the CMPC Foundation is to strengthen education and culture in the communities where CMPC is present, by providing skills to local players and generating long-term alliances. Its objectives are to improve education results of children in elementary school and encourage good relations between the Company and neighboring communities. In 2013 its programs benefitted 6,576 students in 41 establishments in 11 communities and 4,972 hours of training were provided to teachers and directors of educational establishments, a figure that is expected to increase during this year.

In certain zones of the Bio Bio and Araucanía regions violent events and intentional fires have continued to affect the land of farmers and forestry companies. These events have been caused by groups claiming alleged ancestral rights over certain plots of land. The affected zones have a high level of poverty and serious social problems. To date, this situation has concentrated in specific zones and the effects on CMPC have been limited. The Company has made efforts to establish associations with the communities and create employment and education programs and promote productive development and micro-entrepreneurial initiatives to mitigate the poverty situation of families living in those places.

As a neighbor of the different communities, the Company has an open-door and collaborative attitude toward the desires and challenges of these communities.

## *e) Compliance risk*

This risk is associated with the Company's ability to comply with legal, regulatory, contractual, and non-contractual liability obligations, beyond the aspects covered in the factors discussed above. Every part of corporate governance in CMPC regularly reviews its operating and administrative processes in order to ensure proper compliance with the laws and regulations applicable to each of them. In addition, CMPC is renowned for maintaining a proactive attitude in matters relating to safety, the environment, labor conditions, market operation and community relations. CMPC, with a history of over 93 years, has a proven and recognized track record of rigor and prudence in the conduction of its businesses.

Furthermore, and in compliance with Law 20,393 which establishes the corporate criminal liability for assets laundering, financing of terrorism and bribery activities, a "Prevention Model" of the offenses has been implemented in order to regulate the behavior of its employees for preventing the perpetration of these unlawful acts and trying to avoid their occurrence. This Prevention Model is added to the Company's existing internal audit processes, whose objectives include ensuring strict compliance with the applicable legal framework.

## *f) Risk of political and economic conditions in the countries where CMPC operates*

Changes in the political or economic conditions in countries where CMPC has industrial operations could affect the Company's finance income, as well as the development of its business plan.

CMPC has industrial operations in 8 countries (Chile, Argentina, Brazil, Colombia, Ecuador, Mexico, Peru and Uruguay). A large part of its property, plant and equipment items are located in Chile and more than 65% of sales originate in Chilean operations. In turn, approximately 21% of the property, plant and equipment of CMPC are in Brazil and 13% of sales originate from operations based in that country.

The governments of the companies where CMPC operates have substantial influence over many aspects of the private sector, which includes changes in tax regulations, monetary policies, exchange rates and public spending. Regulatory aspects such as labor and environmental standards also affect the operations of CMPC and its finance income could be adversely affected by these changes.

## NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENT

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable in the circumstances.

The preparation of consolidated financial statements under IFRS requires estimates and judgments concerning assets and liabilities, exposure to contingent assets and liabilities on the dates of the financial statements, and amounts of income and expenses during the year. Consequently, real results observed later could differ from these estimates.

The accounting principles and areas requiring more estimates and judgments in the preparation of the financial statements are biological assets, termination benefits obligations, litigation, other contingencies, useful lives, impairment testing and fair value of derivative contracts or other financial instruments.

### 4.1. BIOLOGICAL ASSETS

Forest plantations are shown in the statement of financial position at fair value. Consequently, forest groups are accounted for at the fair value of standing timber less harvesting costs and transfer expenses to the points of sale.

New plantations (over the last year) are valued at cost, which is equivalent to their fair value as of that date.

Fair value is determined using the discounted cash flows method, i.e. updating of cash flows from future operations up to the time of forest harvesting, taking into account potential growth. This means that the fair value of biological assets is measured as the "current value" of the harvest of the present growth cycle of productive plantations. Biological assets are recognized and measured at their fair value separately from the land.

Management therefore includes, among other things, estimates of future price levels, sales and cost trends and regular studies of the forests to establish the volumes of timber available for harvesting and their current growth rates.

The model also uses two price groups to value assets. The first group is used to value short-term sales and is based on current market values. The second group uses medium to long-term sales and is based on historic prices and forecasts of structural changes in the markets.

Long-term lumber price estimates are based on historic information from several years and on the forecasting of variables that might affect the future economic environment. The upper limit of these prices is values that have been historically observed in reality. Variations from one consecutive year to another are small and are not corrected if they not significant. The short-term price established for the first two years of the valuation model is based on market conditions.

The percentage variations in timber prices will affect the valuation of plantations in the following way: a 5% change in average prices modifies the value of the asset by 9.3% (8.8% in 2012).

In addition, a direct costs sensitivity test was performed (including harvesting and transportation), where variations of 5% generate a change in the value of the asset of 4.4% (3.4% in 2012).

Finally, a downward variation in the discount rate of 100 bps (basis points) increases the value of plantations by 4.3% (4.2% in 2012).

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This test considers a base annual discount rate of 8% in Chile, 11% in Argentina and 8% in Brazil.

## 4.2. POST-EMPLOYMENT BENEFITS OBLIGATIONS

The Company recognizes this liability in accordance with technical standards, using an actuarial methodology that considers estimates of labor turnover, discount rate, salary increase rate and average retirement. This value determined in this way is presented at actuarial value using the projected unit credit method.

## 4.3. LITIGATIONS AND OTHER CONTINGENCIES

CMPC is involved in various lawsuits for which it is not possible to determine with accuracy the possible economic effects on the financial statements in case of unfavorable sentences. In cases where management and the Company's legal counsel believe that favorable results will be obtained, or that the results are uncertain and the lawsuits are pending sentencing, no provisions have been made. Where in the opinion of the Company's management and legal counsel results will be totally or partially unfavorable, provisions have been charged to expenses based on estimates of the most likely amounts payable.

These lawsuits and contingencies are detailed in Note 25 to these financial statements.

## 4.4. USEFUL LIVES AND IMPAIRMENT TESTING

Industrial plants and equipment are depreciated on the basis of the useful lives that management has estimated for each of these production assets. This estimate might change significantly as a consequence of technological innovations and actions by competitors in response to significant changes in the variables of the industrial sector. Management will increase the depreciation charge when the present useful life is lower than the useful life previously estimated or will depreciate or eliminate technically obsolete or non-strategic assets that have been abandoned or sold.

Management considers that the assigned values and useful lives, as well as the assumptions used, are reasonable, even though different assumptions and useful lives might have a significant impact on the amounts reported.

In addition, in accordance with IAS 36, as of each year-end, or before if there is any indication of impairment, CMPC evaluates the recoverable value of property, plant and equipment, grouped in cash generating units (CGU), including proportional goodwill determined, to verify whether there are impairment losses. If as a result of this evaluation, the fair value is lower than the net carrying amount, an impairment loss is recorded as an operating item in the income statement.

## 4.5. FAIR VALUE OF DERIVATIVE CONTRACTS OR OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments not traded in an active market is determined using valuation techniques commonly accepted in the financial market, which are based mainly on market conditions existing as of the date of each financial statement.

These valuation techniques consist of comparing market variables agreed at inception of a contract to market variables at the time of valuation to then calculate the present value of such differences, by discounting future cash flows at relevant market rates, which determines market value as of the valuation date.

## NOTE 5 - ACCOUNTING CHANGES AND CORRECTIONS

The financial statements as of December 31, 2013 present no changes in accounting policies in comparison to the financial statements as of December 31, 2012, except for the standard changes introduced by IAS 19 "Employee Benefits" as of January 1, 2013 and whose effects are disclosed in Note 26.

## NOTE 6 - NEW ACCOUNTING PRONOUNCEMENTS

The following new accounting pronouncements were effectively applied as of January 1, 2013:

Standards, Interpretations and Amendments	Mandatory application on:
IFRS 10: Consolidated Financial Statements	Annual periods beginning on or after January 1, 2013.
IFRS 11: Joint Arrangements	Annual periods beginning on or after January 1, 2013.
IFRS 12: Disclosure of Interests in Other Entities	Annual periods beginning on or after January 1, 2013.
IFRS 13: Fair Value Measurement	Annual periods beginning on or after January 1, 2013.
IAS 27 Amendment: Separate Financial Statements	Annual periods beginning on or after January 1, 2013.
IAS 28 Improvement: Investments in Associates and Joint Ventures	Annual periods beginning on or after January 1, 2013.
IFRS 7 Amendment: Financial Instruments: Disclosures	Annual periods beginning on or after January 1, 2013.
IAS 19 Amendment: Employee Benefits	Annual periods beginning on or after January 1, 2013.
IAS Improvements: Corresponds to a series of improvements, necessary but not urgent that amend the following standards: IAS 1, IAS 16, IAS 32 and IAS 34.	Annual periods beginning on or after January 1, 2013.
IFRS 10, 11 and 12 Amendments: Transition Guide	Annual periods beginning on or after January 1, 2013.

The application of these pronouncements has not had significant effects for CMPC. The rest of the accounting criteria applied in 2013 have not varied in comparison to those used in 2012.

As of the date of issuance of these consolidated financial statements, the following accounting pronouncements have been issued by the International Accounting Standards Board ("IASB") but their application is not mandatory:

Standards, Interpretations and Amendments	Mandatory application on:
IAS 32 Amendments: Financial Instruments: Presentation	Annual periods beginning on or after January 1, 2014.
IFRS 9: Financial Instruments: Classification and Measurement	Undetermined
IFRS 10 and 12 and IAS 27: Investment Entities	Annual periods beginning on or after January 1, 2014.
IFRIC 21: Levies	Annual periods beginning on or after January 1, 2014.
IAS 36 Amendment: Impairment of Assets	Annual periods beginning on or after January 1, 2014.
IAS 39 Amendment: Financial Instruments: Recognition and Measurement	Annual periods beginning on or after January 1, 2014.
IFRS Improvements: Corresponds to a series of improvements that modify the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40.	Annual periods beginning on or after July 1, 2014.

Management believes that the adoption of the new standards, interpretations and amendments referred to above, will have no significant effects on its consolidated financial statements in the year of their first application.

## NOTE 7 - SEGMENT REPORTING

Operating segments are reported in a manner consistent with the presentation of internal reports used by management in the business analysis, management control and decision making process.

CMPC bases its designation of segments in terms of product differentiation and financial information made available to decision makers, in relation to matters such as profit measurement and investment allocation.

As of 2013 there are four segments in accordance with the management policy and structure and corporate governance: Forestry,

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Pulp, Paper and Tissue. Papers comprise paper products (packaging) which until the previous year were presented separately.

The operating segments determined in this way are as follows:

## FORESTRY

The forestry segment reported by CMPC corresponds to its business area that, led by its subsidiary Forestal Mininco S.A., has the mission of managing the Company's forest resources and managing the solid lumber business. Its main products are logs for the manufacturing of cellulose pulp and solid lumber products, such as sawn lumber, remanufactured products and plywood sheets.

CMPC currently has more than 640,000 hectares of forest plantations, mainly pine and eucalyptus, of which 480,000 hectares are located in Chile, 57,000 hectares in Argentina and 103,000 hectares in Brazil. Forestal Mininco S.A. and Forestal y Agrícola Monte Águila S.A. are the main subsidiaries in terms of forest resources in Chile. In addition, the Company has usufruct contracts, partnerships (*"aparcerías"*) and leases with third parties comprising approximately 37,000 hectares of forest plantations distributed in Chile and in Brazil. The Company's forest plantations have CERTFOR-PEFC (Chile), CERTFLOR-PEFC (Brazil) and FSC (Chile and Brazil) certification.

CMPC Maderas S.A. has four sawmills in the VII and VIII Regions of Chile: Bucalemu, Mulchén, Nacimiento and Las Cañas, with an annual production capacity of close to 1.2 million cubic meters of sawn lumber, of which it exports approximately 45%. It also has two remanufacturing plants, in Coronel and Los Ángeles, Chile, which are capable of producing approximately 190,000 cubic meters of products manufactured from dry sawn lumber (moldings, boards and laminates) and approximately 83% of its production is exported, and one plywood plant recently expanded to reach production capacity of 500,000 m<sup>3</sup> annually, which exports approximately 76% of its production.

The main lumber customers are industrial plants of the Company's pulp and paper segments. The main external customers of the solid lumber products are in the construction materials distribution sector and are based in North America (United States and Mexico), Asia (Japan), Middle East and Europe (Spain).

## PULP

The activities in this business area are carried out by subsidiary CMPC Celulosa S.A. This company operates 4 production lines in Chile and one in Brazil, with total annual production capacity of close to 2.7 million metric tons of pulp (plus 140,000 tons of paper of different kinds and weight). Pulp installed production capacity is 800,000 tons of bleached softwood kraft pulp (BSKP), using Radiata pine wood) and 1.9 million tons of bleached hardwood kraft pulp (BHKP) using eucalyptus wood). All of them are ISO 9001, ISO 14001 and OHSAS 18001 certified. In addition the plants in Chile have their chain of custody certified under CERTFOR-PEFC standards, guaranteeing that their raw materials come from cultivated forests or controlled origin plantations, free of controversies and perfectly traceable from the forest up to their final destination.

The purchase of the Guaiba Plant in Brazil in mid-December 2009 increased CMPC's total pulp production capacity by 400,000 tons annually. At this plant, CMPC is carrying out an investment project in the amount of US\$ 2.1 billion for the construction of a second pulp production line with a capacity to produce 1.3 million tons per year, which should begin production in 2015.

Of the total pulp produced, approximately 390,000 tons are sold to subsidiaries and the difference is exported from Chile and Brazil to more than 250 customers in America, Europe, Asia and Oceania. CMPC Celulosa S.A. is positioned among the leading companies in the world industry and has an efficient logistics network which enables it to provide an excellent dispatch service to its customers. The main external markets are based in Asia (China and South Korea), Europe (Italy, Germany and Holland) and Latin America (Venezuela and Colombia).

Subsidiary Bioenergías Forestales S.A. also forms part of this segment and has a biomass electric energy production plant located in Nacimiento (Bío Bío Region in Chile) with nominal capacity of 90 MW.

## PAPER

This business area comprises eleven subsidiaries. Of them, one subsidiary participates in the production and marketing of cardboard and another produces paper for corrugation. There are seven subsidiaries whose line of business is to the manufacturing and marketing of elaborated paper products, such as corrugated cardboard boxes, bags or industrial sacks and molded pulp trays. The business area also has a subsidiary specializing in the distribution of paper and another dedicated to recycling.

Subsidiary Cartulinas CMPC S.A. sells 425,000 tons of cardboard annually in 45 countries in Latin America, Europe, Asia, North America and Oceania, which are produced in Chile, in the factories in Maule (Maule Region) and Valdivia (Los Rios Region).

Subsidiary Papeles Cordillera S.A., located in Puente Alto (Metropolitan Region of Chile) markets a variety of paper for corrugation, wrapping, construction, lamination and industrial use paper, produced in three paper machines. One of those paper machines produces paper for corrugating based on recycled fibers and has a capacity to produce 290,000 tons annually.

The corrugated cardboard boxes business is done through Envases Impresos S.A., which manufactures cardboard boxes for the fruit industry in two plants located south of Santiago in Buin, and Envases Roble Alto S.A., which manufactures corrugated cardboard boxes for the industrial sector, winemaking and salmon industry in its three industrial plants located in Til-Til, Quilicura (both in the Metropolitan Region of Chile) and Osorno (Los Lagos Region of Chile).

Subsidiary Chimolsa S.A., whose plant is located in Puente Alto (Metropolitan Region of Chile) manufactures and markets molded pulp trays destined to the exporting of apples and avocados, and egg trays and cartons. The main customers belong to the orchards, industrial and winemaking areas and are located in South America (Chile, Peru and Argentina).

The multi-ply paper sacks business is operated by subsidiary Forsac S.A. in Chile with a plant in the city of Chillán (Bío-Bío Region of Chile); Fabi Bolsas Industriales S.A. in Argentina located in the town of Hinojo, Forsac Perú S.A., with operations in Lima, and Fosac México S.A., with operations in the city of Zapopan, state of Jalisco. The respective local markets are serviced from these different locations, particularly the cement and construction materials industry and also exports to various countries in Latin America and the United States.

In addition to these paper production subsidiaries, the segment includes Edipac S.A., distributing company in charge of marketing paper in the Chilean market and Sorepa S.A., company responsible for recollecting used cardboard boxes in Chile to be recycled as raw materials in the various paper mills of CMPC.

## TISSUE

This business area is engaged in the production and selling of tissue products (toilet paper, paper towels, paper napkins and facial tissues), sanitary products (baby diapers, wipes, adult diapers and sanitary napkins) and specialized hygiene products for consumption in institutions and public places, in Chile, Argentina, Brazil, Colombia, Ecuador, Mexico, Peru and Uruguay.

The main production and marketing subsidiaries in this segment are CMPC Tissue S.A. (Chile), La Papelera del Plata S.A. (Argentina), Melhoramentos CMPC Ltda. (Brazil), Protisa Perú S.A. (Peru), IPUSA (Uruguay), Absormex CMPC Tissue S.A. de C.V. (Mexico), Protisa Colombia S.A., Drypers Andina S.A. (Colombia) and Protisa Ecuador S.A.

CMPC's tissue business offers a wide range of products in terms of quality and price in the categories in which it operates. Products are mainly sold under its own brands which have achieved high levels of recognition by consumers.

Elite® is the regional trademark used by CMPC. Similarly, Confort® and Nova® in Chile and Higienol® and Sussex® in Argentina are the leading brands in their markets in the categories of toilet paper and paper towels, respectively. Disposable diapers for babies and

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adults, wipes, and sanitary napkins are marketed under the trademarks Babysec®, Cotidian® and Ladysoft®, respectively.

The main customers belong to the retail distribution area and are based in Latin America (Chile, Argentina, Brazil, Peru, Uruguay, Ecuador, Colombia and Mexico).

## OTHER

Income from areas other than the segments referred to above, referring to general administrative services (finance, procurement, accounting, information technology, human resources, port services, etc.) are not transferred to the operating segments, and are shown as "Other" and do not represent significant amounts individually for their designation as an operating segment.

General information on income and cash flows as of December 31, 2013 and 2012 is detailed as follows:

Description	Business areas (operating segments) ThUS\$						Adjustments and eliminations	Total Entity
	Forestry	Pulp	Paper	Tissue	Total segments	Other (3)		
ACCUMULATED AS OF DECEMBER 31, 2013								
Operating income from external customers	540,998	1,520,302	1,062,843	1,850,316	4,974,459	-	-	4,974,459
Ordinary income between operating segments of the same entity	299,795	274,089	50,294	3,543	627,721	48,736	(676,457)	-
INCOME FROM EXTERNAL AND RELATED CUSTOMERS	840,793	1,794,391	1,113,137	1,853,859	5,602,180	48,736	(676,457)	4,974,459
Depreciation and amortization expenses	(26,200)	(206,946)	(50,545)	(66,621)	(350,312)	(1,236)	7,301	(344,247)
Finance income	31	5,141	9,810	4,184	19,166	217,209	(215,004)	21,371
Finance cost	(38,020)	(121,130)	(25,440)	(50,475)	(235,065)	(154,237)	215,004	(174,298)
Other significant income (expense) items	147	11,435	(47,286)	(26,004)	(61,708)	32,029	(6,116)	(35,795)
TOTAL OTHER SIGNIFICANT INCOME (EXPENSE) ITEMS	(37,842)	(104,554)	(62,916)	(72,295)	(277,607)	95,001	(6,116)	(188,722)
Share in income of associates	(7)	(69)	-	-	(76)	8,955	-	8,879
Income tax (charge) credit	(25,543)	(100,935)	(21,627)	(13,048)	(161,153)	(17,109)	-	(178,262)
EBITDA DETERMINED BY SEGMENT (1)	118,912	481,488	169,633	213,774	983,807	(18,006)	(1,941)	963,860
OPERATING PROFIT (LOSS) (2)	1,767	280,542	119,088	147,153	548,550	(19,242)	5,359	534,667
PROFIT (LOSS) BEFORE TAXES	18,170	210,923	71,604	(20,224)	280,473	213,049	(119,627)	373,895
<b>PROFIT (LOSS)</b>	<b>(7,373)</b>	<b>109,988</b>	<b>49,977</b>	<b>(33,272)</b>	<b>119,320</b>	<b>195,940</b>	<b>(119,627)</b>	<b>195,633</b>
Assets	4,486,308	5,390,019	1,572,932	2,160,873	13,610,132	5,598,323	(5,020,601)	14,187,854
Investments accounted for using the equity method	315	345	-	-	660	-	-	660
Liabilities	1,130,662	3,704,286	600,442	1,500,530	6,935,920	3,743,553	(4,811,388)	5,868,085
Asset impairment losses recognized in income	(2,023)	-	(51,899)	(6,475)	(60,397)	-	-	(60,397)
Reversal of asset impairment losses recognized in income	1	108	18	-	127	-	-	127
Cash flows from operating activities	101,349	448,282	146,365	97,229	793,225	35,942	-	829,167
Cash flows from investing activities	(165,337)	(475,515)	(66,434)	(150,047)	(857,333)	(73,150)	387,450	(543,033)
Cash flows from financing activities	62,459	35,900	(79,717)	61,979	80,621	543,524	(387,450)	236,695

- (1) Corresponds to gross profit plus depreciation and amortization, plus cost of formation of harvested plantations, plus higher cost of the exploited and sold part of the plantations derived from revaluation for their natural growth (see Note 13 Biological Assets), less distribution costs, less administrative expenses and less other expenses, by function.
- (2) Corresponds to profits (losses) before income tax expense, finance income and costs, foreign currency translation, income from indexation units, other profits (losses) and income of associates.
- (3) "Other" is not included in the accrued income of CMPC and Inversiones CMPC S.A. in their subsidiaries, which are presented separately in each of the segments.

Description	Business Areas (operating segments) ThUS\$						Adjustments and eliminations	Total entity
	Forestry	Pulp	Paper	Tissue	Total segments	Other (3)		
ACCUMULATED AS OF DECEMBER 31, 2012								
Operating income from external customers	502,569	1,374,799	1,117,531	1,764,421	4,759,320	-	-	4,759,320
Ordinary income between operating segments of the same entity	312,626	241,160	46,530	3,574	603,890	50,660	(654,550)	-
INCOME FROM EXTERNAL AND RELATED CUSTOMERS	815,195	1,615,959	1,164,061	1,767,995	5,363,210	50,660	(654,550)	4,759,320
Depreciation and amortization expenses	(25,406)	(194,178)	(54,057)	(67,653)	(341,294)	(1,223)	7,057	(335,460)
Finance income	689	792	15,094	2,828	19,403	234,880	(217,008)	37,275
Finance cost	(42,329)	(112,565)	(30,650)	(57,638)	(243,182)	(149,057)	217,008	(175,231)
Other significant income (expense) items	13,241	(49,466)	(2,162)	(47,697)	(86,084)	78,293	(7,310)	(15,101)
TOTAL OTHER SIGNIFICANT INCOME (EXPENSE) ITEMS	(28,399)	(161,239)	(17,718)	(102,507)	(309,863)	164,116	(7,310)	(153,057)
Share in income of associates	(5)	(38)	-	-	(43)	12,853	-	12,810
Income tax (charge) credit	(31,510)	(53,066)	(30,738)	(2,939)	(118,253)	(9,571)	-	(127,824)
EBITDA DETERMINED BY SEGMENT (1)	159,254	364,019	196,531	207,634	927,438	(11,546)	(1,808)	914,084
OPERATING PROFIT (LOSS) (2)	71,783	179,377	142,474	139,981	533,615	(12,769)	5,250	526,096
PROFIT (LOSS) BEFORE TAXES	5,898	(42,195)	105,995	44,415	114,113	212,301	3,820	330,234
<b>PROFIT (LOSS)</b>	<b>(25,612)</b>	<b>(95,261)</b>	<b>75,257</b>	<b>41,476</b>	<b>(4,140)</b>	<b>202,730</b>	<b>3,820</b>	<b>202,410</b>
Assets	4,447,673	5,077,077	1,663,328	2,265,558	13,453,636	4,986,527	(4,560,781)	13,879,382
Investments accounted for using the equity method	244	320	-	-	564	93,289	-	93,853
Liabilities	1,078,280	3,480,215	697,253	1,525,365	6,781,113	3,466,095	(4,352,860)	5,894,348
Asset impairment losses recognized in income	(113)	(1,735)	(1,801)	(815)	(4,464)	-	-	(4,464)
Reversal of asset impairment losses recognized in income	-	-	18	4	22	-	-	22
Cash flows from operating activities	175,138	196,781	181,213	193,102	746,234	11,544	-	757,778
Cash flows from investing activities	(174,834)	(565,352)	(69,357)	(138,583)	(948,126)	(224,814)	385,207	(787,733)
Cash flows from financing activities	3,027	400,403	(108,410)	(30,723)	264,297	161,071	(385,207)	40,161

- (1) Corresponds to gross profit plus depreciation and amortization, plus cost of formation of harvested plantations, plus higher cost of the exploited and sold part of the plantations derived from revaluation for their natural growth (see Note 13 Biological Assets), less distribution costs, less administrative expenses and less other expenses, by function.
- (2) Corresponds to profits (losses) before income tax expense, finance income and costs, foreign currency translation, income from indexation units, other profits (losses) and income of associates.
- (3) "Other" is not included in the accrued income of CMPC and Inversiones CMPC S.A. in their subsidiaries, which are presented separately in each of the segments.

Each segment is measured consistently and in accordance with the Company's general accounting policies.

The accounting principles related to transactions between CMPC's subsidiaries state that they be carried out at market prices, and consider that balances, transactions and profits or losses remain in the segment of origin and are only eliminated in the entity's consolidated financial statements.

CMPC's policy of concentrating a large part of its financial operations in its subsidiary Inversiones CMPC S.A. results in balances in current accounts between subsidiaries, which are subject to market interest rates.

Administration services provided by subsidiaries Inversiones CMPC S.A. and Servicios Compartidos CMPC S.A. are charged to each segment on the basis of actual use.

In general, there are no special conditions or criteria for transactions between subsidiaries that might affect the results or valuation of the assets and liabilities of each segment, since market conditions are used.

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As of each year-end income from sales to CMPC's external customers are distributed in the following geographical areas:

Markets	YEAR	
	2013 ThUS\$	2012 ThUS\$
Chile (Company's country of domicile)	1,235,681	1,209,029
Brazil	466,059	464,470
Argentina	528,890	507,735
Peru	344,996	347,022
Mexico	317,957	288,797
Rest of Latin America	474,420	463,010
United States and Canada	185,556	165,138
Asia	781,046	684,016
Europe	575,987	565,015
Other	63,867	65,088
<b>TOTAL</b>	<b>4,974,459</b>	<b>4,759,320</b>

Income from ordinary activities allocated to the different regions considers exports to those zones and local sales made by the subsidiaries domiciled in those same geographic zones.

Non-current assets by geographical area that are not financial instruments, deferred tax assets, post-employment benefits assets or entitlements derived from insurance contracts are detailed as follows:

Geographic area	12/31/2013		12/31/2012	
	%	ThUS\$	%	ThUS\$
Chile (Company's country of domicile)	69.16%	7,366,912	70.00%	7,327,301
Brazil	23.35%	2,486,678	22.15%	2,318,113
Rest of Latin America	7.49%	797,329	7.85%	821,870
<b>TOTAL</b>	<b>100.00%</b>	<b>10,650,919</b>	<b>100.00%</b>	<b>10,467,284</b>

## NOTE 8 - FINANCIAL ASSETS

Financial assets in each year, classified according to the categories established in IAS 39, are detailed as follows:

Classes of financial assets	Classification				
	Financial assets at fair value through profit or loss ThUS\$	Financial assets held to maturity ThUS\$	Loans and accounts receivable ThUS\$	Financial assets available for sale ThUS\$	Total financial assets ThUS\$
BALANCE AS OF DECEMBER 31, 2013					
CASH AND CASH EQUIVALENTS	416	-	926,833	-	927,249
Time deposits from 90 days to 1 year	-	-	95,996	-	95,996
Cross-currency Swap transactions	85,946	-	-	-	85,946
Currency forward operations	327	-	-	-	327
Options	1,356	-	-	-	1,356
Hedge assets	1,741	-	-	-	1,741
OTHER FINANCIAL ASSETS	89,370	-	95,996	-	185,366
Hedge assets	2,083	-	-	-	2,083
OTHER NON-CURRENT FINANCIAL ASSETS	2,083	-	-	-	2,083
<b>TOTAL FINANCIAL ASSETS</b>	<b>91,869</b>	<b>-</b>	<b>1,022,829</b>	<b>-</b>	<b>1,114,698</b>
BALANCE AS OF DECEMBER 31, 2012					
CASH AND CASH EQUIVALENTS	419	-	430,823	-	431,242
Time deposits from 90 days to 1 year	-	-	309,487	-	309,487
Cross-currency Swap transactions	116,093	-	-	-	116,093
Currency forward operations	4,609	-	-	-	4,609
Options	704	-	-	-	704
Hedge assets	3,058	-	-	-	3,058
OTHER FINANCIAL ASSETS	124,464	-	309,487	-	433,951
Hedge assets	4,353	-	-	-	4,353
OTHER NON-CURRENT FINANCIAL ASSETS	4,353	-	-	-	4,353
<b>TOTAL FINANCIAL ASSETS</b>	<b>129,236</b>	<b>-</b>	<b>740,310</b>	<b>-</b>	<b>869,546</b>

### 8.1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and bank checking accounts, time deposits and other financial investments with original maturities of 90 days or less. This item also includes investments as part of cash management such as repurchase and resale agreements whose maturities are in accordance with the above, as described in IAS 7.

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As of December 31, 2013 and 2012 cash and cash equivalents, classified by currency of origin are detailed as follows:

Cash and cash equivalents	Chilean peso ThUS\$	Dollar ThUS\$	Euro ThUS\$	Argentinean peso ThUS\$	Uruguayan peso ThUS\$	Peruvian new sol ThUS\$	Colombian peso ThUS\$	Mexican peso ThUS\$	Sterling pound ThUS\$	Brazilian real ThUS\$	Totals ThUS\$
<b>BALANCE AS OF DECEMBER 31, 2013</b>											
Cash	111	91	16	47	4	10	-	14	32	-	325
Cash in bank accounts	4,381	4,768	23	4,838	11	1,230	2,155	2,022	1	1,732	21,161
Time deposits at less than 90 days	5,681	518,900	2,463	-	-	12,535	-	12,912	1,290	49,983	603,764
Money market securities	301,583	348	68	-	-	-	-	-	-	-	301,999
<b>TOTAL</b>	<b>311,756</b>	<b>524,107</b>	<b>2,570</b>	<b>4,885</b>	<b>15</b>	<b>13,775</b>	<b>2,155</b>	<b>14,948</b>	<b>1,323</b>	<b>51,715</b>	<b>927,249</b>
<b>BALANCE AS OF DECEMBER 31, 2012</b>											
Cash	136	111	18	7	-	10	-	66	-	-	348
Cash in bank accounts	3,517	8,847	102	7,864	116	581	1,996	9,102	55	1,574	33,754
Time deposits at less than 90 days	38,724	112,035	4,144	-	-	7,490	-	669	2,182	40,925	206,169
Money market securities	190,552	354	65	-	-	-	-	-	-	-	190,971
<b>TOTAL</b>	<b>232,929</b>	<b>121,347</b>	<b>4,329</b>	<b>7,871</b>	<b>116</b>	<b>8,081</b>	<b>1,996</b>	<b>9,837</b>	<b>2,237</b>	<b>42,499</b>	<b>431,242</b>

Cash in bank checking accounts are available resources and their carrying amount is equal to their fair value (ThUS\$ 21,486 as of December 31, 2013 and ThUS\$ 34,102 as of December 31, 2012).

Time deposits recorded at amortized cost with maturities of less than 90 days are detailed as follows:

Entities	Currency	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Banco BCI - United States	US\$	144,204	-
Banco Santander - Chile	US\$	136,738	-
Banco Security - Chile	US\$	50,017	-
Banco Santander - Brazil	BRL	44,426	-
BNP Paribas- United States	US\$	34,501	-
Banco BCI - Chile	US\$	32,809	35,878
Banco BBVA - Chile	US\$	25,007	-
Banco BBVA - United States	US\$	23,502	20,025
BancoEstado N.Y. - United States	US\$	21,600	-
Banco Corpbanca - Chile	US\$	12,009	1,344
Banco Itaú - Chile	US\$	11,750	2,022
BancoEstado - Chile	US\$	9,602	3,025
Banco BBVA - Peru	PEN	8,913	-
Banco Santander - Mexico	MXN	8,344	-
J.P. Morgan Chase Bank N.A. - United States	US\$	8,200	-
Banco de Chile	US\$	8,001	-
Banco HSBC- Mexico	MXN	4,568	-
Banco do Brazil - Brazil	BRL	4,211	-
Banco Santander - Chile	CLP	3,825	2,220
Banco de Crédito del Perú	PEN	3,622	-
Citibank N.A. - England	EUR	2,463	-
BancoEstado - Chile	CLP	1,852	-
Banco de Crédito del Perú	US\$	954	-
Banco Itaú - Brazil	BRL	935	-
Citibank N.A. - England	GBP	790	-
HSBC Bank plc - England	GBP	500	-
Banco Bradesco - Brazil	BRL	411	-
Citibank N.A. N.Y. - United States	US\$	6	50,008
Banco BICE - Chile	CLP	4	3,700
Banco Galicia - Uruguay	US\$	-	35,024
Banco Santander - Chile	EUR	-	669
Banco Corpbanca - Chile	CLP	-	5,270
Banco Citibank N.A. - Chile	GBP	-	4,144
Banco de Chile	CLP	-	2,182
Banco Security - Chile	CLP	-	40,658
<b>TOTAL</b>		<b>603,764</b>	<b>206,169</b>

Placements are undertaken following parameters of counterparty risk authorized by the Board of CMPC. Provided these parameters are met, the counterparty is determined using diversification and financial return criteria.

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Money market securities are detailed as follows:

Entities	Currency	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>FOREIGN MUTUAL FUNDS INVESTMENT:</b>			
Rothschild Asset Management - England	US\$	210	216
J.P. Morgan Money Market Fund - United States	US\$	138	138
J.P. Morgan Money Market Chase Bank N.A. - United States	EUR	68	65
<b>MONEY MARKET SECURITIES:</b>			
Banchile Corredores de Bolsa S.A.	CLP	128,904	53,537
BICE Agente de Valores S.A. - Chile	CLP	107,347	-
BBVA Corredores de Bolsa S.A. - Chile	CLP	42,886	-
Itaú Chile Corredores de Bolsa Ltda.	CLP	22,446	31,003
BancoEstado S.A. Corredores de Bolsa - Chile	CLP	-	106,012
<b>TOTAL</b>		<b>301,999</b>	<b>190,971</b>

As of December 31, 2013 and 2012 the carrying amount of time deposits and money market securities does not differ significantly from their fair value.

Cash and cash equivalents presented in the statement of cash flows are detailed as follows:

Classes of assets	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Cash and cash equivalents	927,249	431,242
<b>CASH AND CASH EQUIVALENTS PRESENTED IN THE STATEMENT OF CASH FLOWS</b>	<b>927,249</b>	<b>431,242</b>

## 8.2. OTHER CURRENT FINANCIAL ASSETS

These assets represent investments typical of cash management, such as repurchase and resale agreements whose maturity exceeds 90 days. The cumulative results of derivatives contracts entered into in order to properly manage the Company's exchange and interest rate risks are also included. In addition, they incorporate the effects of currency forward contracts used to hedge the financial risk associated with the volatility of sales in euros of lumber products and cardboard businesses and to hedge against changes in the price of the Brazilian currency (BRL) associated to the investment project in Brazil.

As of December 31, 2013 and 2012 other financial assets are detailed as follows:

*Balance as of December 31, 2013*

a) *Time deposits and agreement from 90 days to one year*

Entities	Currency	ThUS\$
Banco de Chile	US\$	4,501
Itaú Chile Corredor de Bolsa Ltda.	CLP	15,286
Banco Santander - Chile	CLF	16,190
Banco BBVA - Chile	US\$	30,008
Banco Santander - Chile	US\$	30,011
<b>SUBTOTAL</b>		<b>95,996</b>

The amounts related to investment and settlement of this type of instrument are shown in the statement of cash flows in other cash inflows (outflows) under cash flows provided by (used in) investing activities (ThUS\$ 210,931).

b) Cross-currency swap operations

Entities	Rights			Obligations			Fair value of net assets ThUS\$	Effect on income profit ThUS\$	Maturity
	Currency	Interest rate %	Amount ThUS\$	Currency	Interest rate %	Amount ThUS\$			
J.P. Morgan Chase Bank N.A. - United States	CLF	2.68	159,406	US\$	Libor+0.58	100,330	59,076	5,145	03/01/2015
Banco Santander - Chile	CLF	2.70	43,839	US\$	3.87	40,056	3,783	1,387	03/01/2015
Banco Corpbanca - Chile	CLF	2.68	43,862	US\$	3.83	39,936	3,926	1,388	03/01/2015
Banco de Chile	CLF	2.88	67,210	US\$	Libor+1.82	56,952	10,258	1,074	03/24/2014
Banco de Chile	CLF	2.88	67,205	US\$	Libor+1.81	58,302	8,903	1,071	03/24/2014
<b>SUBTOTAL</b>			<b>381,522</b>			<b>295,576</b>	<b>85,946</b>	<b>10,065</b>	

c) Currency forward transactions

Entities	Rights		Obligations		Fair value of net asset ThUS\$	Effect on income profit ThUS\$	Maturity
	Currency	Amount ThUS\$	Currency	Amount ThUS\$			
J.P. Morgan Chase Bank N.A. - England	SEK	3,754	US\$	3,642	112	112	03/14/2014
J.P. Morgan Chase Bank N.A. - England	SEK	1,871	US\$	1,821	50	50	08/29/2014
J.P. Morgan Chase Bank N.A. - England	SEK	1,858	US\$	1,821	37	37	07/10/2015
J.P. Morgan Chase Bank N.A. - England	SEK	4,671	US\$	4,552	119	119	12/01/2014
J.P. Morgan Chase Bank - Chile	US\$	8,508	CLP	8,499	9	9	02/14/2014
<b>SUBTOTAL</b>		<b>20,662</b>		<b>20,335</b>	<b>327</b>	<b>327</b>	

c) Options

Entities	Rights		Obligations		Fair value of net asset ThUS\$	Effect on income profit ThUS\$	Maturity
	Currency	Amount ThUS\$	Currency	Amount ThUS\$			
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	5,911	339	222	05/09/2014
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	5,911	339	222	05/09/2014
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	5,911	339	222	05/09/2014
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	5,911	339	222	05/09/2014
<b>SUBTOTAL</b>		<b>25,000</b>		<b>23,644</b>	<b>1,356</b>	<b>888</b>	

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## e) Hedge assets

Entities	Nature of risks covered	Rights		Obligation		Fair value of net assets ThUS\$	Maturity
		Currency	Amount ThUS\$	Currency	Amount ThUS\$		
J.P. Morgan Chase Bank N.A. - United States	Cash flows from sale of cardboard to Europe	US\$	4,382	EUR	4,142	240	Quarterly
J.P. Morgan Chase Bank N.A. - United States	Cash flows from sale of cardboard to Europe	US\$	4,382	EUR	4,144	238	Quarterly
J.P. Morgan Chase Bank N.A. - United States	Cash flows from sale of cardboard to Europe	US\$	4,382	EUR	4,145	237	Quarterly
J.P. Morgan Chase Bank N.A. - United States	Cash flows from sale of cardboard to Europe	US\$	4,382	EUR	4,142	240	Quarterly
BNP Paribas - France	Cash flows from sale of cardboard to Europe	US\$	4,359	EUR	4,280	79	Quarterly
BNP Paribas - France	Cash flows from sale of cardboard to Europe	US\$	4,359	EUR	4,282	77	Quarterly
BNP Paribas - France	Cash flows from sale of cardboard to Europe	US\$	4,359	EUR	4,283	76	Quarterly
BNP Paribas - France	Cash flows from sale of cardboard to Europe	US\$	4,359	EUR	4,279	80	Quarterly
J.P. Morgan Chase Bank N.A. - United States	Cash flows from sale of cardboard to Europe	US\$	4,352	EUR	4,280	72	Quarterly
J.P. Morgan Chase Bank N.A. - United States	Cash flows from sale of cardboard to Europe	US\$	4,352	EUR	4,282	70	Quarterly
J.P. Morgan Chase Bank N.A. - United States	Cash flows from sale of cardboard to Europe	US\$	4,352	EUR	4,283	69	Quarterly
J.P. Morgan Chase Bank N.A. - United States	Cash flows from sale of cardboard to Europe	US\$	4,352	EUR	4,280	72	Quarterly
HSBC Bank plc - England	Guaiba Project	US\$	10,100	BRL	10,000	100	Monthly
Banco Itaú - Chile	Guaiba Project	US\$	15,078	BRL	15,000	78	Monthly
HSBC Bank plc - England	Price of oil	US\$	6,780	US\$	6,767	13	Monthly
			84,330		82,589	1,741	
<b>TOTAL OTHER FINANCIAL ASSETS</b>						<b>185,366</b>	

Balance as of December 31, 2012

## a) Time deposits from 90 days to one year

Entities	Currency	ThUS\$
Banco BCI - Chile	CLF	10,721
Banco Corpbanca - Chile	CLP	20,062
Banco HSBC Bank - Chile	CLP	10,349
Banco HSBC Bank - Chile	CLF	15,737
Banco de Chile	CLF	21,029
Banco Itaú - Chile	CLF	36,197
Banco Santander - Chile	CLF	95,481
Banco BBVA - Chile	US\$	40,668
Banco Corpbanca - Chile	CLF	17,058
Banco BBVA - Chile	CLF	42,185
SUBTOTAL		309,487

Amounts related to investment and settlement of this type of instrument are shown in the statement of cash flows in other cash inflows (outflows) under cash flows provided by (used in) investing activities (ThUS\$ 164,577).

## b) Cross-currency swap operations

Entities	Rights			Obligations			Fair value of net assets ThUS\$	Effect on income profit (loss) ThUS\$	Maturity
	Currency	Interest rate %	Amount ThUS\$	Currency	Interest rate %	Amount ThUS\$			
J.P. Morgan Chase Bank N.A. - United States	CLF	2.68	168,765	US\$	Libor+0.58	100,437	68,328	(3,490)	03/01/2015
Banco de Chile	CLF	2.88	70,851	US\$	Libor+1.82	57,002	13,849	(507)	03/24/2014
Banco de Chile	CLF	2.88	70,827	US\$	Libor+1.81	58,353	12,474	(530)	03/24/2014
Banco Santander - Chile	CLF	2.70	45,323	US\$	3.87	40,056	5,267	(1,358)	03/01/2015
Banco Corpbanca - Chile	CLF	2.68	53,442	US\$	3.83	48,011	5,431	(1,299)	03/01/2015
Banco Santander - Mexico	US\$	Libor+0.80	50,000	MXN	TIIIE+0.55	39,256	10,744	1,562	09/09/2013
SUBTOTAL			459,208			343,115	116,093	(5,622)	

c) Currency forward transactions

Entities	Rights		Obligations		Fair value of net asset ThUS\$	Effect on income profit ThUS\$	Maturity
	Currency	Amount ThUS\$	Currency	Amount ThUS\$			
Banco Santander - Chile	CLP	3,057	US\$	2,800	257	199	06/12/2013
Banco Santander - Chile	CLP	3,011	US\$	2,800	211	112	06/12/2013
Banco Santander - Chile	US\$	15,010	CLP	14,994	16	16	01/04/2013
Banco Santander - Chile	US\$	20,011	CLP	19,992	19	19	01/04/2013
Banco BBVA - Chile	CLP	21,498	CLF	21,162	336	337	05/10/2013
Banco BBVA - Chile	CLP	21,498	CLF	21,162	336	337	05/10/2013
Banco BCI - Chile	CLP	21,491	CLF	21,152	339	340	05/08/2013
Banco BCI - Chile	CLP	21,491	CLF	21,151	340	340	05/08/2013
Banco BCI - Chile	CLP	10,767	CLF	10,622	145	145	05/28/2013
Banco HSBC Bank - Chile	CLP	21,552	CLF	21,259	293	293	04/26/2013
Banco HSBC Bank - Chile	BRL	6,582	US\$	6,250	332	332	02/19/2013
Banco J.P. Morgan Chase Bank - Chile	CLP	21,785	CLF	21,176	609	609	05/08/2013
J.P. Morgan Chase Bank N.A. - United States	EUR	5,673	US\$	5,496	177	177	01/11/2013
J.P. Morgan Chase Bank N.A. - United States	EUR	231	US\$	224	7	7	01/30/2013
J.P. Morgan Chase Bank N.A. - United States	BRL	6,444	US\$	6,250	194	194	07/10/2013
J.P. Morgan Chase Bank N.A. - United States	BRL	6,350	US\$	6,250	100	100	10/09/2013
J.P. Morgan Chase Bank N.A. - United States	BRL	6,398	US\$	6,250	148	148	10/09/2013
J.P. Morgan Chase Bank N.A. - United States	BRL	6,492	US\$	6,250	242	242	07/10/2013
Banco Scotiabank - Chile	CLP	21,492	CLF	21,158	334	334	05/03/2013
Banco Scotiabank - Chile	US\$	17,205	CLP	17,069	136	136	06/17/2013
BancoEstado - Chile	US\$	20,009	CLP	19,971	38	38	01/07/2013
<b>SUBTOTAL</b>		<b>278,047</b>		<b>273,438</b>	<b>4,609</b>	<b>4,455</b>	

d) Opciones

Entities	Rights		Obligations		Fair value of net asset ThUS\$	Effect on income profit ThUS\$	Maturity
	Currency	Amount ThUS\$	Currency	Amount ThUS\$			
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	6,249	1	1	05/09/2013
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	6,234	16	16	09/09/2013
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	6,208	42	42	12/09/2013
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	6,133	117	117	05/09/2014
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	6,249	1	1	05/09/2013
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	6,234	16	16	09/09/2013
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	6,208	42	42	12/09/2013
HSBC Bank USA, N.A. - United States	US\$	6,250	BRL	6,133	117	117	05/09/2014
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	6,249	1	1	05/09/2013
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	6,234	16	16	09/09/2013
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	6,208	42	42	12/09/2013
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	6,133	117	117	05/09/2014
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	6,249	1	1	05/09/2013
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	6,234	16	16	09/09/2013
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	6,208	42	42	12/09/2013
J.P. Morgan Chase Bank N.A. - United States	US\$	6,250	BRL	6,133	117	117	05/09/2014
<b>SUBTOTAL</b>		<b>100,000</b>		<b>99,296</b>	<b>704</b>	<b>704</b>	

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## e) Hedge assets

Entities	Nature of risks covered	Rights		Obligations		Fair value of net assets ThUS\$	Maturity
		Currency	Amount ThUS\$	Currency	Amount ThUS\$		
Banco Santander - Chile	Cash flow from sale of cardboard and lumber to Europe	US\$	879	EUR	879	-	Quarterly
BNP Paribas - France	Cash flow from sale of cardboard and lumber to Europe	US\$	13,499	EUR	12,684	815	Quarterly
J.P. Morgan Chase Bank N.A. - United States	Cash flow from sale of cardboard and lumber to Europe	US\$	28,082	EUR	25,897	2,185	Quarterly
Deutsche Bank AG - England	Price of oil	US\$	5,207	US\$	5,190	17	Monthly
Bank of America Merrill Lynch - England	Price of oil	US\$	9,623	US\$	9,582	41	Monthly
<b>SUBTOTAL</b>			<b>57,290</b>		<b>54,232</b>	<b>3,058</b>	
<b>TOTAL OTHER FINANCIAL ASSETS</b>						<b>433,951</b>	

## 8.3. OTHER NON-CURRENT FINANCIAL ASSETS

### Hedge assets

These assets represent the accumulated results of currency forwards used to hedge the financial risk associated to the volatility of sales in euros of the lumber and cardboard products businesses and changes in the price of the currencies associated to bank obligations, obligations with the public and with investment projects in Brazil.

Entities	Nature of risks covered	Rights		Obligaciones		Fair value of net assets ThUS\$	Maturity
		Currency	Amount ThUS\$	Currency	Amount ThUS\$		
<b>BALANCE AS OF DECEMBER 31, 2013</b>							
Banco Santander - Chile	Obligations with the public	CLF	50,980	US\$	50,689	291	Semi-annual
Banco Santander - Chile	Obligations with the public	CLF	55,246	US\$	54,707	539	Semi-annual
Banco HSBC - Mexico	Bank obligations	US\$	25,000	MXN	24,436	564	Monthly
Banco BBVA Bancomer - Mexico	Bank obligations	US\$	25,000	MXN	24,420	580	Monthly
HSBC Bank plc - England	Cash flow from sale of cardboard and lumber to Europe	US\$	6,909	EUR	6,897	12	Quarterly
HSBC Bank plc - England	Cash flow from sale of cardboard and lumber to Europe	US\$	6,909	EUR	6,901	8	Quarterly
HSBC Bank plc - England	Cash flow from sale of cardboard and lumber to Europe	US\$	6,909	EUR	6,909	0	Quarterly
HSBC Bank plc - England	Cash flow from sale of cardboard and lumber to Europe	US\$	6,949	EUR	6,928	21	Quarterly
HSBC Bank plc - England	Cash flow from sale of cardboard and lumber to Europe	US\$	6,948	EUR	6,941	7	Quarterly
Bank of America Merrill Lynch - England	Price of oil	US\$	11,055	US\$	11,024	31	Monthly
Goldman Sachs International - England	Price of oil	US\$	5,524	US\$	5,517	7	Monthly
Morgan Stanley & Co. International plc - England	Price of oil	US\$	5,540	US\$	5,517	23	Monthly
<b>TOTAL</b>			<b>212,969</b>		<b>210,886</b>	<b>2,083</b>	
<b>BALANCE AS OF DECEMBER 31, 2012</b>							
J.P. Morgan Chase Bank N.A. - United States	Cash flow from sale of cardboard and lumber to Europe	US\$	17,436	EUR	16,367	1,069	Quarterly
BNP Paribas - France	Cash flow from sale of cardboard and lumber to Europe	US\$	34,934	EUR	32,209	2,725	Quarterly
Bank of America Merrill Lynch - England	Price of oil	US\$	30,399	US\$	29,908	491	Monthly
Goldman Sachs International - England	Price of oil	US\$	5,585	US\$	5,517	68	Monthly
<b>TOTAL</b>			<b>88,354</b>		<b>84,001</b>	<b>4,353</b>	

Hedges are documented and tested to measure their effectiveness.

Based on a comparison of critical terms, the hedges are highly effective since the hedged amounts coincide with the proportion of sales, with obligations with the public and banks and with cash flows committed in Brazilian reais associated to the Guaiba investment project in Brazil authorized to be hedged. Hedge contracts coincide with the currency in which sales and the committed cash flows of the Guaiba project are denominated and their dates coincide with the expected termination date of sales and payment of obligations, i.e. the first quarter of 2014 and the fourth quarter of 2017 in the case of sale of cardboard and lumber, in March 2030 for obligations with the public, April 2016 for bank obligations and between the first quarter of 2014 and the first quarter of 2015 in the case of the Brazil project.

For cash flow hedges settled during the year ended December 31, 2013 net income of ThUS\$5,424 (profit recorded in operating income in the amount of ThUS\$ 4,055 and profit recorded in foreign currency translation in the amount of ThUS\$ 1,369) was transferred from cash flows hedge reserve to income. In turn the sum of ThUS\$ 8,463 was transferred with a charge to property, plant and equipment (building in progress) due to the settlement of instruments associated to the Guaiba project in Brazil.

For cash flow hedges settled during the year ended December 31, 2012 a net profit of ThUS\$ 7,433 was recorded (profit recorded in operating income in the amount of ThUS\$ 4,200 and profits recorded in foreign currency translation in the amount of ThUS\$ 3,233), following settlement of the instruments.

During the years ended December 31, 2013 and 2012 no inefficiencies have been recognized for hedge instruments in the respective income.

#### 8.4. FAIR VALUE HIERARCHIES

Financial assets recorded at fair value in the statement of financial position, have been measured using the methodologies stated in IAS 39. The following parameters have been considered for the purpose of applying the criteria for determining the fair value of the financial assets:

Level I: Values or prices quoted in active markets for identical assets and liabilities.

Level II: Information from sources other than the values quoted in Level I, but observable in markets for the assets and liabilities whether directly (prices) or indirectly (derived from prices).

Level III: Information for assets and liabilities that are not based on observable market data.

As of December 31, 2013 and 2012 financial and hedge assets are measured at fair value detailed as follows:

Financial instruments measured at fair value	Hierarchy used to determine fair value		
	Level I ThUS\$	Level II ThUS\$	Level III ThUS\$
<b>BALANCE AS OF DECEMBER 31, 2013</b>			
Investment in mutual funds	416	-	-
Cross-currency Swap transactions	-	85,946	-
Currency forward transactions	-	327	-
Options	-	1,356	-
Hedge assets	-	3,824	-
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE</b>	<b>416</b>	<b>91,453</b>	<b>-</b>
<b>BALANCE AS OF DECEMBER 31, 2012</b>			
Investment in mutual funds	419	-	-
Cross-currency Swap transactions	-	116,093	-
Currency forward transactions	-	4,609	-
Options	-	704	-
Hedge assets	-	7,411	-
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE</b>	<b>419</b>	<b>128,817</b>	<b>-</b>

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Empresas CMPC S.A.

## NOTE 9 – OTHER NON-FINANCIAL ASSETS

Other current and non-current non-financial assets are detailed as follows:

Conceptos	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>CURRENT</b>		
Current insurance	18,348	17,773
Electricity purchase advance	-	10,000
Deferred expenses	4,396	2,913
Other	1,828	1,981
<b>TOTAL</b>	<b>24,572</b>	<b>32,667</b>
<b>NON-CURRENT</b>		
Advance to Fibria Celulose S.A. for Losango Land - Brazil (1)	230,906	229,998
Deposit in guarantee Losango Land - Brazil (1)	65,813	68,510
Guarantees received from Melpaper S.A. (Melhoramentos CMPC Ltda.)	11,557	28,939
Spare parts Papeles Río Vergara S.A.	6,206	-
Discounts receivable from Metrogas S.A.	1,968	-
Investments in other companies	678	710
Other	1,468	677
<b>TOTAL</b>	<b>318,596</b>	<b>328,834</b>

- (1) Subsidiaries CMPC Celulose Riograndense Ltda. and Fibria Celulose S.A., signed an agreement that consists of CMPC Riograndense acquiring:
- i. Land located in the Brazilian State of Rio Grande do Sul (the "Losango Land"), which covers a surface of approximately 100 thousand hectares, of which approximately 38 thousand hectares are currently planted with eucalyptus.
  - ii. Forestry projections ("vuelos") currently planted in the Losango Land, and the right to manage and exploit the Losango Land with new plantations.
  - iii. Certain forest land third party lease contracts and forestry projections ("vuelos") currently planted in them over a surface of approximately 1,300 hectares.

The transaction is subject to compliance with the usual conditions for this type of transaction, including obtaining the authorizations required in accordance with the laws of Brazil.

## NOTE 10 - TRADE AND OTHER ACCOUNTS RECEIVABLE

10.1. Current trade and other accounts receivable are detailed as follows:

Accounts	12/31/2013		12/31/2012	
	ThUS\$	%	ThUS\$	%
Domestic market customers	219,178		226,644	
Less impairment provision	(6,136)		(5,085)	
<b>DOMESTIC MARKET CUSTOMERS, NET</b>	<b>213,042</b>	<b>23.3</b>	<b>221,559</b>	<b>23.3</b>
Export customers	368,147		353,684	
Less impairment provision	(1,947)		(2,022)	
<b>EXPORT CUSTOMERS, NET</b>	<b>366,200</b>	<b>39.9</b>	<b>351,662</b>	<b>36.8</b>
Foreign subsidiary customers	260,919		280,763	
Less impairment provision	(8,167)		(4,951)	
<b>FOREIGN SUBSIDIARY CUSTOMERS, NET</b>	<b>252,752</b>	<b>27.6</b>	<b>275,812</b>	<b>28.9</b>
Domestic market documents	29,945		44,850	
Less impairment provision	(412)		(81)	
<b>DOMESTIC MARKET DOCUMENTS, NET</b>	<b>29,533</b>	<b>3.2</b>	<b>44,769</b>	<b>4.7</b>
Foreign subsidiary documents	12,364		13,717	
Less impairment provision	-		(2)	
<b>FOREIGN SUBSIDIARY DOCUMENTS, NET</b>	<b>12,364</b>	<b>1.3</b>	<b>13,715</b>	<b>1.4</b>
Advances to suppliers	11,618	1.3	16,545	1.7
Current accounts with third parties	6,169	0.7	5,041	0.5
Insurance claims	2,217	0.2	665	0.1
Current accounts with employees	13,926	1.5	12,884	1.3
Other	9,414	1.0	12,580	1.3
<b>TOTAL TRADE AND OTHER ACCOUNTS RECEIVABLE</b>	<b>917,235</b>	<b>100.0</b>	<b>955,232</b>	<b>100.0</b>

The aging of current trade and other accounts receivable is detailed as follows:

Aging	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current accounts receivable	775,949	809,221
Up to 30 days overdue	114,096	106,652
From 31 to 60 days overdue	15,006	21,699
From 61 to 90 days overdue	4,558	9,447
From 91 to 120 days overdue	3,042	3,840
From 121 to 150 days overdue	1,480	2,576
From 151 to 180 days overdue	844	3,694
From 181 to 210 days overdue	1,617	2,153
From 211 to 250 days overdue	1,094	653
More than 250 days overdue (in judicial process)	16,211	7,438
<b>SUBTOTAL, WITH NO IMPAIRMENT PROVISION</b>	<b>933,897</b>	<b>967,373</b>
<b>LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>	<b>(16,662)</b>	<b>(12,141)</b>
<b>TOTAL</b>	<b>917,235</b>	<b>955,232</b>

As of December 31, 2013 current debt includes three renegotiated customers in the amount of ThUS\$ 179. As of December 31, 2012 current debt included four renegotiated customers in the amount of ThUS\$ 368.

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Current trade and other accounts receivable by currency, are detailed as follows:

Currency		12/31/2013 ThUS\$	12/31/2012 ThUS\$
Chilean peso	CLP	213,534	254,434
US dollar	US\$	437,116	429,301
Euro	EUR	20,618	19,470
Argentinean peso	ARS	59,910	57,007
Uruguayan peso	UYU	6,909	6,386
Peruvian new sol	PEN	26,047	26,058
Colombian peso	COP	12,909	16,499
Mexican peso	MXN	54,714	53,819
Brazilian real	BRL	75,274	81,350
Sterling pound	GBP	10,204	10,908
<b>TOTAL PORTFOLIO, NET</b>		<b>917,235</b>	<b>955,232</b>
<b>IMPAIRMENT</b>		<b>16,662</b>	<b>12,141</b>
<b>TOTAL GROSS PORTFOLIO</b>		<b>933,897</b>	<b>967,373</b>

For trade accounts receivable overdue for more than 90 days (mainly wholesale customers that are having unforeseen economic difficulties), an estimated impairment loss has been recognized which takes into account recovering part of those overdue accounts receivable.

The movement of this impairment loss provision on trade and other accounts receivable is detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Beginning balance	12,141	9,696
Impairment loss	7,885	3,210
Reversal of impairment loss	(379)	(18)
Uses	(2,334)	(830)
Foreign currency translation	(651)	83
<b>FINAL BALANCE</b>	<b>16,662</b>	<b>12,141</b>

For the year ended December 31, 2013 the net allowance for doubtful accounts was accrued on the basis of a case-by-case assessment of effective recoverability, in the amount of ThUS\$ 7,885 (ThUS\$ 3,210 for the year ended December 31, 2012) which was recognized as lower income from operating activities for the year in the income statement. Normally, amounts charged to the allowance account are written-off when there is no longer any expectation of recovering more cash.

There are no customers that individually have outstanding accounts with the Company that exceed 10% of consolidated annual sales.

10.2. Non-current accounts receivable are detailed as follows:

Accounts	12/31/2013		12/31/2012	
	ThUS\$	%	ThUS\$	%
Lumber supplier advances	3,940	9.6	6,656	22.5
Guaíba Municipality accounts receivable	23,828	58.2	22,017	74.5
Guarantees receivable from Fibria S.A.	11,761	28.7	-	-
Others	1,416	3.5	878	3.0
<b>TOTAL</b>	<b>40,945</b>	<b>100.0</b>	<b>29,551</b>	<b>100.0</b>

## NOTE 11 - ACCOUNTS RECEIVABLE FROM RELATED PARTIES

As of each year-end accounts receivable from related parties are detailed as follows:

Related party tax No.	Related party name	Nature of relationship with related party	Country of origin	Accounts receivable detail	Pending balances		Type of currency or indexation unit	Terms of transaction with related party	Explanation of nature of the compensation established to settle the transaction
					12/31/2013 ThUS\$	12/31/2012 ThUS\$			
96.573.780-4	Sociedad Industrial Pizarreño S.A.	Common director at the entity or its parent	Chile	Sale of products	1,003	919	CLP	60 days	Monetary
90.209.000-2	Cía. Industrial El Volcán S.A.	Common director at the entity or its parent	Chile	Sale of products	395	89	CLP	30 days	Monetary
Extranjera	Alto Paraná S.A.	Common director at the entity or its parent	Argentina	Sale of products	200	-	US\$	30 days	Monetary
85.805.200-9	Forestal Celco S.A.	Common director at the entity or its parent	Chile	Sale of lumber	192	951	US\$	60 days	Monetary
77.215.640-5	Administradora de Ventas al Detalle Ltda.	Common director at the entity or its parent	Chile	Sale of products	80	81	CLP	60 days	Monetary
78.023.030-4	Sofrucos Alimentos Ltda.	Common director at the entity or its parent	Chile	Sale of products	71	45	CLP	30 days	Monetary
96.848.750-7	Aislantes Volcán S.A.	Common director at the entity or its parent	Chile	Sale of products	71	-	CLP	30 days	Monetary
96.772.810-1	Iansagro S.A.	Common director at the entity or its parent	Chile	Sale of products	65	99	CLP	30 days	Monetary
97.080.000-k	Banco Bice	Common director at the entity or its parent	Chile	Sale of products	52	60	CLP	30 days	Monetary
86.113.000-2	Sociedad Industrial Romeral S.A.	Common director at the entity or its parent	Chile	Sale of products	26	2	CLP	30 days	Monetary
99.513.400-4	CGE Distribución S.A.	Common director at the entity or its parent	Chile	Sale of products	25	86	CLP	30 days	Monetary
93.458.000-1	Celulosa Arauco y Constitución S.A.	Common director at the entity or its parent	Chile	Sale of materials	16	4	US\$	30 days	Monetary
96.929.960-7	Orizon S.A.	Common director at the entity or its parent	Chile	Sale of products	13	42	CLP	45 days	Monetary
70.884.700-3	Universidad Finis Terrae	director at the entity or its parent	Chile	Sale of products	-	4	CLP	30 days	Monetary
<b>TOTAL</b>					<b>2,209</b>	<b>2,382</b>			

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*Empresas CMPC S.A.*

## NOTE 12 - INVENTORY

As of each year-end inventory is detailed as follows:

Classes of inventory	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Finished products	403,821	403,387
Work in progress	36,726	43,888
Raw materials	290,010	323,797
Production supplies	313,173	310,564
Agricultural and other products	24,238	25,084
Inventory impairment provision	(10,017)	(8,351)
<b>TOTAL</b>	<b>1,057,951</b>	<b>1,098,369</b>

The cost of inventory recognized as cost of sales for the year ended December 31, 2013 amounts to ThUS\$ 3,453,850 (ThUS\$ 3,324,833 in 2012).

For the year ended as of December 31, 2013 the net increase in the inventory impairment provision amounted to ThUS\$ 1,666 (ThUS\$ 7,505 in 2012).

During 2013 and 2012 no inventory items have been pledged as guarantee.

The carrying amount of inventory does not exceed current realizable prices, discounting sales expenses (net realizable value).

## NOTE 13 - BIOLOGICAL ASSETS

The biological assets of CMPC are composed of forest plantations. Forest plantations that management believes will be harvested during the year are classified as current biological assets.

As of each year-end, biological assets presented in the statement of financial position are detailed as follows:

	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current assets	251,568	244,886
Non-current assets	3,306,717	3,280,990
<b>TOTAL</b>	<b>3,558,285</b>	<b>3,525,876</b>

As of December 31, 2013 and 2012 biological asset movements (increase, decrease and balance) are detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>COST VALUE</b>		
Beginning balance as of January 1,	1,394,245	1,375,916
Additions through acquisitions from third parties and new plantations	121,732	113,123
Sale of standing timber plantations	(2,793)	(12,259)
Transfer of plantations to lumber inventory (logs)	(82,633)	(81,163)
Write-offs due to forestry casualties	(641)	(1,372)
<b>ENDING BALANCE COST VALUE</b>	<b>1,429,910</b>	<b>1,394,245</b>
<b>FAIR VALUE ADJUSTMENT</b>		
Beginning balance as of January 1,	2,131,631	2,105,994
Profit on adjustment to fair value, less estimated costs at point of sale:		
Attributable to physical changes	204,990	163,466
Attributable to price changes	2,950	74,918
Transfer of plantations to lumber inventory (logs)	(207,985)	(209,302)
Sale of standing timber plantations	(2,126)	(1,290)
Write-offs due to forestry casualties	(1,085)	(2,155)
<b>FINAL ADJUSTMENT TO FAIR VALUE BALANCE</b>	<b>2,128,375</b>	<b>2,131,631</b>
<b>TOTAL BIOLOGICAL ASSETS</b>	<b>3,558,285</b>	<b>3,525,876</b>

CMPC has more than 640 thousand hectares of forest plantations, mainly pine and eucalyptus, of which 480 thousand hectares are located in Chile, 57 thousand hectares in Argentina and 103 thousand hectares in Brazil.

As of December 31, 2013 new plantations established reached 32,342 hectares, (33,475 hectares were established in 2012, including reforestation of harvested forests).

As of each year-end, the effect of the natural growth of forest plantations, expressed at their fair value (sales price less estimated costs at point of sale), is recorded according to technical studies prepared by qualified professionals. The resulting higher or lower value is recorded in other income by function in the income statement. This income for the year ended December 31, 2013 reached ThUS\$ 207,940 (ThUS\$ 238,384 for the year ended December 31, 2012). The higher cost of the harvested and sold part as a result of this revaluation is shown as part of cost of sales and amounts to ThUS\$ 212,010 for the year ended December 31, 2013 (ThUS\$ 201,598 for the year ended December 31, 2012), along with the cost of formation of the harvested plantations which amounted to ThUS\$ 80,876 (ThUS\$ 89,314 for the year ended December 31, 2012).

Plantation harvest is used to supply raw materials to CMCP's different industrial pulp and paper plants, sawmills and board plants, and to a lesser extent, to third parties.

The Company determines the value of its forest plantations using a model based on forest appraisal as a function of the discounted future cash flows that the plantation will produce according to the long-term harvesting programs and optimal harvesting age. This model determines the values considering variables such as future product prices, interest rates, harvesting and transportation costs and biological growth of the plantations, among others, which are reviewed periodically to ensure their validity and representativeness. During the year ended December 31, 2013 the Company received official subsidies relating to biological assets amounting to ThUS\$ 338 (no official subsidies were received in 2012).

The Company has usufruct contracts with third parties amounting to ThUS\$ 123,268 which cover 37,000 hectares of plantations.

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Empresas CMPC S.A.

## NOTE 14 - CURRENT AND NON-CURRENT TAX ASSETS AND LIABILITIES

Current tax assets are detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
VAT surplus (tax credit)	55,381	62,718
Recoverable tax on profits absorbed by tax losses for the year	1,140	3,530
Balance of monthly prepaid tax installments net of income tax for the year	18,491	52,235
Other income taxes in the process of being recovered	47,618	36,481
<b>TOTAL</b>	<b>122,630</b>	<b>154,964</b>

Current tax liabilities are detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Balance of income tax payable net of monthly prepaid tax installments for the year	30,493	22,294
<b>TOTAL</b>	<b>30,493</b>	<b>22,294</b>

The reconciliation of income tax balance to charge for the year is detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Balance of monthly prepaid tax installments net of income tax for the year	18,491	52,235
LESS:		
Income tax payable, net of monthly prepaid tax installments	(30,493)	(22,294)
<b>NET BALANCE OF INCOME TAX NET OF MONTHLY PREPAID TAX INSTALLMENTS</b>	<b>(12,002)</b>	<b>29,941</b>
Current tax	(86,724)	(65,911)
Single income tax	(13,221)	-
LESS:		
Monthly prepaid tax installments for the year	87,943	95,852
<b>NET BALANCE OF INCOME TAXES NET OF MONTHLY PREPAID TAX INSTALLMENTS</b>	<b>(12,002)</b>	<b>29,941</b>

Non-current taxes are detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Other taxes in recovery process associated to sales and services (Argentina and Brazil)	26,233	11,004
<b>TOTAL</b>	<b>26,233</b>	<b>11,004</b>

Non-current taxes are detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Balance payable on taxes associated to sales and services (Brazil)	14,657	22,565
<b>TOTAL</b>	<b>14,657</b>	<b>22,565</b>

## NOTE 15 - CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Empresas CMPC S.A. include all companies that qualify as subsidiaries and are identified in Note 1 of these financial statements.

A summary of the information on the most significant subsidiaries, composed of the sum of the separate financial statements of each is detailed as follows:

Assets and liabilities of subsidiaries	12/31/2013		12/31/2012	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Current	4,762,266	2,883,761	4,241,517	2,544,405
Non-current	17,429,652	6,834,543	16,822,175	6,408,624
<b>TOTAL SUBSIDIARIES</b>	<b>22,191,918</b>	<b>9,718,304</b>	<b>21,063,692</b>	<b>8,953,029</b>

Operating income and expenses	YEAR	
	2013 ThUS\$	2012 ThUS\$
Sum of operating income of subsidiaries	3,281,200	3,120,495
Sum of other income statement items	(3,008,413)	(2,950,367)
<b>PROFIT OF SUBSIDIARIES FOR THE YEAR</b>	<b>272,787</b>	<b>170,128</b>

The separate information of the most significant subsidiaries included in the consolidation perimeter in ThUS\$ is detailed as follows:

	Forestal Mininco S.A.		CMPC Celulosa S.A.		CMPC Tissue S.A.	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Country of incorporation	Chile	Chile	Chile	Chile	Chile	Chile
Functional currency	US\$	US\$	US\$	US\$	CLP	CLP
Percentage of interest	100%	100%	100%	100%	100%	100%
Total assets	3,857,006	3,803,910	4,531,143	4,324,889	1,337,657	1,337,257
Current assets	365,411	268,820	602,902	664,616	238,371	337,411
Non-current assets	3,491,595	3,535,090	3,928,241	3,660,273	1,099,286	999,846
Total liabilities	859,291	797,927	2,850,334	2,735,016	684,756	603,842
Current liabilities	222,243	150,909	1,493,740	1,392,185	448,142	367,938
Non-current liabilities	637,048	647,018	1,356,594	1,342,831	236,614	235,904
Operating income	457,196	462,149	1,595,507	1,448,051	528,477	511,990
Profits (losses)	(5,567)	(30,993)	96,836	(117,868)	(35,030)	41,273

	Cartulinas CMPC S.A.		Inversiones CMPC S.A.		CMPC Celulose Riograndense Ltda.	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Country of incorporation	Chile	Chile	Chile	Chile	Brazil	Brazil
Functional currency	US\$	US\$	US\$	US\$	US\$	US\$
Percentage of interest	100%	100%	100%	100%	100%	100%
Total assets	611,967	576,387	9,532,108	9,162,649	2,322,037	1,858,600
Current assets	261,173	217,174	3,111,860	2,600,554	182,549	152,942
Non-current assets	350,794	359,213	6,420,248	6,562,095	2,139,488	1,705,658
Total liabilities	114,100	127,023	4,337,897	3,916,189	871,926	773,032
Current liabilities	54,396	72,541	614,786	500,231	50,454	60,601
Non-current liabilities	59,704	54,482	3,723,111	3,415,958	821,472	712,431
Operating income	423,431	431,784	4,028	4,145	272,561	262,376
Profits (losses)	56,740	65,502	193,456	222,620	(33,648)	(10,405)

# CONSOLIDATED FINANCIAL STATEMENTS

Empresas CMPC S.A.

The accounts receivable and payable of the parent company, CMPC with the most significant subsidiaries are detailed as follows:

## ACCOUNTS RECEIVABLE

Related party tax No.	Related party name	Country of origin	Account receivable description	Pending balances		Currency	Terms of transactions with related party	Compensation used to settle the transactions
				12/31/2013 ThUS\$	12/31/2012 ThUS\$			
<b>CURRENT ASSET</b>								
96.532.330-9	CMPC Celulosa S.A.	Chile	Services	244	887	CLP	30 days	Monetary
96.529.310-8	CMPC Tissue S.A.	Chile	Brand rental	30,579	44,436	CLP	30 days	Monetary
			Services	614	1,155	CLP	30 days	Monetary
96.731.890-6	Cartulinas CMPC S.A.	Chile	Services	154	475	CLP	30 days	Monetary
96.596.540-8	Inversiones CMPC S.A.	Chile	Services	835	1,920	CLP	30 days	Monetary
			Loans	147,062	-	CLP	30/360 days	Monetary

## ACCOUNTS PAYABLE

Related party tax No.	Related party name	Country of origin	Account receivable description	Pending balances		Currency	Terms of transactions with related party	Compensation used to settle the transactions
				12/31/2013 ThUS\$	12/31/2012 ThUS\$			
<b>CURRENT LIABILITIES</b>								
96.532.330-9	CMPC Celulosa S.A.	Chile	Loans	9	98	US\$	30 days	Monetary
96.731.890-6	Cartulinas CMPC S.A.	Chile	Loans	1	11	US\$	30 days	Monetary
96.596.540-8	Inversiones CMPC S.A.	Chile	Loans	-	383,147	CLP	30/360 days	Monetary
96.529.310-8	CMPC Tissue S.A.	Chile	Loans	84	-	CLP	30 days	Monetary
<b>NON-CURRENT LIABILITIES</b>								
96.596.540-8	Inversiones CMPC S.A.	Chile	Loans	330,895	361,677	CLP	December 2018	Monetary
			Loans	51,652	51,652	US\$	December 2018	Monetary

The main transactions of the parent company with the most significant subsidiaries are detailed as follows:

Related party tax No.	Name	Country of origin	Detail of transactions with related party	Nature of transaction with related party	Amount of the transaction		Other information on transactions with related parties
					As of 12/31/2013 ThUS\$	As of 12/31/2012 ThUS\$	
96.596.540-8	Inversiones CMPC S.A.	Chile	Average balance payable	Financial transaction	507,950	396,951	Effects on income : 12/2013 expenses of ThUS\$ 28,000; 12/2012 expenses of ThUS\$ 21,798
			Sale of services	Commercial transaction	943	1,375	Effects on income : 12/2013 income of ThUS\$ 943; 12/2012 income of ThUS\$ 1,375
96.529.310-8	CMPC Tissue S.A.	Chile	Brands and services rental	Commercial transaction	26,039	37,253	Effects on income : 12/2013 income of ThUS\$ 23,053; 12/2012 income of ThUS\$ 37,253
			Purchase of services	Commercial transaction	9	10	Effects on income : 12/2013 expenses of ThUS\$ 8; 12/2012 expenses of ThUS\$ 10
96.532.330-9	CMPC Celulosa S.A.	Chile	Services	Commercial transaction	819	904	Effects on income : 12/2013 income of ThUS\$ 549; 12/2012 income of ThUS\$ 904
96.731.890-6	Cartulinas CMPC S.A.	Chile	Rentals	Commercial transaction	229	287	Effects on income : 12/2013 income of ThUS\$ 161; 12/2012 income of ThUS\$ 287
91.440.000-7	Forestal Mininco S.A.	Chile	Average receivable balance	Financial transaction	372	369	No effect on income
			Rentals	Commercial transaction	188	172	Effects on income : 12/2013 income of ThUS\$ 61; 12/2012 income of ThUS\$ 172

## NOTE 16 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

CMPC has investments in associated companies whose line of business contemplates activities that are complementary to the industrial and commercial activities of CMPC.

Controladora de Plagas Forestales S.A. is a company formed by the main forestry companies in Chile for pest control purposes.

Genómica Forestal S.A. is a company dedicated to research in Chile, which contributes to increasing the competitiveness of the forestry sector.

Bioenercel S.A. is a company whose line of business is the conversion of lignocelluloses biomass into biofuel.

These investments are recorded in accordance with IAS 28 using the equity method. The Company recognized its corresponding share of profits and losses in these companies, based on its share participation.

Commercial transactions with these companies or with their related companies are carried out at current local market prices, under fully competitive conditions and when there is unearned income, it is annulled.

The share of CMPC in its associates is detailed as follows:

Tax No.	Name	Country of origin	Functional currency	Interest %	Company equity ThUS\$	Income for the period ThUS\$	Accrued income ThUS\$	Carrying amount of investment ThUS\$
	BALANCE AS OF DECEMBER 31, 2013							
85.741.000-9	Bicercorp S.A.	Chile	CLP	-	-	-	8,955	-
96.657.900-5	Controladora de Plagas Forestales S.A.	Chile	CLP	29.010	693	(3)	(1)	201
76.743.130-9	Genómica Forestal S.A.	Chile	CLP	25.283	453	(23)	(6)	114
76.077.468-5	Bioenercel S.A.	Chile	CLP	20.000	1,724	(347)	(69)	345
	<b>TOTAL</b>				<b>2,870</b>	<b>(373)</b>	<b>8,879</b>	<b>660</b>
	BALANCE AS OF DECEMBER 31, 2012							
85.741.000-9	Bicercorp S.A.	Chile	CLP	7.738	1,205,647	166,112	12,853	93,289
96.657.900-5	Controladora de Plagas Forestales S.A.	Chile	CLP	29.010	617	(7)	(2)	179
76.743.130-9	Genómica Forestal S.A.	Chile	CLP	25.000	259	(14)	(3)	65
76.077.468-5	Bioenercel S.A.	Chile	CLP	20.000	1,601	(190)	(38)	320
	<b>TOTAL</b>				<b>1,208,124</b>	<b>165,901</b>	<b>12,810</b>	<b>93,853</b>

The significant influence that the Company exercises over its associates is in accordance with what is established in IAS 28.

The shares of Bicercorp S.A. that belonged to CMPC were sold in the stock market on December 3, 2013. Income from these transactions was a net loss of ThUS\$ 2,199 (whose presentation in the income statement is of a credit to other income losses in the amount of ThUS\$ 11,022 and greater income tax expense in the amount of ThUS\$ 13,221).

The assets and liabilities of associated companies as of each year-end are detailed as follows:

Assets and liabilities of associates	12/31/2013		12/31/2012	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Current	6,366	1,709	7,838,673	6,406,598
Non-current	2,677	4,464	4,713,143	4,937,094
<b>TOTAL</b>	<b>9,043</b>	<b>6,173</b>	<b>12,551,816</b>	<b>11,343,692</b>

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As of each year-end, the income, operating expenses and results of associated companies are detailed as follows:

Operating income and expenses	YEAR	
	2013 ThUS\$	2012 ThUS\$
Sum of operating income of associates	1,919	948,518
Sum of other income statement items	(2,292)	(836,155)
<b>PROFIT (LOSS) OF ASSOCIATES FOR THE YEAR</b>	<b>(373)</b>	<b>112,363</b>

The decrease in the level of operations of associates is due to the sale of the shares of Bicecorp S.A. in 2013.

As of December 31, 2013 and 2012 movements of the investments accounted for using the equity method are detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Beginning balance as of January 1	93,853	77,027
New investments in associates	334	-
Equity changes in associates	(8,392)	4,016
Share of income for the year	8,880	12,810
Sale of interest in Bicecorp S.A.	(94,015)	-
<b>ENDING BALANCE</b>	<b>660</b>	<b>93,853</b>

The equity variation in associates corresponds mainly to the conversion adjustment from Chilean pesos to the functional currency of CMPC.

## NOTE 17 - INTANGIBLE ASSETS OTHER THAN GOODWILL

As of December 31, 2013 and 2012 balances and movements of the main types of intangible assets are detailed as follows:

	Water rights ThUS\$	Emission entitlements ThUS\$	Electric line easements ThUS\$	Software ThUS\$	Trademarks ThUS\$	Total ThUS\$
Beginning balance as of 01/01/2013	3,219	2,575	835	3,840	77	10,546
Additions	10	-	4,288	1,771	267	6,336
Amortization	-	-	-	(1,310)	-	(1,310)
Reversal of non-current loan expense	-	-	-	(381)	-	(381)
Variation from foreign currency translation	-	(106)	-	(181)	-	(287)
<b>ENDING BALANCE AS OF 12/31/2013</b>	<b>3,229</b>	<b>2,469</b>	<b>5,123</b>	<b>3,739</b>	<b>344</b>	<b>14,904</b>
Beginning balance as of 01/01/2012	3,107	1,733	835	4,288	81	10,044
Additions	109	801	-	705	-	1,615
Amortization	-	-	-	(1,248)	-	(1,248)
Variation from foreign currency translation	3	41	-	95	(4)	135
<b>ENDING BALANCE AS OF 12/31/2012</b>	<b>3,219</b>	<b>2,575</b>	<b>835</b>	<b>3,840</b>	<b>77</b>	<b>10,546</b>

Intangible assets corresponding to software are amortized in the year in which the Company expects to generate income from their use. The rest of the identifiable intangible assets have indefinite useful lives, with no restrictions on use or dominion.

## NOTE 18 - GOODWILL

As of each year-end, the balance of goodwill is detailed as follows:

Investor	Investee / CGU	Original currency	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Inversiones CMPC S.A.	CMPC Celulosa S.A., Pacífico Pulp Plant	US\$	51,081	51,081
Inversiones Protisa S.A.	La Papelera del Plata S.A., Zárate, Naschel y Roca Plants	ARS	9,023	11,964
Inversiones CMPC S.A.	CMPC Celulosa S.A., Santa Fe 1 Pulp Plant	US\$	254	254
Inversiones CMPC S.A.	Forsac S.A., Chillán Plant	US\$	5,854	5,854
CMPC Productos de Papel S.A.	Chilena de Moldeados S.A., Puente Alto Plant	US\$	2,644	2,644
CMPC Productos de Papel S.A.	Envases Roble Alto S.A., Quilicura Plant	US\$	3,114	3,114
Forestry Subsidiaries - Chile	C.A. y F. El Proboste Ltda., El Proboste Farms	US\$	221	221
CMPC Tissue S.A.	Grupo ABS International S.A. de CV, Mexico Plants	MXN	718	721
Melhoramentos CMPC Ltda.	Melhoramentos CMPC Ltda., Sao Paulo Plants	BRL	50,922	58,378
CMPC Celulose Riograndense Ltda.	Guaíba Unit, Brazil	US\$	8,460	8,460
<b>TOTAL</b>			<b>132,291</b>	<b>142,691</b>

Goodwill movements are detailed as follows:

Goodwill	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Beginning balance	142,691	155,181
Adjustment from remeasurement at Forestal Bosques del Plata S.A.	-	(5,686)
Variation from foreign currency translation	(10,400)	(6,804)
<b>ENDING BALANCE</b>	<b>132,291</b>	<b>142,691</b>

## NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

As of each year-end the net and gross values of property, plant and equipment are detailed as follows:

	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>		
Building in progress	816,285	464,097
Land	1,445,826	1,457,723
Buildings	1,559,692	1,577,307
Plant and equipment	2,832,213	2,921,683
Office equipment	4,403	3,411
Fixtures and accessories	3,012	3,191
Transportation equipment	2,531	2,823
Other property, plant and equipment	146,611	139,580
<b>TOTAL</b>	<b>6,810,573</b>	<b>6,569,815</b>
<b>PROPERTY, PLANT AND EQUIPMENT, GROSS</b>		
Building in progress	816,285	464,097
Land	1,445,826	1,457,723
Buildings	1,966,675	1,903,412
Plant and equipment	4,229,606	4,072,686
Office equipment	11,231	9,054
Fixtures and accessories	9,521	9,038
Transportation equipment	5,898	5,795
Other property, plant and equipment	198,442	177,985
<b>TOTAL</b>	<b>8,683,484</b>	<b>8,099,790</b>

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As of December 31, 2013 and 2012 accumulated depreciation by class of property, plant and equipment is detailed as follows:

Depreciation	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Buildings	406,983	326,105
Plant and equipment	1,397,393	1,151,003
Office equipment	6,828	5,643
Fixtures and accessories	6,509	5,847
Transportation equipment	3,367	2,972
Other property, plant and equipment	51,831	38,405
<b>TOTAL</b>	<b>1,872,911</b>	<b>1,529,975</b>

The accounting movement of net property, plant and equipment is detailed as follows:

Description	Building in progress ThUS\$	Land ThUS\$	Buildings, net ThUS\$	Plant and equipment, net ThUS\$	Office equipment, net ThUS\$	Fixtures and accessories, net ThUS\$	Transp. equipment, net ThUS\$	Other property, plant and equipment, net ThUS\$	Total ThUS\$
MOVEMENT IN 2013									
Beginning balance as of January 1, 2013	464,097	1,457,723	1,577,307	2,921,683	3,411	3,191	2,823	139,580	6,569,815
Additions	621,501	4,197	33,330	63,376	56	24	56	25,767	748,307
Disposals / asset transfers	(255,653)	(4,608)	60,973	179,483	1,821	652	64	3,120	(14,148)
Depreciation expense	-	-	(80,878)	(246,390)	(1,185)	(662)	(395)	(13,426)	(342,936)
Impairment loss recognized in the income statement	-	-	(5,738)	(37,052)	(6)	(1)	(56)	(2)	(42,855)
Increase (decrease) in foreign exchange	(13,660)	(11,486)	(25,302)	(48,887)	306	(192)	39	(8,428)	(107,610)
<b>ENDING BALANCE AS OF DECEMBER 31, 2013</b>	<b>816,285</b>	<b>1,445,826</b>	<b>1,559,692</b>	<b>2,832,213</b>	<b>4,403</b>	<b>3,012</b>	<b>2,531</b>	<b>146,611</b>	<b>6,810,573</b>
MOVEMENT IN 2012									
Beginning balance as of January 1, 2012	854,126	1,446,052	1,336,891	2,587,787	3,234	2,994	3,293	125,963	6,360,340
Additions	473,324	13,717	12,368	15,347	18	496	127	6,654	522,051
Disposals / asset transfers	(890,570)	808	301,390	556,237	1,221	524	(130)	18,685	(11,835)
Depreciation expense	-	-	(72,481)	(245,982)	(1,026)	(760)	(490)	(13,473)	(334,212)
Increase (decrease) in foreign exchange	27,217	(2,854)	(861)	8,294	(36)	(63)	23	1,751	33,471
<b>ENDING BALANCE AS OF DECEMBER 31, 2012</b>	<b>464,097</b>	<b>1,457,723</b>	<b>1,577,307</b>	<b>2,921,683</b>	<b>3,411</b>	<b>3,191</b>	<b>2,823</b>	<b>139,580</b>	<b>6,569,815</b>

New properties, plant & equipment are carried at acquisition cost. Acquisitions denominated in a currency other than the functional currency are converted at the exchange rate prevailing on the acquisition date. Acquisitions made by subsidiaries whose functional currency is other than the dollar are recorded at the value in their functional currency, and are converted to dollars at the closing exchange rate of each year.

As of December 31, 2013 the Company has no legal or contractual obligation to dismantle, remove or recondition sites where it carries out its operations. Therefore its assets do not incorporate costs associated to those requirements.

In order to measure the main relevant property, plant and equipment items acquired before the date of transition to IFRS, their fair value was determined on the basis of the valuation made by expert personnel. The historical cost model was used for the rest of the property, plant and equipment items.

Costs derived from daily maintenance and common repairs are recognized in income for the year, unlike the replacement of significant parts and strategic spare parts, which are considered improvements and are capitalized and depreciated over the remaining useful lives of the assets, based on component accounting.

Profits and losses on the sale of property, plant and equipment are calculated by comparing income obtained from the sale to the carrying amount of the asset and are included in the income statement.

Depreciation of assets is calculated using the straight-line method over their respective useful lives. Their useful lives have been determined on the basis of expected natural impairment, technical or commercial obsolescence derived from changes and/or improvements in production and changes in market demand, of products obtained in the operation of those assets.

Estimated useful lives by type of asset are detailed as follows:

	Minimum useful life	Maximum useful life	Weighted average useful life
Buildings	5	85	34
Plant and equipment	5	40	18
Other property, plant and equipment	3	20	10

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each financial statement closing date.

Impairment:

The Company's Board of Directors decided to shut down the operations of the newsprint production plant of its subsidiary Papeles Río Vergara S.A. as of November 30, 2013, due to the negative impact of the increased production costs derived from the price of electricity. This situation made it advisable to test this plant for impairment and recognize a loss of US\$ 43 million for the concept of impairment of committed property, plant and equipment. The mentioned effect was determined on the basis of a technical evaluation of future use of those assets.

However the Company's income for the year ended December 31, 2013 has not been influenced by internal or external factors that might make it advisable to perform other impairment tests on the Company's assets. In general there have been no significant reductions in the market value of its assets, the use of its installed capacity has not been reduced, there has been no loss of markets for the products or services provided by the Company (due to quality, price, products, substitutes, etc.) nor has there been any physical damage to the assets. Market interest rates or other rates of return on investments have not increased significantly during the year, and those increases do not affect the discount rate used in the calculation of the value in use of the assets, and do not affect their recovery value.

For the same reasons mentioned above, there was no asset impairment testing in 2012.

Property, plant and equipment in guarantee:

To guarantee to Banco Bice compliance with each and every one of the current and future obligations of Empresas CMPC S.A. and its subsidiaries, Empresas CMPC S.A. has placed a first mortgage on floors 1 to 9 and the basement of the corporate building located at Agustinas 1343 in Santiago. The value allocated for this purpose is ThUS\$ 13,809, as per public deed dated July 22, 2011, signed before Santiago Notary Public Mr. Francisco Javier Leiva Carvajal, repertoire 4,917.

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## NOTE 20 - FINANCIAL AND OPERATING LEASES

### 20.1. FINANCIAL LEASES

As of December 31, 2013 and 2012 the net carrying amount of financial lease assets such as property, plant and equipment in the statement of financial position is detailed as follows:

Assets under financial lease, net	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Buildings	15,000	15,667
Plant and equipment	92,206	79,812
Transportation equipment	20	77
<b>TOTAL</b>	<b>107,226</b>	<b>95,556</b>

Minimum financial lease payments are detailed as follows:

Future minimum lease payments outstanding	12/31/2013			12/31/2012		
	Gross amount ThUS\$	Total interest ThUS\$	Current value ThUS\$	Gross amount ThUS\$	Total interest ThUS\$	Current value ThUS\$
Payable within one year	13,159	1,156	12,003	13,030	1,355	11,675
After one year but less than 5 years	39,975	3,009	36,966	40,501	4,214	36,287
More than 5 years	34,621	1,963	32,658	34,607	2,049	32,558
<b>TOTAL</b>	<b>87,755</b>	<b>6,128</b>	<b>81,627</b>	<b>88,138</b>	<b>7,618</b>	<b>80,520</b>

The most significant financial lease agreements are detailed as follows:

#### *CMPC Celulosa S.A.*

On October 22, 2004, Chilean subsidiary CMPC Celulosa S.A. contracted the supply of sodium chlorate ("chlorate") for its Pacifico, Laja and Santa Fe plants with Comercial e Industrial ERCO (Chile) Limitada, Chile, for a period of thirty years, in the amount of ThUS\$ 50,000 with an annual interest rate of 7.8% and annual installment payments. The contract states that after 30 years the property, plant and equipment of the chlorate production plant become the property of CMPC Celulosa S.A. through the final payment of US\$ 1. The financial lease was therefore recorded effective from the starting date of operation (July 2006). This contract is reflected in assets under buildings and plant and equipment for ThUS\$ 37,500 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 38,325 (see Note 22.1).

On September 1, 2010 Chilean subsidiary CMPC Celulosa S.A. acquired a turbo generator from Comercial e Industrial ERCO (Chile) Limitada for ThUS\$ 10,071 with an annual interest rate of 9.96% and monthly payments. The contract states that after a term of 10 years the turbo generator becomes the property of CMPC Celulosa S.A. Consequently, the financial lease was recorded with its effects from the starting date of operation. This contract is reflected in assets under buildings and plant and equipment for ThUS\$ 8,943 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 7,740 (see Note 22.1).

#### *Forsac Perú S.A.*

On July 18, 2008, subsidiary Forsac Perú S.A. signed a financial lease contract with BBVA Banco Continental for the construction of new industrial premises and acquisition of a production line for Windmoller & Holscher multi-ply paper sacks for a total of PEN 15,057,337 payable in 61 monthly installments at an annual interest rate of 6.7%. On October 25, 2010 this financial lease contract was restructured to ThUS\$ 3,779 payable in 43 monthly installments at an annual interest rate of 5.4%. Upon expiration of the contract and with the payment of the final installment of the financial lease, Forsac Perú S.A. will be exercising the purchase option, thus acquiring full title to the described assets. The expiration date is May 2014. This contract is reflected in assets under building and plant and equipment for ThUS\$ 3,394 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 434 (see Note 22.1).

On April 20, 2011 subsidiary Forsac Perú S.A. signed a financial lease contract with Banco de Crédito del Perú for the acquisition of a production line for Windmoller & Holscher multi-ply paper sacks, a Fevaflex flexographic printer and an Eam-Mosca pallet packing automation system for a total amount of ThUS\$ 5,700 payable in 60 monthly installments with an annual interest rate of 4.30%. Upon expiration of the contract and through the payment of the last financial lease installment, Forsac Perú S.A. will be exercising the purchase option, thus acquiring full title to the above described assets. This contract is reflected in assets under plant and equipment for ThUS\$ 5,532 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 4,451 (see Note 22.1).

#### *Protisa Perú S.A.*

On January 21, 2009, subsidiary Protisa Perú S.A. signed a financial lease contract with Banco de Crédito del Perú for the acquisition of a paper roll production line and packing machines, and two sanitary product machines totaling ThUS\$ 13,731. In January 2010 part of this operation (paper roll production line) for ThUS\$ 5,144 was paid, with the final contract remaining at PEN 24,825,306 (ThUS\$ 8,866) payable in 72 monthly installments at an annual interest rate of 7.44% expiring in January 2016. This contract is reflected in assets under plant and equipment for ThUS\$ 4,452 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 2,803 (see Note 22.1).

On December 29, 2011 the financial lease operation (which had been canceled in January 2010) took place for the acquisition of a paper roll production line for a total of PEN 36,423,575 (ThUS\$ 13,008) payable in 44 monthly installments at an annual interest rate of 6.15% and expiring in August 2015. The amount and new conditions were incorporated through an addenda to the contract signed on January 21, 2009. This operation is reflected in assets under plant and equipment for ThUS\$ 9,882 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 6,406 (see Note 22.1).

On December 29, 2011, a financial lease contract was signed with BBVA Banco Continental del Perú for the acquisition of a paper-roll conversion line and a machine for the production of napkins for a total of PEN 11,493,224 (ThUS\$ 4,105) payable in 43 monthly installments at an annual interest rate of 6.30% expiring in July 2015. This contract is reflected in assets under plant and equipment for ThUS\$ 3,113 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 1,929 (see Note 22.1).

On May 15, 2012, a loan was obtained from Banco de Crédito del Perú as a financial lease in order to extend the PP1-PP3 Recycling Lines for the amount of PEN 17,150,899 (ThUS\$ 6,134) payable in monthly installments at an annual interest rate of 6.73%. It should be noted that this amount was provided as an advance to the supplier for the construction of the asset. As of December 31, 2013 the term of the financial lease is to be defined; however it is estimated to end on January 15, 2019.

On April 16, 2013, a loan was obtained from Banco de Crédito del Perú as a financial lease for the construction of a secondary industrial effluents treatment plant for the amount of PEN 6,591,814 (ThUS\$ 2,358) payable in monthly installments at an annual interest rate of 5.50%. It should be noted that this value was provided as an advance to the supplier for the construction of the asset. As of December 31, 2013 the term of the financial lease is to be defined; however it is estimated to end on January 15, 2019.

On December 27, 2013, a loan was obtained from Banco de Crédito del Perú as a financial lease for the construction of the Pañalera 30 machine for the amount of PEN 10,246,094 (ThUS\$ 3,664) payable in 60 monthly installments at an annual interest rate of 6.83% expiring in January 2019. This operation is reflected in assets under plant and equipment for ThUS\$ 3,542 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 3,664 (see Note 22.1).

On December 27, 2013, a loan was obtained from Banco Continental (BBVA) as a financial lease for the construction of the extension of the L-100 roll conversion line for the amount of PEN 14,453,877 (ThUS\$ 5,169) payable in 60 monthly installments at an annual interest rate of 6.30% expiring in December 2018. This contract is reflected in assets under plant and equipment for ThUS\$ 5,040 and in liabilities under other current and non-current financial liabilities in the amount of ThUS\$ 5,169 (see Note 22.1).

Upon the expiration of each contract and with the payment of the last financial lease installment, Protisa Perú S.A. will be exercising the purchase option, acquiring with this full ownership of the described assets.

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## *Papelera del Rimac S.A. - Perú*

On February 2, 2010 subsidiary Papelera del Rimac S.A. signed a financial lease with BBVA Banco Continental for the acquisition of a RECARD paper production machine and a PERINI paper rolls conversion line for a total amount of PEN 34,640,534 (ThUS\$ 12,372) payable in 35 monthly installments at an annual interest rate of 3.98%. Upon expiration of the contract, in January 2013, and with the payment of the last financial lease installment, Papelera del Rimac S.A. exercised the purchase option acquiring full ownership of all the described assets.

## 20.2. OPERATING LEASES

The main operating leases entered into by the Company, with undefined terms or terms of more than one year, correspond to the following elements:

- Warehouse storage and other real estate leases
- Crane and loader leases
- Office equipment leases (computers, printers, photocopiers, etc.)
- Forestry area vehicle (pickup truck) lease

Minimum future operating lease payments are composed as follows:

Future minimum lease payments outstanding	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Payable within 12 months	31,445	31,329
Payable in more than 1 year but less than 5 years	125,734	125,316
<b>TOTAL</b>	<b>157,179</b>	<b>156,645</b>

Certain contracts are for indefinite or automatically renewable terms, provided the parties do not express their intention to terminate the contract, which might result in payments beyond five years.

The operating lease payments recognized in the income statement are detailed as follows:

	YEAR	
	2013 ThUS\$	2012 ThUS\$
Lease and sublease installments recognized in the income statement	32,878	24,106

There are no special operating lease agreements that commit CMPC to terms or conditions beyond market standards.

## NOTE 21 - DEFERRED TAXES

Deferred taxes correspond to the amount of income tax the Company will have to pay (liabilities) or recover (assets) in future years, relating to temporary differences between the tax basis and the carrying amount of certain assets and liabilities. The main deferred tax asset corresponds to the entitlement of companies to use tax losses accumulated at year-end in the future. The main deferred tax liability payable in future years corresponds to temporary differences arising from the revaluation of biological assets (forest plantations) and the revaluation of property, plant and equipment as of the date of transition to IFRS and by the application of accelerated depreciation for tax purposes.

Due to the changes introduced to the Income Tax Law in Chile by Law 20,630 dated September 27, 2012 which increases the permanent rate of First Category Income Tax from 17% to 20%, as of December 31, 2012 all income taxes have been recalculated with the new rate, which in 2012 generated a higher income tax expense of ThUS\$ 117,199 corresponding to a charge to income in the amount of ThUS\$ 132,664 due to the increase in balances of assets and liabilities of previous years and a credit of ThUS\$ 15,465 corresponding to the effect on 2012 income.

It should be noted that the financial and tax realization of the balances of previous years will be significantly produced in future years and arise, as previously indicated, from revaluation of non-current assets.

As of December 31, 2013 and 2012 deferred taxes refer to the following concepts:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Tax losses	102,916	120,960
Foreign currency translation	49,580	35,224
Provisions	29,918	31,708
Hedge liabilities	3,358	4,838
Other liabilities	7,598	13,308
Property, plant and equipment	(656,822)	(616,064)
Biological assets	(489,991)	(458,294)
Other assets	(14,549)	(18,546)
Inventory	(10,363)	(5,511)
Income accrued from a foreign source	(282)	(7,949)
Hedge assets	(69)	(1,071)
<b>DEFERRED TAX NET BALANCE</b>	<b>(978,706)</b>	<b>(901,397)</b>

Statement of financial position	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Deferred tax assets	46,072	54,052
Deferred tax liabilities	(1,024,778)	(955,449)
<b>DEFERRED TAX NET BALANCE</b>	<b>(978,706)</b>	<b>(901,397)</b>

The Company estimates that the recovery terms of gross deferred tax assets will be as follows:

Description	12/31/2013		12/31/2012	
	Less than 1 year ThUS\$	More than 1 year ThUS\$	Less than 1 year ThUS\$	More than 1 year ThUS\$
Tax losses	1,052	101,864	183	120,777
Foreign currency translation	49,580	-	35,224	-
Provisions	24,867	5,051	25,089	6,619
Hedge liabilities	-	3,358	-	4,838
Other liabilities	7,598	-	13,308	-
<b>TOTAL</b>	<b>83,097</b>	<b>110,273</b>	<b>73,804</b>	<b>132,234</b>

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Deferred taxes on temporary differences between the tax and book values arising from investments in related companies have not been recorded. No deferred tax has therefore been recognized for conversion adjustments and adjustments of associates directly recorded in net equity, disclosed in the other comprehensive income statement.

As of December 31, 2013 deferred tax assets arising from tax losses amount to ThUS\$ 102,916, losses that are chargeable to profits generated in the future in the companies in that condition, detailed as follows:

Subsidiaries	Country	Impuesto Diferido por Pérdida Tributaria		Variation with effect on income credit (charge) 12/31/2013 ThUS\$	Variation without effect on income (foreign curr. trans.) 12/31/2013 ThUS\$
		12/31/2013 ThUS\$	12/31/2012 ThUS\$		
CMPC Maderas S.A.	Chile	37,382	46,580	(9,198)	-
Melhoramentos CMPC Ltda.	Brazil	22,979	24,152	1,911	(3,084)
CMPC Celulose Riograndense Ltda.	Brazil	13,379	16,081	(2,702)	-
Drypers Andina S.A.	Colombia	11,243	10,973	2,836	(2,566)
Grupo ABS Internacional S.A. de C.V.	Mexico	5,177	4,280	897	-
Protisa Colombia S.A.	Colombia	5,149	4,121	2,029	(1,001)
Envases Impresos S.A.	Chile	4,723	4,537	186	-
Envases Roble Alto S.A.	Chile	1,052	575	477	-
Forsac México S.A.	Mexico	919	113	806	-
Forestal Bosques del Plata S.A.	Argentina	472	450	174	(152)
Productos Tissue del Ecuador S.A.	Ecuador	421	648	(227)	-
CMPC Inversiones de Argentina S.A.	Argentina	12	10	2	-
Forestal Timbauva S.A.	Argentina	8	-	8	-
Naschel S.A.	Argentina	-	10	(8)	(2)
Inversiones Protisa S.A.	Chile	-	6,364	(5,799)	(565)
CMPC Productos de Papel S.A.	Chile	-	2,006	(2,006)	-
Forsac S.A.	Chile	-	60	(60)	-
<b>TOTAL</b>		<b>102,916</b>	<b>120,960</b>	<b>(10,674)</b>	<b>(7,370)</b>

Tax losses that can be imputed against future earnings generated in companies formed in Chile, Brazil and Colombia do not have expiration dates. However, the tax losses of companies formed in Mexico expire in 10 years and for companies formed in Argentina and Ecuador tax losses expire in 5 years. Based on the normal course of business and projections, management estimates that almost all the tax losses will be used in future years.

Deferred taxes recorded for the purpose of cash flow hedges, disclosed in the other comprehensive income statement are detailed as follows:

Description	YEAR	
	2013 ThUS\$	2012 ThUS\$
Cash flow hedges, gross	(126,514)	(11,690)
Deferred taxes	-	2,338
<b>CASH FLOW HEDGES, NET</b>	<b>(126,514)</b>	<b>(9,352)</b>

Deferred tax movements for the year are detailed as follows:

Change in deferred taxes	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Deferred taxes, beginning balance January 1	(901,397)	(851,061)
Tax losses	(18,044)	31,954
Foreign currency translation	14,356	15,613
Provisions	(1,790)	(516)
Other liabilities	(5,710)	3,719
Hedge liabilities	(1,480)	3,966
Property, plant and equipment	(40,758)	(55,290)
Biological assets	(31,697)	(43,271)
Other assets	3,997	(8,452)
Inventory	(4,852)	2,844
Income accrued from a foreign source	7,667	(925)
Hedge assets	1,002	22
<b>ENDING BALANCE</b>	<b>(978,706)</b>	<b>(901,397)</b>

Temporary differences generated by deferred taxes for 2013 and their effect on income are detailed as follows:

Type of temporary difference	Deferred taxes recognized with effect on income		Deferred taxes recognized with no effect on income (*)		Deferred tax profit (loss) ThUS\$
	Increase (decrease) Assets ThUS\$	(Increase) decrease Liabilities ThUS\$	Increase (decrease) Assets ThUS\$	(Increase) decrease Liabilities ThUS\$	
Tax losses	(10,674)	-	(7,370)	-	(10,674)
Foreign currency translation	15,827	-	(1,471)	-	15,827
Provisions	(712)	-	(1,078)	-	(712)
Other liabilities	(5,647)	-	(63)	-	(5,647)
Hedge liabilities	(1,480)	-	-	-	(1,480)
Property, plant and equipment	-	(48,552)	-	7,794	(48,552)
Biological assets	-	(34,983)	-	3,286	(34,983)
Other assets	-	3,241	-	756	3,241
Inventory	-	(4,788)	-	(64)	(4,788)
Income accrued from a foreign source	-	7,667	-	-	7,667
Hedge assets	-	857	-	145	857
<b>SUBTOTAL</b>	<b>(2,686)</b>	<b>(76,558)</b>	<b>(9,982)</b>	<b>11,917</b>	<b>(79,244)</b>

(\*) The net decrease in deferred taxes recorded in 2013, without an effect on income correspond to the companies in Colombia, Peru and Argentina. Colombian companies, Drypers Andina S.A. and Protisa Colombia S.A. present a decrease in deferred tax assets for the concept of tax losses in the amount of ThUS\$ 2,324. Protisa Perú S.A. recorded an increase in deferred tax liabilities for the concept of property, plant and equipment in the amount of ThUS\$ 1,289 and Forestal Bosques del Plata S.A. recorded an increase in deferred tax assets for the current value of recoverable taxes (VAT) in the amount of ThUS\$ 600.

Includes the positive effect of foreign currency translation fluctuation on deferred tax balances expressed in functional currencies other than the US dollar in the amount of ThUS\$ 4,948, which is distributed in the respective deferred tax concepts.

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Foreign currency translation generated by deferred taxes in 2012 and its effect on income is detailed as follows:

Type of temporary difference	Deferred taxes recognized with effect on income		Deferred taxes recognized with no effect on income (*)		Deferred tax profit (loss) ThUS\$
	Increase (decrease) Assets ThUS\$	(Increase) decrease Liabilities ThUS\$	Increase (decrease) Assets ThUS\$	(Increase) decrease Liabilities ThUS\$	
Tax losses	36,159	-	(4,205)	-	36,159
Foreign currency translation	15,613	-	-	-	15,613
Provisions	469	-	(985)	-	469
Other liabilities	5,381	-	(1,663)	-	5,381
Hedge liabilities	3,966	-	-	-	3,966
Property, plant and equipment	-	(51,892)	-	(3,398)	(51,892)
Biological assets	-	(67,693)	-	24,422	(67,693)
Other assets	-	(8,468)	-	15	(8,468)
Inventory	-	2,845	-	-	2,845
Income accrued from a foreign source	-	(925)	-	-	(925)
Hedge assets	-	22	-	0	22
<b>SUBTOTAL</b>	<b>61,588</b>	<b>(126,111)</b>	<b>(6,853)</b>	<b>21,039</b>	<b>(64,523)</b>

(\*) The decrease in deferred taxes recorded in 2012, without an effect on income, corresponds to Argentinean and Colombian companies: Argentinean companies La Papelera del Plata S.A. and Forestal Bosques del Plata S.A. showed a decrease in deferred tax liabilities for the concept of biological assets and property, plant and equipment for a total amount of ThUS\$ 11,526 and Colombian companies Drypers Andina S.A. and Protisa Colombia S.A. recorded a decrease in deferred tax assets for the concept of tax losses in the amount of ThUS\$ 2,947, which had expired.

Includes the positive effect of foreign currency translation of deferred tax balances expressed in functional currencies other than the US dollar in the amount of ThUS\$ 5,607, which is distributed in the respective deferred tax concepts.

## NOTE 22 - OTHER FINANCIAL LIABILITIES

As of each year-end other financial liabilities are detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current interest bearing loans	276,612	667,664
Current interest rate swap operations	10,733	17,627
Currency forward operations	12,716	19,915
Options	-	4
Current hedge liabilities	78,077	280
<b>SUBTOTAL OTHER CURRENT FINANCIAL LIABILITIES</b>	<b>378,138</b>	<b>705,490</b>
Non-current interest bearing loans	3,574,701	3,229,417
Non-current hedge liabilities	8,013	1,469
<b>NON-CURRENT OTHER FINANCIAL LIABILITIES</b>	<b>3,582,714</b>	<b>3,230,886</b>
<b>TOTAL</b>	<b>3,960,852</b>	<b>3,936,376</b>

## 22.1. COMPOSITION OF BALANCES AND MATURITIES

### a) Current and non-current interest bearing loans

Interest bearing loans grouped by maturity dates are detailed as follows:

Balance as of December 31, 2013

Interest bearing loans (ThUS\$)															
Debtor's Tax No.	Debtor's name	Currency	Creditor's name	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years	Total	Type of amortization	Effective rate	Nominal value of obligation	Nominal rate	Explicación práctica gestión riesgo
BANK OBLIGATIONS															
96.596.540-8	Inversiones CMPC S.A.	US\$	Bank of Tokio - Mitsubishi UFJ, Ltd. - USA	-	-	750	397,110	-	-	397,860	Semi-annual	0.90%	400,000	Libor+0.65%	* Swap
Foreign	La Papelera del Plata S.A.	ARS	BBVA Banco Francés S.A. - Argentina	1,878	-	-	-	-	-	1,878	Daily	26.00%	1,878	26.00%	
Foreign	La Papelera del Plata S.A.	ARS	BBVA Banco Francés S.A. - Argentina	1,534	-	-	-	-	-	1,534	Daily	24.00%	1,534	24.00%	
Foreign	La Papelera del Plata S.A.	ARS	BBVA Banco Francés S.A. - Argentina	-	-	136	1,091	-	-	1,227	Quarterly	15.25%	1,227	15.25%	*
Foreign	La Papelera del Plata S.A.	ARS	BBVA Banco Francés S.A. - Argentina	-	-	1,155	-	-	-	1,155	Semi-annual	16.75%	1,150	16.75%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Santander Río - Argentina	7,228	-	-	-	-	-	7,228	Daily	35.00%	7,228	35.00%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Santander Río - Argentina	34	-	97	128	-	-	259	Quarterly	15.01%	256	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Santander Río - Argentina	20	-	58	77	-	-	155	Quarterly	15.01%	155	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Santander Río/BBVA Banco Francés S.A. - Argentina	1	-	562	1,124	-	-	1,687	Quarterly	15.25%	1,686	15.25%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Nación - Argentina	10	-	562	1,125	-	-	1,697	Monthly	15.00%	1,687	15.00%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Nación - Argentina	743	-	-	-	-	-	743	Daily	25.00%	743	25.00%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Nación - Argentina	4	-	118	590	-	-	712	Monthly	15.00%	708	15.00%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Nación - Argentina	2	-	-	403	-	-	405	Monthly	15.00%	402	15.00%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Ciudad - Argentina	6,117	-	-	-	-	-	6,117	Daily	28.00%	6,117	28.00%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Ciudad - Argentina	-	68	204	273	-	-	545	Quarterly	15.01%	545	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Ciudad - Argentina	14	170	511	852	-	-	1,547	Quarterly	15.25%	1,534	15.25%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Patagonia - Argentina	7,145	-	-	-	-	-	7,145	Daily	25.00%	7,145	25.00%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Galicia - Argentina	-	102	256	341	-	-	699	Quarterly	15.01%	682	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Macro - Argentina	6,074	-	-	-	-	-	6,074	Daily	35.50%	6,074	35.50%	
Foreign	La Papelera del Plata S.A.	US\$	Banco de Chile - Taxpayer No. 97.004.000-5	-	-	10,084	-	-	-	10,084	Maturity	2.19%	10,000	Libor+1.80%	*
Foreign	La Papelera del Plata S.A.	US\$	Banco Corpbanca - Chile - Taxpayer No. 97.023.000-9	-	-	14,059	-	-	-	14,059	Maturity	2.25%	14,000	Libor+1.89%	*
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	13	27	136	176	-	-	352	Monthly	6.30%	352	6.30%	*
Foreign	Ipusa S.A.	US\$	Banco Lloyds TSB Banc plc. - Uruguay	-	-	1,508	-	-	-	1,508	Maturity	3.00%	1,500	3.00%	
Foreign	Ipusa S.A.	US\$	Banco Lloyds TSB Banc plc. - Uruguay	-	1,203	-	-	-	-	1,203	Maturity	3.00%	1,200	3.00%	
Foreign	Ipusa S.A.	US\$	Banco Citibank - Uruguay	3,277	-	-	-	-	-	3,277	Maturity	4.06%	3,250	4.06%	
Foreign	Ipusa S.A.	US\$	Banco Citibank N.A. - Uruguay	-	2,005	-	-	-	-	2,005	Maturity	3.03%	2,000	3.03%	
Foreign	Ipusa S.A.	UYU	Banco BBVA - Uruguay	2,071	-	-	-	-	-	2,071	Maturity	16.00%	2,054	16.00%	
Foreign	Ipusa S.A.	US\$	Banco BBVA - Uruguay	-	1,062	-	-	-	-	1,062	Maturity	4.50%	1,050	4.50%	
Foreign	Ipusa S.A.	US\$	Banco BBVA - Uruguay	-	1,004	-	-	-	-	1,004	Maturity	4.25%	1,000	4.25%	
Foreign	Ipusa S.A.	UYU	Banco BBVA - Uruguay	-	708	-	-	-	-	708	Maturity	13.00%	700	13.00%	
Foreign	Ipusa S.A.	US\$	Banco HSBC - Uruguay	-	1,517	-	-	-	-	1,517	Maturity	4.50%	1,500	4.50%	
Foreign	Ipusa S.A.	US\$	Banco HSBC - Uruguay	-	1,370	-	-	-	-	1,370	Maturity	4.50%	1,350	4.50%	
Foreign	Ipusa S.A.	US\$	Banco Itaú - Uruguay	1,007	-	-	-	-	-	1,007	Maturity	4.58%	1,000	4.58%	
Foreign	Ipusa S.A.	UYU	Banco Santander - Uruguay	4,723	-	-	-	-	-	4,723	Maturity	13.75%	4,667	13.75%	
Foreign	Ipusa S.A.	UYU	Banco Santander - Uruguay	-	2,337	-	-	-	-	2,337	Maturity	13.25%	2,333	13.25%	
Foreign	Ipusa S.A.	US\$	Banco Santander - Uruguay	-	1,301	-	-	-	-	1,301	Maturity	4.59%	1,300	4.59%	
Foreign	Ipusa S.A.	US\$	Banco Comercial - Uruguay	-	600	-	-	-	-	600	Maturity	3.50%	600	3.50%	

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Foreign	Drypers Andina S.A.	US\$	BancoEstado - Chile - Taxpayer No. 97.030.000-7	-	-	237	25,500	-	-	25,737	Maturity	1.77%	25,500	Libor+1.42%	*
Foreign	Protisa Colombia S.A.	US\$	Banco BBVA - Chile - Taxpayer No. 97.032.000-8	203	-	-	20,000	-	-	20,203	Maturity	1.97%	20,000	Libor+1.62%	*
Foreign	Protisa Colombia S.A.	US\$	Banco Santander - Chile - Taxpayer No. 97.036.000-K	-	-	-	44,000	-	-	44,000	Maturity	1.97%	44,000	Libor+1.62%	*
Foreign	Protisa Colombia S.A.	US\$	BancoEstado - Chile - Taxpayer No. 97.030.000-7	98	-	-	10,500	-	-	10,598	Maturity	1.77%	10,500	Libor+1.42%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco Itaú / BBA - Brazil	2,764	-	-	-	15,041	17,805	17,805	Monthly	4.50%	17,409	4.50%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco Itaú / BBA - Brazil	206	-	-	-	1,171	1,377	1,377	Monthly	5.50%	1,342	5.50%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco Itaú / BBA - Brazil	15	-	-	-	5,430	5,445	5,445	Monthly	3.00%	5,382	3.00%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	2,183	-	-	-	6,646	8,829	8,829	Monthly	7.82%	8,513	TJLP+2.82%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	2,186	-	-	-	6,644	8,830	8,830	Monthly	8.82%	8,470	TJLP+3.82%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	2,923	-	-	-	8,877	11,800	11,800	Monthly	9.52%	11,279	TJLP+4.52%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	1,039	-	-	-	3,169	4,208	4,208	Monthly	6.92%	4,072	TJLP+1.92%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	96	-	-	-	293	389	389	Monthly	5.00%	377	5.00%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	618	-	-	-	4,363	4,981	4,981	Monthly	7.28%	4,899	TJLP+2.28%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	374	-	-	-	2,618	2,992	2,992	Monthly	8.28%	2,937	TJLP+3.28%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	662	-	-	-	4,516	5,178	5,178	Monthly	11.28%	5,052	SELIC+2.28%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	46	-	-	-	738	2,809	3,593	Monthly	5.96%	3,547	ECM+2.32%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	-	19	-	-	1,650	4,950	6,619	Monthly	7.32%	6,600	TJLP+2.32%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	-	13	-	-	990	2,970	3,973	Monthly	8.32%	3,960	TJLP+3.32%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	88	-	-	1,718	2,426	4,952	9,184	Monthly	5.92%	9,129	ECM+2.28%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	-	60	-	4,024	5,364	10,728	20,176	Monthly	7.28%	20,187	TJLP+2.28%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	-	40	-	2,414	3,218	6,439	12,111	Monthly	8.28%	12,112	TJLP+3.28%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	-	42	-	10,233	10,233	20,464	40,972	Monthly	2.50%	41,072	2.50%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	8	-	-	-	651	659	659	Monthly	5.92%	651	ECM+2.28%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	-	12	-	-	1,418	1,430	1,430	Monthly	7.28%	1,418	TJLP+2.28%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	-	8	-	-	851	859	859	Monthly	8.28%	851	TJLP+3.28%	*
Foreign	Absormex CMPC Tissue S.A. de C.V.	US\$	Bank of Tokio - Mitsubishi UFJ, Ltd. - USA	-	-	-	39,874	-	-	39,874	Maturity	1.34%	40,000	Libor+1.075%	*
Foreign	Absormex CMPC Tissue S.A. de C.V.	US\$	HSBC Bank USA, N.A. - USA	-	-	-	39,874	-	-	39,874	Maturity	1.34%	40,000	Libor+1.075%	*
<b>TOTAL BANK OBLIGATIONS</b>				<b>55,404</b>	<b>13,668</b>	<b>30,433</b>	<b>601,427</b>	<b>50,248</b>	<b>89,371</b>	<b>840,551</b>					

\* Loans obtained with maturities at more than one year.

Balance as of December 31, 2013

Interest bearing loans (ThUS\$)															
Debtor's Tax No.	Debtor's name	Currency	Creditor's name	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years	Total	Type of amortization	Effective rate	Nominal value of obligation	Nominal rate	Practical explanation of risk management
<b>OBLIGATIONS WITH THE PUBLIC</b>															
96.596.540-8	Inversiones CMPC S.A.	US\$	Obligations with the public - foreign, Rule 144 A - US\$	-	-	4,679	-	-	495,684	500,363	Maturity	6.25%	500,000	6.13%	
96.596.540-8	Inversiones CMPC S.A.	US\$	Obligations with the public - foreign, Rule 144 A - US\$	-	-	10,621	-	496,798	-	507,419	Maturity	4.83%	500,000	4.75%	
96.596.540-8	Inversiones CMPC S.A.	US\$	Obligations with the public - foreign, Rule 144 A - US\$	-	-	4,063	-	-	492,593	496,656	Maturity	4.64%	500,000	4.50%	
96.596.540-8	Inversiones CMPC S.A.	US\$	Obligations with the public - foreign, Rule 144 A - US\$	-	-	2,734	-	-	493,571	496,305	Maturity	4.47%	500,000	4.38%	
96.596.540-8	Inversiones CMPC S.A.	CLF	Obligations with the public, series A, Reg. 413 SVS	-	-	2,781	309,188	-	-	311,969	Maturity	3.22%	311,025	2.70%	Swap/Cross Currency Swap
96.596.540-8	Inversiones CMPC S.A.	CLF	Obligations with the public, series B, Reg. 456 SVS	-	-	2,442	-	-	173,663	176,105	Maturity	4.43%	177,729	4.20%	
96.596.540-8	Inversiones CMPC S.A.	CLF	Obligations with the public, series D, Reg. 569 SVS	-	134,219	-	-	-	-	134,219	Maturity	3.25%	133,297	2.90%	Cross Currency Swap
96.596.540-8	Inversiones CMPC S.A.	CLF	Obligations with the public, series F, Reg. 570 SVS	-	-	3,566	-	-	302,533	306,099	Maturity	4.55%	311,025	4.30%	
<b>TOTAL OBLIGATIONS WITH THE PUBLIC</b>				-	134,219	30,886	309,188	496,798	1,958,044	2,929,135					
<b>FINANCIAL LEASE OBLIGATIONS</b>															
Foreign	Ipusa S.A.	US\$	Banco Santander - Uruguay	-	-	3	-	-	-	3	Monthly	6.50%	3	6.50%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Comafi - Argentina	-	1	7	5	-	-	13	Monthly	26.71%	13	26.57%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Comafi - Argentina	-	1	5	2	-	-	8	Monthly	26.71%	9	26.57%	
Foreign	Forsac Perú S.A.	US\$	BBVA Banco Continental - Peru	86	173	175	-	-	-	434	Monthly	5.40%	434	5.40%	
Foreign	Forsac Perú S.A.	US\$	Banco de Crédito del Perú	93	188	865	2,444	861	-	4,451	Monthly	4.30%	4,451	4.30%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	305	615	2,847	2,639	-	-	6,406	Monthly	6.15%	6,406	6.15%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	47	95	441	681	-	-	1,264	Monthly	7.44%	1,264	7.44%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	55	116	538	830	-	-	1,539	Monthly	7.44%	1,539	7.44%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	104	536	1,350	1,674	-	3,664	Monthly	6.83%	3,664	7.44%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	6,134	-	6,134	Monthly	6.73%	6,134	6.73%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	860	-	860	Monthly	5.92%	860	5.92%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	2,358	-	2,358	Monthly	5.50%	2,358	5.50%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	469	-	469	Monthly	5.10%	469	5.10%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	465	-	465	Monthly	5.10%	465	5.10%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	151	-	151	Monthly	6.80%	151	6.80%	
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	85	173	799	648	-	-	1,705	Monthly	6.30%	1,705	6.30%	
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	11	23	105	85	-	-	224	Monthly	6.30%	224	6.30%	
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	10	20	94	121	-	-	245	Monthly	6.30%	245	6.30%	
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	75	153	698	2,010	2,233	-	5,169	Monthly	6.30%	5,169	6.30%	
<b>TOTAL FINANCIAL LEASE OBLIGATIONS</b>				767	1,662	7,113	10,815	15,205	-	35,562					
<b>OTHER OBLIGATIONS</b>															
96.532.330-9	CMPC Celulosa S.A.	US\$	Comercial e Industrial ERCO (Chile) Ltda. - Taxpayer No. 76.163.730-4	133	266	1,201	3,232	3,272	30,221	38,325	Monthly	7.80%	38,325	7.80%	
96.532.330-9	CMPC Celulosa S.A.	US\$	Comercial e Industrial ERCO (Chile) Ltda. - Taxpayer No. 76.163.730-4	69	139	652	2,000	2,441	2,439	7,740	Monthly	9.96%	7,740	9.96%	
<b>TOTAL OTHER OBLIGATIONS</b>				202	405	1,853	5,232	5,713	32,660	46,065					
<b>TOTAL INTEREST BEARING LOANS</b>				56,373	149,954	70,285	926,662	567,964	2,080,075	3,851,313					
<b>TOTAL INTEREST BEARING LOANS AT FAIR VALUE</b>				56,373	149,954	70,285	926,662	567,964	2,080,075	3,851,313					

# CONSOLIDATED FINANCIAL STATEMENTS

Empresas CMPC S.A.

Balance as of December 31, 2012

Interest bearing loans (ThUS\$)															
Debtor's Tax No.	Debtor's name	Currency	Creditor's name	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years	Total	Amortization	Effective rate	Nominal value of obligation	Nominal rate	Risk management practical explanation
BANK OBLIGATIONS															
96.532.330-9	CMPC Celulosa S.A.	US\$	BancoEstado - Chile - Taxpayer No. 97.030.000-7	-	50,015	-	-	-	-	50,015	Maturity	0.52%	50,000	Libor+0.26%	
96.532.330-9	CMPC Celulosa S.A.	US\$	BancoEstado - Chile - Taxpayer No. 97.030.000-7	100,004	-	-	-	-	-	100,004	Maturity	0.47%	100,000	Libor+0.26%	*
96.532.330-9	CMPC Celulosa S.A.	US\$	Banco Scotiabank - Chile - Taxpayer No. 97.018.000-1	-	40,015	-	-	-	-	40,015	Maturity	0.51%	40,000	Libor+0.20%	
96.532.330-9	CMPC Celulosa S.A.	US\$	Bank of Tokio - Mitsubishi UFJ, Ltd. - USA	-	100,013	-	-	-	-	100,013	Maturity	0.48%	100,000	Libor+0.17%	
96.596.540-8	Inversiones CMPC S.A.	US\$	Bank of Tokio - Mitsubishi UFJ, Ltd. - USA	-	-	854	200,000	196,079	-	396,933	Semi-annual	1.15%	400,000	Libor+0.65%	* Swap
Foreign	La Papelera del Plata S.A.	ARS	Banco BBVA - Argentina	-	10	3,050	1,525	-	-	4,585	Semi-annual	16.75%	4,575	16.75%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Santander Río - Argentina	-	10	678	-	-	-	688	Semi-annual	16.85%	678	16.85%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Santander Río - Argentina	3	-	42	340	-	-	385	Quarterly	15.01%	382	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Santander Río - Argentina	-	-	27	206	-	-	233	Quarterly	15.01%	232	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco de la Nación Argentina	10	-	-	2,237	-	-	2,247	Monthly	15.01%	2,237	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Ciudad - Argentina	2	-	90	723	-	-	815	Quarterly	15.01%	813	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco Patagonia - Argentina	2,033	-	-	-	-	-	2,033	Daily	18.75%	2,033	18.75%	
Foreign	La Papelera del Plata S.A.	ARS	Banco HSBC - Argentina	3,457	-	-	-	-	-	3,457	Daily	18.75%	3,457	18.75%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Galicia - Argentina	1,423	-	-	-	-	-	1,423	Daily	19.25%	1,423	19.25%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Galicia - Argentina	1,627	-	-	-	-	-	1,627	Daily	18.75%	1,627	18.75%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Galicia - Argentina	1,728	-	-	-	-	-	1,728	Daily	16.50%	1,728	16.50%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Galicia - Argentina	23	-	114	902	-	-	1,039	Quarterly	15.01%	1,017	15.01%	*
Foreign	La Papelera del Plata S.A.	ARS	Banco BBVA - Argentina	2,033	-	-	-	-	-	2,033	Daily	18.00%	2,033	18.00%	
Foreign	La Papelera del Plata S.A.	US\$	Banco Santander - Chile - Taxpayer No. 97.036.000-K	-	18	6,000	-	-	-	6,018	Maturity	1.98%	6,000	Libor+1.45%	*
Foreign	La Papelera del Plata S.A.	US\$	Banco de Chile - Taxpayer No. 97.004.000-5	-	-	96	10,000	-	-	10,096	Maturity	2.52%	10,000	Libor+1.80%	*
Foreign	La Papelera del Plata S.A.	US\$	Banco Corpbanca - Chile - Taxpayer No. 97.023.000-9	-	-	64	14,000	-	-	14,064	Maturity	2.44%	14,000	Libor+1.89%	*
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	166	351	1,630	4,795	1,767	-	8,709	Monthly	7.44%	8,709	7.44%	*
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	16	33	129	384	16	-	578	Maturity	6.30%	578	6.30%	*
Foreign	Ipusa S.A.	US\$	Banco Citibank - Uruguay	-	1,907	-	-	-	-	1,907	Monthly	4.06%	1,900	4.06%	
Foreign	Ipusa S.A.	US\$	Banco Citibank - Uruguay	1,525	-	-	-	-	-	1,525	Semi-annual	3.43%	1,500	3.43%	
Foreign	Ipusa S.A.	UYU	Banco Comercial - Uruguay	-	2,786	-	-	-	-	2,786	Semi-annual	9.00%	2,783	9.00%	
Foreign	Ipusa S.A.	US\$	Banco HSBC - Uruguay	-	1,521	-	-	-	-	1,521	Monthly	4.44%	1,500	4.44%	

Interest bearing loans (ThUS\$)															
Debtor's Tax No.	Debtor's name	Currency	Creditor's name	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years	Total	Amortization	Effective rate	Nominal value of obligation	Nominal rate	Risk management practical explanation
Foreign	Ipusa S.A.	UYU	Banco Itaú - Uruguay	1,151	-	-	-	-	-	1,151	Semi-annual	9.75%	1,118	9.75%	
Foreign	Ipusa S.A.	UYU	Banco Itaú - Uruguay	-	2,785	-	-	-	-	2,785	Semi-annual	9.50%	2,783	9.50%	
Foreign	Ipusa S.A.	US\$	Banco Itaú - Uruguay	-	-	1,510	-	-	-	1,510	Semi-annual	4.50%	1,500	4.50%	
Foreign	Ipusa S.A.	UYU	Banco Lloyd's - Uruguay	-	2,186	-	-	-	-	2,186	Semi-annual	9.50%	2,134	9.50%	
Foreign	Ipusa S.A.	US\$	Banco Santander - Uruguay	-	2,633	-	-	-	-	2,633	Semi-annual	4.55%	2,600	4.55%	
Foreign	Ipusa S.A.	US\$	Banco Santander - Uruguay	-	-	1,007	-	-	-	1,007	Semi-annual	4.56%	1,007	4.56%	
Foreign	Ipusa S.A.	US\$	Banco Santander - Uruguay	-	-	600	-	-	-	600	Semi-annual	4.55%	600	4.55%	
Foreign	Ipusa S.A.	UYU	Banco Santander - Uruguay	-	2,500	-	-	-	-	2,500	Semi-annual	9.50%	2,439	9.50%	
Foreign	Ipusa S.A.	UYU	Banco Santander - Uruguay	-	1,039	-	-	-	-	1,039	Semi-annual	9.40%	1,016	9.40%	
Foreign	Ipusa S.A.	UYU	Banco BBVA - Uruguay	2,603	-	-	-	-	-	2,603	Semi-annual	9.75%	2,540	9.75%	
Foreign	Ipusa S.A.	US\$	Banco BBVA - Uruguay	-	4,282	-	-	-	-	4,282	Semi-annual	4.50%	4,250	4.50%	
Foreign	Drypers Andina S.A.	US\$	Chile - Taxpayer No. 97.030.000-7	273	-	-	25,500	-	-	25,773	Maturity	2.16%	25,500	Libor+1.42%	*
Foreign	Drypers Andina S.A.	COP	Banco BBVA - Colombia	4,643	-	-	-	-	-	4,643	Maturity	7.30%	4,574	7.30%	
Foreign	Protisa Colombia S.A.	US\$	Banco BBVA - Chile - Taxpayer No. 97.032.000-8	463	-	-	40,000	-	-	40,463	Maturity	2.36%	40,000	Libor+1.62%	*
Foreign	Protisa Colombia S.A.	US\$	Banco Santander - Chile - Taxpayer No. 97.036.000-K	11	-	-	44,000	-	-	44,011	Maturity	2.36%	44,000	Libor+1.62%	*
Foreign	Protisa Colombia S.A.	US\$	BancoEstado - Chile - Taxpayer No. 97.030.000-7	113	-	-	10,500	-	-	10,613	Maturity	2.16%	10,500	Libor+1.42%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco Itaú / BBA - Brazil	40	3,131	-	-	-	20,374	23,545	Monthly	4.50%	24,782	4.50%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco Itaú / BBA - Brazil	3	232	-	-	-	1,574	1,809	Monthly	5.50%	1,835	5.50%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	134	1,701	-	-	7,576	-	9,411	Monthly	7.82%	9,277	TJLP+2.32%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	150	1,701	-	-	7,576	-	9,427	Monthly	8.82%	9,277	TJLP+3.32%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	265	2,780	-	-	12,383	-	15,428	Monthly	10.02%	15,163	TJLP+4.52%	*
Foreign	Melhoramentos CMPC Ltda.	BRL	Banco BNDES - Brazil	92	1,088	-	-	4,846	-	6,026	Monthly	7.42%	5,972	TJLP+1.92%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	35	-	-	-	-	3,136	3,171	Monthly	5.88%	3,136	ECM+2.32%	*
Foreign	CMPC Celulose Riograndense Ltda.	BRL	Banco BNDES - Brazil	-	20	-	-	-	6,656	6,676	Monthly	7.82%	6,656	TJLP+2.32%	*
Foreign	Absormex CMPC Tissue S.A. de C.V.	US\$	Bank of Tokio - Mitsubishi UFJ, Ltd. - USA	-	-	-	-	40,000	-	40,000	Maturity	1.33%	40,000	Libor+1.075%	*
Foreign	Absormex CMPC Tissue S.A. de C.V.	US\$	HSBC Bank USA, N.A. - USA	-	-	-	-	40,000	-	40,000	Maturity	1.33%	40,000	Libor+1.075%	*
TOTAL BANK OBLIGATIONS				124,026	222,757	15,891	355,112	310,243	31,740	1,059,769					

\* Loans obtained with maturities at more than one year.

Balance as of December 31, 2012

# CONSOLIDATED FINANCIAL STATEMENTS

Empresas CMPC S.A.

Debtor's Tax No.	Debtor's name	Currency	Creditor's name	Interest bearing loans (ThUS\$)						Total	Amortization	Effective rate	Nominal value obligation	Nominal rate	Risk management practical explanation
				Up to 1 month	2 to 3 months	4 to 12 months	4 to 12 months	More than 1 year up to 3 years	More than 5 years						
OBLIGATIONS WITH THE PUBLIC															
96.596.540-8	Inversiones CMPC S.A.	US\$	Obligations with the public - foreign, Rule 144 A - US\$	-	-	263,420	-	-	-	263,420	Maturity	4.89%	263,117	4.88%	
96.596.540-8	Inversiones CMPC S.A.	US\$	Obligations with the public - foreign, Rule 144 A - US\$	-	-	4,679	-	-	494,944	499,623	Maturity	6.25%	500,000	6.13%	
96.596.540-8	Inversiones CMPC S.A.	US\$	Obligations with the public - foreign, Rule 144 A - US\$	10,622	-	-	-	-	495,998	506,620	Maturity	4.83%	500,000	4.75%	
96.596.540-8	Inversiones CMPC S.A.	US\$	Obligations with the public - foreign, Rule 144 A - US\$	-	-	4,063	-	-	491,700	495,763	Maturity	4.64%	500,000	4.50%	
96.596.540-8	Inversiones CMPC S.A.	CLF	Obligations with the public, series A, Reg. 413 SVS	-	2,978	-	329,496	-	-	332,474	Maturity	3.22%	333,122	2.70%	Swap/Cross Currency Swap
96.596.540-8	Inversiones CMPC S.A.	CLF	Obligations with the public, series B, Reg. 456 SVS	-	2,615	-	-	-	185,759	188,374	Maturity	4.43%	190,355	4.20%	
96.596.540-8	Inversiones CMPC S.A.	CLF	Obligations with the public, series D, Reg. 569 SVS	-	1,108	-	141,642	-	-	142,750	Maturity	3.25%	142,767	2.90%	Cross Currency Swap
96.596.540-8	Inversiones CMPC S.A.	CLF	Obligations with the public, series F, Reg. 570 SVS	-	3,819	-	-	-	323,949	327,768	Maturity	4.55%	333,785	4.30%	
TOTAL OBLIGATIONS WITH THE PUBLIC				10,622	10,520	272,162	471,138	-	1,992,350	2,756,792					
FINANCIAL LEASE OBLIGATIONS															
Foreign	Ipusa S.A.	US\$	Banco Santander - Uruguay	-	-	8	-	-	-	8	Monthly	6.50%	8	6.50%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Comafi - Argentina	-	1	7	19	-	-	27	Monthly	25.78%	27	25.78%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Comafi - Argentina	-	1	4	12	-	-	17	Monthly	25.78%	17	25.78%	
Foreign	La Papelera del Plata S.A.	ARS	Banco Comafi - Argentina	-	1	5	16	-	-	22	Monthly	25.78%	22	25.78%	
Foreign	Forsac Perú S.A.	US\$	BBVA Banco Continental - Peru	82	164	757	434	-	-	1,437	Monthly	5.40%	1,437	5.40%	
Foreign	Forsac Perú S.A.	US\$	Banco de Crédito del Perú	90	181	828	2,343	2,108	-	5,550	Monthly	4.30%	5,551	4.30%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	315	636	2,938	7,021	-	-	10,910	Monthly	6.15%	10,910	6.15%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	122	243	1,131	3,335	150	-	4,981	Monthly	7.44%	4,981	7.44%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	2,626	-	2,626	Monthly	6.73%	2,626	6.73%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	1,463	-	1,463	Monthly	6.83%	1,463	6.83%	
Foreign	Protisa Perú S.A.	PEN	Banco de Crédito del Perú	-	-	-	-	858	-	858	Monthly	5.45%	858	5.45%	
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	-	2	7	-	-	-	9	Monthly	6.30%	9	6.30%	
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	87	180	823	1,869	-	-	2,959	Monthly	6.30%	2,959	6.30%	
Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	12	24	108	247	-	-	391	Monthly	6.30%	391	6.30%	

Foreign	Protisa Perú S.A.	PEN	BBVA Banco Continental - Peru	10	21	97	268	-	-	396	Monthly	6.30%	396	6.30%
Foreign	Papelera del Rimac S.A.	PEN	BBVA Banco Continental - Peru	433	-	-	-	-	-	433	Monthly	3.98%	433	3.98%
<b>TOTAL FINANCIAL LEASE OBLIGATIONS</b>				<b>1,151</b>	<b>1,454</b>	<b>6,713</b>	<b>15,564</b>	<b>7,205</b>	<b>-</b>	<b>32,087</b>				
<b>OTHER OBLIGATIONS</b>														
96.532.330-9	CMPC Celulosa S.A.	US\$	Comercial e Industrial ERCO (Chile) Ltda. - Taxpayer No. 76.163.730-4	131	264	1,194	3,211	3,253	31,861	39,914	Monthly	7.80%	39,914	7.80%
96.532.330-9	CMPC Celulosa S.A.	US\$	Comercial e Industrial ERCO (Chile) Ltda. - Taxpayer No. 76.163.730-4	62	126	591	1,810	2,209	3,721	8,519	Monthly	9.96%	8,519	9.96%
<b>TOTAL OTHER OBLIGATIONS</b>				<b>193</b>	<b>390</b>	<b>1,785</b>	<b>5,021</b>	<b>5,462</b>	<b>35,582</b>	<b>48,433</b>				
<b>TOTAL INTEREST BEARING LOANS</b>				<b>135,992</b>	<b>235,121</b>	<b>296,551</b>	<b>846,835</b>	<b>322,910</b>	<b>2,059,672</b>	<b>3,897,081</b>				
<b>TOTAL INTEREST BEARING LOANS AT FAIR VALUE</b>				<b>135,992</b>	<b>235,121</b>	<b>296,551</b>	<b>846,835</b>	<b>322,910</b>	<b>2,059,672</b>	<b>3,897,081</b>				

*b) Current cross-currency and interest rate swaps*

This liability represents the accumulated income of derivative contracts signed for the purpose of adequately managing the Company's exchange rate risk and interest rate risk.

Entities	Entitlements			Obligations			Fair value of net liabilities ThUS\$	Effect on income profit ThUS\$	Maturity
	Currency	Interest rate %	Amount ThUS\$	Currency	Interest rate %	Amount ThUS\$			
<b>Balance AS OF DECEMBER 31, 2013</b>									
HSBC Bank USA, N.A. - USA	US\$	Libor	80,000	US\$	1.16	81,095	1,095	286	10/18/2016
HSBC Bank USA, N.A. - USA	US\$	Libor	80,000	US\$	1.18	81,042	1,042	143	10/18/2016
J. Aron & Company - USA	US\$	Libor	50,000	US\$	4.57	53,285	3,285	33	03/01/2015
J. Aron & Company - USA	US\$	Libor	50,000	US\$	4.72	53,174	3,174	33	03/01/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	Libor	80,000	US\$	1.19	81,105	1,105	211	10/18/2016
J.P. Morgan Chase Bank N.A. - USA	US\$	Libor	80,000	US\$	1.15	81,032	1,032	137	10/18/2016
<b>TOTAL</b>			<b>420,000</b>			<b>430,733</b>	<b>10,733</b>	<b>843</b>	
<b>Balance as of December 31, 2012</b>									
HSBC Bank USA, N.A. - USA	US\$	Libor	80,000	US\$	1.16	81,506	1,506	(1,417)	10/18/2016
HSBC Bank USA, N.A. - USA	US\$	Libor	80,000	US\$	1.18	81,520	1,520	(1,555)	10/18/2016
J. Aron & Company - USA	US\$	Libor	50,000	US\$	4.57	55,344	5,344	(729)	03/01/2015
J. Aron & Company - USA	US\$	Libor	50,000	US\$	4.72	55,159	5,159	(875)	03/01/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	Libor	80,000	US\$	1.19	81,612	1,612	(1,663)	10/18/2016
J.P. Morgan Chase Bank N.A. - USA	US\$	Libor	12,500	US\$	1.99	12,587	87	(91)	06/15/2013
J.P. Morgan Chase Bank N.A. - USA	US\$	Libor	80,000	US\$	1.15	81,596	1,596	(1,744)	10/18/2016
Banco Santander - Chile	US\$	Libor+0,55	12,506	CLF	2.19	13,309	803	(140)	06/17/2013
<b>TOTAL</b>			<b>445,006</b>			<b>462,633</b>	<b>17,627</b>	<b>(8,214)</b>	

*c) Currency forward transactions*

# CONSOLIDATED FINANCIAL STATEMENTS

Empresas CMPC S.A.

Balance as of December 31, 2013

Entities	Entitlements		Obligations		Fair value of net liabilities ThUS\$	Effect on income (loss) ThUS\$	Maturity
	Currency	Amount ThUS\$	Currency	Amount ThUS\$			
HSBC Bank USA, N.A. - USA	BRL	5,118	US\$	6,250	1,132	(465)	05/09/2014
HSBC Bank USA, N.A. - USA	BRL	5,142	US\$	6,250	1,108	(465)	05/09/2014
HSBC Bank USA, N.A. - USA	BRL	5,640	US\$	6,250	610	(489)	03/18/2014
HSBC Bank USA, N.A. - USA	BRL	5,390	US\$	6,250	860	(524)	09/10/2014
HSBC Bank USA, N.A. - USA	BRL	5,305	US\$	6,250	945	(531)	11/12/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	5,108	US\$	6,250	1,142	(849)	05/09/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	5,182	US\$	6,250	1,068	(469)	05/09/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	5,717	US\$	6,250	533	(478)	02/10/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	5,496	US\$	6,250	754	(516)	07/10/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	5,760	US\$	6,250	490	(482)	02/10/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	5,537	US\$	6,250	713	(520)	07/10/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,516	EUR	1,657	141	(74)	03/17/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,516	EUR	1,657	141	(75)	06/16/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,516	EUR	1,657	141	(75)	09/15/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,516	EUR	1,656	140	(73)	12/15/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,516	EUR	1,655	139	(71)	03/16/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,516	EUR	1,654	138	(71)	06/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,516	EUR	1,654	138	(71)	09/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,516	EUR	1,654	138	(70)	12/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,657	140	(71)	03/17/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,657	140	(74)	06/16/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,657	140	(74)	09/15/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,656	139	(75)	12/15/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,655	138	(73)	03/16/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,654	137	(72)	06/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,654	137	(71)	09/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,654	137	(71)	12/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	3,050	EUR	3,309	259	(143)	03/16/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	3,050	EUR	3,309	259	(152)	06/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	3,050	EUR	3,308	258	(142)	09/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	3,050	EUR	3,308	258	(140)	12/15/2015
Banco Corpbanca - Chile	CLP	4,918	US\$	5,000	82	(82)	02/03/2014
BancoEstado - Chile	CLP	16,128	CLF	16,149	21	(21)	03/20/2014
<b>TOTAL</b>		<b>116,905</b>		<b>129,621</b>	<b>12,716</b>	<b>(7,629)</b>	

Balance as of December 31, 2012

Entities	Entitlements		Obligations		Fair value of net liabilities ThUS\$	Effect on income (loss) ThUS\$	Maturity
	Currency	Amount ThUS\$	Currency	Amount ThUS\$			
J.P. Morgan Chase Bank N.A. - USA	US\$	1,737	EUR	1,759	22	(46)	03/15/2013
J.P. Morgan Chase Bank N.A. - USA	US\$	1,723	EUR	1,747	24	(50)	06/17/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	5,836	US\$	6,250	414	(414)	05/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	5,742	US\$	6,250	508	(508)	09/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	5,570	US\$	6,250	680	(680)	12/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	5,957	US\$	6,250	293	(293)	05/09/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,044	US\$	6,250	206	(206)	05/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	5,921	US\$	6,250	329	(329)	09/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	5,826	US\$	6,250	424	(424)	12/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	5,651	US\$	6,250	599	(599)	05/09/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,195	US\$	6,250	55	(55)	02/10/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,012	US\$	6,250	238	(238)	07/10/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,242	US\$	6,250	8	(8)	02/10/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,057	US\$	6,250	193	(193)	07/10/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	03/17/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	06/16/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	09/15/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	12/15/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(67)	03/16/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(67)	06/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(67)	09/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,584	67	(67)	12/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	03/17/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	06/16/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	09/15/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	12/15/2014
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	03/16/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(66)	06/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,583	66	(67)	09/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	1,517	EUR	1,584	67	(67)	12/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	3,050	EUR	3,166	116	(117)	03/16/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	3,050	EUR	3,167	117	(117)	06/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	3,050	EUR	3,167	117	(117)	09/15/2015
J.P. Morgan Chase Bank N.A. - USA	US\$	3,050	EUR	3,167	117	(118)	12/15/2015
J.P. Morgan Chase Bank N.A. - Chile	US\$	20,476	CLP	21,341	865	(865)	05/03/2013
J.P. Morgan Chase Bank N.A. - Chile	CLP	15,737	CLF	15,793	56	(55)	06/19/2013
HSBC Bank USA, N.A. - USA	BRL	5,969	US\$	6,250	281	(281)	05/09/2013
HSBC Bank USA, N.A. - USA	BRL	5,847	US\$	6,250	403	(403)	09/09/2013
HSBC Bank USA, N.A. - USA	BRL	5,753	US\$	6,250	497	(497)	12/09/2013
HSBC Bank USA, N.A. - USA	BRL	5,580	US\$	6,250	670	(670)	05/09/2014
HSBC Bank USA, N.A. - USA	BRL	5,997	US\$	6,250	253	(253)	05/09/2013
HSBC Bank USA, N.A. - USA	BRL	5,876	US\$	6,250	374	(374)	09/09/2013
HSBC Bank USA, N.A. - USA	BRL	5,781	US\$	6,250	469	(469)	12/09/2013
HSBC Bank USA, N.A. - USA	BRL	5,607	US\$	6,250	643	(643)	05/09/2014
HSBC Bank USA, N.A. - USA	BRL	6,129	US\$	6,250	121	(121)	03/18/2014
HSBC Bank USA, N.A. - USA	BRL	5,914	US\$	6,250	336	(336)	09/10/2014
HSBC Bank USA, N.A. - USA	BRL	5,836	US\$	6,250	414	(414)	11/12/2014
Banco HSBC Bank - Chile	US\$	20,499	CLP	21,349	850	(849)	05/08/2013
Banco de Chile	US\$	20,441	CLP	21,422	981	(981)	04/26/2013
Banco Santander - Chile	BRL	170	US\$	182	12	-	01/15/2013
Banco Santander - Chile	BRL	266	US\$	286	20	-	02/15/2013
Banco Scotiabank - Chile	BRL	170	US\$	183	13	(1)	01/15/2013
Banco Scotiabank - Chile	BRL	266	US\$	287	21	(1)	02/15/2013
Banco Scotiabank - Chile	CLP	10,627	CLF	10,652	25	(25)	07/03/2013
Banco Scotiabank - Chile	US\$	10,073	CLP	10,352	279	(278)	03/27/2013
Banco BCI - Chile	US\$	20,476	CLP	21,356	880	(880)	05/08/2013
Banco BCI - Chile	US\$	20,476	CLP	21,356	880	(880)	05/08/2013
Banco BCI - Chile	US\$	20,479	CLP	21,357	878	(878)	05/10/2013

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Empresas CMPC S.A.

Banco BCI - Chile	US\$	20,479	CLP	21,357	878	(878)	05/10/2013
Banco BCI - Chile	US\$	10,320	CLP	11,190	870	(870)	05/28/2013
Banco BCI - Chile	US\$	20,399	CLP	21,005	606	(606)	07/11/2013
Banco BCI - Chile	CLP	21,172	CLF	21,310	138	(139)	07/11/2013
Banco BCI - Chile	CLP	14,689	CLF	14,768	79	(79)	01/15/2013
Banco BCI - Chile	US\$	15,273	CLP	15,733	460	(459)	06/19/2013
BancoEstado - Chile	US\$	10,233	CLP	10,746	513	(513)	07/03/2013
BancoEstado - Chile	US\$	14,380	CLP	14,914	534	(533)	01/15/2013
BancoEstado - Chile	US\$	20,047	CLP	20,063	16	(17)	01/03/2013
BancoEstado - Chile	CLP	17,780	CLF	17,788	8	(8)	06/17/2013
BancoEstado - Chile	US\$	20,016	CLP	20,021	5	(5)	01/23/2013
BancoEstado - Chile	US\$	20,026	CLP	20,059	33	(33)	01/28/2013
BancoEstado - Chile	US\$	20,014	CLP	20,050	36	(34)	01/03/2013
<b>TOTAL</b>		<b>560,258</b>		<b>580,173</b>	<b>19,915</b>	<b>(19,902)</b>	

## d) Options

Balance as of December 31, 2013

Entidades	Entitlements		Obligations		Fair value of net liabilities ThUS\$	Effect on income (loss) ThUS\$	Maturity
	Currency	Amount ThUS\$	Currency	Amount ThUS\$			
HSBC Bank USA, N.A. - USA	BRL	6,250	US\$	6,250	-	-	05/09/2014
HSBC Bank USA, N.A. - USA	BRL	6,250	US\$	6,250	-	-	05/09/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	05/09/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	05/09/2014
<b>TOTAL</b>		<b>25,000</b>		<b>25,000</b>	<b>-</b>	<b>-</b>	

Balance as of December 31, 2012

	Entitlements		Obligations		Fair value of net liabilities ThUS\$	Effect on income (loss) ThUS\$	Maturity
	Currency	Amount ThUS\$	Currency	Amount ThUS\$			
HSBC Bank USA, N.A. - USA	BRL	6,250	US\$	6,250	-	-	05/09/2013
HSBC Bank USA, N.A. - USA	BRL	6,250	US\$	6,250	-	-	09/09/2013
HSBC Bank USA, N.A. - USA	BRL	6,250	US\$	6,250	-	-	12/09/2013
HSBC Bank USA, N.A. - USA	BRL	6,249	US\$	6,250	1	(1)	05/09/2014
HSBC Bank USA, N.A. - USA	BRL	6,250	US\$	6,250	-	-	05/09/2013
HSBC Bank USA, N.A. - USA	BRL	6,250	US\$	6,250	-	-	09/09/2013
HSBC Bank USA, N.A. - USA	BRL	6,250	US\$	6,250	-	-	12/09/2013
HSBC Bank USA, N.A. - USA	BRL	6,249	US\$	6,250	1	(1)	05/09/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,249	US\$	6,250	1	(1)	05/09/2014
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	05/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	09/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	12/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	09/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	05/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	09/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	6,250	US\$	6,250	-	-	12/09/2013
J.P. Morgan Chase Bank N.A. - USA	BRL	6,249	US\$	6,250	1	(1)	05/09/2013
<b>TOTAL</b>		<b>99,996</b>		<b>100,000</b>	<b>4</b>	<b>(4)</b>	

e) Hedge liabilities

These liabilities represent the cumulative income of oil price swaps and currency forwards, used to hedge against the volatility of the cost of marine freight for transporting pulp and to cover the financial risk due to changes in the price of currencies associated to sales of lumber products and cardboard products businesses in euros and to obligations in reales (BRL) on the investment project in Brazil.

Entities	Nature of the risks covered	Entitlements		Obligations		Fair value of net liability ThUS\$	Maturity
		Currency	Amount ThUS\$	Currency	Amount ThUS\$		
<b>CURRENT</b>							
BALANCE AS OF DECEMBER 31, 2013							
Deutsche Bank AG - England	Price of oil	US\$	7,333	US\$	7,352	19	Monthly
HSBC Bank plc - England	Price of oil	US\$	13,049	US\$	13,183	134	Monthly
Morgan Stanley & Co. International plc - England	Price of oil	US\$	13,584	US\$	13,676	92	Monthly
Bank Of America Merrill Lynch - England	Price of oil	US\$	1,047	US\$	1,064	17	Monthly
Banco de Chile	Guaíba Project	BRL	17,153	US\$	20,000	2,847	Monthly
Banco Itaú - Chile	Guaíba Project	BRL	134,310	US\$	150,000	15,690	Monthly
Banco Santander - Chile	Guaíba Project	BRL	45,155	US\$	50,000	4,845	Monthly
BNP Paribas - France	Guaíba Project	BRL	70,970	US\$	80,000	9,030	Monthly
HSBC Bank USA, N.A. - USA	Guaíba Project	BRL	87,288	US\$	100,000	12,712	Monthly
HSBC Bank plc - England	Guaíba Project	BRL	77,177	US\$	80,000	2,823	Monthly
J.P. Morgan Chase Bank N.A. - USA	Guaíba Project	BRL	44,329	US\$	50,000	5,671	Monthly
J.P. Morgan Chase Bank N.A. - England	Guaíba Project	BRL	245,803	US\$	270,000	24,197	Monthly
<b>TOTAL</b>			<b>757,198</b>		<b>835,275</b>	<b>78,077</b>	
<b>NON-CURRENT</b>							
BALANCE AS OF DECEMBER 31, 2013							
Bank Of America Merrill Lynch - England	Price of oil	US\$	42,968	US\$	43,783	815	Monthly
BNP Paribas - England	Price of oil	US\$	4,783	US\$	4,914	131	Monthly
Deutsche Bank AG - England	Price of oil	US\$	25,723	US\$	26,436	713	Monthly
HSBC Bank plc - England	Price of oil	US\$	47,315	US\$	49,190	1,875	Monthly
J.P. Morgan Chase Bank N.A. - USA	Price of oil	US\$	4,692	US\$	4,710	18	Monthly
Morgan Stanley & Co. International plc - England	Price of oil	US\$	52,164	US\$	53,695	1,531	Monthly
Banco Itaú - Chile	Guaíba Project	BRL	9,544	US\$	10,000	456	Monthly
HSBC Bank plc - England	Guaíba Project	BRL	53,028	US\$	55,000	1,972	Monthly
Banco Santander - Chile	Guaíba Project	BRL	9,672	US\$	10,000	328	Monthly
HSBC Bank plc - England	Cash flows from sale of cardboard and lumber to Europe	US\$	20,806	EUR	20,850	44	Quarterly
Banco BBVA - Chile	Obligations with the public	CLF	49,581	US\$	49,711	130	Semi-annual
<b>TOTAL</b>			<b>320,276</b>		<b>328,289</b>	<b>8,013</b>	
<b>CURRENT</b>							
BALANCE AS OF DECEMBER 31, 2012							
Banco Santander - Chile	Cash flows from sale of cardboard and lumber to Europe	US\$	6,052	EUR	6,104	52	Quarterly
HSBC Bank plc - England	Price of oil	US\$	5,089	US\$	5,180	91	Monthly
Morgan Stanley & Co. International plc - England	Price of oil	US\$	9,443	US\$	9,580	137	Monthly
<b>TOTAL</b>			<b>20,584</b>		<b>20,864</b>	<b>280</b>	
<b>NON-CURRENT</b>							
BALANCE AS OF DECEMBER 31, 2012							
Deutsche Bank AG - England	Price of oil	US\$	6,761	US\$	6,776	15	Monthly
HSBC Bank plc - England	Price of oil	US\$	74,849	US\$	75,634	785	Monthly
Morgan Stanley & Co. International plc - England	Price of oil	US\$	45,280	US\$	45,949	669	Monthly
<b>TOTAL</b>			<b>126,890</b>		<b>128,359</b>	<b>1,469</b>	

# CONSOLIDATED FINANCIAL STATEMENTS

*Empresas CMPC S.A.*

## 22.2. ADDITIONAL INFORMATION ON THE MAIN FINANCIAL LIABILITIES

### *a) Interest bearing loans*

The main loans entered into by the indicated subsidiaries are detailed as follows:

- i) Inversiones CMPC S.A. with The Bank of Tokyo - Mitsubishi UFJ, Ltd. of the United States (acting as Administrative Agent): in October 2011, through its agency in the Cayman Islands the Company entered into a syndicated loan for US\$ 400 million for a 5-year term, with 4 semi-annual amortizations, at a rate of Libor plus 0.65% over the entire term of the loan. Its first amortization will be in April 2015 and contemplates payments until October 2016.
- ii) La Papelera del Plata S.A. with BBVA Banco Francés - Argentina: In December 2009 it entered into a loan for ARS 50 million (US\$ 9.28 million) at a fixed interest rate of 16.75%, with semi-annual amortization of capital from June 2010 to June 2014 whose outstanding principal owed amounts to ARS 7.5 million (US\$ 1.15 million). In December 2013 it entered into a loan for ARS 8 million (US\$ 1.23 million) at a fixed interest rate of 15.25%, with quarterly amortization of capital from December 2014 to December 2016.
- iii) La Papelera del Plata S.A. with Banco Santander Río - Argentina: In October 2012 it entered into a loan for ARS 1.88 million (US\$ 0.3 million) at a fixed interest rate of 15.01%, with quarterly amortization of capital from October 2013 to October 2015, whose outstanding principal owed amounts to ARS 1.67 million (US\$0.26 million). In October 2012 it entered into a loan for ARS 1.14 million (US\$ 0.17 million) at a fixed interest rate of 15.01%, with quarterly amortization of capital from October 2013 to October 2015, whose outstanding capital owed amounts to ARS 1.01 million (US\$ 0.16 million).
- iv) La Papelera del Plata S.A. with Banco Santander Río and BBVA Banco Francés - Argentina: In June 2013 it entered into a loan for ARS 11 million (US\$ 1.69 million) at a fixed interest rate of 15.25%, with quarterly amortization of capital from June 2014 to June 2016.
- v) La Papelera del Plata S.A. with Banco de la Nación Argentina: in December 2012 it entered into a loan for ARS 11 million (US\$ 1.69 million) at a fixed interest rate of 15.00%, with monthly amortization of capital from July 2014 to December 2015; in March 2013 it entered into a loan for ARS 4.62 million (US\$ 0.71 million) at a fixed interest rate of 15.00%, with monthly amortization of capital from October 2014 to March 2016; in June 2013 it entered into a loan for ARS 2.62 million (US\$ 0.40 million) at a fixed interest rate of 15.00%, with monthly amortization of capital from January 2015 to June 2016.
- vi) La Papelera del Plata S.A. with Banco Ciudad de Argentina: in December 2012 it entered into a loan for ARS 4.18 million (US\$ 0.64 million) at a fixed interest rate of 15.01%, with quarterly amortization of capital from December 2013 to December 2015 whose outstanding capital owed amounts to ARS 3.55 million (US\$0.55 million); in March 2013 it entered into a loan for payments to suppliers for additions to property, plant and equipment for ARS 10 million (US\$ 1.53 million) at a fixed interest rate of 15.25%, with quarterly amortization of capital from March 2014 to March 2016.
- vii) La Papelera del Plata S.A. with Banco Galicia de Argentina: in November 2012 it obtained a loan for ARS 5 million (US\$ 0.77 million) at a fixed interest rate of 15.01%, with quarterly amortization of capital from November 2013 to November 2015 whose outstanding capital owed amounts to ARS 4.44 million (US\$ 0.68 million).
- viii) La Papelera del Plata S.A. with Banco de Chile: in August 2011 it obtained a loan for US\$ 10 million at an interest rate of 180-day Libor plus 1.8%, with amortization of capital upon expiration in February 2014.
- ix) La Papelera del Plata S.A. with Banco Corpbanca - Chile: in October 2011 it obtained a loan for US\$ 14 million at a variable interest rate of Libor plus 1.89%, with amortization of capital upon expiration in April 2014.

These loans of subsidiary La Papelera del Plata S.A. contemplate compliance with certain indicators calculated in the annual financial statements, in respect to maintaining minimum equity, maximum debt and level of debt coverage. At each year-end the indicators are complied with.

- x) Protisa Perú S.A. with BBVA Banco Continental del Perú: in December 2010 it obtained a loan for PEN 1.76 million (US\$ 0.63 million) at a fixed interest rate of 6.30%, amortizable in 48 monthly installments until December 2015, whose outstanding capital owed amounts to PEN 0.98 million (US\$ 0.35 million).

This loan of subsidiary Protisa Perú S.A. contemplates compliance with certain indicators calculated in the annual financial statements, in respect to maintaining minimum equity, maximum debt and level of debt coverage. At each year-end the indicators are complied with.

- xi) Drypers Andina S.A. with BancoEstado - Chile: in January 2011 it obtained a loan for US\$ 25.5 million for a 5-year term. This loan will accrue and pay semi-annual interest at a rate of 180-day Libor plus a margin of 1.42% and amortization of capital upon expiration on January 5, 2015.
- xii) Protisa Colombia S.A. with Banco BBVA - Chile: in December 2010 it obtained a loan for US\$ 40 million at an interest rate of 180-day Libor plus 1.62%, with amortization of capital upon expiration on January 7, 2016. In December 2013 capital in the sum of US\$ 20 million was amortized.
- xiii) Protisa Colombia S.A. with Banco Santander - Chile: in December 2010 it obtained a loan (renewal) for US\$ 44 million at an interest rate of 180-day Libor plus 1.62%, with amortization of capital upon expiration on December 27, 2015.
- xiv) Protisa Colombia S.A. with BancoEstado - Chile: in January 2011 it obtained a loan for US\$ 10.50 million at an interest rate of 180-day Libor plus 1.42%, with amortization of capital upon expiration on January 5, 2015.
- xv) Melhoramentos CMPC Ltda. with Banco Itaú / BBA - Brazil (financing from Banco Nacional de Desenvolvimento Econômico y Social - BNDES): in June 2010 it obtained long-term loans in local currency (Brazilian reales) to pay suppliers (Voith and Perini). The nominal value of the loans obtained, as of December 31, 2013, is for the following amounts: BRL 40.77 million (US\$ 17.41 million) at a fixed rate of 4.5% annually, with expiration in 2020 and BRL 3.14 million (US\$ 1.34 million) at a fixed rate of 5.5% annually with expiration in 2020.

In January 2013 a long-term loan was obtained in local currency (Brazilian reales) for the acquisition of equipment from supplier Fabio Perini for a total amount of BRL 11.59 million (ThUS\$ 4.95) at a fixed rate of 3% annually with monthly payment of capital as of March 15, 2015 to February 15, 2023 and in May 2013 it obtained a long-term loan in local currency (Brazilian reales) for the acquisition of equipment from supplier Companhia Brasileira de Tecnologia Industrial (CBTI) for a total amount of BRL 1.0 million (ThUS\$ 0.43) at a fixed rate of 3% annually with monthly capital payments as of July 15, 2015 up to June 15, 2023.

- xvi) In August 2011 Melhoramentos Papéis Ltda. with Banco Nacional de Desenvolvimento Econômico y Social - BNDES, obtained 8 long-term loans in local currency (Brazilian reales) to finance investments in equipment and machinery for a total amount of BRL 98.6 million (US\$ 42.10 million), with an annual rate based on the TJLP (Taxa de Juros de Longo Prazo) plus spread. Principal balances outstanding as of December 31, 2013 are detailed as follows: at a rate of TJLP plus 2.82% a loan in the amount of BRL 19.94 million (US\$ 8.51 million), at a rate of TJLP plus 3.82% a loan for BRL 19.84 million (US\$8.47 million), at a rate of TJLP plus 4.52% three loans for a total of BRL 26.42 million (US\$11.28 million), at a rate of TJLP plus 1.92% two loans for a total of BRL 9.54 million (US\$ 4.07 million), all with monthly payments up to January 15, 2018 and a loan at an annual interest rate of only TJLP for BRL 0.88 million (US\$ 0.38 million) with monthly payments up to January 15, 2018.

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In June 2013 Melhoramentos Papéis Ltda. with Banco Nacional de Desarrollo Económico y Social - BNDES, obtained 4 long-term loans in local currency (Brazilian reals) to finance construction of a Distribution Center in Caieiras, for a total amount of BRL 39.2 million (US\$ 17.6 million), with monthly payment as of June 15, 2014 up to May 15, 2019. The interest rates applicable to the loans shall be annual and based on SELIC (Sistema Especial de Liquidación y de Custodia) and TJLP plus spread. Principal balances outstanding as of December 31, 2013 are detailed as follows: at a rate of SELIC plus 2.28% two loans for a total of BRL 11.83 million (US\$ 5.05 million), at a rate of TJLP plus 2.28% a loan for BRL 11.47 million (US\$ 4.90 million) and a rate of TJLP plus 3.28% a loan for BRL 6.88 million (US\$ 2.94 million).

**xvii)** CMPC Celulose Riograndense Ltda. with Banco Nacional de Desarrollo Económico y Social – BNDES: on November 28, 2011 it signed a contract for three long-term loans in local currency (Brazilian reals) for the development of forestry projects for a total amount of BRL 47.67 million (US\$ 20.35 million) which are detailed as follows: Loan “A” for BRL 9.54 million (US\$ 4.07 million), at an annual average interest rate of ECM plus 2.32% (Encargos da Cesta de Moedas) with monthly payments starting August 15, 2018 until July 15, 2020; loan “B” for BRL 23.84 million (US\$ 10.18 million), at an average annual interest rate of TJLP plus 2.32% with monthly payments starting on July 15, 2018 to June 15, 2020; loan “C” for BRL 14.30 million (US\$ 6.10 million), at an average annual interest rate of TJLP plus 3.32% with monthly payments starting on July 15, 2018 to June 15, 2020. Of the total loans obtained, as of December 31, 2013 BRL 33.05 million (US\$ 14.11 million) have been received.

On December 13, 2012 it signed a contract for six long-term loans in local currency (Brazilian reals) for the development of the Guaíba Project 2 for a total amount of BRL 2,510.66 million (US\$ 1,071.75 million) detailed as follows: loan “A” for BRL 208.67 million (US\$ 89.08 million), at an average annual interest rate of ECM plus 2.28% with monthly payments starting on August 15, 2015 to January 15, 2023; loan “B” for BRL 521.67 million (US\$ 222.69 million), at an average annual interest rate of TJLP plus 2.28% with monthly payments starting on July 15, 2015 to December 15, 2022; loan “C” for BRL 313.00 million (US\$ 133.61 million), at an average annual interest rate of TJLP plus 3.28% with monthly payments starting on July 15, 2015 to December 15, 2022; loan “D” for BRL 1,000.00 million (US\$ 426.88 million), at an average annual interest rate of 2.5% with monthly payments starting on January 15, 2015 to December 15, 2022; loan “E” for BRL 454.83 million (US\$ 194.16 million), at an average annual interest rate of TJLP plus 1.88% with monthly payments starting on July 15, 2015 to December 15, 2022; loan “F” for BRL 12.49 million (US\$ 5.33 million), at an average annual interest rate of TJLP with monthly payments starting on July 15, 2015 to December 15, 2022.

Of total loans obtained, as of December 31, 2013 BRL 193.26 million (US\$ 82.50 million) have been received.

On February 14, 2013 it signed a contract for three long-term loans in local currency (Brazilian reals) for the development of forestry projects for a total amount of BRL 19.66 million (US\$ 8.40 million) detailed as follows: loan “A” for BRL 3.93 million (US\$ 1.68 million), at an average annual interest rate of ECM plus 2.28% with monthly payments starting on May 15, 2020 to April 15, 2022; loan “B” for BRL 9.83 million (US\$ 4.20 million), at an average annual interest rate of TJLP plus 2.28% with monthly payments starting on March 15, 2020 to February 15, 2022; loan “C” for BRL 5.90 million (US\$ 2.52 million), at an average annual interest rate of TJLP plus 3.28% with monthly payments starting on March 15, 2020 to February 15, 2022. Of total loans obtained, as of December 31, 2013, BRL 6.84 million (US\$ 2.92 million) have been drawn.

**xviii)** Absormex CMPC Tissue S.A. de C.V.: in October 2012 it obtained a syndicated loan for US\$ 80 million with The Bank of Tokyo Mitsubishi UFJ, Ltd. (US\$ 40 million) and HSBC USA, National Association (US\$ 40 million), for a 3.5-year term, payable in one installment on the expiration date, April 4, 2016, at an approximated interest rate of Libor plus 1.075% with monthly payments.

All these loans can be prepaid without cost on the date of interest payments.

Empresas CMPC S.A. derived from certain debt agreements signed with its subsidiaries Inversiones CMPC S.A., Drypers Andina S.A., Protisa Colombia S.A. (only with BBVA and Banco Estado de Chile), Melhoramentos CMPC Ltda., CMPC Celulose Riograndense Ltda. and Absormex CMPC Tissue S.A. de CV, and guaranteed by it, must comply with certain financial covenants calculated in the consolidated financial statements, associated to maintaining minimum equity, maximum debt level and minimum finance expense cost coverage ratio. As of December 31, 2013, the Company complies with these indicators.

Total financial liabilities include liabilities guaranteed with mortgages on buildings for the amount of ThUS\$ 13,809 (ThUS\$ 13,515 as of December 31, 2012).

#### *b) Obligations with the public (bonds)*

- i) On October 29, 2009 subsidiary Inversiones CMPC S.A. through its agency in the Cayman Islands, issued a Bond in the United States of America for the amount of US\$ 500 million, in accordance with Rule 144 A Regulation S of the United States Securities Act of 1933. The term of the loan is 10 years. The nominal interest rate is 6.13% p.a. and the effective rate is 6.245%, plus a 2.75% spread over 10-year Treasury bonds. Principal is payable on maturity and interest is payable semi-annually. BNP Paribas, J.P. Morgan and Banco Santander acted as the placement banks.

The proceeds were used partially to pay part of the cost of the acquisition by CMPC of the forestry and industrial assets of the Guaíba unit of Brazilian company Aracruz Celulose e Papel S.A.

- ii) On January 13, 2011 subsidiary Inversiones CMPC S.A., through its agency in the Cayman Islands, issued and placed a Bond in the United States amounting to US\$ 500 million, in accordance with Rule 144 A Regulation S of the United States Securities Act of 1933. The term of the bond is 7 years. The nominal interest rate is 4.75% and the effective rate is 4.83%, plus a spread over 7-year Treasury bonds of 2.2%. Principal is payable as of the maturity date of the bond, whereas interest is paid semi-annually. The placement banks were Banchile / Citi, Itaú and J.P. Morgan.

The proceeds from the issuance were for general corporate purposes.

- iii) On April 18, 2012 subsidiary Inversiones CMPC S.A., through its agency in the Cayman Islands, issued and placed a Bond in the United States amounting to US\$ 500 million, in accordance with Rule 144 A Regulation S of the United States Securities Act of 1933. The term of the bond is 10 years. The nominal interest rate is 4.50% and the effective rate is 4.64%, plus a spread over 10-year Treasury bonds of 2.65%. Principal is payable as of the maturity date of the bond, whereas interest is paid semi-annually. The placement banks were Bank of America Merrill Lynch, HSBC, Mitsubishi UFJ and J.P. Morgan.

The proceeds from the issuance were for general corporate purposes.

- iv) On May 8, 2013 subsidiary Inversiones CMPC S.A. through its agency in the Cayman Islands, issued and placed a Bond in the United States amounting to US\$ 500 million, in accordance with Rule 144 A Regulation S, of the United States Securities Act of 1933. The term of the bond is 10 years. The nominal interest rate is 4.375%. The effective placement rate is 4.469% annually, plus a spread over US Treasury bonds of 2.70%. Interest shall be paid semi-annually and principal is amortized in one installment at maturity. The placement banks were Deutsche Bank and J.P. Morgan.

The proceeds from the issuance were for general corporate purposes.

- v) On June 15, 2005, subsidiary Inversiones CMPC S.A. issued a Series "A" Bond registered in the Securities Registry of the SVS under 413 for an amount of 7 million unidades de fomento (CLF) equivalent to US\$ 311 million. Interest is payable semi-annually at a semi-annually compound rate of 2.70% and principal is payable in full in March 2015. This bond was placed at a discount so that the effective placement rate was 3.22% in CLF. On June 15, 2005, Inversiones CMPC S.A. entered into a cross currency swap contract with J.P. Morgan Chase Bank N.A. - USA, which redenominated 50% of this Series "A" bond issued in CLF to a liability of US\$ 100 million with a floating interest rate based on Libor plus spread, whose fair value is presented in other current financial

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assets. The company also signed an interest rate swap with J. Aron & Company - USA whereby the Libor rate was fixed, so that the effective cost of the dollar portion (US\$ 100 million) amounts to 4.64% annually, and its fair value is presented in other current financial liabilities. This bond can be prepaid at par value as of the fifth year.

- vi) On April 20, 2006 subsidiary Inversiones CMPC S.A. issued Series "B" bonds registered under 456 in the Securities Registry of the SVS, amounting to 4 million CLF, equivalent to US\$ 178 million. Interest is payable semi-annually at a compounded annual interest rate of 4.2% and the principal is payable in full in March 2027. This bond was placed at a discount so that the effective placement rate was 4.43% in CLF. The company will amortize the discount over the term of the instrument. This bond may be paid in advance at par value as of the fifth year.
- vii) On March 24, 2009 subsidiary Inversiones CMPC S.A. placed two bond issuances in Chile amounting to 10 million CLF, equivalent to US\$ 444 million in two series: a) Series "D" Bond registered in the Securities Registry of the SVS under 569, for a 5-year term, for an amount of 3 million CLF (US\$ 133 million), at a placement rate of 3.25% with a spread of 125 basis points over the bonds of the Central Bank of Chile (BCU) of a similar term. The bond was issued at a nominal rate of 2.9% with semi-annual interest payments and principal payable in full on maturity. b) a 21-year Series "F" bond issuance registered under 570 in the Securities Register of the SVS, amounting to 7 million CLF (US\$ 311 million), at a placement rate of 4.55% with a spread of 135 basis points over Chilean Treasury bonds (BTU) of similar term. The bond was issued at a nominal rate of 4.3% with semi-annual interest payments and principal payable in full on maturity.

Inversiones CMPC S.A. entered into cross currency swap contracts with local banks whose fair value is presented in other current and non-current financial assets and in non-current other financial liabilities.

There are also credit risks in the execution of financial operations (counterparty risk). This risk for the Company arises when there is a likelihood that the counterparty to a financial contract will not be able to fulfill the financial obligations incurred, thus making CMPC incur a loss. To reduce this risk in its financial operations, CMPC establishes individual exposure limits by financial institution, approved periodically by the Board of Empresas CMPC S.A. In addition, CMPC follows the policy of operating with banks and financial institutions with a risk rating similar to or higher than that of the Company.

## *c) Net effect of derivatives entered into in Chile*

- i) During 2013 subsidiary Inversiones CMPC S.A. entered into forward hedge contracts with various national and international banks in order to hedge against the financial risk associated to changes in the price of currencies associated to investment projects in Brazil (Brazilian reales). The fair value is presented, based on the evolution of each contracts, under other financial assets or other financial liabilities. As of December 31, 2013 liabilities hedged amount to US\$ 900 million.
- ii) On October 19, 2011, subsidiary Inversiones CMPC S.A. signed two swap contracts with J.P. Morgan Chase Bank N.A. USA, for 40% of the syndicated loan of US\$ 400 million by which 3 month Libor was fixed at 1.17%, whose fair value is presented in other financial liabilities. As of December 31, 2013 the balance of this loan amounts to US\$ 400 million.
- iii) On October 19, 2011, subsidiary Inversiones CMPC S.A. signed two swap contracts with HSBC Chase USA, N.A. for 40% of the syndicated loan of US\$ 400 million by which 3-month Libor was fixed at 1.17%, whose fair value is shown in Other financial liabilities. As of December 31, 2013 the balance of this loan amounts to US\$ 400 million.
- iv) On May 7, 2010, subsidiary Inversiones CMPC S.A. signed a cross currency swap contract with Banco Santander - Chile which redenominated one million CLF of the Series "A" bond 413 issued in the amount of seven million CLF to a liability of US\$ 39.5 million as a fixed interest rate of 2.7% for the entitlement in CLF and 3.87% for the obligation in dollars, respectively. As of December 31, 2013 the fair value of this contract is presented in other current financial assets.
- v) On May 14, 2010, subsidiary Inversiones CMPC S.A. signed a cross currency swap contract with Banco Corpbanca - Chile which redenominated one million CLF of the Series "A" bond 413 issued in the amount of seven millions CLF to a liability of US\$ 39.4 million

at a fixed interest rate of 2.68% for the entitlement in CLF and 3.83% for the obligation in dollars, respectively. As of December 31, 2013 the fair value of this contract is presented in other current financial assets.

- vi) On June 15, 2005, subsidiary Inversiones CMPC S.A. signed a cross currency swap contract with J.P. Morgan Chase Bank N.A. - USA whereby it redenominated 50% of the Series "A" bond 413 issued in the amount of seven million CLF to a liability of US\$ 100 million with a Libor-based variable interest rate plus spread, whose balance at fair value as of December 31, 2013 is presented in other current financial assets. The Company also entered into two interest rate swap contracts with J. Aron & Company - USA whereby the Libor rate was fixed, so that the effective cost of the dollar portion (US\$ 100 million) amounts to 4.64%, whose fair value is presented in other financial liabilities.
- vii) In March 2009, Inversiones CMPC S.A. entered into a cross currency swap contract with Banco de Chile to redenominate 50% of CMPC Series "D" bond 569 for 3 million CLF, to a liability of US\$ 56.62 million, at Libor plus 1.82%. On the same date it signed another cross currency swap with Banco de Chile to redenominate the remaining 50% of the Series "D" bond for 3 million CLF, to a liability of US\$ 57.96 million, at Libor plus 1.81%. As of December 31, 2013 the fair value of both contracts is presented in other financial assets.

*d) Net effect of derivatives taken abroad*

- i) In May 2013 subsidiary Absormex CMPC Tissue S.A. de CV signed a cross currency swap contract with Banco HSBC - Mexico, to cover 62.5% of a US\$ 40 million loan. This contract changed the Libor plus 1.075% rate to a TIIE plus 0.05% rate and the debt was redenominated in Mexican pesos. As of December 31, 2013 the fair value of this contract is presented in other non-current financial assets with cash flows hedge accounting treatment.
- ii) In May 2013 subsidiary Absormex CMPC Tissue S.A. de CV signed a cross currency swap contract with Banco BBVA Bancomer - Mexico, to cover 62.5% of a loan for US\$ 40 million. This contract changed the Libor plus 1.075% rate to a TIIE plus 0.05% rate and the debt was redenominated in Mexican pesos. As of December 31, 2013 the fair value of this contract is presented in other non-current financial assets with cash flows hedge accounting treatment.

*e) Financial commitments*

CMPC maintains a liquidity policy whose purpose is to ensure that the debt level does not put at risk its capability to pay obligations, thus generating adequate performance for its investors.

Subsidiaries Inversiones CMPC S.A., Drypers Andina S.A., Protisa Colombia S.A. (only with BBVA and BancoEstado de Chile), Melhoramentos CMPC Ltda., CMPC Celulose Riograndense Ltda. and Absormex CMPC Tissue S.A. de CV currently maintain debt instruments in which Empresas CMPC S.A., acting as guarantor, is subject to compliance with certain financial covenants. As of December 31, 2013 all ratios are comfortably met.

The covenants to which CMPC S.A. is subject and their respective calculations (with the accounts and balances current as of December 31, 2013 and 2012), are detailed as follows:

*1.- Financial debt with third parties / tangible equity, less than or equal to 0.8*

The following accounts are taken into account to calculate this restriction:

Financial debt with third parties / tangible equity, less than or equal to 0.8	12/31/2013 ThUS\$	12/31/2012 ThUS\$
I) FINANCIAL DEBT WITH THIRD PARTIES:		
Current interest bearing loans (Note 22)	276,612	667,664
Non-current interest bearing loans (Note 22)	3,574,701	3,229,417

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Financial debt with third parties / tangible equity, less than or equal to 0.8	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Less:		
Other obligations (Note 22)	(46,065)	(48,433)
Market value of swaps and cross currency swaps (Notes 8 and 22)	(75,213)	(98,466)
<b>TOTAL FINANCIAL DEBT WITH THIRD PARTIES</b>	<b>3,730,035</b>	<b>3,750,182</b>
ii) Tangible equity:		
Equity attributable to owners of the parent (Classified Statement of Financial Position)	8,315,524	7,980,312
Less:		
Intangible assets other than goodwill (Classified Statement of Financial Position)	(14,904)	(10,546)
Goodwill (Classified Statement of Financial Position)	(132,291)	(142,691)
<b>TOTAL TANGIBLE EQUITY</b>	<b>8,168,329</b>	<b>7,827,075</b>
<b>FINANCIAL DEBT WITH THIRD PARTIES / TANGIBLE EQUITY</b>	<b>0.46</b>	<b>0.48</b>
The limit for this covenant is 0.80 and is therefore complied with.		

## 2.- Interest expense coverage over the last 12-months moving greater than or equal to 3.25

Interest cost coverage over last 12 moving months greater than or equal to 3.25	12/31/2013 ThUS\$	12/31/2012 ThUS\$
I) EBITDA* (LAST 12 MOVING MONTHS):		
Income from operating activities (Income Statement by Function)	4,974,459	4,759,320
Cost of sales (Income Statement by Function)	(3,948,911)	(3,789,800)
Plus:		
Depreciation and amortization expenses (Note 37)	344,247	335,460
Cost of formation of harvested plantations (Note 13)	80,876	89,314
Higher cost of the harvested and sold part of plantations derived from revaluation for natural growth (Note 13)	212,010	201,598
Less:		
Distribution costs (Income Statement by Function)	(260,465)	(264,425)
Administrative expenses (Income Statement by Function)	(227,668)	(220,196)
Other expenses, by function (Income Statement by Function)	(210,688)	(197,187)
<b>TOTAL EBITDA LAST 12 MOVING MONTHS</b>	<b>963,860</b>	<b>914,084</b>
II) DIVIDENDS OF ASSOCIATES: DIVIDENDS RECEIVED CLASSIFIED AS INVESTMENT (Statement of Cash Flows - Direct Method)	3,585	3,379
III) FINANCE INCOME (INCOME STATEMENT BY FUNCTION)	21,371	37,275
IV) FINANCE COSTS (INCOME STATEMENT BY FUNCTION)	174,298	175,231
<b>FINANCE COST COVERAGE LAST 12 MOVING MONTHS ((I+II+III)/IV)</b>	<b>5.67</b>	<b>5.45</b>
The limit for this covenant is 3.25 and is therefore complied with.		

## 3.- Tangible equity greater than or equal to CLF 71,580,000

Tangible equity greater than or equal to CLF 71,580,000	12/31/2013 ThUS\$	12/31/2012 ThUS\$
I) TANGIBLE EQUITY REQUIRED, EXPRESSED IN THOUSANDS OF DOLLARS:		
Value of the Unidad de Fomento (CLF) in thousands of dollars, as of the closing date	0.0444	0.0476
Tangible equity required, expressed in thousands of dollars	3,180,455	3,406,411
II) TANGIBLE EQUITY :		
Equity attributable to owners of the parent (Classified Statement of Financial Position)	8,315,524	7,980,312
Less:		
Intangible assets other than goodwill (Classified Statement of Financial Position)	(14,904)	(10,546)
Goodwill (Classified Statement of Financial Position)	(132,291)	(142,691)
<b>TOTAL TANGIBLE EQUITY AS OF THE CLOSING DATE, EXCEEDS REQUIREMENTS</b>	<b>8,168,329</b>	<b>7,827,075</b>

## 4.- Property, plant and equipment and biological assets

Empresas CMPC is required to maintain at least 70% of total property, plant and equipment and biological assets in the forestry, pulp paper and paper products sector. As of December 31, 2013 and 2012, 100% of the Company's property, plant and equipment and biological assets were within the mentioned sectors.

*f) Fair value of interest bearing loans*

Considering that the average term of CMPC's debt is 6.2 years and that the average rate accruing on those loans today is 4.6% annually, CMPC's management considers that the Company could finance its operations with liabilities, in the manner and at market conditions similar to those currently agreed for its current financial liabilities. It has therefore determined that the fair value of financial liabilities is approximately ( $\pm 1\%$ ) or equivalent to its amortized carrying amount.

*g) Maturity of contracted cash flows*

The following is a liquidation of other current and non-current financial liabilities recorded as of December 31, 2013 and 2012, expressed in final amounts on the respective payment dates:

	Carrying amount ThUS\$	Maturity of contracted flows					Total ThUS\$
		Up to 90 days ThUS\$	91 days up to 1 year ThUS\$	More than 1 to 3 years ThUS\$	More than 3 up to 5 years ThUS\$	More than 5 years ThUS\$	
BALANCE AS OF DECEMBER 31, 2013							
FINANCIAL LIABILITIES							
Bank loans	840,551	80,659	23,938	608,927	52,950	49,502	815,976
Obligations with the public	2,929,135	159,653	102,046	555,319	728,248	2,398,651	3,943,917
Financial leases	81,627	3,008	8,820	15,365	19,756	36,979	83,928
Swaps and cross currency swaps	10,733	3,259	5,131	9,811	-	-	18,201
Foreign currency forwards	12,716	2,016	8,564	2,136	-	-	12,716
Hedge liabilities	86,090	26,080	51,997	4,665	3,348	-	86,090
<b>TOTAL</b>	<b>3,960,852</b>	<b>274,675</b>	<b>200,496</b>	<b>1,196,223</b>	<b>804,302</b>	<b>2,485,132</b>	<b>4,960,828</b>

	Carrying amount ThUS\$	Maturity of contracted flows					Total ThUS\$
		Up to 90 days ThUS\$	91 days up to 1 year ThUS\$	More than 1 to 3 years ThUS\$	More than 3 up to 5 years ThUS\$	More than 5 years ThUS\$	
BALANCE AS OF DECEMBER 31, 2012							
FINANCIAL LIABILITIES							
Bank loans	1,059,769	350,708	18,135	378,222	287,130	90,984	1,125,179
Obligations with the public	2,756,792	29,441	383,256	690,648	199,303	2,437,987	3,740,635
Financial leases	80,520	2,285	11,873	15,348	25,493	74,083	129,082
Swaps and cross currency swaps	17,626	3,259	5,615	14,456	3,744	-	27,074
Foreign currency forwards	19,915	1,065	13,749	5,101	-	-	19,915
Hedge liabilities	1,749	12	268	580	889	-	1,749
Options	4	-	2	2	-	-	4
<b>TOTAL</b>	<b>3,936,375</b>	<b>386,770</b>	<b>432,898</b>	<b>1,104,357</b>	<b>516,559</b>	<b>2,603,054</b>	<b>5,043,638</b>

Cash flows at maturity of the financial liabilities from operations with derivatives are calculated using currency exchange and interest rates current as of the closing date of these financial statements.

*h) Fair value hierarchies*

The financial and hedge liabilities accounted for at fair value in the statement of financial position, have been measured on the basis of the methodologies stated in IAS 39. The following parameters have been considered for the purpose of applying criteria in the determination of the fair value of financial liabilities:

Level I: Values or quoted prices in active markets for identical assets and liabilities.

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Level II: Information from sources other than the values quoted in Level I, but observable in markets for assets and liabilities either directly (prices) or indirectly (derived from prices).

Level III: Information for assets and liabilities that are not based on observable market data.

As of December 31, 2013 and 2012 financial liabilities and hedge liabilities measured at fair value are detailed as follows:

Financial instruments measured at fair value	Hierarchy used to determine fair value		
	Level I ThUS\$	Level II ThUS\$	Level III ThUS\$
<b>BALANCE AS OF DECEMBER 31, 2013</b>			
Interest rate swap operations	-	10,733	-
Currency forward operations	-	12,716	-
Hedge liabilities	-	86,090	-
<b>TOTAL FINANCIAL LIABILITIES AT FAIR VALUE</b>	<b>-</b>	<b>109,539</b>	<b>-</b>
<b>BALANCE AS OF DECEMBER 31, 2012</b>			
Interest rate swap operations	-	17,627	-
Currency forward operations	-	19,915	-
Options	-	4	-
Hedge liabilities	-	1,749	-
<b>TOTAL FINANCIAL LIABILITIES AT FAIR VALUE</b>	<b>-</b>	<b>39,295</b>	<b>-</b>

## NOTE 23 - TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable are detailed as follows:

*Balance as of December 31, 2013*

Type of creditor	Currency	Trade and other accounts payable exposed to liquidity risk				Amortization
		Up to 1 month ThUS\$	2 to 3 months ThUS\$	4 to 12 months ThUS\$	Total ThUS\$	
Suppliers	CLP	223,189	4,887	346	228,422	Monthly
Suppliers	CLF	2,084	-	-	2,084	Monthly
Suppliers	US\$	140,215	24,369	979	165,563	Monthly
Suppliers	EUR	6,888	896	157	7,941	Monthly
Suppliers	ARS	39,531	144	84	39,759	Monthly
Suppliers	MXN	7,858	7,965	992	16,815	Monthly
Suppliers	SEK	98	2	-	100	Monthly
Suppliers	COP	2,173	2,398	-	4,571	Monthly
Suppliers	BRL	30,335	36,160	2,797	69,292	Monthly
Suppliers	PEN	20,281	2,119	125	22,525	Monthly
Suppliers	UYU	2,982	3,796	-	6,778	Monthly
Suppliers	GBP	322	291	176	789	Monthly
Notes payable	US\$	633	1,382	510	2,525	Monthly
Notes payable	EUR	6	-	1	7	Monthly
Notes payable	MXN	3,570	1,499	2,588	7,657	Monthly
Other payables	CLP	32,546	3,545	13	36,104	Monthly
Other payables	US\$	1,869	-	-	1,869	Monthly
Other payables	EUR	40	-	-	40	Monthly

Other payables	ARS	388	-	-	388	Monthly
Other payables	MXN	10,779	-	-	10,779	Monthly
Other payables	COP	5,428	167	167	5,762	Monthly
Other payables	BRL	4,937	-	11,957	16,894	Monthly
Other payables	UYU	-	-	201	201	Monthly
<b>TOTAL</b>		<b>536,152</b>	<b>89,620</b>	<b>21,093</b>	<b>646,865</b>	

Balance as of December 31, 2012

Type of creditor	Currency	Trade and other accounts payable exposed to liquidity risk				Amortization
		Up to 1 month ThUS\$	2 to 3 months ThUS\$	4 to 12 months ThUS\$	Total ThUS\$	
Suppliers	CLP	279,189	5,839	1,535	286,563	Monthly
Suppliers	CLF	2,347	-	-	2,347	Monthly
Suppliers	US\$	146,824	13,478	984	161,286	Monthly
Suppliers	EUR	25,536	88	-	25,624	Monthly
Suppliers	ARS	32,477	1,234	166	33,877	Monthly
Suppliers	MXN	11,181	12,396	2,227	25,804	Monthly
Suppliers	SEK	47	216	-	263	Monthly
Suppliers	COP	25,664	379	2,119	28,162	Monthly
Suppliers	BRL	14,228	16,294	15,710	46,232	Monthly
Suppliers	PEN	13,686	2,861	525	17,072	Monthly
Suppliers	UYU	2,071	3,107	-	5,178	Monthly
Suppliers	GBP	50	-	-	50	Monthly
Notes payable	CLP	5	-	452	457	Monthly
Notes payable	MXN	10,009	-	-	10,009	Monthly
Other payables	Ch\$	21,447	1,373	924	23,744	Monthly
Other payables	US\$	1,040	-	14	1,054	Monthly
Other payables	EUR	122	-	-	122	Monthly
Other payables	ARS	6,670	-	-	6,670	Monthly
Other payables	MXN	6,922	-	-	6,922	Monthly
Other payables	COP	3,480	-	-	3,480	Monthly
Other payables	BRL	1,940	-	14,764	16,704	Monthly
Other payables	PEN	2,590	2,517	-	5,107	Monthly
Other payables	UYU	-	-	304	304	Monthly
<b>TOTAL</b>		<b>607,525</b>	<b>59,782</b>	<b>39,724</b>	<b>707,031</b>	

The amortized cost of trade and other accounts payable adequately represents the fair value of these items.

## NOTE 24 - ACCOUNTS PAYABLE TO RELATED PARTIES

Accounts payable to related parties as of each year-end are detailed as follows:

Related party taxpayer No.	Related party name	Nature of the relationship	Country of origin	Account payable description	Outstanding balances		Type of currency	Term of transactions with related party	Explanation of the nature of the compensation established to settle the transaction
					12/31/2013 ThUS\$	12/31/2012 ThUS\$			
96.722.460-k	Metrogas S.A.	Common director at the entity or at its controller	Chile	Gas purchase	1,915	2,668	CLP	30 days	Monetary
99.520.000-7	Cía. de Petróleos de Chile S.A.	Common director at the entity or at its controller	Chile	Fuel purchase	1,375	1,280	CLP	60 days	Monetary
96.505.760-9	Colbún S.A.	Common director at the entity or at its controller	Chile	Purchase of energy and power	745	12,837	US\$	30 days	Monetary
96.565.750-9	Aserraderos Arauco S.A.	Common director at the entity or at its controller	Chile	Lumber purchase	363	1,478	US\$	60 days	Monetary

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Related party taxpayer No.	Related party name	Nature of the relationship	Country of origin	Account payable description	Outstanding balances		Type of currency	Term of transactions with related party	Explanation of the nature of the compensation established to settle the transaction
					12/31/2013 ThUS\$	12/31/2012 ThUS\$			
91.806.000-6	Abastecedora de Combustibles S.A.	Common director at the entity or at its controller	Chile	Gas purchase	236	166	CLP	30 days	Monetary
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Common director at the entity or at its controller	Chile	Services purchase	198	219	CLP	60 days	Monetary
99.301.000-6	Seguros Vida Security Previsión S.A.	Common director at the entity or at its controller	Chile	Insurance purchase	155	131	CLP	30 days	Monetary
96.959.030-1	Puerto Lirquén S.A.	Common director at the entity or at its controller	Chile	Services purchase	50	1,186	CLP	30 days	Monetary
92.580.000-7	Entel S.A.	Common director at the entity or at its controller	Chile	Services purchase	39	55	CLP	60 days	Monetary
96.657.900-5	Controladora de Plagas Forestales S.A.	Associate	Chile	Services purchase	37	48	US\$	30 days	Monetary
78.512.190-2	Energy Sur Ingeniería S.A.	Common director at the entity or at its controller	Chile	Services purchase	34	14	CLP	30 days	Monetary
96.697.410-9	Entel Telefonía Local S.A.	Common director at the entity or at its controller	Chile	Services purchase	30	64	CLP	60 days	Monetary
93.603.000-9	Sociedad de Computación Binaria S.A.	Common director at the entity or at its controller	Chile	Services purchase	12	8	CLP	60 days	Monetary
96.560.720-k	Portuaria Lirquén S.A.	Common director at the entity or at its controller	Chile	Services purchase	8	8	US\$	30 days	Monetary
96.568.740-8	Gasco Glp S.A.	Common director at the entity or at its controller	Chile	Product purchase	2	-	CLP	30 days	Monetary
Foreign	Alto Paraná S.A.	Common director at the entity or at its controller	Argentina	Pulp purchase	-	342	US\$	60 days	Monetary
93.628.000-5	Molibdenos y Metales S.A.	Common director at the entity or at its controller	Chile	Product purchase	-	251	CLP	60 days	Monetary
85.633.900-9	Travel Security S.A.	Common director at the entity or at its controller	Chile	Services purchase	-	1	CLP	30 days	Monetary
96.719.210-4	Transnet S.A.	Common director at the entity or at its controller	Chile	Services purchase	-	10	CLP	30 days	Monetary
82.152.700-7	Bosques Arauco S.A.	Common director at the entity or at its controller	Chile	Lumber purchase	-	5	CLP	30 days	Monetary
96.871.870-3	Depósitos Portuarios Lirquén S.A.	Common director at the entity or at its controller	Chile	Services purchase	-	1	US\$	30 days	Monetary
<b>TOTAL CURRENT LIABILITIES</b>					<b>5,199</b>	<b>20,772</b>			

## NOTE 25 - PROVISIONS AND CONTINGENT LIABILITIES

25.1. Amounts provisioned are detailed as follows:

Provisions	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>CURRENT</b>		
Provision for labor, civil and tax lawsuits	3,382	24,516
<b>TOTAL</b>	<b>3,382</b>	<b>24,516</b>
<b>NON-CURRENT</b>		
Provision for labor, civil and tax lawsuits	21,317	26,437
<b>TOTAL</b>	<b>21,317</b>	<b>26,437</b>

Current and non-current provisions for lawsuits, correspond to estimates made according to the policy agreed by the Board of CMPC,

intended to cover the eventual effects that might derive from the resolution of lawsuits in which the Company is involved. These lawsuits derive from transactions which are part of the normal course of CMPC's business and whose details and scopes are not full public knowledge; therefore their detailed disclosure might affect the interests of the Company and their progress, based on legal reserves for each administrative and judicial proceeding. Therefore, based on the regulations of IAS 37, paragraph 92, even though the amounts provisioned are indicated, no further detail about them is disclosed at the close of these financial statements.

Movement for the year in the mentioned provisions is detailed as follows:

	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>CURRENT</b>		
Beginning balance	24,516	1,868
Increase for the period	532	3,567
Provision used	(20,107)	(1,485)
Transfer from other non-current provisions	-	30,000
Transfer to other non-current provisions	(102)	-
Reversal of provisions	(346)	(9,204)
Foreign currency translation decrease	(1,111)	(230)
<b>ENDING BALANCE</b>	<b>3,382</b>	<b>24,516</b>
<b>NON-CURRENT</b>		
Beginning balance	26,437	78,464
Increase for the period	185	6,771
Recognition of labor lawsuits charged to Fibria S.A.	11,761	-
Transfer to accounts payable	(1,955)	(26,378)
Transfer to other current provisions	-	(30,000)
Transfer from other current provisions	102	-
Reversal of provision against assets (Melhoramentos - Brazil)	(11,824)	-
Foreign currency translation decrease	(3,389)	(2,420)
<b>ENDING BALANCE</b>	<b>21,317</b>	<b>26,437</b>

For the year ended December 31, 2013 an increase in provisions for legal claims of ThUS\$ 717 was recorded in expense for the year in other profits (losses). In 2012 an increase in the provision of ThUS\$ 10,388 was recorded whose effect was recognized in other profits (losses) in the amount of ThUS\$ 9,567 and as an asset in non-current accounts receivable for the amount of ThUS\$ 771.

## 25.2. CONTINGENT LIABILITIES CONSIST OF THE FOLLOWING CONTINGENCIES AND RESTRICTIONS:

### a) Direct guarantees

To guarantee to Banco Bice compliance with each and every one of the current and future obligations of Empresas CMPC S.A. and its subsidiaries, Empresas CMPC S.A. has established a first mortgage on floors 1 to 9 and the basement of the corporate building located at Agustinas 1343 in Santiago. The value allocated for this purpose is ThUS\$ 13,809, as per public deed dated July 22, 2011 signed before Santiago Public Notary Mr. Francisco Javier Leiva Carvajal, repertoire 4,917.

### b) Indirect guarantees

Empresas CMPC S.A. has granted the following guarantees for the following operations:

- (1) Current loans and bond issuances of subsidiary Inversiones CMPC S.A., signed through its agency in the Cayman Islands.
- (2) Bond issuances in CLF and commercial paper issued in Chile by subsidiary Inversiones CMPC S.A.

In the case of indirect guarantees, the creditor of the guarantee of Empresas CMPC S.A. is the holder of the instrument, since those instruments are transferable.

- (3) Compliance by Absormex CMPC Tissue S.A. de CV (subsidiary in Mexico), with loan with Bank of Tokyo - Mitsubishi UFJ. Ltd. and HSBC Bank USA, National Association.

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- (4) Compliance by Drypers Andina S.A. (subsidiary in Colombia), with the loan this company signed with BancoEstado - Chile.
- (5) Compliance by Forsac Perú S.A. with the machinery financial lease contract that this company signed with Banco Continental de Perú and Banco de Crédito del Perú.
- (6) Compliance by Protisa Colombia S.A. (subsidiary in Colombia), with the loans that this company signed with Banco Santander - Chile, Banco BBVA - Chile and BancoEstado - Chile.
- (7) Compliance by La Papelera del Plata S.A. (subsidiary in Argentina), with the loans that this company signed with Banco Corpbanca - Chile and Banco de Chile.

## *c) Restrictions*

As a result of certain debt contracts signed by its subsidiaries Inversiones CMPC S.A., Drypers Andina S.A., Protisa Colombia S.A. (only with Banco BBVA and Banco Estado de Chile), Melhoramentos CMPC Ltda., CMPC Celulose Riograndense Ltda. and Absormex CMPC Tissue S.A. de CV and guaranteed by it, Empresas CMPC S.A. must comply with certain financial covenants calculated in the consolidated financial statements, which include maintaining minimum equity, maximum debt level and minimum finance cost coverage ratio. As of December 31, 2013, the Company complies with these indicators.

With respect to certain loans signed by Protisa Perú S.A. in Peru, compliance with the indicators calculated in the financial statements of these companies has been established, in reference to maintaining minimum equity, maximum debt level and level of debt coverage. As of this year-end the Company complies with these indicators.

With respect to certain loans signed by La Papelera del Plata S.A. in Argentina, these contemplate compliance with certain indicators calculated in its annual financial statements, in reference to maintaining minimum equity, maximum debt and level of debt coverage. As of 2013 and 2012 year-end, the Company complies with these indicators.

## *d) Lawsuits*

The following are the most significant lawsuits in which CMPC is involved, including those legal actions that present a minimum degree of possibility of occurrence, and whose claimed amounts exceed ThUS\$ 100. They also include lawsuits whose amounts claimed are not determined.

- (1) Forestal Mininco S.A. is a party in several lawsuits, mainly with landowners and farmers in reference to land demarcation and other related concepts. In the opinion of our legal counsel, a favorable result is expected.
- (2) There is a lawsuit against CMPC Maderas S.A. for damage indemnity for contractual liability in an amount of close to ThUS\$ 630. The complaint was rejected in the first instance, the appeal is pending.
- (3) CMPC Maderas S.A. is the defendant in a damage indemnity lawsuit for an approximate sum of ThUS\$ 120, filed in the First Instance Court of Coronel, which is at the evidence stage.
- (4) CMPC Maderas S.A. is the defendant in a civil damage indemnity lawsuit in the amount of approximately ThUS\$ 416. To date the lawsuit is at the discussion stage before the 29th Civil Court of Santiago. The Court has been declared incompetent.
- (5) CMPC Celulosa S.A. is facing a lawsuit for a claim over a tax assessment of ThUS\$ 6,803 arising from an appraisal of the value of an internal share transfer, performed by the Chilean Internal Revenue Service (SII or Servicio de Impuestos Internos). On June 30, 2001 due to defects in the proceedings, the Company appealed to the Supreme Court (Case 1767-3) which was accepted on August 5, 2005, resulting in the voidance of the pending lawsuit. The proceedings returned to the assessment stage, which is in process of claim and resolution. In the opinion of our lawyers, this action should not be successful.

- (6) In a lawsuit that CMPC Celulosa S.A. filed against the Central Bank of Chile on May 5, 2009, the Court of Appeals of Santiago accepted an appeal filed by CMPC, establishing the specific criteria for the determination of the amount owed to the Company by the Central Bank, in connection with the final judgment by the Supreme Court of August 2001, which ordered the bank to pay the promissory notes issued by it according to the calculation rules contained in them at the time of issuance, and not according to a new calculation formula established subsequently by the debtor. With respect to that order, both the Central Bank and CMPC filed appeals of dismissal, in form and substance, before the Supreme Court. On September 12, 2011, the Supreme Court resolved the appeals filed and handed down judgment in replacement, accepting the request to settle the credit in question, reiterating in its judgment the specific criteria for determining the amount due contained in the sentence of the Santiago Court of Appeals. On May 31, 2012, after decreeing compliance and certification of the final sentence, CMPC Celulosa S.A. requested from the court of first instance that the settlement of the credit be ordered. Through judicial expert the settlement value of CLP 474,542,519, was determined which has been objected by CMPC Celulosa S.A. The objection is pending resolution.
- (7) CMPC Celulosa S.A. is a party in a damage indemnity lawsuit for a sum of close to ThUS\$ 4,300, filed before the Court of First Instance of Collipulli. The lawsuit is at the discussion stage, but with no movement, therefore the case has been filed since December 2012.
- (8) CMPC Celulosa S.A. is a party in a damage indemnity lawsuit filed before the Court of First Instance of Nacimiento, for an approximate amount of ThUS\$ 345. The lawsuit is at the discussion stage.
- (9) Papeles Cordillera S.A. is a party to a civil lawsuit filed before the Civil Court of Puente Alto, for an amount of close to ThUS\$ 119, which is at the discussion stage.
- (10) In May 2006, subsidiary Inversiones Protisa S.A. received a tax assessment amounting to ThUS\$ 43,468, based on a discrepancy of the Chilean Internal Revenue Service (SII) in relation to the criteria for tax valuation and price-level restatement used by the Company in respect to its investments abroad. The company filed its defense before the SII, ratifying the criteria used and providing the legal and administrative supporting documentation for those criteria. On March 28, the SII rejected the claim filed by the Company, and in response the Company filed an appeal.
- (11) CMPC Tissue S.A. has verified in ordinary period a non-preferential loan ("crédito valista") in the bankruptcy of Jorge Rabie y Compañía S.A. for the sum of ThUS\$ 2,519.
- (12) As of December 31, 2013, subsidiary Forestal Bosques del Plata S.A. de Argentina, has labor and tax lawsuits for an approximate amount of ThUS\$ 593.
- (13) Subsidiary La Papelera del Plata S.A. de Argentina, faces labor and tax lawsuits for a total approximate amount of ThUS\$ 3,458.
- (14) Subsidiary CMPC Celulose Riograndense Ltda. of Brazil, faces certain civil lawsuits, for a total approximate amount of ThUS\$ 2,214.
- (15) Subsidiary Melhoramentos CMPC Ltda. (formerly Melhoramentos Papéis Ltda.) of Brazil faces civil lawsuits for an approximate amount of ThUS\$ 1,558 and labor lawsuits for a sum of approximately ThUS\$ 1,431.
- (16) Subsidiary Absormex of Mexico, has filed a tax claim for the amount of ThUS\$ 14,000, that is in the initial phase. According to our attorneys, a favorable result for the Company is expected.
- (17) Subsidiary Protisa Colombia has filed lawsuits against the Municipality of Gachancipá for an approximate amount of ThUS\$ 2,401, for the concept of settlement of goodwill and offsetting "mandatory assignment", processes that are at the evidence stage.

Considering the opinion of the Company's legal counsel, CMPC has established provisions in 2013 in the amount of ThUS\$ 717 (ThUS\$ 10,338 in 2012) to cover possible disbursements that these contingencies might cause.

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## *e) Provisions and contingencies incorporated by business combinations*

Subsidiary Melhoramentos CMPC Ltda. (formerly Melhoramentos Papéis Ltda.) is involved in certain tax and labor lawsuits, which are being treated in an administrative and judicial manner and amount to a total of ThUS\$ 23,963, of which ThUS\$ 14,495 were already paid into a judicial trust account. The net balance of ThUS\$ 9,468 is presented in other non-current provisions, which corresponds to the maximum value of the risk. Likewise, subsidiary CMPC Participacoes Ltda. (absorbed in 2010 by Melhoramentos Papéis Ltda., currently Melhoramentos CMPC Ltda.) signed a QPA (Quota Purchase Agreement) with Melpaper (former controller of subsidiary Melhoramentos Papéis Ltda., currently Melhoramentos CMPC Ltda.) through which it received guarantees regarding lawsuits that originated due to events prior to the purchase date. Some of them materialized and Melhoramentos CMPC Ltda. (formerly Melhoramentos Papéis Ltda.) will receive the equivalent of the amount through the execution of these guarantees. Due to the above, other non-current non-financial assets includes non-current guarantees related to these lawsuits for an amount of ThUS\$ 11,557 as of December 31, 2013 (ThUS\$ 28,939 as of December 31, 2012), and it is understood that these contingencies do not generate a risk to the shareholders' equity of CMPC. In addition there are certain complaints that have been filed by employees, which are at the initial phase of the administrative and judicial lawsuits whose amounts have still not been defined since they are at the initial discussion phase of the complaint, reason for which it has not yet been quantified or evaluated.

## *f) Other*

Certain subsidiaries are responsible before the Central Bank of Chile for export returns shipped on consignment, in the amount of ThUS\$ 128,678 as of December 31, 2013 (ThUS\$ 127,767 as of December 31, 2012). This value represents the market price determined as of the shipping date.

Empresas CMPC S.A. has guarantees of compliance with derivative instrument contracts, signed by Inversiones CMPC S.A. and certain subsidiaries with J.P. Morgan Chase Bank N.A., Banco Santander, J. Aron & Company and others, with respect to interest rates applied at nominal value, in the amount of ThUS\$ 916,544.

## *g) Foreign investments*

The Company's financial statements include the effect on the financial and economic position of CMPC companies located in countries such as Argentina, Uruguay, Peru, Mexico, Ecuador, Brazil and Colombia, arising from the economic environment in which they operate. Real future results will depend to a great extent on the evolution of those economies. The parent company, CMPC will continue to support the development and operation of all its businesses abroad, committing the necessary resources to carry out the activities of its subsidiaries.

## NOTE 26 - EMPLOYEE BENEFITS PROVISIONS

Employee benefits provisions are detailed as follows:

Description	12/31/2013		12/31/2012	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Termination benefits	3,965	77,249	3,184	77,212
Medical assistance benefits	1,363	5,406	1,299	8,847
Vacation accrual	29,729	-	31,152	-
Other benefits	11,022	-	11,839	-
<b>TOTAL</b>	<b>46,079</b>	<b>82,655</b>	<b>47,474</b>	<b>86,059</b>

### 26.1. DATA AND MOVEMENTS

#### *a) a) Termination benefits*

The amount charged to income for the concept of termination benefits in 2013 and 2012, as stated in Note 2.19 is detailed as follows:

Description	YEAR	
	2013 ThUS\$	2012 ThUS\$
Current period cost of services	11,286	10,532
Finance cost	4,405	4,346
Effect of any settlement	650	1,975
<b>TOTAL CHARGED TO INCOME</b>	<b>16,341</b>	<b>16,853</b>

The balance of employee termination benefits is recorded in the employee benefits provisions account in current and non-current liabilities based on the probability of payment before or after 12 months from the date of the Company's statement of financial position.

The movement of termination benefits in the period is detailed as follows:

Description	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Beginning balance	80,396	69,421
Current period cost of services	11,286	10,532
Finance cost	4,405	4,346
Actuarial calculation adjustment	6,745	-
Severance payments in the period	(12,887)	(8,147)
Foreign currency translation adjustment	(8,731)	4,244
<b>ENDING BALANCE</b>	<b>81,214</b>	<b>80,396</b>
<b>BALANCE OF CURRENT LIABILITIES</b>	<b>3,965</b>	<b>3,184</b>
<b>BALANCE OF NON-CURRENT LIABILITIES</b>	<b>77,249</b>	<b>77,212</b>

As stated in Note 2.19 the effects of updating actuarial variables incorporated in the model amounted to expenses of ThUS\$ 6,745 which were recorded in other comprehensive income for the year. The cumulative effect of actuarial changes made in previous years amounted to ThUS\$ 1,964.

Relevant discount rates used to discount obligations with the Company's employees (termination benefits) are based on the yield of Central Bank of Chile bonds in CLP, at similar terms or their interpolation. In this manner a compound annual nominal discount rate in the order of 5.48% is obtained.

A salary growth rate and demographic assumptions for the universe of personnel of CMPC and subsidiaries are considered in determining the variables for retirement, terminations and pensions, according to tables and standards used for this valuation methodology.

#### *b) Medical assistance benefits*

In 1997, subsidiary Melhoramentos CMPC Ltda. (formerly Melhoramentos Papéis Ltda.) signed a commitment with the employee union in reference to providing medical assistance for its employees retired as of that date. This medical assistance is provided by a health institution formed by Sao Paulo, Brazil paper companies, denominated SEPACO.

The amount of the provision refers to the actuarial calculation of the present value of the obligation generated by this commitment and which considers medical assistance costs for this group, considering the employee and their spouse throughout their lives and children up to 21 years old (to 24 years if they are studying). The methodology used for the calculation is actuarial with an average term of payment of 20 years.

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## c) Personnel vacation

The balance of personnel vacation corresponds to the value of pending vacation days accrued by the Company's personnel, determined according to the labor legislation prevailing in each country.

## 26.2 EMPLOYEE EXPENSES

Expenses related to employees, charged to income are detailed as follows:

Description	YEAR	
	2013 ThUS\$	2012 ThUS\$
Wages and salaries	370,118	348,503
Social security contributions	40,074	43,740
Current employee benefits (statutory and other bonuses)	83,821	77,766
Post-employment benefits expenses, defined benefits plans	2,572	2,596
Termination benefits expenses (indemnity)	16,341	16,853
Other employee benefits	39,790	34,312
<b>TOTAL CHARGED TO INCOME</b>	<b>552,716</b>	<b>523,770</b>

## NOTE 27 - OTHER NON-FINANCIAL LIABILITIES

Other current and non-current non-financial liabilities are detailed as follows:

	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>CURRENT</b>		
Dividends accrued according to policy and payable	16,382	25,661
Customer advances	2,911	3,633
Deferred income	6,940	11,219
Other	1,811	1,145
<b>TOTAL</b>	<b>28,044</b>	<b>41,658</b>
<b>NON-CURRENT</b>		
Other	3,764	3,717
<b>TOTAL</b>	<b>3,764</b>	<b>3,717</b>

## NOTE 28 - ISSUED CAPITAL

The capital of Empresas CMPC S.A. amounts to ThUS\$ 1,246,027 divided into 2,375,000,000 registered shares, of equal value, without par value, that have been fully subscribed and paid.

At the 53rd Extraordinary Shareholders' Meeting held on January 24, 2013, the shareholders agreed to increase the Company's share capital by US\$ 500 million, through the issuance of 155,602,948 cash shares without par value, representative of that amount. The Board was also empowered to issue those shares all at once or in parts, offer and place them whenever it agrees to in conformity with the law they must be fully subscribed and paid in a maximum period of three years as of this date and to set the final placement price of the mentioned shares. They also agreed to modify bylaws and adopt all agreements corresponding to the mentioned capital increase.

At Extraordinary Board of Directors Meeting held on April 18, 2013 the directors agreed to set the placement price of the 155,602,948 cash shares, for the legal preferred option period at CLP 1,480 (Chilean pesos) per share. It was stated for information purposes that such price is equivalent to a value of US\$ 3.1237 per share, using an exchange rate of CLP 473.80 per US dollar.

The process of subscribing and paying the capital increase, in the legal preferred option period, ended on June 8, 2013 with the subscription and payment of 148,249,784 shares. The remaining 7,353,164 shares were auctioned at the Bolsa de Comercio de Santiago on September 27, 2013 at a unit price of CLP 1,600. This placement of shares generated a negative share premium on the sale of own shares of ThUS\$ 39,313, amount that includes placement costs.

## NOTE 29 - RETAINED EARNINGS (LOSSES)

The Retained earnings (losses) account increased as of December 31, 2013 in comparison to December 31, 2012 mainly due to profit for the year and decreased by the dividend paid with a charge to profits for 2013 and by the dividend accrued as part of the dividends policy for 2013, in accordance with the following:

	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Retained profits accumulated as of January 1	7,038,548	6,929,432
Profits for the year	195,706	201,746
Dividend paid with a charge to profit for the year according to policy	(60,108)	(92,913)
Payment complementary to dividend accrued the previous year	(5,063)	-
Other changes	1,964	283
<b>RETAINED PROFITS</b>	<b>7,171,047</b>	<b>7,038,548</b>

As required by Circular 1,945 issued by the Chilean Superintendency of Securities and Insurance (SVS) dated September 29, 2009, the adjustments from first-time application of IFRS recorded with a credit to retained earnings (losses), pending realization are detailed as follows:

Description		2011	2012		2013	
		Balance to be realized as of 12/31/2011 ThUS\$	Amount realized in 2012 ThUS\$	Balance to be realized as of 12/31/2012 ThUS\$	Amount realized in 2013 ThUS\$	Balance to be realized as of 12/31/2013 ThUS\$
Property, plant and equipment	(1)	910,856	(39,233)	871,623	(49,941)	821,682
Termination benefits	(2)	6,132	(803)	5,329	(803)	4,526
Deferred taxes	(3)	(240,657)	10,366	(230,291)	10,366	(219,925)
<b>TOTAL</b>		<b>676,331</b>	<b>(29,670)</b>	<b>646,661</b>	<b>(40,378)</b>	<b>606,283</b>

- (1) Property, plant and equipment: the methodology used to quantify the realization of this concept, corresponded to the application of useful lives by type of asset used for depreciation purposes at the time of revaluation determined as of the adoption date.
- (2) Termination benefits: IFRS requires that post-employment benefits provided to employees in the long-term be determined based on the application of an actuarial model, generating differences in respect to the previous methodology that considered current values. This actuarial calculation methodology considers in its variables an average permanence of employees of approximately 12 years, information used to quantify the realized annual balance.
- (3) Deferred taxes: adjustments in the valuation of assets and liabilities generated by the application of IFRS, have meant determining new temporary differences that were recorded against retained earnings in equity. Realization of this concept has been determined in the same proportion as the items that originated it.

Retained earnings available for distribution as dividends are detailed as follows:

	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Retained earnings as of year-end	7,171,047	7,038,548
Pending adjustments on first-time application of IFRS	(606,283)	(646,661)

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Pending revaluation of biological assets net of deferred taxes	(1,638,383)	(1,673,337)
<b>RETAINED EARNINGS AVAILABLE FOR DISTRIBUTION</b>	<b>4,926,381</b>	<b>4,718,550</b>

## NOTE 30 - OTHER RESERVES

Other reserves that form part of the Company's equity are detailed as follows:

Foreign currency translation reserves: the amounts and balances of the foreign currency translation reserve in equity relate to the accounting effects generated in the conversion of the financial statements of subsidiaries whose functional currency is other than the presentation currency of the consolidated financial statements.

The mentioned effects relate mainly to adjustment of the investment in those companies to equity value and to the foreign currency translation originated in non-current accounts receivable and/or payable between the investing company and its subsidiaries, since these are treated as the financing of investments in those subsidiaries.

The purpose of this reserve is to avoid effects on income due to changes in the exchange rate affecting the equity of subsidiaries with functional currency other than the US dollar.

Equity movements are detailed as follows:

	12/31/2013 ThUS\$
Balance of foreign currency translation reserve as of January 1, 2012	(96,895)
Plus: Net movement on exchange adjustments in 2012	16,836
Balance as of December 31, 2012	(80,059)
Plus: Net movement on exchange adjustments in 2013	(99,068)
<b>BALANCE AS OF DECEMBER 31, 2013</b>	<b>(179,127)</b>

Equity movements by the company that originates them are detailed as follows:

Company	Country	Funct. currency	For the year ended December 31, 2013			For the year ended December 31, 2012		
			Adjustment to equity value ThUS\$	Foreign currency translation in non-current, current accounts ThUS\$	Total foreign currency translation ThUS\$	Adjustment to equity value ThUS\$	Foreign currency translation in non-current, current accounts ThUS\$	Total foreign currency translation ThUS\$
CMPC Tissue S.A.	Chile	CLP	(43,601)	(44,382)	(87,983)	37,871	28,399	66,270
Melhoramentos CMPC Ltda.	Brazil	BRL	(5,719)	(22,045)	(27,764)	(11,778)	(14,287)	(26,065)
Ipusa S.A.	Uruguay	UYU	(1,469)	(905)	(2,374)	(156)	130	(26)
CMPC Inversiones de Argentina S.A.	Argentina	ARS	3,515	-	3,515	(21,886)	-	(21,886)
Bicecorp S.A.	Chile	CLP	16,572	-	16,572	(2,234)	-	(2,234)
Other			(1,034)	-	(1,034)	609	168	777
<b>TOTAL</b>			<b>(31,736)</b>	<b>(67,332)</b>	<b>(99,068)</b>	<b>2,426</b>	<b>14,410</b>	<b>16,836</b>

Cash flow hedges: (negative reserve of ThUS\$ 124,116 as of December 31, 2013 and ThUS\$ 2,398 as of December 31, 2012). The cash flow hedge reserve arises from the application of hedge accounting with certain financial assets and liabilities.

The part of this reserve originated by hedges on sales, costs and financial obligations will be transferred to income at the end of the term of the contracts or when the operation stops qualifying as hedge accounting, whichever comes first. The part of this reserve that

arises from cash flow hedges on investment projects will be transferred to property, plant and equipment at the end of the term of the contracts or to income if the operation stops qualifying as hedge accounting, whichever comes first.

The purpose of this reserve is to affect income or assets only when hedges are settled.

The changes with respect to December 31, 2012 correspond to changes observed in the fair value of the financial instruments used.

Actuarial profits or losses on defined benefits plan reserves (negative reserve of ThUS\$ 8,709 as of December 31, 2013). This reserve is generated on the application of new variables (discount rate, salary growth increase, employee turnover, etc.) in the actuarial calculations of termination benefits in accordance with IAS 19.

Other miscellaneous reserves (reserve of ThUS\$ 249,715 as of December 31, 2013 and ThUS\$ 273,398 as of December 31, 2012). The balance corresponds to the following concepts:

- Reserve for future capital increases.
- Reserve for equity changes in associates.
- Price-level restatement of issued capital recorded as stated in Official Circular 456 issued by the SVS.
- Effect of share exchange through the incorporation of non-controlling interests in Industrias Forestales S.A. (merger).

The variation with respect to the balance as of December 31, 2012 refers to the reversal of the change in equity recognized by associate Bicecorp S.A., disposed of in December 2013.

The balance of this reserve is aimed at future capitalizations.

## NOTE 31 - EARNINGS PER SHARE AND DISTRIBUTABLE NET PROFIT

### 31.1. BASIC AND DILUTED EARNINGS PER SHARE

	US\$/Share
Profit per share 2013 *	0.0849
Profit per share 2012 **	0.0909

\* Determined considering 2,304,991,083 shares equivalent to the 2,219,397,052 outstanding shares as of December 31, 2012 plus the weighted average permanence of shares paid in the capital increase mentioned in Note 28.

\*\* Determined considering 2,219,397,052 outstanding shares.

### 31.2. DISTRIBUTABLE NET PROFITS

The dividends policy consists in distribution of a dividend of 30% of distributable net profit for the year, through payment of interim dividends in September and December or January and a final dividend that must be agreed by the Ordinary Shareholders' Meeting, payable on the date agreed by that meeting, only if the total of interim dividends does not reach 30% of distributable net profits.

In accordance with Circular 1945 issued by the SVS dated September 29, 2009 at the meeting held on November 26, 2009 and on November 8, 2012, the Board agreed to establish as a general policy that for the purpose of paying the minimum mandatory dividend of 30% established in article 79 of Law 18,046, the net distributable profit shall be determined on the basis of net profits purged of

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relevant changes in the fair value of unrealized assets and liabilities, which must be reintegrated to the calculation of net profits for the year in which those variations are realized.

Additional dividends shall be determined on the basis of the mentioned criteria in accordance with the agreement adopted by the Shareholders' Meeting in this respect.

Consequently, it was agreed that for the purpose of determining the Company's net distributable profits, i.e. net profits to be considered for the calculation of minimum mandatory dividend, the following items will be excluded from income for the year:

- I. Unrealized income corresponding to changes in fair value of forest plantations. The main adjustments to fair value of forest plantations relate to revaluation for their natural growth. The valuation of these forest assets is regulated by accounting standard IAS 41 (Biological Assets). These results will be incorporated into net profit on the sale of forest assets or their disposal by any other means.
- II. Unrealized income generated from the acquisition of other entities or companies at a value lower than the fair value of net assets (after deducting liabilities) of the acquired entity and, in general, unrealized income produced as a result of the application of paragraphs 34, 39, 42 and 58 of IFRS 3, revised, referring to business combination transactions, mainly related to adjustments deriving from the acquisition and takeover process.

These results will also be reintegrated in net profits at the time of their realization. For this purpose, results will be understood as realized to the extent that the entities acquired generate profits after their acquisition, or when those entities or companies are disposed of.

- III. The effects of deferred taxes arising from unearned income derived from the application of fair value in forest plantations. These effects derive mainly from changes in fair value, changes in the income tax rate or other concepts.

Distributable net profits:

Distributable net profits, based on quantification of dividends to be distributed according to the current dividends policy, based on profits attributable to the controller are detailed as follows:

	YEAR	
	2013 ThUS\$	2012 ThUS\$
Profit attributable to the parent's share	195,706	201,746
Variation in fair value of forest plantations	4,070	(36,786)
Deferred taxes associated to the fair value of forest plantations	584	10,779
Increase in deferred income tax expense due to the increase of the income tax rate in Chile from 17% to 20%, contemplated in the tax reform current since 2012, due to revaluation of biological assets to their fair value	-	56,543
<b>DISTRIBUTABLE PROFITS</b>	<b>200,360</b>	<b>232,282</b>
APPLICATION OF DIVIDENDS POLICY (30% IN 2013 AND 40% IN 2012)	60,108	92,913
<b>DIVIDEND PER SHARE (US\$/SHARES OUTSTANDING)</b>	<b>0.0253</b>	<b>0.0419</b>

In accordance with IFRS, the dividends agreed upon in the respective policy (30% of net profit in 2013 and 40% in 2012) are recorded as of each year-end.

During the year ended December 31, 2013 and 2012 dividends paid are detailed as follows:

Dividend No.	US\$ per share (1)	CLP per share	Payment date
Final No. 254	0.0247	12	May 10, 2012
Interim No. 255	0.0168	8	September 13, 2012
Interim No. 256	0.0148	7	December 27, 2012
Final No. 257	0.0126	6	May 9, 2013
Interim No. 258	0.0098	5	September 16, 2013

Interim No. 259	0.0094	5	December 27, 2013
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- (1) The exchange rate on the date of the Shareholders' Meeting is used for conversion of the final dividends to Chilean pesos (CLP) and the exchange rate on the date of closing of the corresponding shareholders' registry is used for interim dividends. The current number of outstanding shares is 2,375,000,000 shares (see Note 28).

Consequently the total amounts agreed to be paid, as of each year-end are detailed as follows:

	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Dividend per ordinary share, gross	73,572	124,952
Income from dividends on ordinary shares	-	-
<b>DIVIDENDS ON ORDINARY SHARES, NET</b>	<b>73,572</b>	<b>124,952</b>

## NOTE 32 - OPERATING INCOME

Operating income for the years ended as of December 31, 2013 and 2012 is detailed as follows:

Description	YEAR	
	2013 ThUS\$	2012 ThUS\$
Income from domestic market	1,232,473	1,205,475
Income from exports	1,939,484	1,849,257
Income from exports of foreign subsidiaries	250,159	236,801
Income of foreign subsidiaries from domestic market	1,545,559	1,460,353
Other operating income	6,784	7,434
<b>TOTAL</b>	<b>4,974,459</b>	<b>4,759,320</b>

## NOTE 33 - OTHER PROFITS (LOSSES)

The effects on income derived from concepts other than operations are detailed as follows:

Description	YEAR	
	2013 ThUS\$	2012 ThUS\$
Income from disposal of non-current assets	2,986	8,259
Net effect due to forest and other damages	(6,546)	(3,541)
Profit (loss) from operations with financial derivatives	500	(27,538)
Provision for lawsuits and contingencies	(717)	(9,567)
Discount on advance payment on tax covenant in Brazil	-	11,902
(Loss) from adjustment of assets and liabilities arising from the shutdown and restructuring of Papeles Río Vergara S.A.	(49,977)	-
Net effect from electric energy covenant	13,200	9,204
Income from the sale of Bicecorp S.A. before taxes	11,022	-
Donations	(4,482)	(4,449)
Other	(1,781)	629
<b>TOTAL</b>	<b>(35,795)</b>	<b>(15,101)</b>

## NOTE 34 - FINANCE COSTS

Finance costs as of December 31, 2013 and 2012 are detailed as follows:

Description	YEAR	
	2013 ThUS\$	2012 ThUS\$
Interest on bonds issued	137,218	124,175

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Interest on bank loans	33,548	47,690
Interest on financial leases	3,532	3,366
<b>TOTAL</b>	<b>174,298</b>	<b>175,231</b>

## NOTE 35 - FOREIGN CURRENCY TRANSLATION OF ASSETS AND LIABILITIES

### A) FOREIGN CURRENCY TRANSLATION RECOGNIZED IN INCOME

Foreign currency translation generated as of December 31, 2013 and 2012 on balances of assets and liabilities in currencies other than the functional currency, was credited (charged) to income for the year detailed as follows:

Description	YEAR	
	2013 ThUS\$	2012 ThUS\$
Assets in foreign currency	(48,496)	68,855
Liabilities in foreign currency	85,516	(106,341)
<b>TOTAL</b>	<b>37,020</b>	<b>(37,486)</b>

The effects related to changes in the fair values of financial instruments including forwards, options, forwards related to investments in Chilean pesos (CLP) and which through these are redenominated in US dollars (US\$), cross currency swaps and swaps, other than those under hedge accounting, are recorded under other profits (losses) in the income statement.

### B) ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Assets in foreign currency (other than the functional currency) affected by changes in exchange rate are detailed as follows:

Type of asset	Currency	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	CLP	311,755	232,928
Cash and cash equivalents	EUR	2,570	4,329
Cash and cash equivalents	ARS	4,885	7,871
Cash and cash equivalents	UYU	15	116
Cash and cash equivalents	PEN	13,775	8,081
Cash and cash equivalents	COP	2,155	1,996
Cash and cash equivalents	MXN	14,948	9,837
Cash and cash equivalents	BRL	51,715	42,499
Cash and cash equivalents	GBP	1,323	2,237
<b>SUBTOTAL CASH AND CASH EQUIVALENTS</b>		<b>403,141</b>	<b>309,894</b>
Other current financial assets	CLP	15,286	33,611
Other current financial assets	CLF	102,136	343,757
Other current financial assets	BRL	-	822
Other current financial assets	SEK	318	-
Other current financial assets	EUR	-	378
<b>SUBTOTAL OTHER CURRENT FINANCIAL ASSETS</b>		<b>117,740</b>	<b>378,568</b>
Other current non-financial assets	CLP	14,406	25,611
Other current non-financial assets	ARS	1,261	1,384
Other current non-financial assets	UYU	708	610
Other current non-financial assets	PEN	1,236	771
Other current non-financial assets	COP	571	291
Other current non-financial assets	BRL	5,027	2,828
Other current non-financial assets	MXN	1,245	781
Other current non-financial assets	GBP	1	1
<b>SUBTOTAL OTHER CURRENT NON-FINANCIAL ASSETS</b>		<b>24,455</b>	<b>32,277</b>
Current trade and other accounts receivable	CLP	213,534	254,434
Current trade and other accounts receivable	EUR	20,618	19,470

Type of asset	Currency	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current trade and other accounts receivable	ARS	59,910	57,007
Current trade and other accounts receivable	UYU	6,909	6,386
Current trade and other accounts receivable	PEN	26,047	26,058
Current trade and other accounts receivable	COP	12,909	16,499
Current trade and other accounts receivable	MXN	54,714	53,819
Current trade and other accounts receivable	BRL	75,274	81,350
Current trade and other accounts receivable	GBP	10,204	10,908
<b>SUBTOTAL CURRENT TRADE AND OTHER ACCOUNTS RECEIVABLE</b>		<b>480,119</b>	<b>525,931</b>
Current accounts receivable from related entities	CLP	1,801	1,427
<b>SUBTOTAL CURRENT ACCOUNTS RECEIVABLE FROM RELATED ENTITIES</b>		<b>1,801</b>	<b>1,427</b>
Inventory	CLP	107,118	99,732
Inventory	ARS	55,555	80,974
Inventory	UYU	27,873	27,445
Inventory	PEN	35,220	37,215
Inventory	COP	25,418	25,292
Inventory	MXN	39,038	33,849
Inventory	BRL	40,650	31,378
<b>SUBTOTAL INVENTORY</b>		<b>330,872</b>	<b>335,885</b>
Current tax assets	CLP	72,718	100,108
Current tax assets	ARS	8,515	13,017
Current tax assets	UYU	2,348	2,260
Current tax assets	PEN	5,636	7,509
Current tax assets	COP	9,129	7,049
Current tax assets	MXN	11,121	15,454
Current tax assets	BRL	9,491	7,635
<b>SUBTOTAL CURRENT TAX ASSETS</b>		<b>118,958</b>	<b>153,032</b>
<b>TOTAL CURRENT ASSETS</b>		<b>1,477,086</b>	<b>1,737,014</b>

Type of asset	Currency	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	CLF	830	-
<b>SUBTOTAL NON-CURRENT OTHER FINANCIAL ASSETS</b>		<b>830</b>	<b>-</b>
Other non-current non-financial assets	CLP	3,148	1,333
Other non-current non-financial assets	BRL	308,276	327,446
Other non-current non-financial assets	PEN	27	38
Other non-current non-financial assets	COP	934	-
Other non-current non-financial assets	MXN	5	1
<b>SUBTOTAL OTHER NON-CURRENT NON-FINANCIAL ASSETS</b>		<b>312,390</b>	<b>328,818</b>
Non-current accounts receivable	BRL	40,304	28,892
Non-current accounts receivable	CLP	78	101
Non-current accounts receivable	ARS	484	485
<b>SUBTOTAL NON-CURRENT ACCOUNTS RECEIVABLE</b>		<b>40,866</b>	<b>29,478</b>
Investments accounted for using the equity method	CLP	660	93,853
<b>SUBTOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		<b>660</b>	<b>93,853</b>
Intangible assets other than goodwill	CLP	1,594	1,992
Intangible assets other than goodwill	BRL	777	1,133
Intangible assets other than goodwill	MXN	871	1,261
Intangible assets other than goodwill	ARS	47	46
Intangible assets other than goodwill	UYU	410	641
<b>SUBTOTAL INTANGIBLE ASSETS OTHER THAN GOODWILL</b>		<b>3,699</b>	<b>5,073</b>
Goodwill	ARS	9,023	11,964
Goodwill	MXN	718	721
Goodwill	BRL	50,922	58,378
<b>SUBTOTAL GOODWILL</b>		<b>60,663</b>	<b>71,063</b>
Property, plant and equipment	CLP	246,596	234,114
Property, plant and equipment	ARS	91,126	110,625
Property, plant and equipment	UYU	45,384	50,692
Property, plant and equipment	PEN	118,034	110,039
Property, plant and equipment	COP	97,585	103,500
Property, plant and equipment	MXN	160,941	150,591

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Type of asset	Currency	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Property, plant and equipment	BRL	273,514	269,447
<b>SUBTOTAL PROPERTY, PLANT AND EQUIPMENT</b>		<b>1,033,180</b>	<b>1,029,008</b>
Non-current tax assets	ARS	3,027	6,366
Non-current tax assets	BRL	23,206	4,638
<b>SUBTOTAL NON-CURRENT TAX ASSETS</b>		<b>26,233</b>	<b>11,004</b>
Deferred tax assets	CLP	11,122	29,125
Deferred tax assets	ARS	20	9
Deferred tax assets	UYU	621	653
Deferred tax assets	COP	14,015	14,671
Deferred tax assets	MXN	8,772	6,923
Deferred tax assets	BRL	10,921	2,023
<b>SUBTOTAL DEFERRED TAX ASSETS</b>		<b>45,471</b>	<b>53,404</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,523,992</b>	<b>1,621,701</b>

Liabilities in foreign currency (other than the functional currency) affected by changes in exchange rate, presented at undiscounted values are detailed as follows:

Type of Liability	Currency	December 31, 2013			December 31, 2012		
		Up to 90 days ThUS\$	91 days up to 1 year ThUS\$	Total ThUS\$	Up to 90 days ThUS\$	91 days up to 1 year ThUS\$	Total ThUS\$
<b>CURRENT LIABILITIES</b>							
Other current financial liabilities	CLP	-	-	-	900	8,659	9,559
Other current financial liabilities	CLF	147,800	14,482	162,282	17,644	18,086	35,730
Other current financial liabilities	EUR	281	2,985	3,266	34	1,595	1,629
Other current financial liabilities	ARS	30,933	4,416	35,349	12,434	4,531	16,965
Other current financial liabilities	COP	-	-	-	4,658	-	4,658
Other current financial liabilities	UYU	9,934	-	9,934	15,238	-	15,238
Other current financial liabilities	PEN	1,887	6,244	8,131	3,185	7,462	10,647
Other current financial liabilities	BRL	13,556	-	13,556	11,468	-	11,468
<b>SUBTOTAL OF OTHER CURRENT FINANCIAL LIABILITIES</b>		<b>204,391</b>	<b>28,127</b>	<b>232,518</b>	<b>65,561</b>	<b>40,333</b>	<b>105,894</b>
Trade and other accounts payable	CLP	264,167	359	264,526	307,853	2,911	310,764
Trade and other accounts payable	CLF	2,084	-	2,084	2,347	-	2,347
Trade and other accounts payable	EUR	7,830	158	7,988	25,746	-	25,746
Trade and other accounts payable	ARS	40,063	84	40,147	40,381	166	40,547
Trade and other accounts payable	COP	10,166	167	10,333	31,243	399	31,642
Trade and other accounts payable	UYU	6,778	201	6,979	5,178	304	5,482
Trade and other accounts payable	PEN	22,400	125	22,525	21,654	525	22,179
Trade and other accounts payable	MXN	31,671	3,580	35,251	40,508	2,227	42,735
Trade and other accounts payable	BRL	71,432	14,754	86,186	32,462	30,474	62,936
Trade and other accounts payable	GBP	613	176	789	50	-	50
Trade and other accounts payable	SEK	100	-	100	263	-	263
<b>SUBTOTAL TRADE AND OTHER ACCOUNTS PAYABLE</b>		<b>457,304</b>	<b>19,604</b>	<b>476,908</b>	<b>507,685</b>	<b>37,006</b>	<b>544,691</b>
Current accounts payable to related parties	CLP	4,046	-	4,046	6,058	-	6,058
<b>SUBTOTAL CURRENT ACCOUNTS PAYABLE TO RELATED PARTIES</b>		<b>4,046</b>	<b>-</b>	<b>4,046</b>	<b>6,058</b>	<b>-</b>	<b>6,058</b>
Other current provisions	CLP	-	116	116	-	116	116
Other current provisions	ARS	-	3,199	3,199	-	4,510	4,510
Other current provisions	BRL	-	-	-	-	28	28
<b>SUBTOTAL OTHER CURRENT PROVISIONS</b>		<b>-</b>	<b>3,315</b>	<b>3,315</b>	<b>-</b>	<b>4,654</b>	<b>4,654</b>
current tax liabilities	CLP	-	25,634	25,634	-	10,172	10,172
current tax liabilities	ARS	-	915	915	-	7,666	7,666
current tax liabilities	UYU	-	-	-	-	39	39
current tax liabilities	PEN	-	1,929	1,929	-	3,487	3,487
current tax liabilities	COP	-	-	-	-	988	988
current tax liabilities	BRL	-	1,573	1,573	-	-	-
current tax liabilities	MXN	-	40	40	-	64	64
<b>CURRENT TAX LIABILITIES</b>		<b>-</b>	<b>30,091</b>	<b>30,091</b>	<b>-</b>	<b>22,416</b>	<b>22,416</b>
Current employee benefits provisions	CLP	-	30,167	30,167	-	31,717	31,717
Current employee benefits provisions	ARS	-	2,349	2,349	-	3,123	3,123
Current employee benefits provisions	PEN	-	366	366	-	380	380

Type of Liability	Currency	December 31, 2013			December 31, 2012			
		Up to 90 days ThUS\$	91 days up to 1 year ThUS\$	Total ThUS\$	Up to 90 days ThUS\$	91 days up to 1 year ThUS\$	Total ThUS\$	
Current employee benefits provisions	BRL	-	11,701	11,701	-	11,021	11,021	
Current employee benefits provisions	MXN	-	11	11	-	58	58	
Current employee benefits provisions	UYU	-	1,548	1,548	-	1,703	1,703	
Current employee benefits provisions	COP	-	202	202	-	77	77	
<b>SUBTOTAL CURRENT EMPLOYEE BENEFITS PROVISIONS</b>	-	-	46,344	46,344	-	48,079	48,079	
Other current non-financial liabilities	CLP	-	16,382	16,382	-	2,681	2,681	
Other current non-financial liabilities	PEN	-	7	7	-	70	70	
Other current non-financial liabilities	ARS	-	778	778	-	493	493	
Other current non-financial liabilities	MXN	-	12	12	-	-	-	
Other current non-financial liabilities	BRL	-	47	47	-	30	30	
<b>SUBTOTAL OTHER CURRENT NON-FINANCIAL LIABILITIES</b>	-	-	17,226	17,226	-	3,274	3,274	
<b>TOTAL CURRENT LIABILITIES</b>	-	-	665,741	144,707	810,448	579,304	155,762	735,066

Type of liability	Currency	December 31, 2013				December 31, 2012			
		More than 1 up to 3 years ThUS\$	More than 3 up to 5 years ThUS\$	More than 5 years ThUS\$	Total ThUS\$	More than 1 up to 3 years ThUS\$	More than 3 up to 5 years ThUS\$	More than 5 years ThUS\$	Total ThUS\$
<b>NON-CURRENT LIABILITIES</b>									
Other non-current financial liabilities	CLF	356,439	41,243	703,735	1,101,417	535,518	44,172	775,819	1,355,509
Other non-current financial liabilities	EUR	-	35	-	35	-	-	-	-
Other non-current financial liabilities	ARS	8,161	-	-	8,161	8,331	-	-	8,331
Other non-current financial liabilities	PEN	8,561	14,344	-	22,905	9,831	18,286	-	28,117
Other non-current financial liabilities	BRL	88,330	52,950	49,502	190,782	-	-	90,984	90,984
<b>SUBTOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES</b>	-	461,491	108,572	753,237	1,323,300	553,680	62,458	866,803	1,482,941
Other non-current provisions	BRL	21,317	-	-	21,317	26,437	-	-	26,437
<b>SUBTOTAL OTHER NON-CURRENT PROVISIONS</b>	-	21,317	-	-	21,317	26,437	-	-	26,437
Deferred tax liabilities	CLP	-	-	846,543	846,543	-	-	828,391	828,391
Deferred tax liabilities	ARS	-	-	48,153	48,153	-	-	55,522	55,522
Deferred tax liabilities	UYU	-	-	-	-	-	-	8,966	8,966
Deferred tax liabilities	PEN	-	-	11,556	11,556	-	-	-	-
Deferred tax liabilities	BRL	-	-	118,482	118,482	-	-	62,531	62,531
<b>SUBTOTAL DEFERRED TAX LIABILITIES</b>	-	-	-	1,024,734	1,024,734	-	-	955,410	955,410
Non-current tax liabilities	ARS	-	-	526	526	-	-	902	902
Non-current tax liabilities	BRL	-	-	14,131	14,131	-	-	21,663	21,663
<b>NON-CURRENT TAX LIABILITIES</b>	-	-	-	14,657	14,657	-	-	22,565	22,565
Non-current employee benefits provisions	CLP	8,529	8,529	68,229	85,287	9,379	9,379	75,033	93,791
Non-current employee benefits provisions	UYU	345	-	-	345	261	-	-	261
Non-current employee benefits provisions	MXN	391	-	-	391	291	-	-	291
Non-current employee benefits provisions	BRL	1,185	1,185	9,478	11,848	1,921	1,921	15,364	19,206
Non-current employee benefits provisions	ARS	79	-	-	79	-	-	-	-
<b>SUBTOTAL NON-CURRENT EMPLOYEE BENEFITS PROVISIONS</b>	-	10,529	9,714	77,707	97,950	11,852	11,300	90,397	113,549
Other non-current non-financial liabilities	BRL	-	-	-	-	445	-	-	445

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SUBTOTAL OTHER NON-CURRENT NON FINANCIAL LIABILITIES	-	-	-	-	-	445	-	-	445
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>493,337</b>	<b>118,286</b>	<b>1,870,335</b>	<b>2,481,958</b>	<b>592,414</b>	<b>73,758</b>	<b>1,935,175</b>	<b>2,601,347</b>	

## NOTE 36 - INCOME TAX EXPENSE AND TAXABLE RETAINED EARNINGS REGISTRY

As of December 31, 2013, balances of the taxable retained earnings registry (FUT) of Empresas CMPC S.A. classified in accordance with the corresponding tax credits are detailed as follows:

	12/31/2013 ThUS\$	12/31/2012 ThUS\$
<b>TAXABLE PROFITS (FUT):</b>		
Profits with 20% credit	29,959	26,967
Profits with 17% credit	60,870	129,723
Profits with 16.5% credit	1,228	2,285
Profits with 15% credit	46	64
Profits with other credits	-	14
Profits without credits	45,623	57,489
<b>TOTAL FUT</b>	<b>137,726</b>	<b>216,542</b>
<b>NON-TAXABLE PROFITS (FUNT):</b>		
Profits from non-taxable income	314,960	340,187
<b>TOTAL FUNT</b>	<b>314,960</b>	<b>340,187</b>

The current and deferred income tax expenses as of December 31, 2013 and 2012 are detailed as follows:

	YEAR	
	2013 ThUS\$	2012 ThUS\$
<b>Income tax credit (charge)</b>		
<b>CURRENT INCOME TAX CREDIT (CHARGE)</b>		
Current tax	(86,724)	(65,911)
Single income tax on sale of shares of BiceCorp S.A.	(13,221)	-
Tax recovery on absorption of losses	1,140	3,534
Prior year adjustments and other taxes	(213)	(924)
<b>TOTAL CURRENT INCOME TAXES</b>	<b>(99,018)</b>	<b>(63,301)</b>
<b>DEFERRED TAXES</b>		
Deferred tax (charge) credit		
Deferred tax (charge) credit on creation and reversal of temporary differences (includes effect on foreign currency translation)	(89,239)	52,676
Deferred tax credit on adjustments of assets and liabilities derived from shutdown and restructuring of Papeles Río Vergara S.A.	9,995	-
Effect on deferred taxes due to the tax reform (Note 21)	-	(117,199)
<b>TOTAL DEFERRED TAXES</b>	<b>(79,244)</b>	<b>(64,523)</b>
<b>INCOME TAX EXPENSE</b>	<b>(178,262)</b>	<b>(127,824)</b>

As of December 31, 2013 and 2012, the current and deferred income tax expense of foreign and domestic parties is detailed as follows:

	YEAR	
	2013 ThUS\$	2012 ThUS\$
<b>Domestic and foreign income tax expense</b>		
Current foreign taxes	(16,962)	(18,925)
Current domestic taxes	(82,056)	(44,376)
<b>TOTAL CURRENT INCOME TAXES</b>	<b>(99,018)</b>	<b>(63,301)</b>

Foreign deferred taxes	(42,329)	(16,219)
Domestic deferred taxes	(36,915)	(48,304)
<b>TOTAL DEFERRED TAXES</b>	<b>(79,244)</b>	<b>(64,523)</b>
<b>INCOME TAX EXPENSE</b>	<b>(178,262)</b>	<b>(127,824)</b>

The reconciliation of income tax expense using the legal rate to tax expenses using the effective rate as of December 31, 2013 and 2012 is detailed as follows:

	YEAR	
	2013 ThUS\$	2012 ThUS\$
PROFIT BEFORE TAXES	373,895	330,234
Taxes using the legal rate	(74,779)	(66,047)
Effect of tax losses	(13,001)	36,159
Tax effect due to difference in rates abroad	(15,389)	9,043
Effect of prior years on deferred taxes due to the tax reform	-	(132,664)
Exchange rate fluctuation in the conversion of tax assets and liabilities	(57,896)	47,941
Fluctuation of changes in conversion of tax assets and liabilities abroad	(44,880)	(38,351)
Other tax effects due to reconciliation between accounting profit and tax expense	27,683	16,095
<b>TAX (CHARGE) USING THE EFFECTIVE RATE</b>	<b>(178,262)</b>	<b>(127,824)</b>

The reconciliation of the local tax rate to the effective rate in 2013 and 2012 is detailed as follows:

Description	YEAR	
	2013 %	2012 %
Tax results using the legal rate	20.00	20.00
Effect of tax losses	3.48	(10.95)
Tax effect of rates in other jurisdictions	4.12	(2.74)
Effect of previous years on deferred taxes due to tax reform	-	40.17
Fluctuation of changes in the conversion of tax assets and liabilities	15.48	(14.52)
Fluctuation of changes in the conversion of tax assets and liabilities abroad	12.00	11.61
Other tax effects of reconciliation of accounting profit to tax expense	(7.40)	(4.87)
<b>AVERAGE EFFECTIVE TAX RATE</b>	<b>47.68</b>	<b>38.70</b>

In accordance with IFRS the Company and its subsidiaries record their operations in their functional currency which is mostly the US dollar; however, for tax purposes they carry accounting in local currency, whose balances of assets and liabilities are converted to US dollars as of each year-end, for comparison with accounting balances under IFRS, and determine, in this manner, deferred taxes on differences existing between both amounts. The effect of the change in the exchange rate of the US dollar over deferred taxes has been recorded with an effect on income in the income tax expense line (ThUS\$ 102,776 with a charge to income as of December 2013, of which ThUS\$ 44,880 are domestic and ThUS\$ 57,896 are from foreign subsidiaries and a credit of ThUS\$ 9,590 as of December 2012, of which a charge of ThUS\$ 38,351 is from domestic subsidiaries and a credit of ThUS\$ 47,941 from foreign subsidiaries) which arise

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mainly from the exchange fluctuation on conversion of property, plant and equipment, taxable biological assets and tax losses to US dollars.

## NOTE 37 - EXPENSES, BY NATURE

The Company's main operating and management costs and expenses in 2013 and 2012 are detailed as follows:

Description	YEAR	
	2013 ThUS\$	2012 ThUS\$
LUMBER, CHEMICALS, ENERGY	2,592,138	2,502,983
Wages and salaries	370,118	348,503
Social security contributions	40,074	43,740
Other current employee benefits	83,821	77,766
Post-employment benefits, defined benefits plan expenses	2,572	2,596
Termination benefits expenses	16,341	16,853
Other employee expenses	39,790	34,312
PAYROLL AND OTHER PERSONNEL EXPENSES	552,716	523,770
Depreciation expense	342,936	334,212
Amortization expense	1,311	1,248
DEPRECIATION AND AMORTIZATION	344,247	335,460
Administrative and marketing expenses	343,775	308,522
Research and development expenses	8,604	6,186
ADMINISTRATIVE AND MARKETING EXPENSES	352,379	314,708
Variable sales expenses	544,691	556,283
Maintenance expenses	250,875	223,452
Other miscellaneous operating expenses	10,686	14,952
OTHER EXPENSES BY NATURE	806,252	794,687
<b>TOTAL EXPENSES BY NATURE</b>	<b>4,647,732</b>	<b>4,471,608</b>

## NOTE 38 - COMMITMENTS

There are cash flow commitments for investment activities corresponding to projects approved by the Company. CMPC currently has projects in progress amounting to more than US\$ 3,200 million, which it is estimated will require future disbursements of US\$ 2,111 million to complete them. As of December 31, 2013 the main investment cash flows committed are detailed as follows:

Approved projects	Million US\$
Guaíba Line II Pulp - Brazil	1,860
Co-generation energy plant - Puente Alto - Chile	69
Co-generation energy plant - Altamira - Mexico	34
Co-generation energy plant - Talagante - Chile	33

The amounts are expressed at the current value of disbursements projected for 2014 and 2015.

Committed investment flows relate to projects intended to increase the production capacity of the industrial plants and to maintain and improve environmental performance.

Significant commitments as of year-end are recorded emphasizing property, plant and equipment investment commitments.

## NOTE 39 - CONTROLLER AND TRANSACTIONS WITH RELATED PARTIES

### 39.1. IDENTIFICATION OF MAIN CONTROLLERS

As required by IAS 24, the shares of Empresas CMPC S.A., belonging to shareholders that directly control or control through some kind of relationship between them, 55.50% of the Company's capital with voting rights, represented by 2,375,000,000 outstanding shares as of December 31, 2013 are detailed as follows.

Shareholders	Number of shares
Forestal Cominco S.A.	462,072,455
Forestal Constructora y Com. del Pacífico Sur S.A.	452,395,317
Forestal O'Higgins S.A.	167,652,664
Forestal Bureo S.A.	101,135,058
Inmobiliaria Ñague S.A.	49,972,870
Coindustria Ltda.	43,850,772
Forestal y Minera Ebro Ltda.	10,749,488
Forestal y Minera Volga Ltda.	8,381,907
Viecal S.A.	6,176,559
Forestal Peumo S.A.	4,884,230
Forestal Calle Las Agustinas S.A.	3,670,168
Forestal Choapa S.A.	2,215,599
Puertos y Logística S.A.	1,401,288
Eliodoro Matte Larraín	1,127,725
Bernardo Matte Larraín	913,285
Patricia Matte de Larraín	913,275
Agrícola e Inmobiliaria Rapel Ltda.	587,094
Jorge Gabriel Larraín Bunster	128,102
<b>TOTAL</b>	<b>1,318,227,856</b>
<b>CONTROL OVER OUTSTANDING SHARES</b>	<b>55.50%</b>

All these shareholders belonging to the same business group have no formal joint action agreement. The final controllers, in equal parts, are the following individuals: Mr. Eliodoro Matte Larraín, Tax No. 4.436.502-2, Ms. Patricia Matte Larraín, Tax No. 4.333.299-6 and Mr. Bernardo Matte Larraín, Tax No. 6.598.728-7.

### 39.2. TWELVE MAIN SHAREHOLDERS

Shareholders	Number of shares	Ownership %
Forestal Cominco S.A.	462,072,455	19.46%
Forestal Constructora y Com. del Pacífico Sur S.A.	452,395,317	19.05%
Forestal O'Higgins S.A.	167,652,664	7.06%
Banco de Chile, on behalf of third parties	121,513,746	5.12%
Forestal Bureo S.A.	101,135,058	4.26%
Banco Itaú Chile S.A., on behalf of foreign investors	91,472,699	3.85%
A.F.P. Provida S.A., for pensions funds	77,941,658	3.28%
A.F.P. Habitat S.A., for pensions funds	66,780,362	2.81%
A.F.P. Capital S.A., for pensions funds	53,799,591	2.27%
Inmobiliaria Ñague S.A.	49,972,870	2.10%

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Banco Santander - JP Morgan Coindustria Ltda.	47,236,839 43,850,772	1.99% 1.85%
<b>TOTAL</b>	<b>1,735,824,031</b>	<b>73.10%</b>

As of December 31, 2013 the Company had a total of 27,623 shareholders (28,687 in 2012).

## 39.3. COMMERCIAL TRANSACTIONS WITH ASSOCIATES AND OTHER RELATED PARTIES

Commercial transactions with companies in its economic group and with associates are detailed as follows:

Related party taxpayer No.	Name	Nature of the relationship	Country of origin	Detail of transactions with related parties	Nature of transaction with related party	Transaction amount		Explanation of other information on transactions with related parties
						Year ended 12/31/2013 ThUS\$	Year ended 12/31/2012 ThUS\$	
97.080.000-K	Banco BICE	Common director at the entity or in its parent	Chile	Sale of dollars on the spot market	Financial transaction	19,000	-	Effects on income: 12/2013 expenses of ThUS\$ 1
				Investments in time deposits	Financial transaction	4,037	3,836	Effects on income: 12/2013 income of ThUS\$ 19; 12/2012 income of ThUS\$ 17
76.055.353-0	Bice Agente de Valores S.A.	Common director at the entity or in its parent	Chile	Average balance invested in agreements	Financial transaction	341,339	730,778	Effects on income: 12/2013 income of ThUS\$ 1,405; 12/2012 income of ThUS\$ 3,416
96.656.410-5	Bice Vida Compañía de Seguros S.A.	Common director at the entity or in its parent	Chile	Purchase of insurance	Commercial transaction	437	-	Effects on income: 12/2013 expenses of ThUS\$ 437
79.532.990-0	Bice Inversiones Corredores de Bolsa S.A.	Common director at the entity or in its parent	Chile	Brokerage on placement of shares	Financial transaction	23,348	-	No effect on income
96.657.900-5	Controladora de Plagas Forestales S.A.	Associate	Chile	Services purchase	Commercial transaction	414	487	Effects on income: 12/2013 expenses of ThUS\$ 414; 12/2012 expenses of ThUS\$ 487

Las transacciones comerciales significativas con otras entidades relacionadas a través de uno o más directores o ejecutivos de CMPC, son las siguientes:

Related party taxpayer No.	Name	Nature of the relationship	Country of origin	Detail of transactions with related parties	Nature of transaction with related party	Transaction amount		Explanation of other information on transactions with related parties
						Year ended 12/31/2013 ThUS\$	Year ended 12/31/2012 ThUS\$	
97.053.000-2	Banco Security	Common director at the entity or in its parent	Chile	Average balance invested in deposits	Financial transaction	506,122	37,507	Effects on income: 12/2013 income of ThUS\$ 126; 12/2012 income of ThUS\$ 113
				Foreign currency purchase	Financial transaction	-	10,000	No effect on income
				Foreign currency sale	Financial transaction	47,000	25,902	Effects on income: 12/2013 expenses of ThUS\$ 19; 12/2012 expenses of ThUS\$ 3

(Continuación)

Related party taxpayer No.	Name	Nature of the relationship	Country of origin	Detail of transactions with related parties	Nature of transaction with related party	Transaction amount		Explanation of other information on transactions with related parties
						Year ended 12/31/2013 ThUS\$	Year ended 12/31/2012 ThUS\$	
91.806.000-6	Abastecedora de Combustibles S.A.	Common director at the entity or in its parent	Chile	Fuel purchase	Commercial transaction	1,706	1,794	Inventory product
77.215.640-5	Administradora de Ventas al Detalle Ltda.	Common director at the entity or in its parent	Chile	Product sales	Commercial transaction	693	642	Effects on income: 12/2013 income of ThUS\$ 483; 12/2012 income of ThUS\$ 448
96.848.750-7	Aislantes Volcán S.A.	Common director at the entity or in its parent	Chile	Product sales	Commercial transaction	606	977	Effects on income: 12/2013 income of ThUS\$ 221; 12/2012 income of ThUS\$ 405
Foreign	Alto Paraná S.A.	Common director at the entity or in its parent	Argentina	Product sales	Commercial transaction	1,019	1,062	Effects on income: 12/2013 income of ThUS\$ 277; 12/2012 income of ThUS\$ 202
				Product purchases	Commercial transaction	30,633	15,337	Inventory product
96.565.750-9	Aserraderos Arauco S.A.	Common director at the entity or in its parent	Chile	Export collection transactions	Financial transaction	5,552	7,671	No effect on income

Significant commercial transactions with other related parties through one or more directors or executives of CMPC, are detailed as follows:

Related party taxpayer No.	Name	Nature of the relationship	Country of origin	Detail of transactions with related parties	Nature of transaction with related party	Transaction amount		Explanation of other information on transactions with related parties
						Year ended 12/31/2013 ThUS\$	Year ended 12/31/2012 ThUS\$	
82.152.700-7	Bosques Arauco S.A.	Common director at the entity or in its parent	Chile	Lumber sales	Commercial transaction	14	883	Effects on income: 12/2013 income of ThUS\$ 4; 12/2012 income of ThUS\$ 384
				Lumber purchases	Commercial transaction	168	596	Inventory product
93.458.000-1	Celulosa Arauco y Constitución S.A.	Common director at the entity or in its parent	Chile	Pulp purchases	Commercial transaction	1,278	3,585	Inventory product
			Chile	Product sales	Commercial transaction	356	-	Effects on income: 12/2013 income of ThUS\$ 98
99.513.400-4	CGE Distribución S.A.	Common director at the entity or in its parent	Chile	Electricity purchases	Commercial transaction	13,429	14,496	Effects on income: 12/2013 expenses of ThUS\$ 13,429; 12/2012 expenses of ThUS\$ 14,496
				Electricity sales	Commercial transaction	1,182	692	Effects on income: 12/2013 expenses of ThUS\$ 81; 12/2012 expenses of ThUS\$ 337
96.719.210-4	Transnet S.A.	Common director at the entity or in its parent	Chile	Services purchase	Commercial transaction	763	-	Effects on income: 12/2013 expenses of ThUS\$ 763
90.209.000-2	Cía. Industrial El Volcán S.A.	Common director at the entity or in its parent	Chile	Product sales	Commercial transaction	1,789	2,790	Effects on income: 12/2013 income of ThUS\$ 757; 12/2012 income of ThUS\$ 776

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96.505.760-9	Colbún S.A.	Common director at the entity or in its parent	Chile	Electricity purchases	Commercial transaction	37,728	47,296	Effects on income: 12/2013 expenses of ThUS\$ 37,728; 12/2012 expenses of ThUS\$ 47,296 Effects on income: 12/2013 income of ThUS\$ 10,207
				Electricity sales	Commercial transaction	18,590	-	
				Easement services	Commercial transaction	-	2,893	
99.520.000-7	Compañía de Petróleos de Chile S.A.	Common director at the entity or in its parent	Chile	Fuel purchase	Commercial transaction	11,698	12,556	Inventory product
93.740.000-4	Empresa Constructora Precon S.A.	Common director at the entity or in its parent	Chile	Warehouse construction	Commercial transaction	-	2,411	No effect on income
92.580.000-7	Entel S.A.	Common director at the entity or in its parent	Chile	Services purchase	Commercial transaction	2,525	2,213	Effects on income: 12/2013 expenses of ThUS\$ 2,525; 12/2012 expenses of ThUS\$ 2,213
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Common director at the entity or in its parent	Chile	Services purchase	Commercial transaction	1,830	1,853	Effects on income: 12/2013 expenses of ThUS\$ 1,830; 12/2012 expenses of ThUS\$ 1,853
96.697.410-9	Entel Telefonía Local S.A.	Common director at the entity or in its parent	Chile	Services purchase	Commercial transaction	305	716	Effects on income: 12/2013 expenses of ThUS\$ 305; 12/2012 expenses of ThUS\$ 716
85.805.200-9	Forestal Celco S.A.	Common director at the entity or in its parent	Chile	Lumber sales	Commercial transaction	1,997	2,292	Effects on income: 12/2013 income of ThUS\$ 432; 12/2012 income of ThUS\$ 450
				Lumber purchases	Commercial transaction	19	289	Inventory product
96.772.810-1	Iansagro S.A.	Common director at the entity or in its parent	Chile	Product sales	Commercial transaction	489	697	Effects on income: 12/2013 income of ThUS\$ 341; 12/2012 income of ThUS\$ 390
96.722.460-K	Metrogas S.A.	Common director at the entity or in its parent	Chile	Gas purchase	Commercial transaction	41,819	44,558	Effects on income: 12/2013 expenses of ThUS\$ 41,819; 12/2012 expenses of ThUS\$ 44,558
93.628.000-5	Molibdenos y Metales S.A.	Common director at the entity or in its parent	Chile	Product purchases	Commercial transaction	367	1,179	Inventory product
96.929.960-7	Orizon S.A.	Common director at the entity or in its parent	Chile	Product sales	Commercial transaction	286	367	Effects on income: 12/2013 income of ThUS\$ 117; 12/2012 income of ThUS\$ 147
99.301.000-6	Seguros de Vida Security Previsión S.A.	Common director at the entity or in its parent	Chile	Purchase of insurance	Commercial transaction	2,527	2,530	Effects on income: 12/2013 expenses of ThUS\$ 2,527; 12/2012 expenses of ThUS\$ 2,530
96.573.780-4	Sociedad Industrial Pizarreño S.A.	Common director at the entity or in its parent	Chile	Product sales	Commercial transaction	2,822	2,907	Effects on income: 12/2013 income of ThUS\$ 933; 12/2012 income of ThUS\$ 682
78.023.030-4	Sofruco Alimentos Ltda.	Common director at the entity or in its parent	Chile	Product sales	Commercial transaction	342	253	Effects on income: 12/2013 income of ThUS\$ 146; 12/2012 income of ThUS\$ 90

96.959.030-1	Puerto Lirquén S.A.	Common director at the entity or in its parent	Chile	Services purchase	Commercial transaction	8,464	9,671	Effects on income: 12/2013 expenses of ThUS\$ 8,464; 12/2012 expenses of ThUS\$ 9,671
96.656.110-6	Compañía Portuaria Andalién S.A.	Common director at the entity or in its parent	Chile	Services purchase	Commercial transaction	63	332	Effects on income: 12/2013 expenses of ThUS\$ 63; 12/2012 expenses of ThUS\$ 332

For disclosure purposes, all transactions whose annual total exceeds ThUS\$ 300 have been considered to be significant.

Financial transactions with Banco Bice, Bice Agente de Valores S.A. and with Banco Security correspond to financial and exchange transactions carried out with cash surpluses under market conditions. For financial statement presentation purposes, balances maintained at each year-end with the mentioned entities are disclosed in the accounts of the statement of financial position which represent the nature of the investment (cash and cash equivalents and other financial assets), and the specific conditions agreed for each operation can be read in each of the respective notes. Since the effects and results of certain types of transactions depend on the term and rates applicable to the invested amount, for the purpose of better disclosure, the respective amounts of those types of transactions that are presented in the accompanying table, have been averaged, using the daily invested average as criteria for the calculation methodology. This demonstrates that the interest accrued on a monthly basis and average principal represent market conditions in each period.

Transactions with Bice Inversiones Corredores de Bolsa S.A. refer to brokerage in the placement of own shares and with Bice Vida Compañía de Seguros S.A. refer to payments on voluntary pension savings withheld from the employees of certain subsidiaries.

Transactions with Controladora de Plagas Forestales S.A. refer to the purchase of services performed under market conditions. Amounts invoices are payable within 30 days.

In general transactions from sale of products with other related parties correspond to commercial transactions in the line of business, which are carried out at market values.

Transactions with Abastecedora de Combustibles S.A., mainly refer to the purchase of liquefied petroleum gas (LPG) for certain industrial plants, whose prices are indexed according to a formula which provides for changes in the consumer price index and ENAP's prices. The invoiced amounts are payable in 45 days.

Transactions with Alto Paraná S.A. correspond mainly to the purchase of pulp carried out under market conditions and agreed in US dollars. The invoiced amounts are payable within 60 days.

Lumber purchase and sales transactions between subsidiaries of the company and Celulosa Arauco y Constitución S.A., Bosques Arauco S.A. and Forestal Celco S.A. are mainly transactions in the line of business at market values and are due in 30 to 60 days at prices observed in the market on the transaction date.

Transactions with CGE Distribución S.A., correspond mainly to electric energy purchase contracts agreed in US dollars. Values invoiced are payable in 30 days.

Transactions with Transnet S.A., correspond to collection of tolls on the use of sub transmission electric energy networks in coordination with the Centro de Despacho Económico de Carga (CDEC). Values are invoiced in Chilean pesos and are payable in 30 days.

Transactions with Compañía de Petróleos de Chile S.A. (fuel), are based on contracts indexed according to ENAP's prices and are payable at 60 days. The rest of the transactions are carried out mainly in non-indexed pesos.

Transactions with Colbún S.A., refer to electric energy purchase contracts agreed in US dollars. In turn subsidiary Bioenergías Forestales S.A. sells electric energy under similar conditions. The invoiced values are due in 30 days.

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Transactions with Puerto Lirquén S.A., and Compañía Portuaria Andalien S.A. refer to purchase of port services, which are based on contracts with fixed and variable rates based on volume (tons and cubic meters) expressed in US dollars. Invoiced amounts are payable within 30 days.

Transactions with Empresa Constructora Precon S.A. correspond to construction of warehouses.

Transactions with Entel S.A. and its related companies refer mainly to landline and cellular telephone services, data transfer, perimeter security and electronic commerce. There are contracts for these services that consider fixed and variable rates based on volume. Invoiced values are payable within 60 days.

Transactions with Metrogas S.A. correspond to natural gas purchase contracts, agreed in US dollars and invoiced values are payable at 30 days.

Transactions with Seguros de Vida Security Previsión S.A., refer to health insurance contracts for the employees of Empresas CMPC S.A. and subsidiaries, which are agreed in unidades de fomento (Chile) with monthly billing.

Transactions with Molibdenos y Metales S.A. relate to the purchase of industrial services and products undertaken under market conditions. Invoiced amounts are payable within 30 days.

Transactions and balances receivable from Administradora de Ventas al Detalle Ltda., Compañía Industrial El Volcán S.A., Sociedad Industrial Pizarreño S.A., Sofruco Alimentos Ltda., Aislantes Volcán S.A., lansagro S.A. and Orizon S.A. correspond to sale of the Company's products, which were carried out under market conditions.

Transactions with Aserraderos Arauco S.A. correspond to export collection services, which are performed at market values.

## 39.4. REMUNERATIONS AND FEES OF THE BOARD, DIRECTORS, DIRECTORS COMMITTEE AND KEY EXECUTIVES.

The Ordinary General Shareholders' Meeting held on April 25, 2013 established, in the same manner as in the previous year, that the remuneration of the Board shall be 1% of ordinary dividends paid during 2013, distributed in equal parts, and double for the Chairman. It was also established that the remuneration of the Directors Committee shall be 0.04167% of ordinary dividends paid in 2013, i.e. a third of what each director receives.

As of December 31, 2013 Board fees amounted to ThUS\$ 743 (ThUS\$ 1,243 as of December 31, 2012) and those of the Directors Committee amounted to ThUS\$ 93 (ThUS\$ 155 as of December 31, 2012).

Executives have an incentive plan consisting of a variable annual bonus that depends on profits and other bonuses during the course of the year, based on achievement of strategic objectives and compliance of business profitability goals. Total gross remuneration received by the executives of CMPC, which includes these incentives, reached ThUS\$ 3,104 as of December 31, 2013 (ThUS\$ 3,278 as of December 31, 2012).

## NOTE 40 - ENVIRONMENT

The long-term policy of Empresas CMPC S.A. is the sustainable development of its forestry and industrial activities, in harmony with the environment. Most of the subsidiaries and factories have obtained their international ISO 9,001 and 14,001 quality standard certifications. In addition, vast soil areas are annually recovered and protected from erosion through forestation.

The investments of CMPC in property, plant and equipment include environmental improvements that contribute to mitigating the

environmental impact of its operation. The projects whose aim is primarily environmental involved disbursements in the amount of ThUS\$ 11,026 during the year ended December 31, 2013 (ThUS\$ 81,254 during 2012).

The main disbursements for the year by subsidiary and project are detailed as follows:

Companies:	Cartulinas CMPC S.A., Papeles Cordillera S.A. y CMPC Tissue S.A.
Project:	Treatment of effluents and energy savings.
Accounting recognition:	Non-current assets, property, plant and equipment
Amount disbursed in the year:	ThUS\$ 11,026 (ThUS\$ 33,552 accumulated as of December 2012)
Amount committed in future years:	ThUS\$ 2,721
Estimated final date of disbursements:	March 2014

**Disbursement concept:**

Cartulinas CMPC S.A. plans to reduce consumption of electric energy through optimizing the BTMP pulp production process. Papeles Cordillera S.A. and CMPC Tissue S.A. have primary and secondary treatment systems designed to remove solid and dissolved effluents in suspension, such as fibers, fine organic and colloidal material. The projects included herein are for the purpose of optimizing the performance of these plants in order to guarantee compliance with applicable standards.

Company:	Papeles Cordillera S.A. (Puente Alto - Chile), CMPC Tissue S.A. (Talagante - Chile and Grupo ABS Internacional S.A. de CV (Altamira-Mexico).
Project:	Co-generation Plants Project
Accounting recognition:	Non-current assets, property, plant and equipment
Amount disbursed in the year:	ThUS\$ 831
Amount committed in future years:	ThUS\$ 137,100
Estimated final date of disbursements:	August 2015

**Disbursement concept:**

The plants indicated above are projected to be able to attend to a relevant percentage of their electric energy consumption through their own generation, based on cogeneration with natural gas, which together with a production process using leading edge technology, guarantees improvement of the environmental performance of those plants.

All the projects with committed cash flows are in development as of the date of these financial statements. At CMPC, there are also other projects associated to the development of new technologies applied to mitigate the impact on the environment.

## **NOTE 41 - EVENTS AFTER THE REPORTING DATE**

There are no events after the presentation date of these consolidated financial statements that could significantly affect their interpretation.





