



EMPRESAS COPEC



# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2019

Audited for the year ended December 31, 2018

**Index to the interim consolidated financial statements of Empresas Copec S.A. and affiliates**

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#### **ABBREVIATIONS**

IFRS	-	International Financial Reporting Standards
IAS	-	International Accounting Standards
NIFCH	-	Chilean Financial Reporting Standards
IFRIC	-	International Financial Reporting Interpretations Committee
US\$	-	United States dollars
ThUS\$	-	Thousands of United States dollars
MUS\$	-	Millions of US dollars
MCh\$	-	Millions of Chilean Pesos
COP\$	-	Colombian pesos
PS/.	-	Peruvian new sol
BR\$	-	Brazilian real
AR\$	-	Argentinean peso

## Interim Consolidated Statements of Classified Financial Position - Assets

	Note	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3.1	1,707,891	1,713,803
Other financial assets, current	3.2 a	152,710	219,843
Other non-financial assets, current	9	200,464	164,240
Trade and other receivables, current	3.3	1,790,918	1,970,882
Related party receivables, current	17.1	48,746	50,289
Inventory	6	1,831,821	1,742,757
Biological assets, current	7	324,374	319,021
Tax assets, current	8	186,925	104,430
<b>Total current assets other than assets or disposal groups held for sale or for distribution to owners</b>		<b>6,243,849</b>	<b>6,285,265</b>
Non-current assets or disposal groups held for sale		20,898	18,439
Non-current assets or groups of assets held for distribution among the owners		0	0
<b>Non-current assets or disposal groups held for sale or held for distribution among the owners</b>		<b>20,898</b>	<b>18,439</b>
<b>Total current assets</b>		<b>6,264,747</b>	<b>6,303,704</b>
<b>Non-current assets</b>			
Other financial assets, non-current	3.2 b	180,518	83,847
Other non-financial assets, non-current	9	153,497	153,225
Trade receivables, non-current	3.3	21,801	28,399
Related party receivables, non-current	17.1	7,673	7,867
Equity method investments	20	1,181,871	1,156,742
Intangible assets other than goodwill	10	1,005,012	1,047,549
Goodwill	11	417,173	432,729
Property, plant and equipment	12	11,548,250	10,553,211
Biological assets, non-current	7	3,308,594	3,336,339
Investment properties	14	38,326	40,583
Deferred tax assets	15a	418,279	343,080
<b>Total non-current assets</b>		<b>18,280,994</b>	<b>17,183,571</b>
<b>Total assets</b>		<b>24,545,741</b>	<b>23,487,275</b>

The attached notes 1 to 31 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Classified Financial Position - Liabilities

	Note	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other financial liabilities, current	3.4	1,260,227	1,144,023
Trade and other payables, current	16	1,663,198	1,744,426
Related party payables, current	17.2	6,294	8,848
Other provisions, current	18	20,933	19,763
Tax liabilities, current	8	23,449	177,436
Employee benefits provisions, current	19	11,593	11,155
Other non-financial liabilities, current		223,039	304,656
<b>Total current liabilities other than liabilities included in asset disposal groups held for sale</b>		<b>3,208,733</b>	<b>3,410,307</b>
Liabilities included in asset disposal groups held for sale		0	0
<b>Total current liabilities</b>		<b>3,208,733</b>	<b>3,410,307</b>
<b>Non-current liabilities</b>			
Other financial liabilities, non-current	3.4	7,516,973	6,321,044
Other payables, non-current		4,447	6,811
Related party payables, non-current		0	0
Other provisions, non-current	18	86,850	90,230
Deferred tax liabilities	15a	2,175,883	2,164,801
Employee benefit provisions, non-current	19	108,781	111,463
Other non-financial liabilities, non-current		182,736	188,719
<b>Total non-current liabilities</b>		<b>10,075,670</b>	<b>8,883,068</b>
<b>Total liabilities</b>		<b>13,284,403</b>	<b>12,293,375</b>
<b>Equity</b>			
Share capital	22	686,114	686,114
Retained earnings (accumulated losses)	22	11,407,205	11,202,802
Share premium		0	0
Treasury shares		0	0
Other equity interests		0	0
Other reserves	22	(1,322,403)	(1,179,787)
<b>Equity attributable to owners of the parent company</b>		<b>10,770,916</b>	<b>10,709,129</b>
Non-controlling interests	22	490,422	484,771
<b>Total equity</b>		<b>11,261,338</b>	<b>11,193,900</b>
<b>Total liabilities and equity</b>		<b>24,545,741</b>	<b>23,487,275</b>

The attached notes 1 to 31 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Net Income by Function

	Note	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul-Sep 2019 ThUS\$	Jul-Sep 2018 ThUS\$
<b>Net income</b>					
Operating revenue	23	18,075,832	17,912,630	6,239,547	6,044,978
Cost of sales	24	(15,492,550)	(14,655,127)	(5,410,357)	(4,954,878)
<b>Gross margin</b>		<b>2,583,282</b>	<b>3,257,503</b>	<b>829,190</b>	<b>1,090,100</b>
Distribution costs	24	(1,035,835)	(1,012,233)	(367,099)	(342,601)
Administrative expenses	24	(801,441)	(777,527)	(276,889)	(259,539)
<b>Net Operating Income</b>		<b>746,006</b>	<b>1,467,743</b>	<b>185,202</b>	<b>487,960</b>
Other income, by function	24	226,913	119,599	58,788	44,710
Other expenses, by function	24	(120,183)	(100,461)	(51,674)	(35,477)
Other gains (losses)		1,364	1,218	(578)	(2,759)
Financial income	25	45,065	30,313	14,073	10,185
Financial costs	25	(316,406)	(270,361)	(106,041)	(92,209)
Share of profits (losses) at associates and joint ventures accounted for using the equity method	20	18,871	75,599	(279)	30,434
Exchange differences	26	(28,932)	(27,629)	(26,703)	(8,607)
Gain (loss) on indexed assets and liabilities		(10,893)	(11,185)	(3,237)	(3,594)
Gain (loss) arising from the difference between the prior book value and the fair value of financial assets reclassified at fair value		0	0	0	0
<b>Net income before tax</b>		<b>561,805</b>	<b>1,284,836</b>	<b>69,551</b>	<b>430,643</b>
Income tax expense	15b	(141,026)	(328,507)	(31,997)	(111,119)
<b>Net income from continuing operations</b>		<b>420,779</b>	<b>956,329</b>	<b>37,554</b>	<b>319,524</b>
Net income from discontinued operations		0	0	0	0
<b>Net income for the period</b>		<b>420,779</b>	<b>956,329</b>	<b>37,554</b>	<b>319,524</b>
<b>Net income attributable to</b>					
Net income attributable to owners of the parent company		378,392	923,149	21,850	307,912
Net Income attributable to non-controlling interests		42,387	33,180	15,704	11,612
<b>Net income for the period</b>		<b>420,779</b>	<b>956,329</b>	<b>37,554</b>	<b>319,524</b>
<b>Earnings per share</b>					
<b>Basic earnings per share</b>					
Basic earnings per share from continuing operations		0.2911035	0.7101945	0.0168096	0.2368820
Basic earnings per share from discontinued operations		0.0000000	0.0000000	0.0000000	0.0000000
<b>Basic earnings per share</b>		<b>0.2911035</b>	<b>0.7101945</b>	<b>0.0168096</b>	<b>0.2368820</b>
<b>Diluted earnings per share</b>					
Diluted earnings per share from continuing operations		0.0000000	0.0000000	0.0000000	0.0000000
Diluted earnings per share from discontinued operations		0.0000000	0.0000000	0.0000000	0.0000000
<b>Diluted earnings per share</b>		<b>0.0000000</b>	<b>0.0000000</b>	<b>0.0000000</b>	<b>0.0000000</b>

The attached notes 1 to 31 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Comprehensive Income

	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul-Sep 2019 ThUS\$	Jul-Sep 2018 ThUS\$
<b>Statement of Comprehensive Income</b>				
<b>Net income for the period</b>	<b>420,779</b>	<b>956,329</b>	<b>37,554</b>	<b>319,524</b>
<b>Components of other comprehensive income that will not be reclassified to net income for the period, before taxes</b>				
Other comprehensive income from revaluation gains (losses), before taxes	0	0	0	0
Other comprehensive income from actuarial gains (losses) on defined-benefit pension plans, before taxes	940	(1,883)	611	(201)
Other comprehensive income from revaluation of defined-benefit pension plans, before taxes	0	0	0	0
Participation in other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified to net income for the period, before taxes	0	(3,095)	0	1,334
<b>Other comprehensive income that will not be reclassified to net income for the period, before taxes</b>	<b>940</b>	<b>(4,978)</b>	<b>611</b>	<b>1,133</b>
<b>Components of other comprehensive income that may be reclassified to net income</b>				
Gain (loss) from foreign currency translation adjustments, before taxes	(163,363)	(267,580)	(205,896)	(54,727)
Reclassification adjustments for foreign currency translations, before taxes	0	0	0	0
<b>Other comprehensive income from translation differences, before taxes</b>	<b>(163,363)</b>	<b>(267,580)</b>	<b>(205,896)</b>	<b>(54,727)</b>
<b>Financial assets available for sale</b>				
Gain (loss) for new valuations of financial assets held-for-sale, before taxes	527	(252)	0	(202)
Reclassification adjustments for foreign currency translations, before taxes	0	0	0	0
<b>Other comprehensive income, financial assets held-for-sale, before taxes</b>	<b>527</b>	<b>(252)</b>	<b>0</b>	<b>(202)</b>
<b>Cash flow hedges</b>				
Gain (loss) on cash flow hedges, before taxes	2,251	70,690	(14,108)	3,854
Reclassification adjustments on cash flow hedges, before taxes	(15,465)	(8,558)	(2,558)	(2,438)
Adjustments for amounts transferred to initial book values of hedged items	0	0	0	0
<b>Other comprehensive income from cash flow hedges, before taxes</b>	<b>(13,214)</b>	<b>62,132</b>	<b>(16,666)</b>	<b>1,416</b>
Other comprehensive income from gains (losses) on investments in equity instruments, before taxes	0	(1,940)	0	(2,070)
Other comprehensive income from revaluation gains (losses), before taxes	(3,271)	7,565	3,655	5,357
Other comprehensive income from actuarial gains (losses) on defined-benefit pension plans, before taxes	(177)	530	(66)	(36)
Participation in other comprehensive income of associates and joint ventures accounted for using the equity method	29,158	(3,276)	18,178	(3,276)
<b>Other comprehensive income, before taxes</b>	<b>(150,340)</b>	<b>(202,821)</b>	<b>(200,795)</b>	<b>(53,538)</b>
<b>Income tax relating to components of other comprehensive income that will not be reclassified to net income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income tax related to defined benefit pension plans in other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul-Sep 2019 ThUS\$	Jul-Sep 2018 ThUS\$
<b>Income tax related to components of other comprehensive income</b>				
Income tax related to foreign currency translation adjustments of other comprehensive income	0	0	0	0
Income tax related to investments in equity instruments of other comprehensive income	(6,467)	575	(4,296)	2,097
Income tax related to financial assets held-for-sale of other comprehensive income	0	66	0	53
Income tax related to cash flow hedges of other comprehensive income	3,763	(17,274)	4,681	(2,552)
Income tax related to changes in revaluation surpluses in other comprehensive income	0	0	0	0
Income tax related to defined benefit pension plans in other comprehensive income	(265)	360	(170)	54
Reclassification adjustments to income tax related to components of other comprehensive income	0	0	0	48
<b>Total income tax relating to components of other comprehensive income (loss)</b>	<b>(2,969)</b>	<b>(16,273)</b>	<b>215</b>	<b>(300)</b>
<b>Other comprehensive income (loss)</b>	<b>(152,369)</b>	<b>(224,072)</b>	<b>(199,969)</b>	<b>(52,705)</b>
<b>Total comprehensive income</b>	<b>268,410</b>	<b>732,257</b>	<b>(162,415)</b>	<b>266,819</b>
<b>Comprehensive income attributable to:</b>				
Comprehensive income attributable to owners of the parent company	235,776	695,967	(160,083)	259,245
Comprehensive income attributable to non-controlling interests	32,634	36,290	(2,332)	7,574
<b>Total comprehensive income</b>	<b>268,410</b>	<b>732,257</b>	<b>(162,415)</b>	<b>266,819</b>

The attached notes 1 to 31 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Changes in Equity

CURRENT PERIOD - 09/2019 (ThUS\$)	Ordinary shares		Legal and statutory reserves	Financial assets held for sale reserve	Foreign currency translation reserves	Defined benefit plan reserves	Hedge reserves	Other miscellaneous reserves	Total other reserves	Retained Earnings (Accumulated Losses)	Total Equity Attributable to Parent Company Shareholders	Non-controlling interests	Total equity
	Share capital	Share premium											
Opening balance current period January 1, 2019	686,114	0	3	(309)	(1,644,811)	(27,068)	34,917	457,481	(1,179,787)	11,202,802	10,709,129	484,771	11,193,900
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0	0	0	(107)	(107)	0	(107)
Increase (decrease) due to error corrections	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance restated	686,114	0	3	(309)	(1,644,811)	(27,068)	34,917	457,481	(1,179,787)	11,202,695	10,709,022	484,771	11,193,793
Changes in equity													
Comprehensive income													
Net income	0	0	0	0	0	0	0	0	0	378,392	378,392	42,387	420,779
Other comprehensive income	0	0	0	527	(154,355)	604	(7,940)	18,548	(142,616)	0	(142,616)	(9,753)	(152,369)
Comprehensive income	0	0	0	527	(154,355)	604	(7,940)	18,548	(142,616)	378,392	235,776	32,634	268,410
Shares issued	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	(164,081)	(164,081)	0	(164,081)
Increase (decrease) for other contributions by the owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) for other distributions to the owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for transfers and other changes	0	0	0	0	0	0	0	0	0	(9,801)	(9,801)	(26,983)	(36,784)
Increase (decrease) for transactions with treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for changes in interests in affiliates that do not involve loss of control	0	0	0	0	0	0	0	0	0	0	0	0	0
Total changes in equity	0	0	0	527	(154,355)	604	(7,940)	18,548	(142,616)	204,510	61,894	5,651	67,545
Closing balance current period Sept 30, 2019	686,114	0	3	218	(1,799,166)	(26,464)	26,977	476,029	(1,322,403)	11,407,205	10,770,916	490,422	11,261,338

The attached notes 1 to 31 form an integral part of these interim consolidated financial statements.

PREVIOUS PERIOD - 09/2018 (ThUS\$)	Ordinary shares		Legal and statutory reserves	Financial assets held for sale reserve	Foreign currency translation reserves	Defined benefit plan reserves	Hedge reserves	Other miscellaneous reserves	Total other reserves	Retained Earnings (Accumulated Losses)	Total Equity Attributable to Parent Company Shareholders	Non-controlling interests	Total equity
	Share capital	Share premium											
Opening balance January 1, 2018	686,114	0	3	(4)	(1,318,279)	(28,047)	16,695	443,418	(886,214)	10,598,425	10,398,325	515,128	10,913,453
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	(1,918)	0	0	0	0	0	0
Increase (decrease) due to error corrections	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance restated	686,114	0	3	(4)	(1,318,279)	(28,047)	14,777	443,418	(886,214)	10,598,425	10,398,325	515,128	10,913,453
Changes in equity													
Comprehensive income													
Net income	0	0	0	0	0	0	0	0	0	923,149	923,149	33,180	956,329
Other comprehensive income	0	0	0	(186)	(270,619)	(983)	48,304	(3,698)	(227,182)	0	(227,182)	3,110	(224,072)
Comprehensive income	0	0	0	(186)	(270,619)	(983)	48,304	(3,698)	(227,182)	923,149	695,967	36,290	732,257
Shares issued	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	(390,936)	(390,936)	0	(390,936)
Increase (decrease) for other contributions by the owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) for other distributions to the owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for transfers and other changes	0	0	0	0	0	0	0	0	0	(3,906)	(3,906)	(36,258)	(40,164)
Increase (decrease) for transactions with treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for changes in interests in affiliates that do not involve loss of control	0	0	0	0	0	0	0	0	0	0	0	0	0
Total changes in equity	0	0	0	(186)	(270,619)	(983)	48,304	(3,698)	(227,182)	528,307	301,125	32	301,157
Closing balance previous period Sept 30, 2018	686,114	0	3	(190)	(1,588,898)	(29,030)	63,081	439,720	(1,113,396)	11,126,732	10,699,450	515,160	11,214,610

The attached notes 1 to 31 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Cash Flow, Direct Method

	Note	09.30.2019 ThUS\$	09.30.2018 ThUS\$
<b>Statement of cash flow</b>			
<b>Cash flows from (used by) operating activities</b>			
Proceeds from operating activities			
Proceeds from selling goods and providing services		19,900,240	18,177,649
Proceeds from royalties, installments, commissions and other operating income		0	0
Proceeds from contracts for brokerage or trading		0	0
Proceeds from premiums and claims, annuities and other benefits arising on policies underwritten		696	3,204
Other proceeds from operating activities		345,765	288,464
Payments for operating activities			
Payments to suppliers for goods and services		(17,752,383)	(16,099,182)
Payments for brokering or trading contracts		0	0
Payments to and on behalf of employees		(814,761)	(747,874)
Payments for premiums and claims, annuities and other policy obligations		(10,289)	(7,844)
Other payments for operating activities		(173,412)	(211,679)
Dividends paid		(17,752)	0
Dividends received		2,810	4,540
Interest paid		(168,820)	(137,202)
Interest received		37,290	20,211
Income taxes received (paid)		(389,897)	(138,837)
Other proceeds (payments)		(5,013)	(3,257)
<b>Net cash flows from (used by) operating activities</b>		<b>954,474</b>	<b>1,148,193</b>
<b>Cash flows from (used by) investing activities</b>			
Cash flows from the loss of control of affiliates or other businesses		117,376	0
Payments to obtain control of affiliates or other businesses		(171,821)	(514,871)
Payments to purchase non-controlling interests		(133,687)	(7,622)
Proceeds from the sale of equity or debt instruments of other entities		19,175	2
Other payments to acquire equity or debt instruments of other entities		0	0
Proceeds from sale of joint ventures		0	0
Payments to acquire interests in joint ventures		0	(211,447)
Loans to related companies		(12,821)	(719)
Proceeds from sales of property, plant and equipment		58,589	8,429
Acquisitions of property, plant and equipment		(907,428)	(620,992)
Proceeds from sales of intangible assets		0	0
Acquisitions of intangible assets		(41,593)	(38,547)
Proceeds from other long-term assets		4,033	4,765
Acquisitions of other long-term assets		(180,727)	(168,113)
Proceeds from government subsidies		0	0
Cash advances and loans to third parties		9	(10,473)
Proceeds from the repayment of advances and loans granted to third parties		33	46,114
Payments related to futures, forward, options and swap contracts		0	(39,324)
Proceeds from futures, forward, options and swap contracts		0	0
Proceeds from related companies		0	2,150
Dividends received		24,914	32,045
Interest received		51	2,184
Income taxes received (paid)		0	0
Other proceeds (payments)		61,936	(63,282)
<b>Net cash flows from (used by) investing activities</b>		<b>(1,161,961)</b>	<b>(1,579,701)</b>

	09.30.2019 ThUS\$	09.30.2018 ThUS\$
<b>Cash flows from (used by) financing activities</b>		
Proceeds from share issues	8,230	0
Proceeds from issuing other equity instruments	0	0
Payments to acquire treasury shares	0	(761)
Payments for other equity interests	0	0
Proceeds from long-term loans	1,426,741	1,719,451
Proceeds from short-term loans	495,796	577,574
<b>Total proceeds from loans</b>	<b>1,922,537</b>	<b>2,297,025</b>
Loans from related companies	0	0
Loan repayments	(1,226,102)	(1,460,771)
Repayment of finance lease liabilities	(84,346)	(3,269)
Loan repayments to related companies	0	0
Proceeds from government subsidies	0	0
Dividends paid	(279,704)	(224,750)
Interest paid	(103,727)	(82,537)
Income taxes received (paid)	0	0
Other proceeds (payments)	(7,078)	(4,376)
<b>Net cash flows from (used by) financing activities</b>	<b>229,810</b>	<b>520,561</b>
<b>Net increase in cash &amp; cash equivalents before exchange rate effects</b>	<b>22,323</b>	<b>89,053</b>
<b>Effect of exchange rate variations on cash and cash equivalents</b>		
Effect of exchange rate variations on cash and cash equivalents	(28,235)	13,224
Net increase (decrease) in cash and cash equivalents	(5,912)	102,277
Cash and cash equivalents at the start of the period	3.1 1,713,803	1,341,699
Cash and cash equivalents at the end of the period	3.1 1,707,891	1,443,976

The attached notes 1 to 31 form an integral part of these interim consolidated financial statements.

## NOTE 1. CORPORATE INFORMATION

Empresas Copec S.A. is a financial holding company that operates in a variety of business sectors through its affiliates and associates. Since its inception in 1934, the Parent Company has distributed liquid fuels. This business was transferred to a new affiliate in October 2003.

Empresas Copec S.A. group currently has two large specialist areas: natural resources and energy. The natural resources area covers the Company's businesses in the forestry, fishing and mining industries. The energy area covers the Company's businesses in distributing liquid fuel, liquid petroleum gas and natural gas, as well as electricity generation. All of these sectors are strongly linked to the growth and development of the country.

The Company's main affiliates and associates include Celulosa Arauco y Constitución S.A. (Arauco), Compañía de Petróleos de Chile Copec S.A. (Copec S.A.), Abastible S.A., Sociedad Nacional de Oleoductos S.A., Metrogas S.A., Corpesca S.A., Orizon S.A., Pesquera Iquique-Guanaye S.A., Inmobiliaria Las Salinas Ltda., Minera Camino Nevado Ltda. and Alxar Internacional SpA. The Group includes the affiliates Terpel and Inversiones del Nordeste in Colombia, Mapco in the USA, Solgas in Peru, and Duragas in Ecuador through Copec S.A. and Abastible S.A., and the associate Tafisa in Spain/Portugal/Germany/South Africa through Arauco, and several other related international companies.

Empresas Copec S.A. is the group's Parent Company and is a publicly held corporation registered in the Securities Registry under No. 0028. The Company is regulated by the Chilean Financial Markets Commission (FMC), (formerly the Superintendence of Securities and Insurance). The Company's legal address is 150, El Golf Avenue, 17th floor, Las Condes, Santiago, Chile. Its Chilean identification number is 90,690,000-9.

Empresas Copec S.A. is controlled by Antarchile S.A., which holds 60.82% of the Company's shares. Antarchile S.A. is a publicly held corporation that is registered in the Securities Registry under No. 0342 and is regulated by the Chilean Financial Markets Commission (FMC), (formerly the Superintendence of Securities and Insurance).

The final controllers of Empresas Copec S.A. and AntarChile S.A. are Ms. Maria Nosedá Zambra de Angelini (who died on April 15, 2018), Mr. Roberto Angelini Rossi and Ms. Patricia Angelini Rossi, who exercise control in the following manner:

- (i) Through Inversiones Angelini y Cía. Ltda., which owns 63.4015% of AntarChile S.A.
- (ii) Mr. Roberto Angelini Rossi through statutory control of Inversiones Golfo Blanco Ltda., which directly owns 5.77307% of AntarChile S.A.
- (iii) Ms. Patricia Angelini Rossi, through the statutory control of Inversiones Senda Blanca Ltda., which directly owns 4.329804% of AntarChile S.A.

The consolidated financial statements were prepared on a going concern basis.

The interim consolidated financial statements as of September 30, 2019 were approved by the Board of

Directors at its Extraordinary Meeting 2,653 held on November 15, 2019 and their publication was approved on the same date. The financial statements of the affiliates were approved by their respective Boards of Directors.

The consolidated financial statements as of December 31, 2018 were approved by the Board of Directors at its Extraordinary Meeting 2,639 held on March 8, 2019, and their publication was approved on the same date. The financial statements of the affiliates were approved by their respective Boards of Directors.

#### Capital Management

Capital management refers to managing the Company's equity. The purpose of the capital management policies of the Empresas Copec S.A. Group is:

- To safeguard the Company's normal operations and secure the long-term continuity of the business;
- To secure financing for new investments in order to maintain sustained growth;
- To maintain an appropriate capital structure, in accordance with economic cycles that affect the business and the nature of the industry;
- To maximize the Company's value, providing investors with an adequate return on their investment.

Capital requirements are tailored to meet the Company's financing needs, while at the same time taking care to maintain appropriate liquidity levels and to comply with the financial covenants established in its loan contracts. The Company manages its capital structure based on prevailing economic conditions in order to mitigate risks from adverse market conditions and take advantage of any opportunities that may arise to improve its liquidity position.

The financial structure of Empresas Copec S.A. and its affiliates as of September 30, 2019 and December 31, 2018 is as follows:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Equity	11,261,338	11,193,900
Interest-bearing loans	2,357,201	2,389,993
Finance leases	791,316	156,103
Bonds	5,452,853	4,842,578
<b>Total</b>	<b>19,862,708</b>	<b>18,582,574</b>

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), which have been adopted wholly, explicitly and without reserve.

These consolidated financial statements are presented in thousands of US dollars and have been prepared on the basis of the accounting records of Empresas Copec S.A., its affiliates and associates.

### **2.1 Bases of presentation**

These interim consolidated financial statements for Empresas Copec S.A. and affiliates, include the interim consolidated statements of financial position as of September 30, 2019 and December 31, 2018, the corresponding interim consolidated statements of income by function and comprehensive income for the three and nine month periods ending September 30, 2019 and 2018; and the interim consolidated statements of changes in equity and cash flows for the nine month periods ended September 30, 2019 and 2018.

During the preparation of the consolidated financial statements, certain accounting estimates have been used to quantify some assets, liabilities, income and expenses. In addition, Management is required to apply its judgment when applying the accounting policies of the Empresas Copec Group. The areas that involve a greater degree of judgment or complexity or in which the assumptions and estimates are significant for the consolidated financial statements are described in Note 5.



## New accounting pronouncements.

At the date these interim consolidated financial statements were issued, the following accounting pronouncements had been issued by the IASB, relating to new standards, interpretations and amendments. Those that are not yet mandatory as of the reporting date have not been adopted early.

## Recent accounting pronouncements

a) The following standards, interpretations and amendments are mandatory for the first time for financial periods beginning on January 1, 2019.

Standards and amendments	Contents	Publication date
IFRS 16	Leases Establishes the principles to recognize, measure, present and disclose leases.	January 1, 2019
IFRIC 23	Uncertainty over income tax treatments This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding income tax treatment.	January 1, 2019
IAS 28	Investments in associates and joint ventures This amendment clarifies that companies that account for long-term interests in an associate or joint venture should use IFRS 9, when the equity method is not applied.	January 1, 2019
IFRS 9	Financial Instruments The amendment allows more assets to be measured at amortized cost.	January 1, 2019
IFRS 3	Business combinations The amendment clarifies that gaining control of a joint operation company is a business combination that is achieved in stages.	January 1, 2019
IFRS 11	Joint Arrangements The amendment clarifies that the entity that gains joint control of a joint operation company must not revalue its interest in the joint operation.	January 1, 2019
IAS 12	Income Taxes The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity must be recognized according to where the transactions or past events that generated those distributable gains were recognized.	January 1, 2019
IAS 19	Employee benefits The amendment requires entities to use updated assumptions to determine the cost of the current service and the net interest rate for the remainder of the period following a plan amendment, reduction or liquidation.	January 1, 2019
IAS 23	Borrowing costs The amendment clarifies that if a specific loan remains outstanding after the qualifying asset is ready for its intended use or sale, that loan becomes part of general loans.	January 1, 2019

The adoption of the standards, amendments and interpretations described above, do not have a significant impact on the consolidated financial statements, except as described in the following paragraphs regarding IFRS 16.

IFRS 16 applies to financial periods beginning on or after January 1, 2019. The Group will retrospectively apply IFRS 16 in accordance with the transition options for this standard, with the initial cumulative effects recognized at the beginning of 2019, without restating its comparative financial statements as of December 31, 2018.

The Group has adopted IFRS 16, recognizing leasing liabilities that had previously been classified as operating leases under IAS 17 Leases.

Leasing liabilities under IFRS 16 were valued at the present value of the remaining lease payments, discounted using the incremental average interest rate as of January 1, 2019. The average incremental rate used ranges from 4.0% to 5.3%.

Right-of-use assets were valued at the leasing liabilities, adjusted by any leasing prepayments or accumulated payments related to leases recognized in the statement of financial position as of December 31, 2018.

Property, plant and equipment increased by ThUS\$702,010 and other financial liabilities by ThUS\$698,246 as of January 1, 2019 on adopting IFRS 16. A reconciliation between these two amounts follows:

	As of January 1, 2019 ThUS\$
Right-of-use assets	702,010
Payments in advance	(5,304)
Sub-leases	1,540
Lease liabilities	698,246

Sub-leases had a net impact on retained earnings as of January 1, 2019 of ThUS\$ 107.

The Group did not apply the IFRS 16 disclosure requirements to recognize right-of-use assets and a liability for leases that will terminate within 12 months of January 1, 2019, nor for leases where the underlying asset has a low value.

b) Standards, interpretations and amendments issued, but not yet mandatory and which have not been adopted early.

Standards and amendments	Contents	Publication date
IAS 1 and IAS 8	Presentation of financial statements and accounting policies, changes in accounting estimates and errors It introduces a consistent definition of materiality in all IFRS and the Conceptual Framework for Financial Information, and clarifies the explanation for the definition of material. It incorporates some of the guides in IAS 1 on immaterial information.	January 1, 2020
IFRS 3	Definition of a business Revises the definition of a business.	January 1, 2020
IFRS 9, IAS 39 and IFRS 7 Amendments	Reference interest rate reform Simplifications are provided to reform coverage interest rates.	January 1, 2020
IFRS 17	Insurance contracts Replaces IFRS 4. Changes the accounting for all entities that issue insurance contracts and investment contracts	January 1, 2021
IAS 10 and IAS 28 - Amendments	Asset sale or contribution between an investor and an associate or joint venture	Undetermined

Empresas Copec believes that adopting the standards, amendments and interpretations described above will not significantly affect the consolidated financial statements.

## 2.2 Basis of consolidation

### a) Affiliates

Affiliates are all companies (including special purpose vehicles) that expose the Group to, or give it the right to, variable returns arising from that investment, and the Group can affect such returns through its ability to direct the company's business. Affiliates are consolidated from the date on which control is transferred, and they are excluded from consolidation from the date on which control ceases.

The *acquisition method* is used to account for the acquisition of affiliates by the Group. Acquisition cost is the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed at the date of exchange. The identifiable assets, liabilities and contingencies assumed in a business combination are initially valued at fair value as of the acquisition date, regardless of the scope of minority interests. The excess of the acquisition cost over the fair value of the Group's share in the net identifiable assets acquired is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired affiliate, the difference is recognized directly as a gain in income, as negative goodwill.

Intercompany transactions and balances and unrealized gains on transactions between entities are eliminated. Unrealized losses are also eliminated, unless that transaction provides evidence that the asset transferred is

impaired. The accounting policies of affiliates are amended, when it is necessary to ensure that Group policies have been consistently applied.

The consolidated financial statements include the consolidated figures of Abastible S.A. and affiliates, Celulosa Arauco y Constitución S.A. and affiliates, Compañía de Petróleos de Chile Copec S.A. and affiliates, Minera Camino Nevado Ltda. and affiliates, EC Investrade Inc., Pesquera Iquique-Guanaye S.A. and affiliates, Inmobiliaria Las Salinas Ltda., Sociedad Nacional de Oleoductos S.A. Inversiones Nueva Sercom Ltda. and Alxar Internacional SpA.

The direct and indirect shareholdings as of September 30, 2019 and December 31, 2018 are detailed as follows:

Chilean ID Number	Company	Ownership interest			
		09.30.2019		12.31.2018	
		Direct	Indirect	Total	Total
91,806,000-6	ABASTIBLE S.A.	99.2023	0.0000	99.2023	99.2023
93,458,000-1	CELULOSA ARAUCO Y CONSTITUCION S.A.	99.9780	0.0000	99.9780	99.9780
99,520,000-7	COMPAÑIA DE PETROLEOS DE CHILE COPEC S.A.	99.9996	0.0004	100.0000	100.0000
76,160,625-5	MINERA CAMINO NEVADO LTDA.	99.9986	0.0014	100.0000	100.0000
91,123,000-3	PESQUERA IQUIQUE-GUANAYE S.A.	50.2198	31.7150	81.9348	81.9348
88,840,700-6	INMOBILIARIA LAS SALINAS LTDA.	99.9740	0.0260	100.0000	100.0000
81,095,400-0	SOCIEDAD NACIONAL DE OLEODUCTOS S.A.	0.0000	52.6857	52.6857	52.6857
76,306,362-3	INVERSIONES NUEVA SERCOM LTDA.	99.9740	0.0260	100.0000	100.0000
76,879,169-4	ALXAR INTERNACIONAL SpA	100.0000	0.0000	100.0000	0.0000
	Foreign EC INVESTRADE INC.	100.0000	0.0000	100.0000	100.0000

The following companies indirectly form part of these interim consolidated financial statements as of September 30, 2019 and December 31, 2018, as a result of consolidating financial information for consolidated affiliates:

Chilean ID Number	Company	Ownership interest			
		Direct	09.30.2019 Indirect	Total	12.31.2018 Total
76,565,182-4	ABASTIBLE INTERNACIONAL SpA	0.0000	99.2004	99.2004	99.2004
79,927,130-3	ADM. CENTRAL DE ESTACIONES DE SERVICIOS LTDA.	0.0000	100.0000	100.0000	100.0000
79,689,550-0	ADM. DE ESTACIONES DE SERVICIOS SERCO LTDA.	0.0000	100.0000	100.0000	100.0000
77,614,700-1	ADM. DE SERVICIOS DE RETAIL LTDA.	0.0000	99.9000	99.9000	99.9000
79,927,140-0	ADM. DE SERVICIOS GENERALES LTDA.	0.0000	100.0000	100.0000	100.0000
77,215,640-5	ADM. DE VENTAS AL DETALLE LTDA.	0.0000	100.0000	100.0000	100.0000
96,547,510-9	ARAUCO BIOENERGIA S.A.	0.0000	99.9779	99.9779	99.9779
76,620,842-8	ARAUCO NUTRIENTES NATURALES SpA	0.0000	99.9779	99.9779	99.9779
76,000,605-K	ARCO ALIMENTOS LTDA.	0.0000	99.9999	99.9999	99.9999
85,840,100-3	COMPAÑIA DE SERVICIOS INDUSTRIALES LTDA.	0.0000	100.0000	100.0000	100.0000
96,668,110-1	COMPAÑIA LATINOAMERICANA PETROLERA S.A.	0.0000	60.0000	60.0000	60.0000
96,623,630-2	COMPAÑIA MINERA CAN CAN S.A.	0.0000	100.0000	100.0000	100.0000
76,188,354-2	COMPAÑIA MINERA LA MERCED S.A.	0.0000	100.0000	100.0000	100.0000
76,188,363-1	COMPAÑIA MINERA PASO SAN FRANCISCO S.A.	0.0000	100.0000	100.0000	100.0000
76,188,378-K	COMPAÑIA MINERA SIERRA NORTE S.A.	0.0000	100.0000	100.0000	100.0000
76,528,658-1	COMPLEMENTO FILIALES SpA	0.0000	100.0000	100.0000	100.0000
96,657,900-5	CONSORCIO PROTECCION FITOSANITARIA FORESTAL S.A.	0.0000	57.4774	57.4774	57.4774
76,068,320-5	ESTUDIOS Y DESARROLLOS DE GAS LTDA.	0.0000	99.2079	99.2079	99.2079
85,805,200-9	FORESTAL ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
93,838,000-7	FORESTAL CHOLGUAN S.A.	0.0000	98.5772	98.5772	98.5772
78,049,140-K	FORESTAL LOS LAGOS S.A.	0.0000	79.9823	79.9823	79.9823
76,107,630-2	GAS LIQUADO MOTOR LTDA.	0.0000	99.2079	99.2079	99.2079
76,817,884-4	INMOBILIARIA SEÑORA ISIDORA SpA	0.0000	100.0000	100.0000	100.0000
76,320,907-5	INVERSIONES ALXAR S.A. (FORMERLY INV. CAN CAN S.A.)	0.0000	100.0000	100.0000	100.0000
96,563,550-5	INVERSIONES ARAUCO INTERNACIONAL LTDA.	0.0000	99.9779	99.9779	99.9779
76,528,663-8	INVERSIONES CIMOL SpA	0.0000	100.0000	100.0000	100.0000
79,990,550-7	INVESTIGACIONES FORESTALES BIOFOREST S.A.	0.0000	99.9779	99.9779	99.9779
96,510,970-6	MADERAS ARAUCO S.A.(FORMERLY PANELES ARAUCO S.A.)	0.0000	99.9779	99.9779	99.9779
96,929,960-7	ORIZON S.A.	0.0000	68.4141	68.4141	68.4141
76,375,371-9	SERVICIOS AEREOS FORESTALES LTDA	0.0000	99.9779	99.9779	99.9779
96,637,330-K	SERVICIOS LOGISTICOS ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
78,953,900-6	SERVICIOS Y TRANSPORTES SETRA.COM LTDA.	1.0000	98.2080	99.2080	99.2080
77,090,440-4	SOCIEDAD CONTRACTUAL MINERA VILACOLLO	0.0000	100.0000	100.0000	100.0000
79,904,920-1	TRANSPORTES DE COMBUSTIBLES CHILE LTDA.	0.0000	100.0000	100.0000	100.0000
79,874,200-0	VIA LIMPIA SpA.	0.0000	100.0000	100.0000	100.0000
-	AGENCIA MIENTO Y SERV. PROFESIONALES S.A.	0.0000	99.9779	99.9779	99.9779
-	ARAUCO ARGENTINA S.A.	0.0000	99.9589	99.9589	99.9589
-	ARAUCO AUSTRALIA S.A.	0.0000	99.9779	99.9779	99.9779
-	ARAUCO COLOMBIA S.A.	0.0000	99.9778	99.9778	99.9778
-	ARAUCO DO BRASIL S.A.	0.0000	99.9779	99.9779	99.9779
-	ARAUCO EUROPE COOPERATIEF U.A.	0.0000	99.9779	99.9779	99.9779
-	ARAUCO FLORESTAL ARAPOTI S.A.	0.0000	79.9823	79.9823	79.9823
-	ARAUCO FOREST BRASIL S.A.	0.0000	99.9779	99.9779	99.9779
-	ARAUCO INDUSTRIA DE PAINES LTDA.	0.0000	99.9772	99.9772	99.9772
-	ARAUCO MIDDLE EAST DMCC	0.0000	0.0000	0.0000	0.0000
-	ARAUCO PERU S.A.	0.0000	99.9779	99.9779	99.9779
-	ARAUCO WOOD PRODUCTS INC (USA)	0.0000	0.0000	0.0000	0.0000
-	ARAUCO WOOD CHINA COMPANY LIMITED.	0.0000	99.9779	99.9779	99.9779
-	ARAUCOMEX S.A. DE C.V.	0.0000	99.9779	99.9779	99.9779
-	CENTRO NACIONAL DE REPARACIÓN COLGAS S.A.	0.0000	50.5145	50.5145	50.5145
-	COLGAS DE OCCIDENTE S.A. ESP.	0.0000	50.5919	50.5919	50.5919
-	COMERCIAL INDUSTRIAL NACIONAL S.A.	0.0000	50.5919	50.5919	50.5919
-	COMPAÑIA DE TRANSPORTES DE COLOMBIA S.A.	0.0000	50.5919	50.5919	50.5919
-	COMPAÑIAS ASOCIADAS DE GAS S.A. ESP ASOGAS	0.0000	50.5919	50.5919	50.5919
-	COPEC CANAL INC.	0.0000	100.0000	100.0000	100.0000
-	COPEC INVESTMENTS LTD.	0.0000	100.0000	100.0000	100.0000
-	COPEC OVERSEAS SpA	0.0000	100.0000	100.0000	100.0000
-	DURAGAS S.A.	0.0000	99.1901	99.1901	99.1901
-	EMPRENDIMIENTOS FLORESTAIS SANTA CRUZ LTDA.	0.0000	99.9559	99.9559	99.9559
-	FLAKEBOARD AMERICA LTD.	0.0000	0.0000	0.0000	0.0000
-	FLAKEBOARD COMPANY LTD.	0.0000	99.9775	99.9775	99.9775
-	FORESTAL NUESTRA SEÑORA DEL CARMEN S.A.	0.0000	99.9592	99.9592	99.9592
-	FORESTAL TALAVERA S.A.	0.0000	99.9730	99.9730	99.9730
-	GASAN DE COLOMBIA S.A. ESP.	0.0000	50.5145	50.5145	50.5145
-	GASES DE ANTIOQUIA S.A. ESP.	0.0000	50.5919	50.5919	50.5919
-	GASES DE SANTANDER S.A. ESP.	0.0000	50.5919	50.5919	50.5919
-	GREENAGRO S.A.	0.0000	99.9597	99.9597	99.9597
-	INVERSIONES DEL NORDESTE S.A.	0.0000	50.5920	50.5920	50.5920
-	LEASING FORESTAL S.A.	0.0000	99.9589	99.9589	99.9589
-	MADERAS ARAUCO COSTA RICA S.A.	0.0000	99.9779	99.9779	99.9779
-	MAHAL EMPRENDIMIENTOS E PARTICIPACIONES S.A.	0.0000	99.9710	99.9710	99.9710
-	MAPCO EXPRESS INC	0.0000	100.0000	100.0000	100.0000
-	NORTESANTANDERANA DE GAS S.A. ESP	0.0000	50.5820	50.5820	50.5820
-	NOVO OESTE GESTAO DE ACTIVOS FLORESTAIS S.A.	0.0000	99.9991	99.9991	99.9991
-	ORGANIZACIÓN TERPEL S.A.	0.0000	58.5100	58.5100	58.5100
-	ORIZON FOODS LLC.	0.0000	68.4141	68.4141	68.4141
-	SAVITAR S.A.	0.0000	99.9629	99.9629	99.9629
-	SEMAPESA	0.0000	99.1978	99.1978	99.1978
-	SERVICIOS DEL NORDESTE S.A.	0.0000	50.5919	50.5919	50.5919
-	SOLGAS AMAZONIA S.A.	0.0000	99.0609	99.0609	99.0609
-	SOLGAS S.A.	0.0000	99.2000	99.2000	99.2000

b) Non-controlling interests

The Group applies the policy of considering transactions with non-controlling interests as transactions with independent third parties. When non-controlling interests are acquired, the difference between the acquisition price and the corresponding interest in the book value of the affiliate's net assets is recognized in equity. Gains or losses on the disposal of non-controlling shares, whilst control is retained, are recognized in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is valued at fair value through profit and loss. Fair value is the initial value when subsequently accounted for as an associate, joint venture or financial asset. The amounts previously recognized in other comprehensive income are reclassified to net income.

c) Joint ventures

As from January 1, 2013 the IASB issued IFRS 11 "Joint arrangements" that classifies joint agreements into two types, based on the rights and obligations of the parties to the agreement, the structure, the legal framework, the contractual terms and other events and circumstances: 1) Joint ventures, where the parties have control over the agreement and rights over the net assets of the jointly controlled entity, which is accounted for using the equity method; and 2) Joint operations, where the parties have control over the transactions, rights over the assets and liabilities that relate to the agreement, in which the joint operator must acknowledge its assets, liabilities and transactions, including its stake in those that it jointly operates.

d) Associates

Associates are entities over which the Parent Company exercises significant influence but does not have control. This is generally the result of an ownership interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the *equity method* and they are initially recognized at cost. The book value of these investments is increased or decreased to recognize the corresponding share of net income for the period and comprehensive income. Investments in associates include purchased goodwill (net of any accumulated impairment loss).

The share of losses or gains subsequent to the acquisition of associates is recognized in income, and the share of other comprehensive income subsequent to the acquisition is recognized in other comprehensive income. When the Group's share of the losses of an associate is greater than or equal to its investment, including any unsecured accounts receivable, additional losses are not recognized, unless the Group has incurred legal obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated in proportion to the ownership interest in such associates. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss due to the impairment of the transferred asset. The accounting policies of associates are amended when it is necessary to ensure that Group policies have been consistently adopted.

Investments in associates are detailed in Note 20.

### 2.3 Financial information of operating segments

IFRS 8 requires companies to adopt the “Management Approach” to disclose information about the results of their operating segments. In general, this is the information that Management uses internally to evaluate segment performance and to determine how to assign resources to segments. In this context Management means the Board.

A business segment is a group of assets and operations that supply products or services that are subject to risks and returns that differ from other business segments. A geographic segment provides products or services in a concrete financial environment that is subject to risks and returns that differ from other segments that operate in other financial environments.

The Company has chosen operating segments based on its main affiliates: Celulosa Arauco y Constitución S.A., Compañía de Petróleos de Chile Copec S.A., Abastible S.A., Sociedad Nacional de Oleoductos S.A. and Pesquera Iquique-Guanaye S.A.

Segment financial information is described in Note 29.

## 2.4 Transactions in currencies other than the functional currency

### a) Functional currency and presentation currency

The entries included in the financial statements of each of the entities belonging to the Group are valued using the currency of the primary economic environment in which that entity operates ("functional currency"). The functional currencies of the Parent Company and the main affiliates and associates are presented in the table below:

Company	Functional currency
Empresas Copec S.A.	US dollar
Celulosa Arauco y Constitución S.A.	US dollar
Compañía de Petróleos de Chile Copec S.A.	Chilean peso
Abastible S.A.	Chilean peso
Pesquera Iquique- Guanaye S.A.	US dollar
Sociedad Nacional de Oleoductos S.A.	Chilean peso
Metrogas S.A.	Chilean peso
Aprovisionadora Global de Energía S.A.	US dollar
Inversiones Laguna Blanca S.A.	US dollar
Minera Camino Nevado Ltda.	US dollar
Alxar Internacional SpA	US dollar
Inmobiliaria Las Salinas Ltda.	Chilean peso

The interim consolidated financial statements are presented in U.S. dollars, which is the functional currency of Empresas Copec S.A. The affiliates of the forestry and fishing sectors, whose functional currency is the US dollar, represent 65.5% of consolidated assets, 73.2% of its liabilities, 49.4% of its gross margin and 62.0% of its EBITDA. These are predominantly export sectors, and consequently, the majority of their revenue is denominated in US dollars. Likewise, a significant portion of their costs are indexed to the US dollar, and their financial liabilities are also US dollar-denominated. Both sectors perform their accounting in US dollars.

### b) Transactions and balances

Transactions in currencies other than the functional currency are converted to the functional currency using the exchange rates prevailing as of the dates of the transactions. Losses and gains in foreign currency that arise from the settlement of these transactions and the conversion of foreign-currency-denominated monetary assets and liabilities to the period-end exchange rates are recognized in income, except when they are deferred to net equity, as is the case with cash flow hedges and net investment hedges.



Changes in the fair value of monetary securities denominated in foreign currencies that are classified as held for sale are categorized as exchange differences resulting from changes in the amortized cost of the security or other changes in the book value of the security. Exchange differences are recognized in income for the period, and other changes in the book value are recognized in net equity.

Exchange differences for non-monetary items such as equity instruments at fair value through profit and loss are presented as part of the gain or loss in fair value. Exchange differences from non-cash items, such as equity instruments classified as financial assets held-for-sale, are included in equity, in the revaluation reserve.

c) Group entities

The income and financial position of all of the entities belonging to Empresas Copec Group (none of which uses the currency of a hyperinflationary economy) that have a functional currency other than the presentation currency are converted to the presentation currency as follows:

- i. Assets and liabilities of each statement are converted at the exchange rates as of the reporting date;
- ii. The income and expenses of each account are converted at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of exchange rates as of the transaction dates, in which case the income and expenses are converted on the transaction dates); and
- iii. All resulting exchange differences are recognized in comprehensive income.

In consolidation, exchanges differences arising from the conversion of a net investment in foreign entities, or from foreign-currency-denominated loans and other instruments designated as hedges for those investments, are recorded in net equity. When the investments are sold, the resulting exchange differences are recognized in income as part of the loss or gain on the sale.

Adjustments to goodwill and fair value that arise from the acquisition of a foreign entity, or an entity with a functional currency other than the US dollar, are treated as assets and liabilities belonging to the foreign entity and are converted at the exchange rate as of the reporting date.

## d) Translation basis

Assets and liabilities denominated in Chilean pesos, Unidades de Fomento or UF, which is an indexed Chilean peso currency, and other currencies have been converted in US dollars at the exchange rate as of the closing date of the consolidated financial statements, as follows:

Exchange rates to the US dollar	09.30.2019	12.31.2018
Chilean peso (CLP)	728.21	694.77
Argentinean pesos (AR\$)	57.59	37.74
Brazilian real (BR\$)	4.16	3.87
Unidad de Fomento (UF)	0.026	0.025
Euro (€)	0.92	0.87
Colombian pesos (COP\$)	3,484.41	3,239.45
Peruvian nuevo sol	3.38	3.37

## 2.5 Property, plant and equipment

Property, plant and equipment mainly includes forestry lands, production and storage plants, retail sales branches, service stations, offices and construction works in progress. These items are presented at historical cost less the corresponding depreciation.

Historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are added to the initial value of the asset or they are recognized as a separate asset, only when it is likely that the future financial benefits associated with these components will flow to the Company and the cost of the component can be reliably determined. The value of the component that was substituted is written off for accounting purposes. Other repairs and maintenance are charged to income for the period in which they are incurred.

Depreciation is calculated using the *straight-line method*, including any impairment adjustments. The amount presented in the consolidated statement of financial position represents the cost less accumulated depreciation and any impairment losses.

The average estimated useful lives of the main asset categories are as follows:

	Average Useful Life
Buildings and construction	54
Plant and equipment	24
IT equipment	5
Facilities, fixtures and fittings	15
Motor vehicles	6
Other property, plant and equipment	20

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

When the book value of an asset exceeds its estimated recoverable amount, the book value is immediately reduced to the recoverable amount.

Losses and gains on the sale of property, plant and equipment are calculated by comparing the proceeds obtained with the book value, and they are recorded in the statement of comprehensive income.

Costs can also include losses and gains on qualified foreign currency cash flow hedges on the purchase of property, plant and equipment.

## 2.6 Biological assets

IAS 41 requires biological assets to be presented in the statement of financial position at fair value. Standing plantations are recorded at fair value less the estimated costs at harvesting, considering that the fair value of these assets can be reliably measured.

The valuation of plantations is based on discounted cash flow models, which means that the fair value of biological assets is calculated using cash flows from continuing operations, that is, on the basis of sustainable forestry management plans considering the growth potential of these plantations. This valuation is performed on the basis of each stand identified and for each type of tree species.

The plantations presented in current assets are plantations that will be harvested and sold in the short term.

Biological growth and changes in fair value are recognized in the consolidated income statement under Other income by function.

The valuation of biological assets is described in Note 7.

## 2.7 Investment property

Investment properties are held to earn a long-term return, and they are not occupied by the Group. Investment property is accounted for at historical cost.

Lands held under operating lease contracts are classified as and accounted for as real estate investments when they meet the remaining conditions for a real estate investment.

Real estate investments also include lands whose future use has not yet been determined as of the reporting date.

## 2.8 Intangible Assets

### a) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the Company's share of the net identifiable assets of the acquired affiliate on the acquisition date.

Goodwill that is recognized separately is tested for impairment on an annual basis or more frequently when events or circumstances indicate potential impairment, and is valued at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the book value of goodwill related to the entity being sold.

Goodwill is assigned to Cash Generating Units (CGUs) in order to test for impairment losses. The assignment is made to the CGUs that are expected to benefit from the business combination that gave rise to the goodwill.

### b) Patents and trademarks

Industrial patents are valued at historical cost. They have a finite useful life and are measured at cost less accumulated amortization. Amortization is calculated linearly over their expected useful lives.

Trademarks acquired through business combinations are measured at fair value at the date of acquisition. The fair value of an intangible asset reflects expectations about the likelihood that future economic benefits embodied in the asset will flow to the entity. The Company has determined that such intangible assets have indefinite useful lives and therefore are not subject to amortization. However, by the nature of these assets with indefinite useful lives, they are reviewed and tested for impairment annually and at any time when there is an indication that the asset may be impaired.

### c) Concessions and other rights

Concessions and other rights are presented at historical cost. They have a finite useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the terms established in the contracts.

### d) Fishing rights

Authorizations for fishing activities are presented at historical cost. There is no finite useful life for the use of such rights, and therefore they are not subject to amortization. The affiliate tests intangible assets with indefinite useful lives for impairment on an annual basis and every time there is an indication that the intangible asset may be impaired. If detected, the Company adjusts their value with a charge to net income.

e) Water rights

Water rights acquired from third parties are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. The Company tests intangible assets with indefinite useful lives for impairment on an annual basis and every time there is an indication that the intangible asset may be impaired. If detected, the Company adjusts their value with a charge to net income.

f) Easements

Easement rights are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. The Company tests intangible assets with indefinite useful lives for impairment on an annual basis and every time there is an indication that the intangible asset may be impaired. If detected, the Company adjusts their value with a charge to net income.

g) Mining properties

Mining properties are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. The Company tests intangible assets with indefinite useful lives for impairment on an annual basis and every time there is an indication that the intangible asset may be impaired. If detected, the Company adjusts their value with a charge to net income.

h) IT programs

The costs of acquiring software licenses and preparing them to operate a specific program are capitalized. These costs are amortized over their estimated useful lives.

Expenses related to the development or maintenance of software programs are recognized as expenses when they are incurred. The costs directly related to the production of unique and identifiable software programs that are likely to generate financial benefits in excess of their costs for more than one year, are recognized as intangible assets. Direct costs include the expenses of the personnel that develop software programs, as well as an appropriate percentage of general expenses.

Development costs for IT programs recognized as assets are amortized over their estimated useful lives, which shall not exceed five years.

i) Research and development expenses

Research expenses are recognized as expenses when they are incurred. Costs incurred on development projects related to the design and testing of new or improved products are recorded as an intangible asset when the following requirements are met.

- It is technically feasible to fully produce the intangible asset, to the point where it can be used or sold.

- Management intends to complete the intangible asset, and to use or sell it.
- The Company can use or sell the intangible asset.
- It is possible to demonstrate how the intangible asset will generate probable financial benefits in the future.
- The technical, financial or other resources necessary to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to developing it can be reliably measured.

Other development expenses are recognized as expenses when they are incurred. Development costs previously recognized as expenses are not recognized as assets in a subsequent period. Development projects with a finite useful life that have been capitalized are amortized using the straight-line method, from the date commercial production commences, over the period during which they are expected to generate benefits, which shall not exceed 10 years.

Development assets are tested for impairment losses annually, in accordance with IAS 36.

## 2.9 Interest costs

Interest costs incurred to construct any qualified asset are capitalized over the period required to complete and prepare the asset for its intended use. Other interest costs are recorded in the consolidated income statement by function.

## 2.10 Impairment losses for non-financial assets

Assets with an indefinite useful life are not amortized and they are tested for impairment losses annually. Assets that are amortized are tested for impairment losses when an event or change in circumstances indicates that the book value may not be recoverable. An impairment loss is recognized for the excess of the asset's book value over its recoverable amount. The recoverable amount is the greater of the fair value of an asset less its selling costs, or its value in use. In order to evaluate impairment losses, assets are grouped at the lowest level at which they separately generate identifiable cash flows (cash generating units).

Non-financial assets other than goodwill that have suffered impairment losses are reviewed as of each annual reporting date to see if the losses have been reversed.

## 2.11 Financial Instruments

IFRS 9 "Financial Instruments" came into force with effect from January 1, 2018, replacing IAS 39 "Financial Instruments: Recognition and Measurement". This standard amends the classifications of financial instruments, their impairment criteria and establishes new criteria for assigning hedging instruments.

### 2.11.1 Financial assets

#### Classification

The Group classifies its financial assets based on the applicable business model, and their contractual cash flows.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss, financial assets at amortized cost, and financial assets at fair value through comprehensive income. This classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and reviews this classification at each reporting date.

#### a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for investment purposes. A financial asset is classified in this category if acquired principally to sell in the short term.

Derivatives are also classified as acquired for investment purposes, unless they are designated as hedges. Assets in this category are classified as current assets, and the liability position of these instruments is presented in the Consolidated Statement of Financial Position under "Other financial liabilities."

Acquisitions and disposals of financial assets are recognized as of the date on which the Company commits to the acquisition or sale of the asset.

These assets are initially recorded at cost and subsequently their value is updated on the basis of their fair value, with changes in value being recognized in net income.

b) Financial assets at amortized cost

A financial asset is measured at amortized cost when it meets the following two conditions:

- i. The asset uses a business model whose objective is to hold the assets in order to collect contractual cash flows.
- ii. The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal, and interest on the principal outstanding.

Trade and other receivables are classified in this category and initially recorded at fair value (nominal value including implicit interest), and they are subsequently recorded at their amortized cost using the effective interest rate method, less any impairment losses. When the nominal value of the account receivable does not differ significantly from its fair value, the account is recognized at its nominal value.

Implicit interest must be disaggregated and recognized as financial income, to the extent that interest is being accrued.

c) Financial assets at fair value through comprehensive income

A financial asset is measured at fair value through comprehensive when it meets the following two conditions:

- i. The financial asset uses a business model whose objective is to receive contractual cash flows and selling financial assets.
- ii. The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal, and interest on the principal outstanding.

Recognition and measurement

Acquisitions and disposals of investments are recognized on the transaction date, or when the transaction is closed, which is the date when the Company commits to acquire or sell the asset. Investments are initially recognized at fair value plus the transaction costs for all financial assets not recorded at fair value through profit and loss. Financial assets at fair value through profit and loss are initially recognized at fair value, and their transaction costs are expensed.

Investments are written off for accounting purposes when the rights to receive cash flows from the investments have expired and/or been transferred and/or all of the risks and rewards of ownership have been substantially transferred. Financial assets held for sale and financial assets that are booked at fair value with changes taken to net income are recorded later at their fair value. Loans and receivables are accounted for at their amortized cost, in accordance with the effective interest method.



The fair value of investments in publicly traded securities is based on current purchase prices. If the market for a financial asset is not liquid (and for securities that are not publicly traded), fair value is determined using valuation techniques that include the use of recent arm's length transactions between knowledgeable, willing parties and that involve other instruments that are substantially the same; the analysis of discounted cash flows; and options price-setting models. In these cases market-based inputs are used to the greatest extent possible, whereas inputs specific to the entity are relied on as little as possible. In the event that none of the abovementioned techniques can be used to determine the fair value, the investments are recorded at acquisition cost net of any applicable impairment losses.

As of each reporting date, an evaluation is performed to determine whether there is objective evidence that a financial asset or group of financial assets may have been impaired. In order to determine whether capital securities classified as held for sale are impaired, the Company must determine whether there has been a significant or prolonged decrease in the fair value of the securities to below cost. If there is any such evidence for financial assets held for sale, the cumulative loss defined as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in gains or losses, is removed from equity and is recognized in net income. Impairment losses recognized in income for equity instruments are not reversed through the consolidated statement of net income.

#### Impairment

The Group performs a risk analysis based on the historical portfolio collection experience, which is adjusted for macroeconomic variables in order to obtain sufficient information to estimate and thus determine whether or not there is an impairment loss on the portfolio.

Therefore, the debtor's impairment provision is based on expected losses.

### 2.11.2 Financial liabilities

Financial liabilities are measured at amortized cost, except when they are measured at fair value through profit and loss or other specific cases. The Group has two classifications for financial liabilities.

#### Trade and other payables

Trade payables are initially recognized at fair value and subsequently at their amortized cost using the effective interest method. When the nominal value of the account payable does not differ significantly from its fair value, the account is recognized at its nominal value.

#### Other financial liabilities valued at amortized cost

Obligations to banks and financial institutions are initially recognized at fair value, net of any costs incurred in the transaction. Subsequently, third-party resources are valued according to their amortized cost; any difference between the proceeds (net of any necessary costs) and the reimbursement value is recognized in the consolidated statement of income during the term of the debt, in accordance with the effective interest method. The effective interest method involves applying the referential market rate for debts with similar characteristics to the debt (net of any costs to obtain it).

Third-party resources are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

### 2.11.3 Derivative financial instruments and hedges

Derivative financial instruments are initially recognized at fair value as of the date on which the derivative contract was executed, and they are subsequently revalued at fair value. Derivatives are designated as:

- a) Fair value hedges for recognized liabilities (fair value hedge);
- b) Hedges for a specific risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge); or
- c) Hedges for a net investment in a foreign operation (net investment hedge).

The relationship between the hedging instruments and the hedged entries are documented at the beginning of the transaction, along with the risk management objectives and the strategy to manage several hedging transactions. The initially and ongoing evaluation of whether the derivatives used in hedging transactions are highly effective at offsetting changes in fair value or the cash flows of the hedged entries is also documented.

The total fair value of the hedging derivatives is classified as a non-current asset or liability if the remaining term of the hedged entry is greater than 12 months, and as a current asset or liability if the remaining term of the hedged entry is less than 12 months. Traded derivatives are classified as current assets or liabilities.

The effective portion of changes in the fair value of cash flow hedges are recognized in the Statement of Other Comprehensive Income. The gain or loss related to the ineffective portion is immediately recognized in income under "Other operating income" or "Other miscellaneous operating expenses," respectively.

When a hedging instrument expires or is sold, or when it ceases to fulfill the criteria to be recognized using the accounting treatment for hedges, any accumulated gain or loss in equity as of that date remains in equity and is recognized when the forecast transaction affects the statement of income. When the forecast transaction is no longer expected to take place, the accumulated gain or loss in equity is immediately transferred to the statement of income.

## 2.12 Inventories

Inventory is valued at the lower of cost or net realizable value. Compañía de Petróleos de Chile Copec S.A. calculates cost using the FIFO (first in first out) method for fuels, and the weighted average price method for lubricants and other products. The cost of inventories in Organización Terpel S.A. and affiliates is calculated using the weighted average price method.

The cost of finished products and of products in progress at other companies includes the costs of design, raw materials, direct labor, other direct costs and general manufacturing expenses, but does not include interest costs.

The initial costs of harvested timber at Celulosa Arauco y Constitución S.A. are based on fair value less the selling costs following harvesting.

Biological assets are transferred to inventory as forests are harvested.

Net realizable value is the estimated sales price in the normal course of business, less any costs to complete production, less any applicable variable sales costs.

As of the date of these consolidated financial statements, there is no inventory pledged as collateral.

When the manufacturing costs of a product exceed its net realizable value as a result of market conditions, a provision is recorded for the difference. Such a provision also considers amounts related to obsolescence from low turnover and technical obsolescence.

Minor spare parts to be consumed in a 12 month period are shown under inventories and are recorded in expenses in the period in which they are consumed.

## 2.13 Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts, term deposits at financial institutions, mutual funds and other highly liquid short-term investments with an original term of three months or less, that are not likely to suffer changes in value.

## 2.14 Capital

Share capital is 1,299,853,848 single-series ordinary shares (See Note 22).

Incremental costs directly attributable to the issuance of new shares are presented in net equity as a deduction, net of taxes, from the proceeds obtained.

The Parent Company's dividend policy is to distribute 40% of net profits, as defined in Note 22, on an annual basis. This policy is established each year at the Shareholders' Meeting.

Dividends on ordinary shares are recognized as a decrease in accumulated reserves as the benefit to shareholders accrues.

The item "Other reserves" in equity mainly consists of translation adjustment reserves and hedge reserves. Empresas Copec S.A. does not have any restrictions associated with these reserves.

The translation reserve consists of the foreign currency translation differences of Group affiliates that use a functional currency other than the US dollar.

Hedge reserves are the effective portion of the gain or loss on hedge swap contracts as of the date of these consolidated financial statements.

## 2.15 Income tax and deferred tax

### a) Income tax

The income tax expense for the year is calculated on income before taxes, which is increased or decreased, as appropriate, for the permanent and temporary differences provided by tax legislation when calculating taxable income.

### b) Deferred tax

Deferred taxes are calculated in accordance with IAS 12 using the liability method, over temporary differences that arise between the tax value of assets and liabilities and their book value in the consolidated financial statements. Deferred taxes are determined using the approved tax rates or almost approved as of the reporting date and that are expected to apply when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is likely that there will be future tax benefits available to use the temporary differences.

Deferred taxes are recognized over differences that arise in investments in affiliates and associates, except in those cases where the date on which temporary differences are reversed can be controlled by the Group and it is likely that such differences will not be reversed in the foreseeable future.

The Company reviews its deferred tax assets and liabilities at each reporting date, in order to determine whether they remain current and make any necessary corrections based on the results of this analysis.

Law 20,899 was published on February 8, 2016, which simplifies the income tax system and improves other tax provisions established in Law 20,780 regarding the Tax Reform, promulgated on September 29, 2014. It restricts the original option granted to companies with shareholders who are natural people, and taxpayers who are not domiciled and resident in Chile that are not corporations, to select the attributable system. This information must be disclosed in the notes to the consolidated financial statements.

According to the tax reform established by Law 20,780 and Law 20,899, Copec Group income is subject to the partially integrated regime by default. This results in a corporate tax rate of 25.5% applying for 2017 and 27% for 2018 and subsequent years.

Therefore, deferred taxes in Chile as of December 31, 2017 and as of December 31, 2018 have been calculated using the tax rate applicable when the temporary differences reverse, being 27%.

## 2.16 Employee benefits

### a) Staff vacations

The Group recognizes the expense for staff vacations using the *accrual method*, and the expense is recorded at its nominal value.

Certain affiliates recognize a vacation bonus expense, where there is a contractual obligation to general staff, and this obligation is a fixed amount, in accordance with employment contracts. This vacation bonus is recorded as an expense when the employee uses his or her vacation time, and it is recorded at nominal value.

b) Production bonuses

The Group recognizes a provision when it is contractually obligated to do so or when past practice has created an implicit obligation and it is possible to reliably estimate the obligation. This bonus is recorded at its nominal value.

c) Staff severance indemnities

The liability recognized in the statement of financial position is the present value of the obligation for defined benefits as of the reporting date. Such value is calculated annually by independent actuaries, and it is determined by discounting the estimated future outflows of cash at interest rates on instruments denominated in the currency in which such benefits will be paid and with terms similar to those of the corresponding obligations.

Losses and gains that arise from experience and from changes in the actuarial assumptions are charged or credited to income for the period in which they occur.

Costs for past services are immediately recognized in the statement of income.

## 2.17 Provisions

Provisions are recognized when a legal or implicit obligation arises as a result of past events, where a reliably estimated payment is likely to settle the obligation. The amount is the best possible estimate at each reporting date.

Provisions are valued at the present value of the expected disbursements to settle the obligation using the best estimate available. The discount rate utilized to determine the present value reflects current market estimates of the time value of money as of the reporting date, and any specific risk related to the obligation.

## 2.18 Revenue recognition

Revenue is recorded at the fair value of the consideration received or receivable derived from that revenue. The Group analyzes all the relevant events and circumstances when applying each step of the IFRS 15 model to

contracts with its customers: (i) contract identification, (ii) performance obligations identification, (iii) the transaction price, (iv) price assignment, and (v) revenue recognition. The Company also assesses the incremental costs of agreeing a contract and costs directly related to complying with a contract. The Group recognizes revenue when the steps set out in the IFRS have been successfully completed.

a) Revenue recognition from the sale of goods

Revenue from the sale of goods is recognized when an entity has transferred to the buyer control over those goods, when the revenue can be reliably quantified, when the Company cannot influence the management of those goods, when it is likely that the financial benefits of the transaction will be received by the Group and when the transaction costs can be reliably measured.

Revenue from sales are recognized based on the price established in the sales contract, net of volume discounts as of the date of the sale. There is no significant financing component, as sales have a short average payment term, which is in line with market practice.

b) Revenue recognition from providing services

Revenue from providing services is recognized when the performance obligation has been satisfied.

Revenue is accounted for considering the degree of completion of the service at the closing date, when the Company has an enforceable right to payment for the services provided.

## 2.19 Leases

Empresas Copec and its affiliates apply IFRS 16 to recognize leases in a manner consistent with contracts with similar characteristics and similar circumstances.

The Group's affiliates assess whether the contract contains a lease when the contract begins. A contract contains a lease if transfers the right to control an asset over a period of time, in exchange for a fee.

When the lease is initially recognized, the lessee recognizes the right to use an asset at cost.

The cost of the right to use an asset comprises:

- The initial measurement of the lease liability. This measurement is the present value of unpaid lease payments as of that date. Lease payments are discounted using the incremental interest rate for financial loans.
- Lease payments on or before the initial date, less any lease incentives received.
- Initial direct costs incurred by the lessee.
- An estimate of the lessee's costs to dismantle and eliminate the underlying asset, restore its location or restore the underlying asset to the condition required by the terms and conditions of the lease, unless

such costs are incurred to produce inventory. The lessee incurs obligations as a result of these costs either at the initial date or as a result of having used the underlying asset during a specific period.

After the initial date, the lessee recognizes its right-of-use assets using the cost model, less accumulated depreciation, accumulated impairment losses and adjusted for any amended measurement of the leasing liability.

On the initial date, the lessee measures the leasing liability as the present value of the unpaid lease payments as of that date. Lease payments are discounted using the incremental interest rate for financial loans.

After the initial date, the lessee recognizes the leasing liability by increasing its book value to reflect any interest on leasing liabilities, reducing its book value to reflect any lease payments, changing its book value to reflect any new measurements and any essentially fixed lease payments that have been reviewed.

The Group presents its right-of-use assets in the interim consolidated statement of financial position within property, plant and equipment as described in Note 12. Its leasing liabilities are presented in the interim consolidated statement of financial position in other non-current and current financial liabilities as leasing liabilities as described in Note 13.



## 2.20 Non-current assets held for sale

The Group classifies as non-current assets held for sale any property, plant and equipment, intangible assets, investments in associates and groups subject to divestment (groups of assets to be disposed of together with their directly associated liabilities), which are in the process of being sold and this outcome is considered highly probable at the reporting date.

These assets or groups subject to divestment are valued at the lower of their book value or estimated sale value less selling costs, and are no longer amortized from the time they are classified as non-current assets held for sale.

## 2.21 Dividend distribution

The distribution of dividends to the Company's shareholders is recognized as a liability in the consolidated financial statements to the extent that the benefit is accrued, in accordance with the Company's dividend policy.

Article 79 of Chilean Corporate Law establishes that listed corporations should distribute an annual cash dividend to their shareholders, in proportion to their shares or the proportion established in the company's statutes if it has preference shares, of at least 30% of net income for each period, except when accumulated losses from prior years must be absorbed, and unless unanimously agreed otherwise by shareholders of all issued shares.

The Company's current dividend policy is to distribute to shareholders no less than 40% of annual net income available for distribution as dividends, as defined in Note 22.

During the last quarter of each year the Board shall decide whether to distribute an interim dividend. Such interim dividend is paid in December to the extent that the year-end results are expected to be positive and that the Company's available cash flow allows for such a distribution.

## 2.22 Environment

Disbursements relating to improvements and investments in production processes that improve environmental conditions are recorded as expenses for the period in which they are incurred. When such disbursements are part of capital projects, they are added to property, plant and equipment (see Note 28).

The group has established the following types of disbursements for environmental protection projects:

- a) Disbursements relating to improvements and investments in production processes that improve environmental conditions.

- b) Disbursements relating to verification and control of regulations and laws covering industrial processes and facilities.
- c) Other disbursements that affect the environment.

## 2.23 Business combinations

Business combinations are accounted for using the *acquisition method*. This involves recognizing identifiable assets (including intangible assets that have not been recognized previously) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Purchased goodwill acquired in a business combination is initially measured at cost, which is the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at acquisition. After initial recognition, purchased goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment tests, purchased goodwill acquired in a business combination is assigned from the date of acquisition to each cash generating unit or group of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other Group assets or liabilities are assigned to those units or groups of units.

If the acquisition cost is less than the fair value of the net assets of the acquired affiliate, the difference is directly recognized in income and immediately recognized under "Other gains (losses)."

Transaction costs are treated as expenses at the time they are incurred. When business combinations are carried out in stages, the fair value of the acquired company is measured at each opportunity and the effects of changes in the share of net income are recognized in the period in which they occur.

## 2.24 Loyalty program

Mapco Express Inc. has a customer loyalty program, where customers can accumulate points that subsequently redeemed against products offered by the same company. Therefore, the Company values a deferred income liability based on the outstanding accumulated points at the reporting date, together with an estimate of the points that are not likely to be redeemed ("breakage").

## 2.25 Impairment

### Non-financial assets

The recoverable amount of property, plant and equipment and other long-term assets with finite useful lives are measured whenever there is an indication that the value of an asset might be impaired. Factors that could indicate a decline in the market value of an asset include: significant changes in the technological environment, the asset becomes obsolete, the asset is physically damaged, the use or expected use of the asset changes with

the possibility that the asset falls into disuse, and other factors. The Company evaluates whether there is any such evidence at each reporting date.

A previously recognized impairment loss can be reversed if there has been a change in the estimated recoverable amount. However, the reversal cannot be greater than the amount recognized in previous years.

Assets are grouped at the lowest level at which they separately generate identifiable cash flows for each cash generating unit, in order to evaluate impairment losses. Non-financial assets other than goodwill that have been impaired are reviewed at every reporting date to identify whether any reversals have occurred.

"Cash-generating units" are the smallest identifiable group of assets whose continued use generates cash inflows that are largely independent of those generated by other assets or groups of assets.

### Goodwill

Goodwill and intangible assets with indefinite useful lives are tested annually or when circumstances so indicate. The recoverable value of an intangible asset is estimated as the higher of the asset's net selling price and its value in use. An impairment loss is recognized when the book value exceeds the recoverable value.

A cash generating unit to which goodwill has been allocated is tested for impairment every year, or more often if there is any indication that the unit may be impaired. If the recoverable value of the cash generating unit is less than its book value, the impairment loss is first allocated to reduce the book value of any goodwill allocated to the unit and then is proportionally allocated to other assets within the unit based on the book value of each asset. Any impairment loss for goodwill is recognized directly in the statement of income. Impairment losses recognized for goodwill are not reversed in subsequent periods.

Goodwill is assigned to cash-generating units for the purpose of impairment testing. It is distributed between those cash-generating units or groups of cash-generating units that are expected to benefit from the business merger that generated the goodwill.

### 2.26 Statement of cash flows

The statement of cash flows reflects cash movements during the period, determined using the direct method. The following terms are used in these cash flow statements.

- Cash flows: receipts and payments of cash or cash equivalents including highly liquid investments with a maturity of less than three months that are unlikely to suffer changes in value.
- Operating activities: these are the main revenue-producing activities of the Group and include other activities that are not investing or financing activities.
- Investing activities: these are the acquisition or disposal of long-term assets and other investments not included in cash equivalents.

- Financing activities: these produce changes in the size and composition of net equity and financial liabilities.

## 2.27 Earnings per share

Basic earnings per share is calculated as the quotient of the net income for the period attributable to the Company divided by the average weighted number of ordinary shares outstanding during that period, without including the average number of shares of the Company held by any affiliates, should that be the case. The Company and its affiliates have not undertaken any potentially diluting transactions of any kind that would result in the diluted earnings per share differing from basic earnings per share.

## 2.28 Classification of current and non-current balances

In the accompanying consolidated statement of financial position, balances to be recovered or settled within 12 months are classified as current items and those to be recovered or settled in more than 12 months as non-current items.

If there are obligations whose maturities are less than twelve months, but whose long-term refinancing is guaranteed at the discretion of the Company through loan agreements unconditionally available with long-term maturities, these obligations could be classified as long-term liabilities.

## 2.29 Offsetting balances and transactions

As a general rule, assets and liabilities, or income and expenses, may not be offset unless offsetting is required or permitted by a standard and reflects the substance of the transaction.

Income and expenses originating from transactions that, for contractual or legal reasons, consider the possibility of offsetting and for which the Company intends either to settle on a net basis, or to recover the asset and settle the liability simultaneously, are stated net in the statement of comprehensive income and the statement of financial position. The interim consolidated financial statements as of September 30, 2019 and December 31, 2018, do not reflect any offset income and expenses in the statement of comprehensive income.

**NOTE 3. FINANCIAL INSTRUMENTS****3.1 Cash and Cash Equivalents**

Group cash and cash equivalents are detailed as follows:

<b>Cash and Cash Equivalents</b>	<b>09.30.2019</b> ThUS\$	<b>12.31.2018</b> ThUS\$
Bank balances	586,500	577,532
Short-term deposits	489,265	578,593
Mutual funds	624,767	553,258
Overnight investments	1,973	4,412
Other cash and cash equivalents	5,386	8
<b>Total</b>	<b>1,707,891</b>	<b>1,713,803</b>
<b>Reconciliation of cash and cash equivalents in statement of financial position to cash and cash equivalents in cash flow statement</b>		
Other reconciling items for cash and cash equivalents	0	0
<b>Total reconciling items for cash and cash equivalents</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents	1,707,891	1,713,803
Cash and cash equivalents in cash flow statement	1,707,891	1,713,803

The amortized cost of these financial instruments does not differ from their fair value.

Cash and cash equivalents correspond to cash, cash in banks, term deposits and mutual funds. These investments are readily convertible to cash in the short term and the risk of significant changes in value is low. The valuation of term deposits is calculated using the accrued purchase rate of each document.

As of September 30, 2019, the Group has approved lines of credit amounting to approximately US\$3,038 million (US\$1,938 million as of December 31, 2018).

### 3.2 Other Financial Assets

a) This category includes the following financial assets at fair value through profit and loss:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Mutual funds	645	654
Fixed income instruments	136,654	191,054
Derivative financial instruments:		
Forwards	7,846	10,680
Swaps	311	203
Other financial assets (*)	7,254	17,252
<b>Total other current financial assets</b>	<b>152,710</b>	<b>219,843</b>

(\*) The balance as of December 31, 2018 is primarily due to the balance receivable for the sale of shares in Distribuidora Andina de Combustibles (formerly ExxonMobil Colombia S.A.) to autonomous entities, in accordance with the conditions required by the Colombian Superintendent of Industry and Commerce (SIC).

b) Non-current financial assets at fair value through profit and loss are classified as follows:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Equity instruments (shares)	33,692	1,100
Derivative financial instruments:		
Forwards	22	935
Swaps	142,651	75,981
Other financial assets (*)	4,153	5,831
<b>Total other financial assets, non-current</b>	<b>180,518</b>	<b>83,847</b>

(\*) Other financial assets are mainly deposits with fiduciary responsibility by the indirect affiliate Inversiones del Nordeste S.A.S.

Financial assets at fair value includes fixed-income instruments (corporate bonds, mortgage bonds, bank bonds, term deposits and other similar items) that are managed on behalf of the company by third parties ("outsourced portfolios"). These assets are recorded at fair value, changes in value are recognized in income, and the assets are held for the purposes of liquidity and returns. Mutual funds are valued at unit market value at the reporting date.

Swaps are mainly cross currency swap hedging instruments contracted to hedge exposure to the exchange rate, which arises from having debts in currencies other than the functional currency.

Forwards are initially recognized at fair value on the date on which the contract is subscribed, and they are subsequently revalued at fair value. Forwards are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair value of foreign exchange forward contracts is calculated by reference to current foreign exchange rates from contracts with similar maturity profiles.

The Group does not have any investments held-to-maturity as of September 30, 2019.

### 3.3 Trade and Other Receivables

a) This category contains the following balances:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Trade receivables	1,661,769	1,805,015
Less: Impairment allowance on trade receivables	(58,984)	(57,491)
<b>Trade receivables, net</b>	<b>1,602,785</b>	<b>1,747,524</b>
Other receivables	217,923	258,916
Less: Impairment allowance on other receivables	(7,989)	(7,159)
<b>Other receivables, net</b>	<b>209,934</b>	<b>251,757</b>
<b>Total</b>	<b>1,812,719</b>	<b>1,999,281</b>
<b>Less: Non-current portion</b>	<b>21,801</b>	<b>28,399</b>
<b>Current portion</b>	<b>1,790,918</b>	<b>1,970,882</b>

Trade and other receivables are classified as current assets except for those assets maturing in more than 12 months. Those assets maturing in more than 12 months are recorded at amortized cost using the effective interest method and are tested for impairment.

Trade receivables represent enforceable rights arising from normal business transactions, where normal is defined as the Group's habitual transactions.

Other receivables are receivables from sales, services or loans outside of the normal course of business.

Implicit interest is disaggregated and recognized as financial income as it accrues.

The allowance is the difference between the asset's book value and the present value of the estimated future cash flows, discounted at the effective interest rate.

The creation and reversal of the receivables impairment allowance has been included as the "Doubtful receivables allowance expense" in the consolidated statement of income under Administration Expenses.

The amortized cost of these financial instruments does not differ from their fair value.



## b) Trade and Other Receivables includes:

Trade and other receivables	Balance as of 09.30.2019											
	Portfolio not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121-150 days	Overdue 151-180 days	Overdue 181-210 days	Overdue 211-250 days	Overdue over 251 days	Total current	Total non- current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross trade receivables	1,423,185	127,022	15,499	7,017	5,375	2,736	4,096	1,689	2,344	72,806	1,647,223	14,546
Impairment allowance	(11,960 )	(1,198 )	(924 )	(809 )	(1,140 )	(570 )	(667 )	(828 )	(1,359 )	(39,529 )	(57,123 )	(1,861 )
Other receivables, gross	180,504	12,339	3,356	1,093	552	520	536	99	1,070	17,854	203,845	14,078
Impairment allowance	(3,908 )	0	0	0	0	0	0	0	0	(4,081 )	(3,027 )	(4,962 )
<b>Total</b>	<b>1,587,821</b>	<b>138,163</b>	<b>17,931</b>	<b>7,301</b>	<b>4,787</b>	<b>2,686</b>	<b>3,965</b>	<b>960</b>	<b>2,055</b>	<b>47,050</b>	<b>1,790,918</b>	<b>21,801</b>

Trade and other receivables	Balance as of 12.31.2018											
	Portfolio not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121-150 days	Overdue 151-180 days	Overdue 181-210 days	Overdue 211-250 days	Overdue over 251 days	Total current	Total non- current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross trade receivables	1,568,983	131,487	23,331	9,255	2,368	1,670	4,794	2,125	2,103	58,899	1,785,787	19,228
Impairment allowance	(12,464 )	(1,671 )	(1,183 )	(423 )	(876 )	(763 )	(1,473 )	(618 )	(1,803 )	(36,217 )	(55,734 )	(1,757 )
Other receivables, gross	227,135	12,904	5,135	2,304	73	38	399	464	214	10,250	242,994	15,922
Impairment allowance	(2,601 )	0	0	0	0	0	0	0	0	(4,558 )	(2,165 )	(4,994 )
<b>Total</b>	<b>1,781,053</b>	<b>142,720</b>	<b>27,283</b>	<b>11,136</b>	<b>1,565</b>	<b>945</b>	<b>3,720</b>	<b>1,971</b>	<b>514</b>	<b>28,374</b>	<b>1,970,882</b>	<b>28,399</b>

c) Doubtful receivables allowance:

	09.30.2019		12.31.2018	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Current	Non-current	Current	Non-current
Opening balance	(57,899)	(6,751)	(60,990)	(6,841)
Impairment allowance on trade and other receivables	(2,251)	(72)	3,091	90
<b>Closing balance</b>	<b>(60,150)</b>	<b>(6,823)</b>	<b>(57,899)</b>	<b>(6,751)</b>

### 3.4 Other Financial Liabilities

Financial liabilities valued at amortized cost are non-derivative instruments with contractual payment flows with fixed or variable interest rates. Financial instruments classified in this category are valued at amortized cost using the *effective interest method*.

As of September 30, 2019, this category included obligations with banks and financial institutions and obligations to the public through bonds issued in US dollars, UF and Chilean pesos.

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Current</b>		
Bank loans	704,401	793,204
Bonds in UF, COP and CLP	341,277	44,489
Bonds in US\$	44,986	261,661
IFRS 16 lease adjustments	0	0
Leasing liabilities	128,307	38,951
Other financial liabilities	41,256	5,718
<b>Total current</b>	<b>1,260,227</b>	<b>1,144,023</b>
<b>Non-current</b>		
Bonds in US\$	2,745,496	1,799,976
Bonds in UF, COP and CLP	2,321,094	2,736,452
Bank loans	1,652,800	1,596,789
Leasing liabilities	663,009	117,152
Other financial liabilities	134,574	70,675
<b>Total non-current</b>	<b>7,516,973</b>	<b>6,321,044</b>
<b>Total other financial liabilities</b>	<b>8,777,200</b>	<b>7,465,067</b>

Capital plus interest on the Group's main financial liabilities that are subject to liquidity risk are presented undiscounted and grouped by maturity in the following tables.

## Bank borrowings

## Fuel sector

As of September 30, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Scotiabank - Chile	5,505	-	-	-	-	5,505	-	3.16%	3.16%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Scotiabank - Chile	19,266	-	-	-	-	19,266	-	3.16%	3.16%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	27,219	-	-	-	-	27,219	-	5.20%	5.20%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	-	8,419	-	-	-	8,419	-	5.34%	5.34%	Annually
91,806,000-6	Abastible S.A. - Chile	US\$	Banco Santander - Chile	-	4,316	-	-	-	4,316	-	2.76%	2.76%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	-	11,035	-	-	-	11,035	-	4.98%	4.98%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco BCI - Chile	-	-	-	16,479	-	-	16,479	5.22%	5.22%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	220	-	-	12,359	-	220	12,359	4.43%	4.43%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	-	11,005	-	-	-	11,005	-	3.13%	3.13%	Six monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	The Bank of Tokyo - Mitsubishi UFJ Ltd	-	-	-	100,000	-	-	100,000	3.10%	3.07%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	JP Morgan - USA	-	-	-	100,000	-	-	100,000	3.10%	3.07%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Banco Scotiabank - Chile	-	-	-	200,000	-	-	200,000	3.11%	3.05%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	BNP Paribas	-	-	-	50,000	-	-	50,000	3.10%	3.07%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Export Development Canada	-	-	-	75,000	-	-	75,000	3.13%	3.03%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Sumitomo Mitsui Banking Corporation	-	-	-	125,000	-	-	125,000	3.10%	3.07%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Banco Estado - Chile	4	-	-	-	-	4	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Banco Itaú - Chile	55	-	-	-	-	55	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Banco Santander - Chile	29	-	-	-	-	29	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Banco BCI - Chile	25	-	-	-	-	25	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Banco HSBC - Chile	1	-	-	-	-	1	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	The Bank of Nova Scotia	75	-	-	-	-	75	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Banco BBVA - Chile	383	-	-	-	-	383	-	5.42%	5.42%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	Santander Investment Securities Inc.	39	-	-	-	-	39	-	5.41%	5.41%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	The Bank of Nova Scotia	20,093	2,197	8,322	5,001	-	22,290	13,323	3.97%	3.97%	Maturity
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	US\$	JP Morgan Chase	15,248	1,315	5,145	3,094	-	16,563	8,239	3.79%	3.79%	Maturity
-	Duragas S.A. - Ecuador	US\$	Banco Estado - Chile	-	-	-	7,500	-	-	7,500	3.25%	3.25%	Six monthly
-	Lutexa Industrial Comercial CIA Ltda. - Ecuador	US\$	Banco BBVA - Ecuador	-	6,000	-	-	-	6,000	-	3.81%	3.81%	Maturity
-	Lutexa Industrial Comercial CIA Ltda. - Ecuador	US\$	Banco Guayaquil - Ecuador	11	33	37	-	-	44	37	9.48%	9.09%	Monthly
-	Mapco Express, Inc - USA	US\$	JP Morgan Chase	10,064	-	-	-	-	10,064	-	3.41%	3.41%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco de Bogota - Colombia	-	19,260	-	-	-	19,260	-	5.65%	5.65%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco de Bogota - Colombia	-	19,931	-	-	-	19,931	-	5.67%	5.67%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco de Bogota - Colombia	-	12,132	-	-	-	12,132	-	5.72%	5.72%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco Popular - Colombia	-	25,996	-	-	-	25,996	-	5.84%	5.83%	Maturity
-	Petrolera Nacional S.A. - Panama	US\$	Scotiabank Colpatria - Panama	-	28,000	54,237	-	-	28,000	54,237	2.99%	2.99%	Maturity
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Banco de Chile - Chile	8,240	-	-	-	-	8,239	-	1.99%	1.99%	Monthly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Banco Scotiabank - Chile	29,180	-	14,596	-	-	29,180	14,596	3.10%	3.10%	Monthly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Banco Itaú - Chile	-	-	7,621	-	-	-	7,621	2.59%	2.56%	Maturity
-	Solgas S.A. - Peru	PS/.	Banco Scotiabank - Chile	704	-	18,313	23,858	16,694	704	58,865	6.50%	6.50%	Monthly
-	Solgas S.A. - Peru	PS/.	Banco de Crédito del Perú - Peru	34,764	-	-	-	-	34,764	-	3.65%	3.65%	Quarterly
Total bank borrowings				171,125	149,639	108,271	718,291	16,694	320,764	843,256			

As of December 31, 2018				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
91,806,000-6	Abastible S.A. - Chile	CLP	Banco BBVA - Chile	-	5,789	-	-	-	5,789	-	3.50%	3.50%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco BBVA - Chile	-	20,259	-	-	-	20,259	-	3.50%	3.50%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	27,447	-	-	-	-	27,447	-	5.20%	5.20%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	-	305	8,636	-	-	305	8,636	5.34%	5.34%	Annually
91,806,000-6	Abastible S.A. - Chile	US\$	Banco Santander - Chile	2,287	2,140	4,280	-	-	4,427	4,280	2.76%	2.76%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	198	-	11,515	-	-	198	11,515	4.98%	4.98%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Credito e Inversiones - Chile	235	-	-	17,272	-	235	17,272	5.22%	5.22%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	-	84	-	12,954	-	84	12,954	4.43%	4.43%	Six monthly
-	Solgas S.A. - Peru	PS/-	Banco Continental - Peru	16,255	-	-	-	-	16,255	-	4.73%	4.73%	Monthly
-	Solgas S.A. - Peru	PS/-	Banco Scotiabank - Peru	19,938	-	-	-	-	19,938	-	5.00%	5.00%	Monthly
-	Solgas S.A. - Peru	PS/-	Banco de Crédito del Perú - Peru	20,595	6,919	32,366	-	-	27,514	32,366	6.65%	6.65%	Monthly
-	Solgas S.A. - Peru	PS/-	Banco Internacional - Peru	4,053	-	-	-	-	4,053	-	3.45%	3.45%	Monthly
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	The Bank of Tokyo - Mitsubishi UFJ Ltd	379	-	99,353	-	-	379	99,353	3.68%	3.63%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	JP Morgan - USA	379	-	99,353	-	-	379	99,353	3.68%	3.63%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Banco Scotiabank - Chile	1,320	-	-	198,483	-	1,320	198,483	3.67%	3.59%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Banco Estado - Chile	61	45	-	-	-	106	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	BNP Paribas	190	-	-	49,677	-	190	49,677	3.68%	3.63%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Export Development Canada	846	-	-	74,291	-	846	74,291	3.65%	3.53%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Sumitomo Mitsui Banking Corporation	474	-	-	124,192	-	474	124,192	3.68%	3.63%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Banco de Chile - Chile	118	-	-	-	-	118	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Banco de Chile - Chile	7	-	-	-	-	7	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Banco Santander - Chile	77	-	-	-	-	77	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Banco de Crédito e Inversiones - Chile	119	-	-	-	-	119	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	HSBC Securities (USA) Inc.	123	-	-	-	-	123	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	JP Morgan - USA	111	-	-	-	-	111	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Banco Scotiabank - Chile	63	-	-	-	-	63	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Banco BBVA - Chile	909	1,969	-	-	-	2,878	-	5.42%	5.42%	Maturity
99,520,000-7	Compañía de Petroleos de Chile COPEC S.A. - Chile	US\$	Santander Investment Securities Inc.	90	193	-	-	-	283	-	5.21%	5.21%	Maturity
-	Lutexa Industrial Comercial CIA Ltda. - Ecuador	US\$	Banco Guayaquil - Ecuador	11	33	72	-	-	44	72	8.22%	7.93%	Monthly
-	Mapco Express, Inc - USA	US\$	Regions Bank - USA	-	-	10,684	-	-	-	10,684	3.77%	3.77%	Monthly
-	Mapco Express, Inc - USA	US\$	US Premium Finance - USA	483	856	-	-	-	1,339	-	3.53%	3.53%	Monthly
-	Organización Terpel S.A. - Colombia	COP	Banco Colpatria - Colombia	9,596	-	-	-	-	9,596	-	5.64%	5.64%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco Colpatria - Colombia	21,586	-	-	-	-	21,586	-	5.64%	5.64%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Bancolombia - Colombia	1,100	11,892	-	-	-	12,992	-	6.81%	6.81%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco de Bogota - Colombia	266	2,874	-	-	-	3,140	-	6.81%	6.81%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco de Bogota - Colombia	242	2,086	-	-	-	2,328	-	6.82%	6.82%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco BBVA - Colombia	266	2,874	-	-	-	3,140	-	6.81%	6.81%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco Davivienda - Colombia	266	2,874	-	-	-	3,140	-	6.81%	6.81%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Bancolombia - Colombia	1,000	8,627	-	-	-	9,627	-	6.82%	6.82%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco de Bogota - Colombia	12,943	-	-	-	-	12,943	-	5.96%	5.96%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco BBVA - Colombia	242	2,086	-	-	-	2,328	-	6.82%	6.82%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco Davivienda - Colombia	242	2,086	-	-	-	2,328	-	6.82%	6.82%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco Popular - Colombia	1,225	27,694	-	-	-	28,919	-	5.83%	5.83%	Maturity
-	Peruana de Gas Natural S.A.C - Peru	PEN	Banco de Crédito - Peru	21	-	-	-	-	21	-	4.60%	4.60%	Maturity
-	Petrolera Nacional S.A. - Panama	US\$	B. Nassau Miami	1,231	14,000	-	-	-	15,231	-	5.47%	5.47%	Maturity
-	Petrolera Nacional S.A. - Panama	US\$	B. Nassau Miami	-	14,000	-	-	-	14,000	-	5.47%	5.47%	Maturity
-	Petrolera Nacional S.A. - Panama	US\$	B. Nassau Miami	-	-	46,325	-	-	-	46,325	4.14%	4.14%	Maturity
-	Petrolera Nacional S.A. - Panama	US\$	Banco BAC	-	8,000	-	-	-	8,000	-	3.94%	3.94%	Maturity
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Banco BBVA - Chile	45,181	-	-	-	-	45,181	-	2.61%	2.61%	Six monthly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Banco BBVA - Chile	-	-	-	8,999	-	-	8,999	4.77%	4.97%	Six monthly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Banco BICE - Chile	-	1,338	-	6,689	52,719	1,338	59,408	3.43%	3.40%	Six monthly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Banco BICE - Chile	-	9,902	-	18,580	-	9,902	18,580	4.87%	4.70%	Six monthly
Total bank borrowings				192,175	148,925	312,584	511,137	52,719	341,100	876,440			

## Bank borrowings

## Forestry sector

As of September 30, 2019

Debtor ID Number	Debtor Name	Currency	Creditor name	Maturities					Total		Effective rate	Nominal rate	Repayment Terms
				1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Arauco Do Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	2	7	8	-	-	9	8	9.95%	Tjlp + Spread	Monthly
-	Arauco Do Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	19	38	-	-	-	57	-	9.50%	9.50%	Monthly
-	Arauco Do Brasil S.A. - Brazil	BR\$	Banco Alfa - Brazil	18	52	84	-	-	70	84	9.70%	Tjlp + Spread	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Safra - Brazil	6	18	15	-	-	24	15	10.00%	10.00%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Votorantim - Brazil	-	29	621	-	-	29	621	5.00%	5.00%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Bradesco - Brazil	3	-	-	-	-	3	-	6.00%	6.00%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	7	7	-	-	-	14	-	9.00%	9.00%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	2	3	-	-	-	5	-	9.50%	9.50%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	2	2	-	-	-	4	-	10.00%	10.00%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	-	53	92	-	-	53	92	10.50%	10.50%	Six monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	14	73	271	62	-	87	333	7.50%	7.50%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	3	8	9	-	-	11	9	9.95%	Tjlp + Spread	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	1	4	8	-	-	5	8	9.65%	Tjlp + Spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Votorantim - Brazil	-	26	551	-	-	26	551	5.00%	5.00%	Six monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bndes Subloan A - Brazil	7	21	354	-	-	28	354	8.86%	Tjlp + Spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bndes Subloan B - Brazil	5	14	214	-	-	19	214	9.86%	Tjlp + Spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	US\$	Banco Bndes Subcrédito C - Brazil	6	16	304	12	-	22	316	7.58%	Basket + spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bndes Subloan D - Brazil	6	17	240	-	-	23	240	11.06%	Tjlp + spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bradesco - Brazil	7	20	45	-	-	27	45	9.75%	Tjlp + Spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	5	8	-	-	-	13	-	9.50%	9.50%	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	-	55	73	-	-	55	73	10.50%	10.50%	Six monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	11	61	226	52	-	72	278	7.50%	7.50%	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	4	10	19	-	-	14	19	9.70%	Tjlp + Spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	1	4	8	-	-	5	8	9.65%	Tjlp + Spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	US\$	Banco Alfa - Brazil	3	7	7	-	-	10	7	8.47%	Basket + spread	Maturity
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Alfa - Brazil	5	15	14	-	-	20	14	9.75%	Tjlp + Spread	Monthly
-	Arauco North America (formerlyFlakeboard America Ltd.) - USA	US\$	Banco Estado - Chile	6,465	6,500	69,959	275,122	-	12,965	345,081	4.26%	Libor + spread	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Banco Scotiabank - Chile	-	6,325	12,484	206,242	-	6,325	218,726	3.15%	Libor + spread	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	€	BNP Paribas	562	609	15,566	28,357	75,042	1,171	118,965	1.06%	1.06%	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Finnish Export Credit - Uruguay	-	52,375	100,109	24,065	-	52,375	124,174	3.20%	3.20%	Six monthly
-	Eufores S.A. - Uruguay	US\$	Banco BBVA - Uruguay	14,243	-	-	-	-	14,243	-	3.52%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Republica Oriental de Uruguay - Uruguay	27,428	-	-	-	-	27,428	-	3.89%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Citibank - Uruguay	4,578	-	-	-	-	4,578	-	3.56%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Itaú - Uruguay	12,712	-	-	-	-	12,712	-	3.51%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Heritage - Uruguay	1,362	-	-	-	-	1,362	-	3.46%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Santander - Uruguay	-	20,328	-	-	-	20,328	-	3.29%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Santander - Uruguay	5,096	-	-	-	-	5,096	-	3.89%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Scotiabank - Uruguay	2,547	-	-	-	-	2,547	-	3.82%	Libor + spread	Maturity
-	Mahal Empreendimentos Pat. S.A. - Brazil	BR\$	Bndes Subloan E-I - Brazil	651	1,878	-	-	-	2,529	-	8.86%	Tjlp + Spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	BR\$	Bndes Subloan F-J - Brazil	394	1,131	-	-	-	1,525	-	9.86%	Tjlp + Spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	BR\$	Bndes Subloan H-L - Brazil	442	1,262	-	-	-	1,704	-	11.06%	Tjlp + Spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	US\$	Bndes Subloan G-K - Brazil	547	1,583	171	-	-	2,130	171	7.58%	Basket + spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	BR\$	Banco Santander - Brazil	7	19	30	-	-	26	30	9.95%	Tjlp + Spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	US\$	Banco Santander - Brazil	4	11	16	-	-	15	16	8.67%	Basket + spread	Monthly
-	Novo Oeste Gestao de Ativos Florestais S.A. - Brazil	BR\$	Banco Santander - Brazil	7	20	32	-	-	27	32	9.95%	Tjlp + Spread	Monthly
-	Novo Oeste Gestao de Ativos Florestais S.A. - Brazil	US\$	Banco Santander - Brazil	4	11	18	-	-	15	18	8.67%	Basket + spread	Monthly
-	Zona Franca Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	-	8,172	4,564	2,152	-	8,172	6,716	4.10%	Libor + spread	Maturity
-	Zona Franca Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	-	29,049	-	-	-	29,049	-	3.85%	Libor + spread	Maturity
Total bank borrowings				77,186	129,841	206,112	536,064	75,042	207,027	817,218			

As of December 31, 2018				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Arauco Argentina S.A. - Argentina	US\$	Banco Bice - Argentina	5,040	-	-	-	-	5,040	-	2.10%	2.10%	Monthly
-	Arauco Argentina S.A. - Argentina	US\$	Banco Macro - Argentina	10,054	-	-	-	-	10,054	-	6.00%	6.00%	Monthly
-	Arauco Argentina S.A. - Argentina	US\$	Banco BBVA - Argentina	-	13,071	-	-	-	13,071	-	5.90%	5.90%	Monthly
-	Arauco Do Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	21	64	54	-	-	85	54	9.50%	9.50%	Monthly
-	Arauco Do Brasil S.A. - Brazil	BR\$	Banco Alfa - Brazil	17	48	128	5	-	65	133	10.35%	Tjlp + spread	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Itau - Brazil	3	-	-	-	-	3	-	7.00%	3.50%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Bradesco - Brazil	9	22	-	-	-	31	-	6.00%	6.00%	Maturity
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Votorantim - Brazil	14	-	310	310	-	14	620	5.00%	5.00%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Safra - Brazil	18	-	-	-	-	18	-	6.00%	6.00%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Safra - Brazil	6	17	33	-	-	23	33	10.00%	10.00%	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	3	14	180	44	-	17	224	8.38%	8.38%	Six monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	34	33	179	129	-	67	308	10.32%	10.32%	Six monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Santander - Brazil	4	11	25	2	-	15	27	10.47%	10.49%	Six monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bradesco - Brazil	21	23	48	14	-	44	62	9.00%	9.00%	Monthly
-	Arauco Forest Brasil S.A. - Brazil	US\$	Banco Alfa - Brazil	2	7	14	-	-	9	14	17.00%	Basket + spread	Maturity
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Alfa - Brazil	5	14	29	-	-	19	29	0.22%	Tjlp + Spread	Maturity
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Votorantim - Brazil	162	198	276	276	-	360	552	16.00%	Tjlp + Spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	US\$	Banco Votorantim - Brazil	34	45	-	-	-	79	-	10.40%	Basket + spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bndes Subcrédito A-B-D - Brazil	3	-	492	295	-	3	787	21.78%	Tjlp + spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	US\$	Banco Bndes Subcrédito C - Brazil	5	-	169	120	-	5	289	15.22%	Basket + spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Santander - Brazil	43	58	354	138	-	101	492	8.67%	8.67%	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Banco Scotiabank - Chile	-	1,930	15,902	214,535	-	1,930	230,437	3.70%	Libor + spread	Monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	4,770	4,179	19,237	17,613	-	8,949	36,850	4.62%	Libor + spread	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	11,871	11,274	23,035	-	-	23,145	23,035	4.37%	Libor + spread	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Finnish Export Credit - Uruguay	24,850	21,578	97,414	70,769	-	46,428	168,183	3.20%	3.20%	Six monthly
-	Eufores S.A. - Uruguay	US\$	Banco Republica Oriental de Uruguay	8	27,073	-	-	-	27,081	-	4.12%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Citibank - Uruguay	3	-	-	-	-	3	-	3.43%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Itau - Uruguay	24	12,511	-	-	-	12,535	-	4.17%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Heritage - Uruguay	1,352	-	-	-	-	1,352	-	4.30%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Santander - Uruguay	20,235	5,021	-	-	-	25,256	-	3.86%	Libor + spread	Maturity
-	Flakeboard Company Ltd - USA	US\$	Banco Estado - Chile	-	2,141	54,661	79,056	203,906	2,141	337,623	3.00%	Libor + spread	Maturity
-	Mahal Empreendimentos Pat. S.A. - Brazil	BR\$	Bndes Subloan E-I	663	1,946	1,946	-	-	2,609	1,946	19.78%	Tjlp + spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	BR\$	Bndes Subloan F-J	399	1,167	1,167	-	-	1,566	1,167	21.78%	Tjlp + spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	US\$	Bndes Subloan G-K	520	1,528	1,697	-	-	2,048	1,697	15.22%	Basket + spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	BR\$	Bndes Subloan H-L	444	1,297	1,297	-	-	1,741	1,297	24.18%	Tjlp + spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	BR\$	Banco Santander	6	18	46	-	-	24	46	21.96%	Tjlp + spread	Monthly
-	Mahal Empreendimentos Pat. S.A. - Brazil	US\$	Banco Santander	3	9	25	-	-	12	25	17.40%	Basket + spread	Monthly
-	Novo Oeste Gestao de Ativos Florestais S.A. - Brazil	BR\$	Banco Santander - Brazil	5	18	48	2	-	23	50	21.96%	Tjlp + spread	Maturity
-	Novo Oeste Gestao de Ativos Florestais S.A. - Brazil	US\$	Banco Santander - Brazil	3	9	26	2	-	12	28	17.40%	Tjlp + spread	Maturity
-	Zona Franca Punta Pereira - Uruguay	US\$	Interamerican Development Bank - Uruguay	1,184	1,032	4,770	4,359	-	2,216	9,129	4.62%	Libor + spread	Maturity
-	Zona Franca Punta Pereira - Uruguay	US\$	Interamerican Development Bank - Uruguay	2,940	2,786	5,701	-	-	5,726	5,701	4.37%	Libor + spread	Maturity
-	Zona Franca Punta Pereira - Uruguay	US\$	Banco BBVA - Uruguay	-	14,103	-	-	-	14,103	-	4.06%	Libor + spread	Maturity
-	Zona Franca Punta Pereira - Uruguay	US\$	Citibank - Uruguay	-	4,517	-	-	-	4,517	-	4.19%	Libor + spread	Maturity
-	Zona Franca Punta Pereira - Uruguay	US\$	Banco Scotiabank - Uruguay	-	2,509	-	-	-	2,509	-	4.39%	Libor + spread	Maturity
Total bank borrowings				84,778	130,271	229,263	387,669	203,906	215,049	820,838			

## Bank borrowings

## Other sectors

As of September 30, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms	
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$				
76,160,625-5	Mnera Camino Nevado Ltda. - Chile	CLP	Banco Itaú - Chile	-	8,785	8,460	-	-	8,785	8,460	3.82%	TCP + Spread	Six monthly	
76,160,625-5	Mnera Camino Nevado Ltda. - Chile	US\$	Banco BCI - Chile	-	20,702	21,447	-	-	20,702	21,447	3.82%	TCP + Spread	Six monthly	
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	250	-	7,500	-	7,500	-	250	15,000	Libor + spread	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	3,006	-	-	-	-	-	3,006	-	2.86%	2.86%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	5,010	-	-	-	-	-	5,010	-	2.86%	2.86%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	5,010	-	-	-	-	-	5,010	-	2.86%	2.86%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	5,010	-	-	-	-	-	5,010	-	2.86%	2.86%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Estado - Chile	3,916	-	7,500	-	-	-	3,916	7,500	Libor + spread	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Internacional - Chile	3,505	-	-	-	-	-	3,505	-	2.75%	2.75%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Itaú - Chile	4,002	-	-	-	-	-	4,002	-	2.67%	2.67%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	-	2,541	5,000	2,500	-	-	2,541	7,500	Libor + spread	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	3,915	-	7,500	-	-	-	3,915	7,500	Libor + spread	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	3,505	-	-	-	-	-	3,505	-	2.75%	2.75%	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	111,399	-	-	-	-	111,399	-	3.43%	3.43%	Monthly
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	2,261	-	-	-	-	2,261	-	3.43%	3.43%	Monthly
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	40,112	-	-	-	-	40,112	-	3.40%	3.40%	Monthly
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	18,576	-	-	-	-	18,576	-	3.91%	3.91%	Monthly
Total bank borrowings				37,129	204,376	57,407	10,000	-	241,505	67,407				

As of December 31, 2018				Maturities					Total				
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$	Effective rate	Nominal rate	Repayment Terms
76,160,625-5	Minera Camino Nevado Ltda. - Chile	CLP	Itau/Corpbanca - Chile	-	9,420	13,453	-	-	9,420	13,453	3.82%	TCP + Spread	Six monthly
76,160,625-5	Minera Camino Nevado Ltda. - Chile	US\$	Banco de Crédito e Inversiones - Chile	-	21,159	31,071	-	-	21,159	31,071	3.82%	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	5,017	-	-	-	-	5,017	-	4.29%	4.29%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	4,075	-	-	-	-	4,075	-	4.13%	4.13%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	5,013	-	-	-	-	5,013	-	4.31%	4.31%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	-	3,798	11,250	-	-	3,798	11,250	Libor + spread	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco BBVA - Chile	5,057	-	-	-	-	5,057	-	5.52%	5.52%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Estado - Chile	3,804	7,500	-	-	-	11,304	-	Libor + spread	Libor + spread	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Estado - Chile	7,083	-	-	-	-	7,083	-	3.32%	3.32%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	-	3,788	7,500	-	-	3,788	7,500	Libor + spread	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	-	10,026	-	5,000	-	10,026	5,000	3.97%	3.97%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	-	176	5,000	-	-	176	5,000	5.06%	5.06%	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A - Chile	US\$	Banco Scotiabank - Chile	-	113,773	-	-	-	113,773	-	3.43%	Libor + spread	Monthly
91,123,000-3	Pesquera Iquique-Guanaye S.A - Chile	US\$	Banco Scotiabank - Chile	-	2,319	-	-	-	2,319	-	3.43%	Libor + spread	Monthly
91,123,000-3	Pesquera Iquique-Guanaye S.A - Chile	US\$	Banco Scotiabank - Chile	-	41,359	-	-	-	41,359	-	3.40%	Libor + spread	Monthly
91,123,000-3	Pesquera Iquique-Guanaye S.A - Chile	US\$	Banco Scotiabank - Chile	-	19,223	-	-	-	19,223	-	3.91%	Libor + spread	Monthly
Total bank borrowings				30,049	232,541	68,274	5,000	-	262,590	73,274			

## Bond obligations

### Fuel sector

As of September 30, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Organización Terpel S.A. - Colombia	COP	Series A bonds 7 years fixed rate	-	69,610	-	-	-	69,610	-	5.65%	5.53%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 10 years IPC E.A.	-	-	-	-	71,370	-	71,370	7.00%	6.82%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 18 years IPC E.A.	-	-	-	-	27,853	-	27,853	7.30%	7.11%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series 2 bonds 7 years IPC E.A.	-	-	-	43,551	-	-	43,551	6.39%	6.24%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series 2 bonds 15 years IPC E.A.	-	-	-	-	71,797	-	71,797	8.00%	7.77%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 10 years IPC E.A.	-	-	-	81,182	-	-	81,182	6.74%	6.57%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 15 years IPC E.A.	-	-	-	-	56,022	-	56,022	7.49%	7.28%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 15 years IPC E.A.	-	-	-	-	87,597	-	87,597	7.75%	7.54%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 25 years IPC E.A.	-	-	-	-	92,412	-	92,412	7.92%	7.70%	Quarterly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Series C Bonds CLP	4,188	4,188	12,634	-	-	8,376	12,634	4.76%	4.70%	Six monthly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Series B Bonds UF	-	-	-	-	38,517	-	38,517	3.43%	3.40%	Six monthly
Total bond obligations				4,188	73,798	12,634	124,733	445,568	77,986	582,935			

As of December 31, 2018				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Organización Terpel S.A. - Colombia	COP	Series A bonds 7 years fixed rate	-	-	-	74,137	-	-	74,137	5.65%	5.53%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 10 years IPC E.A.	-	-	-	-	76,019	-	76,019	6.58%	6.43%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 18 years IPC E.A.	-	-	-	-	29,670	-	29,670	6.32%	6.17%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series 2 bonds 7 years IPC E.A.	-	-	-	46,382	-	-	46,382	7.37%	7.17%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series 2 bonds 15 years IPC E.A.	-	-	-	-	76,480	-	76,480	6.15%	6.01%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series A bonds 5 years IPC E.A.	-	-	-	86,463	-	-	86,463	6.89%	6.72%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 10 years IPC E.A.	-	-	-	-	59,675	-	59,675	7.16%	6.98%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 15 years IPC E.A.	-	-	-	-	93,314	-	93,314	7.33%	7.13%	Quarterly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 25 years IPC E.A.	-	-	-	-	98,446	-	98,446	7.38%	7.18%	Quarterly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Series B Bonds UF	-	1,338	-	6,689	52,719	1,338	59,408	3.43%	3.40%	Six monthly
81,095,400-0	Sociedad Nacional de Oleoductos S.A. - Chile	CLP	Series C Bonds CLP	-	9,902	-	18,580	-	9,902	18,580	4.87%	4.70%	Six monthly
Total bond obligations				-	11,240	-	232,251	486,323	11,240	718,574			



**Bond obligations**  
**Forestry sector**

As of September 30, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - F	17,668	17,410	67,063	62,939	151,819	35,078	281,821	4.25%	4.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - J	-	198,794	-	-	-	198,794	-	3.96%	3.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - P	3,814	3,814	24,010	48,538	175,340	7,628	247,888	3.96%	4.00%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - Q	10,203	10,059	19,689	-	-	20,262	19,689	2.96%	3.00%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - R	3,436	3,436	13,744	13,744	268,176	6,872	295,664	3.57%	3.60%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - S	2,297	2,297	9,190	9,190	204,072	4,594	222,452	2.43%	2.40%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - W	1,207	1,207	4,828	4,828	126,414	2,414	136,070	2.12%	2.10%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - X	2,841	2,841	11,364	11,364	322,636	5,682	345,364	2.70%	2.70%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2021	-	6,756	138,499	-	-	6,756	138,499	5.02%	5.00%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2022	-	12,153	274,085	-	-	12,153	274,085	4.77%	4.75%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2024	-	22,500	45,000	545,000	-	22,500	590,000	4.52%	4.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2027	9,688	9,688	38,750	38,750	567,813	19,376	645,313	3.90%	3.88%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2047	11,000	11,000	44,000	44,000	917,000	22,000	1,005,000	5.50%	5.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2029	10,625	10,625	42,500	42,500	606,250	21,250	691,250	4.27%	4.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2049	13,750	13,750	55,000	55,000	1,187,500	27,500	1,297,500	5.51%	5.50%	Six monthly
-	Prime-Line, Inc. - USA	US\$	Bond ADFA 2014	128	384	1,024	1,016	2,141	512	4,181	4.84%	4.84%	Six monthly
-	Prime-Line, Inc. - USA	US\$	Bond ADFA 2013	38	114	301	149	-	152	450	4.00%	4.00%	Six monthly
Total bond obligations				86,695	326,828	789,047	877,018	4,529,161	413,523	6,195,226			

As of December 31, 2018				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - F	-	19,425	50,069	47,042	116,673	19,425	213,784	4.24%	4.21%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - F	-	7,770	20,073	18,853	47,339	7,770	86,265	4.25%	4.21%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - J	2,132	-	204,731	-	-	2,132	204,731	3.23%	3.22%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - P	-	1,004	15,714	50,712	193,697	1,004	260,123	3.96%	3.96%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - Q	-	20,207	30,974	-	-	20,207	30,974	2.96%	2.98%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - R	-	1,770	14,158	14,158	278,892	1,770	307,208	3.57%	3.57%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - S	-	592	9,466	9,466	204,991	592	223,923	2.44%	2.89%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - W	-	559	4,974	4,974	127,578	559	137,526	2.12%	2.09%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - X	-	1,317	11,706	11,706	326,508	1,317	349,920	2.70%	2.68%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee Bonds 2019	6,168	202,643	-	-	-	208,811	-	7.26%	7.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2021	4,422	-	214,540	-	-	4,422	214,540	5.02%	5.00%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2022	5,705	-	24,306	259,785	-	5,705	284,091	4.77%	4.75%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2024	9,375	-	45,000	45,000	527,024	9,375	617,024	4.52%	4.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2027	-	3,175	38,750	38,750	77,500	3,175	155,000	3.90%	3.88%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2047	-	3,607	44,000	44,000	528,000	3,607	616,000	5.50%	5.50%	Six monthly
Total bond obligations				27,802	262,069	728,461	544,446	2,428,202	289,871	3,701,109			

**Bond obligations**  
**Other sectors**

As of September 30, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP C	5,670	5,670	56,698	-	331,988	11,340	388,686	4.30%	4.25%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP E	-	-	53,301	-	-	-	53,301	3.40%	3.25%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP G	1,291	1,291	11,622	-	96,293	2,582	107,915	2.88%	2.88%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP - H	-	4,320	99,565	-	-	4,320	99,565	4.75%	4.75%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP I	-	1,233	6,166	-	55,157	1,233	61,323	2.30%	2.44%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP - K	-	1,145	5,726	-	53,507	1,145	59,233	2.30%	2.26%	Six monthly
Total bond obligations				6,961	13,659	233,078	-	536,945	20,620	770,023			

As of December 31, 2018				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP C	-	11,681	-	58,404	347,818	11,681	406,222	4.30%	4.25%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP E	-	1,663	-	54,905	-	1,663	54,905	3.40%	3.25%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP G	-	2,660	-	13,301	99,190	2,660	112,491	2.88%	2.88%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP - H	-	4,527	-	108,885	-	4,527	108,885	4.75%	4.75%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP I	-	1,270	-	6,352	58,087	1,270	64,439	2.30%	2.44%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP - K	-	1,180	-	5,898	56,297	1,180	62,195	2.30%	2.26%	Six monthly
Total bond obligations				-	22,981	-	247,745	561,392	22,981	809,137			

## Finance leases

## Fuel sector

As of September 30, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
91,806,000-6	Abastible S.A. - Chile	CLP	Other property, plant and equipment	345	1,036	2,474	2,757	11,731	1,381	16,962	5.52%	5.52%	Monthly
77,215,640-5	Administradora de Ventas al Detalle Ltda. - Chile	CLP	Banco BCI - Chile	40	122	198	-	-	162	198	4.48%	4.48%	Monthly
85,840,100-3	Cia. de Servicios Industriales Ltda. - Chile	CLP	Banco BCI - Chile	92	282	693	-	-	374	693	0.00%	0.00%	Monthly
85,840,100-3	Cia. de Servicios Industriales Ltda. - Chile	CLP	Banco Estado - Chile	18	53	205	-	-	71	205	0.00%	0.00%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco BCI - Chile	6	3	10	3	-	9	13	1.53%	1.53%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco Estado - Chile	23	70	195	208	753	93	1,156	2.25%	2.25%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco de Chile - Chile	880	2,678	7,422	7,850	42,603	3,558	57,875	1.95%	1.95%	Monthly
-	Duragas S.A. - Ecuador	US\$	Other property, plant and equipment	-	-	39	105	-	-	144	8.81%	8.81%	Monthly
-	Inversiones del Nordeste S.A.S - Colombia	COP	Other property, plant and equipment	137	412	188	209	892	549	1,289	9.77%	9.36%	Monthly
-	Mapco Express, Inc - USA	US\$	Certegy Check Services/Fis - USA	5	16	26	-	-	21	26	2.14%	2.14%	Monthly
-	Mapco Express, Inc - USA	US\$	Regions Equipment Finance - USA	35	108	125	-	-	143	125	2.99%	2.99%	Monthly
-	Organización Terpel S.A. - Colombia	COP	Bancolombia - Colombia	448	1,397	2,068	2,068	-	1,845	4,136	0.85%	0.85%	Monthly
-	Organización Terpel S.A. - Colombia	COP	Vinder SAS - Colombia	8	26	126	126	3,291	34	3,543	1.00%	1.00%	Monthly
-	Solgas S.A. - Peru	US\$	Interbank - Peru	9	19	-	-	-	28	-	6.30%	6.30%	Monthly
-	Solgas S.A. - Peru	US\$	Other property, plant and equipment	448	1,345	1,067	1,189	5,063	1,793	7,319	6.80%	6.80%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco de Chile - Chile	82	250	649	112	-	332	761	2.80%	2.76%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco BCI - Chile	269	816	2,051	696	2	1,085	2,749	1.65%	1.65%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco Scotiabank - Chile	40	121	312	321	2	161	635	2.22%	2.22%	Monthly
Total finance leases				2,885	8,754	17,848	15,644	64,337	11,639	97,829			

As of December 31, 2018				Maturities						Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$				
77,215,640-5	Administradora de Ventas al Detalle Ltda. - Chile	CLP	Marsol S.A. - Chile	40	123	335	-	-	163	335	4.48%	4.48%	Monthly	
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco Crédito e Inversiones - Chile	14	33	-	-	-	47	-	1.53%	1.53%	Monthly	
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco Estado - Chile	24	70	196	209	858	94	1,263	2.25%	2.25%	Monthly	
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco de Chile - Chile	1,002	2,731	7,567	7,997	47,362	3,733	62,926	1.95%	1.95%	Monthly	
85,840,100-3	Compañía de Servicios Industriales Ltda. - Chile	CLP	Banco Credito Inversiones - Chile	384	-	809	213	-	384	1,022	2.00%	2.00%	Monthly	
-	Mapco Express, Inc - USA	US\$	Certegy Check Services/Fis - USA	23	15	21	-	-	38	21	2.14%	2.14%	Monthly	
-	Mapco Express, Inc - USA	US\$	Giddens, Elmo - USA	384	809	213	-	-	1,193	213	8.81%	8.81%	Monthly	
-	Mapco Express, Inc - USA	US\$	Regions Equipment Finance - USA	384	-	809	213	-	384	1,022	2.99%	2.99%	Monthly	
-	Organización Terpel S.A. - Colombia	COP	Bancolombia - Colombia	384	-	809	213	-	384	1,022	0.85%	0.85%	Monthly	
-	Organización Terpel S.A. - Colombia	COP	Vinder SAS - Colombia	14	26	122	122	3,558	40	3,802	1.00%	1.00%	Monthly	
-	Solgas S.A. - Peru	US\$	Interbank - Peru	28	83	-	-	-	111	-	6.30%	6.30%	Monthly	
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco de Chile - Chile	83	252	344	626	71	335	1,041	2.80%	2.76%	Monthly	
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco Credito Inversiones - Chile	157	477	652	1,321	572	634	2,545	2.49%	2.49%	Monthly	
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco Scotiabank - Chile	30	92	125	259	301	122	685	2.22%	2.22%	Monthly	
Total finance leases				2,951	4,711	12,002	11,173	52,722	7,662	75,897				

## Finance leases

## Forestry sector

As of September 30, 2019

Debtor ID Number	Debtor Name	Currency	Creditor name	Maturities					Total		Effective rate	Nominal rate	Repayment Terms
				1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Arauco Argentina S.A. - Argentina	US\$	Buildings and construction	122	367	600	-	-	489	600	-	-	Monthly
-	Arauco Argentina S.A. - Argentina	US\$	Other property, plant and equipment	96	288	768	96	-	384	864	-	-	Monthly
-	Arauco Argentina S.A. - Argentina	US\$	Motor vehicles	310	750	1,342	1,041	-	1,060	2,383	-	-	Monthly
-	Arauco Canada Limited - Canada	C\$	Buildings and construction	36	91	175	-	-	127	175	-	-	Monthly
-	Arauco Canada Limited - Canada	C\$	Motor vehicles	28	67	78	70	-	95	148	-	-	Monthly
-	Arauco Colombia S.A. - Colombia	US\$	Buildings and construction	10	39	49	-	-	49	49	-	-	Monthly
-	Arauco Colombia S.A. - Colombia	US\$	Facilities, fixtures and fittings	129	518	648	-	-	647	648	-	-	Monthly
-	Arauco Do Brasil S.A. - Brazil	BR\$	Buildings and construction	122	365	855	546	-	487	1,401	-	-	Monthly
-	Arauco Europe Cooperatief U.A. - Holland	€	Buildings and construction	31	25	-	-	-	56	-	-	-	Monthly
-	Arauco Europe Cooperatief U.A. - Holland	€	Motor vehicles	7	21	26	-	-	28	26	-	-	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Computer equipment	6	17	24	-	-	23	24	-	-	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Computer equipment	6	17	35	-	-	23	35	-	-	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Land	843	2,528	6,461	6,742	10,114	3,371	23,317	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Motor vehicles	-	241	827	-	-	241	827	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Buildings and construction	-	11	28	-	-	11	28	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Land	-	100	624	-	-	100	624	-	-	Monthly
-	Arauco Industria de Paineis Ltda. - Brazil	BR\$	Buildings and construction	35	104	105	-	-	139	105	-	-	Monthly
-	Arauco Industria de Paineis Ltda. - Brazil	BR\$	Motor vehicles	165	498	1,052	-	-	663	1,052	-	-	Monthly
-	Arauco North America (formerly Flakeboard America Ltd.) - USA	US\$	Land	25	74	198	8	-	99	206	-	-	Monthly
-	Arauco North America (formerly Flakeboard America Ltd.) - USA	US\$	Buildings and construction	336	968	2,463	2,386	4,004	1,304	8,853	-	-	Monthly
-	Arauco North America (formerly Flakeboard America Ltd.) - USA	US\$	Motor vehicles	10	47	109	1	-	57	110	-	-	Monthly
-	Araucocomex S.A. de C.V. - Mexico	MXN	Buildings and construction	160	171	-	-	-	331	-	-	-	Monthly
-	Araucocomex S.A. de C.V. - Mexico	MXN	Buildings and construction	119	366	80	-	-	485	80	-	-	Monthly
-	Araucocomex S.A. de C.V. - Mexico	MXN	Buildings and construction	-	170	688	79	-	170	767	-	-	Monthly
-	Araucocomex S.A. de C.V. - Mexico	MXN	Motor vehicles	-	66	145	-	-	66	145	-	-	Monthly
79,990,550-7	Bioforest S.A. - Chile	CLP	Land	22	-	44	44	133	22	221	-	-	Monthly
79,990,550-7	Bioforest S.A. - Chile	CLP	Motor vehicles	31	87	105	34	-	118	139	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Buildings and construction	415	1,244	3,153	1,476	-	1,659	4,629	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Motor vehicles	213	613	1,311	537	132	826	1,980	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Buildings and construction	20	60	149	36	-	80	182	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Other property, plant and equipment	-	1,612	1,612	-	-	1,612	1,612	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Motor vehicles	4,935	14,805	39,482	11,774	-	19,740	51,256	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Motor vehicles	45	136	256	-	-	181	256	-	-	Monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Other property, plant and equipment	262	787	1,090	746	7,369	1,049	9,205	-	-	Monthly
-	Eufores S.A. - Uruguay	US\$	Land	1,324	2,560	10,361	9,813	39,274	3,884	59,448	-	-	Monthly
-	Eufores S.A. - Uruguay	US\$	Other property, plant and equipment	306	917	2,444	2,444	3,974	1,223	8,862	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Motor vehicles	466	1,457	3,590	1,800	764	1,923	6,154	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Other property, plant and equipment	1,395	3,842	6,203	304	-	5,237	6,507	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Land	14	7	34	34	206	21	274	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Other property, plant and equipment	5,538	11,763	9,450	410	-	17,301	9,860	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Motor vehicles	3,911	11,732	27,504	8,409	-	15,643	35,913	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Motor vehicles	135	376	789	197	11	511	997	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Land	5	-	10	10	60	5	80	-	-	Monthly
-	Novo Oeste Gestao de Ativos Florestais S.A. - Brazil	BR\$	Land	576	1,729	192	-	-	2,305	192	-	-	Monthly
96,637,330-K	Servicios Logísticos Arauco S.A. - Chile	CLP	Motor vehicles	22	68	156	31	-	90	187	-	-	Monthly
Total finance leases				22,231	61,704	125,315	49,068	66,041	83,935	240,421			

As of December 31, 2018				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco Santander - Chile	148	410	1,198	-	-	558	1,198	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco Scotiabank - Chile	1,288	3,158	4,736	956	-	4,446	5,692	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco Estado - Chile	639	1,885	1,978	-	-	2,524	1,978	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco de Chile - Chile	1,998	8,891	7,236	3,112	-	10,889	10,348	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco BBVA - Chile	545	273	-	-	-	818	-	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco Credito e Inversiones - Chile	1,313	5,351	5,794	6,440	-	6,664	12,234	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco de Chile - Chile	284	690	1,040	-	-	974	1,040	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco Credito e Inversiones - Chile	679	2,036	2,968	-	-	2,715	2,968	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Banco Scotiabank - Chile	371	957	1,346	467	-	1,328	1,813	-	-	Monthly
Total finance leases				7,265	23,651	26,296	10,975	-	30,916	37,271			

**Finance leases****Other sectors**

As of September 30, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
			<b>Total finance leases</b>	-	-	-	-	-	-	-			

As of December 31, 2018				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID Number	Debtor Name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Estado - Chile	-	199	-	-	-	199	-	-	-	Maturity
			<b>Total finance leases</b>	-	199	-	-	-	199	-			

The aforementioned maturities include interest to be paid in each period.

Changes in obligations from financial activities were as follows:

	Opening balance 01.01.2019 ThUS\$	Increase (decrease) due to changes in accounting policy	Restated opening balance	Flow			Accrued interest ThUS\$	Indexation Dif. Exchange ThUS\$	Others ThUS\$	Closing balance 09.30.2019 ThUS\$
				New Loans ThUS\$	Repayments ThUS\$	Interest Payments ThUS\$				
Bank loans	2,389,993	0	2,389,993	932,651	(876,026)	(110,371)	(18,058)	50,118	(11,106)	2,357,201
Leasing liabilities	156,103	698,246	854,349	0	(84,426)	(19,848)	(7,246)	37,430	11,057	791,316
Hedging liabilities	76,393	0	76,393	0	0	(17,098)	16,597	57,143	42,795	175,830
Bonds and promissory notes	4,842,578	0	4,842,578	989,886	(349,996)	(125,230)	148,742	(47,120)	(6,007)	5,452,853
<b>Total</b>	<b>7,465,067</b>	<b>698,246</b>	<b>8,163,313</b>	<b>1,922,537</b>	<b>(1,310,448)</b>	<b>(272,547)</b>	<b>140,035</b>	<b>97,571</b>	<b>36,739</b>	<b>8,777,200</b>

	Opening balance as of 01.01.2018 ThUS\$	Cash Flow			Accrued interest ThUS\$	Indexation & exchange differences ThUS\$	Others ThUS\$	Closing balance as of 12.31.2018 ThUS\$
		New Loans ThUS\$	Repayments ThUS\$	Interest ThUS\$				
Bank loans	2,026,603	2,393,849	(1,970,751)	(124,061)	104,027	(2,525)	(37,149)	2,389,993
Leasing liabilities	136,456	0	(391)	(15)	1,855	0	18,198	156,103
Hedging liabilities	41,474	0	0	(21,241)	507	(585)	56,238	76,393
Bonds and promissory notes	4,390,836	750,273	(110,319)	(166,864)	202,089	(167,217)	(56,220)	4,842,578
<b>Total</b>	<b>6,595,369</b>	<b>3,144,122</b>	<b>(2,081,461)</b>	<b>(312,181)</b>	<b>308,478</b>	<b>(170,327)</b>	<b>(18,933)</b>	<b>7,465,067</b>

The Parent Company Empresas Copec S.A. and the affiliates Celulosa Arauco y Constitución S.A. and Compañía de Petróleos de Chile Copec S.A. hold 92.3% of the Company's consolidated financial borrowing, which is as follows:

	Amortized Cost		Fair Value	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Bonds issued in USD	2,790,482	2,061,637	2,913,936	1,948,594
Bonds issued in UF	2,485,214	2,040,575	2,404,711	2,237,439
Bonds issued in COP	73,048	643,931	73,048	643,931
Bonds issued in CLP	104,109	96,435	104,109	96,436
Bank loans in USD	1,383,052	2,008,708	1,446,268	1,937,396
Bank loans in other currencies	974,149	381,285	996,649	381,953
Finance leases	791,316	156,103	781,107	151,357
Trade and other payables	1,481,037	1,488,163	1,481,037	1,488,163

The Parent Company and the affiliates Celulosa Arauco y Constitución S.A. and Compañía de Petróleos de Chile Copec S.A. are subject to the following financial restrictions:

Instrument	Amount as of 09.30.2019 ThUS\$	Amount as of 12.31.2018 ThUS\$	Interest coverage ≥ 2.0x	Borrowing ratio <sup>1</sup> ≤ 1.2x
Local bonds	2,662,371	2,137,010	N/A	√
Foreign bonds	2,790,482	2,705,568	Safeguards are not required	
Syndicated loan (1)	199,031	200,563	√	√
Banco Estado Syndicated Loan - Grayling (2)	304,251	287,565	√	√
BNP Paribas Bank ECA Loan (3)	112,805	0	√	√
Syndicated loan (4)	824,567	855,382	√	√

N/A: Does not apply to the instrument

(1) Borrowing ratio (financial debt divided by equity plus non-controlling interests)

The current risk ratings of the Group's debt instruments are the following:

Instrument	Standard & Poor's	Fitch Ratings	Moody's	Feller Rate	ICR
<b>Empresas Copec</b>					
Local bonds	-	AA-	-	AA-	-
<b>Arauco</b>					
Local bonds	-	AA-	-	AA	-
Foreign bonds	BBB-	BBB	Baa3	-	-
<b>Organización Terpel</b>					
Local bonds	-	AAA	-	-	-
<b>Sonacol</b>					
Local bonds	-	-	-	AA	AA+



## Syndicated loans

- (1) The affiliate Celulosa Arauco y Constitución S.A. received a 3 year syndicated loan on June 25, 2013. On September 28, 2015 it was extended to September 27, 2018 and was renovated for a further 5 years to September 27, 2023. The value of the syndicated loan was ThUS\$ 199,031 as of September 30, 2019. It was agreed with The Bank of Nova Scotia (administrative agent and lead arranger), Banco del Estado of Chile - New York Branch and Sumitomo Mitsui Banking Corporation.
- (2) A 7 year loan disbursed over 2 years with repayments beginning in the fifth year was arranged through the North American affiliate of Arauco, Arauco North America, Inc (formerly Flakeboard America Limited) on April 28, 2017. The value of the loan was ThUS\$ 304,251 as of September 30, 2019. It was agreed with The Bank of Nova Scotia (lead arranger), Banco del Estado of Chile - New York Branch (administrative agent) and Export Development Canada.
- (3) On April 1, 2019, Arauco arranged an ECA (Export Credit Agency) loan with BNP Paribas Bank to finance the main MAPA project equipment. This loan carries a fixed interest rate of 1.06% and matures in December 2029.
- (4) Meanwhile, Compañía de Petróleos de Chile Copec S.A. and affiliates have international syndicated loans that mainly finance the acquisition of companies owned by Mobil Petroleum Overseas Company Ltd. and ExxonMobil Ecuador Holding B.V. The value of these syndicated loans was ThUS\$824,567 as of September 30, 2019, which include:
  - Financing signed on March 13, 2018 with The Bank of Nova Scotia and Export Development Canada for US\$150 million, with bullet maturity in March 2023, and interest at 180 day Libor plus spread.
  - An international loan with The Bank of Tokyo Mitsubishi UFJ, Ltd. was renewed on November 26, 2018 for US\$500 million, with bullet maturity in November 2023, and interest at 90-day Libor plus spread.

**Financial obligations and safeguards**

The consolidated financial debt totals ThUS\$8,907,200 as of September 30, 2019 (ThUS\$7,465,065 as of December 31, 2018). The group affiliates must comply with the following indicators:

**i) Celulosa Arauco y Constitución S.A.**
**Debt over consolidated equity  
as of September 30, 2019**

	ThUS\$
Consolidated debt	
+ Short-term debt	555,667
+ Long-term debt	4,839,760
<b>= Total Debt</b>	<b>5,395,427</b>
<b>Consolidated equity</b>	<b>7,330,770</b>
<b>Debt over consolidated equity</b>	<b>0.74</b>
<b>Limit</b>	<b>1.2</b>

**Interest Coverage Ratio for the period  
to September 30, 2019 (\*)**

	ThUS\$
Consolidated EBITDA	
+ Net Income (loss)	224,054
+ Financial costs (including capitalized interest)	
Financial costs reflected in the income statement	251,595
Capitalized Interest	23,920
- Financial income	(31,119)
+ Income tax expense	63,475
+ Depreciation and amortization	483,890
- Gain on changes in the fair value of biological assets	(116,678)
+ Harvested crop cost at fair value	322,059
- Other	57,965
- Exchange differences	23,712
<b>= Consolidated EBITDA</b>	<b>1,302,873</b>
Consolidated interest expense	
+ Financial costs (including capitalized interest)	275,515
- Financial income	(31,119)
<b>= Net consolidated Interest expense</b>	<b>244,396</b>
<b>Interest coverage ratio</b>	<b>5.3</b>
<b>Minimum interest coverage ratio</b>	<b>2.0</b>

(\*) Figures for the last rolling 12 months

## ii) Compañía de Petróleos de Chile Copec S.A.

Debt over consolidated equity  
as of September 30, 2019

	MCh\$
Total Debt	
All obligations on borrowed funds	1,441,210
+ Bond obligations	
+ Notes or similar instruments	
+ Debt guarantees from third parties	
+ Finance lease obligations	
+ Securitization of amounts that appear as financial debt	
+ Debt with Empresas Copec	290,264
- Cash and cash equivalents	(171,100)
- Hedging financial assets, financial liabilities offset by hedges included in financial liabilities	(82,625)
- IFRS 16 adjustments	(297,126)
<b>= Total Debt</b>	<b>1,180,623</b>
<b>Equity including increase (decrease) in goodwill</b>	<b>1,340,100</b>
<b>Debt / Equity</b>	<b>0.88</b>
<b>Limit</b>	<b>1.4</b>

Interest Coverage Ratio for the period  
as of September 30, 2019

	MCh\$
EBITDA	
+ Gross margin	921,180
+ Distribution costs	(379,944)
+ Administrative costs	(263,449)
+ Administration costs, IFRS 16 adjustments	(4,311)
+ Depreciation	113,349
+ Depreciation, IFRS 16 adjustments	(27,545)
+ Amortization	63,170
+ Dividends received from non-consolidated affiliates	12,108
<b>= EBITDA</b>	<b>434,558</b>
Interest expense	
+ Financial costs	86,888
+ Financial costs, IFRS 16 adjustments	(9,028)
- Financial income	(6,470)
<b>Net interest expense</b>	<b>71,390</b>
<b>Interest coverage ratio</b>	<b>6.09</b>
<b>Minimum interest coverage ratio</b>	<b>2.0</b>

## iii) Empresas Copec S.A.

**Debt over consolidated equity  
as of September 30, 2019**

	ThUS\$
Consolidated financial debt	
+ Other financial liabilities, current	1,260,227
+ Other financial liabilities, non-current	7,516,973
+ Third-party guarantees	130,000
<b>= Total consolidated financial debt</b>	<b>8,907,200</b>
Cash on hand	
+ Cash and cash equivalents	1,707,891
+ Other financial assets, current	152,710
- Derivative financial instruments:	
Forwards	(7,846)
Swaps	(311)
<b>= Total Cash</b>	<b>1,852,444</b>
<b>Net Debt</b>	<b>7,054,756</b>
Consolidated equity	
+ Non-controlling interests	490,422
+ Equity attributable to owners of the parent company	10,770,916
<b>= Consolidated Equity</b>	<b>11,261,338</b>
<b>Borrowing ratio</b>	<b>0.63</b>
<b>Limit</b>	<b>1.2</b>

**Consolidated net tangible assets  
as of September 30, 2019**

	ThUS\$
+ Total issuer's assets	24,545,741
- Intangible assets other than goodwill	(1,005,012)
- Goodwill	(417,173)
- Total current liabilities	(3,208,733)
+ Current portion of long-term obligations with banks and financial institutions	85,626
+ Current portion of bond obligations	288,706
<b>Total Consolidated Net Tangible Assets</b>	<b>20,289,155</b>

In addition to the financial restrictions mentioned above, some loans have restrictions on liens and dividends.

### Consolidated Net Tangible Assets

In accordance with the provisions of Chapter VIII, Clause Twenty Five of the bond issue contracts between Empresas Copec S.A. and Banco Santander Chile, agreed on November 2, 2009, under Registries 21,222-2009 and 21,123-2009, as amended, and in accordance with the provisions of Chapter VII, Clause Twenty Four of the bond issue contracts between Empresas Copec S.A. and Banco Santander Chile, agreed on September 9, 2014, under Registries 28,648-2014 and 28,649-2014, as amended, we report that as of September 30, 2019, the concepts identified in subsections /a/ and /b/ of the definition of consolidated net tangible assets were ThUS\$ 288,706 and ThUS\$ 85,626, respectively (ThUS\$ 473,907 and ThUS\$ 297,671 as of December 31, 2018). In accordance with the provisions of Chapter III, Clauses Nine and Ten of the contracts in Registries 21,122-2009 and 21,123-2009, and the provisions of Chapter III, Clause Nine of the contracts in Registries 28,648-2009 and 21,649-2009, we report that as of September 30, 2019 and December 31, 2018 Empresas Copec S.A. has complied with its obligations under these contracts, in particular with regard to the financial indicator defined in subsection /c/ of these clauses.

The calculation of the indebtedness ratio is as follows:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Total consolidated financial debt	8,907,200	6,649,497
Total Cash	1,852,444	1,467,355
<b>(A) Net debt (Total financial debt - Total cash)</b>	<b>7,054,756</b>	<b>5,182,142</b>
<b>(B) Consolidated equity</b>	<b>11,261,338</b>	<b>10,485,500</b>
<b>Borrowing ratio = (A) / (B)</b>	<b>0.63</b>	<b>0.49</b>
<b>Limit allowed</b>	<b>1.20</b>	<b>1.20</b>

### 3.5 Other Financial Liabilities at Fair Value Through Profit And Loss

The Group has the following financial liabilities at fair value through profit and loss:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Swaps	173,440	72,246
Forwards	2,372	3,016
<b>Total</b>	<b>175,812</b>	<b>75,262</b>

Financial liabilities at fair value through profit and loss include both liabilities designated as such upon initial recognition and liabilities classified as tradable. Tradable liabilities and derivatives that are financial liabilities are valued at fair value. Gains and losses are recorded in the statement of net income.

This liability is included under "Current and non-current other financial liabilities".

### 3.6 Fair Value Hierarchy

The financial assets and liabilities that have been recognized at fair value in the interim consolidated statement of financial position as of September 30, 2019 have been measured using methods described in IFRS 13. These methods have been applied to each class of financial instruments and are classified by hierarchy as follows:

- Level I: Values or prices in active markets for identical assets and liabilities.
- Level II: Information from sources other than the market prices in Level I, but observable in the market for those assets and liabilities, whether directly (prices) or indirectly (obtained on the basis of prices).
- Level III: Information on assets or liabilities that is not based on observable market data.

	Fair Value	Measurement Method		
	September 2019 ThUS\$	Level I ThUS\$	Level II ThUS\$	Level III ThUS\$
Financial Assets at Fair Value				
Investment Swap (asset)	142,962	0	142,962	0
Forwards	7,868	0	7,868	0
Mutual funds	625,412	625,412	0	0
Other financial assets at fair value	11,407	11,407	0	0
Fixed income instruments	136,654	136,654	0	0
Financial liabilities at fair value				
Investment Swap (liability)	173,440	0	173,440	0
Forward (liability)	2,372	0	2,372	0
Other financial liabilities at fair value	0	0	0	0

	Fair Value	Measurement Method		
	December 2018 ThUS\$	Level I ThUS\$	Level II ThUS\$	Level III ThUS\$
<b>Financial Assets at Fair Value</b>				
Investment Swap (asset)	76,184	0	76,184	0
Forwards	11,615	0	11,615	0
Mutual funds	553,912	553,912	0	0
Guarantee contribution	0	0	0	0
Other financial assets at fair value	23,083	23,083	0	0
Fixed income instruments	191,054	191,054		
<b>Financial liabilities at fair value</b>				
Investment Swap (liability)	72,246	0	72,246	0
Forward (liability)	3,016	0	3,016	0
Other financial liabilities at fair value	0	0	0	0

### 3.7 Hedging Financial Instruments

Hedging financial instruments are cash flow hedges and are recorded in Other non-current financial assets and Other non-current financial liabilities depending on whether they are assets or liabilities.

The Parent Company Empresas Copec S.A. receives dividends from its fuel affiliates in Chilean pesos. However, it pays its shareholders dividends in US dollars (which are translated into Chilean pesos at the exchange rate prevailing 5 working days before the payment date). The Company mitigates this potential mismatching by entering into hedges through forward contracts with financial institutions. As of September 30, 2019, all of the amounts receivable from its fuel affiliates with regard to dividends payable in December 2019 are hedged.

As of September 30, 2019 the market value of all the forwards expressed in US dollars at the exchange rate prevailing on the reporting date is ThUS\$ 5,155 (ThUS\$ 3,988 as of December 31, 2018).

The affiliate Arauco is exposed to changes in the US dollar exchange rate in order to meet its bond obligations denominated in other currencies, such as bonds issued in indexed Chilean pesos (UF).

Arauco mitigates this exchange rate risk by contracting cross currency swaps for the F, J, P, R, Q, S, W and X series, with a market value of ThUS\$ (31,825) as of September 30, 2019.

Given that the affiliate Celulosa Arauco y Constitución S.A. has a high percentage of its assets in US dollars and obligations in indexed Chilean pesos, it needs to minimize its exchange rate risk. The purpose of this swap position is to eliminate uncertainty related to the exchange rate by exchanging flows from obligations in indexed Chilean pesos from the bonds described above for flows in US dollars (Arauco's functional currency) at a fixed exchange rate determined at the contract's date of execution.

These hedge instruments can be classified as highly effective under hedge effectiveness testing in accordance with IFRS 9, and within an acceptable range for Arauco in order to eliminate exchange rate risks for commitments related to hedges.

Compañía de Petróleos de Chile Copec S.A. and its affiliates comply with its risk management policy by taking out derivative contracts on interest rates and exchange rates, and classifies its hedges as:

- Cash flow hedges: Those that hedge the cash flows of the hedged underlying item.
- Fair values hedges: Those that hedge the fair value of the hedged underlying item.
- Non hedge derivatives: Financial derivatives that do not meet the requirements established by IFRS to be designated as hedge instruments. They are recorded at fair value through profit and loss (assets held for sale).

The financial derivative contracts held by Copec S.A. as of September 30, 2019 and December 31, 2018 are as follows:

Financial derivatives	September 30, 2019	
	Fair value ThUS\$	Notional value ThUS\$
Interest rate hedges	(60,759)	0
Exchange rate hedges	110,773	500,000
Derivatives not treated as hedges	2,422	262,518
<b>Total</b>	<b>52,436</b>	<b>762,518</b>

Financial derivatives	December 31, 2018	
	Fair value ThUS\$	Notional value ThUS\$
Interest rate hedges	(3,160)	0
Exchange rate hedges	56,585	400,000
Derivatives not treated as hedges	5,970	420,806
<b>Total</b>	<b>59,395</b>	<b>820,806</b>



## NOTE 4. FINANCIAL RISK MANAGEMENT

- Financial risk factors:

The Group has businesses in various sectors related to natural resources and energy that operate through its affiliates and associates. The relevant risk factors vary depending on the type of business. Accordingly, the Management of each of the affiliates carries out its own risk management in collaboration with their respective business units.

The most important affiliates are Celulosa Arauco y Constitución S.A., with activities in the forestry sector, and Compañía de Petróleos de Chile Copec S.A., with activities in the fuel sector. Together these two companies represent approximately 86% of the Group's consolidated assets, 87% of EBITDA. Additionally, they represent around 93% of receivables and 88% of bonds and long-term financial borrowing. Together with the Parent Company, they represent 95% of consolidated investments.

Therefore, a significant portion of the risks faced by the Group lie within these three units. The specific risks that affect each unit are analyzed below.

### a) Risks associated with Empresas Copec S.A., the Parent Company

The risks of the Parent Company are fundamentally associated with its financial investments. These are exposed to a several risks, including interest rate risk and exchange rate risk and credit risk. Management provides written policies for the management of investments that establish the objectives of obtaining the maximum return for acceptable levels of risk, maintaining sufficient liquidity, and limiting exposure to the different types of risk. These policies identify the instruments that are allowed, and they establish limits by type of instrument, issuer and risk rating. In addition, they determine investment controls and procedures.

Risk management is managed by the investment department, which complies with the policies approved by Management, and has assistance from external experts. Part of the investment portfolio is managed by reputable managers, chosen in competitive processes under strict policies of diversification and limits to types of instrument, credit ratings, currencies and other criteria. These managers are in turn monitored by the Company's investment department and are subject to regular internal and external audits.

The financial instruments held by the Company have been categorized as cash or financial assets at fair value through profit and loss, as these instruments can be sold in the short term.

## i) Interest rate risk

The assets affected by this risk are the Parent Company's financial investments, which in accordance with its investment policy, primarily consist of fixed-income instruments in the form of deposits, bonds, mortgage bonds, fixed-income mutual funds and other similar items. The duration is used as a measurement of the sensitivity of the portfolio's value in the face of changes in market interest rates. Given that the market value of such instruments varies according to changes in interest rates, a limit on the aggregate duration of the portfolio has been set at two years. Currently, the aggregate portfolio has duration of 0.79 years.

The Parent Company has placed bonds in the local market, specifically the BECOP-C, BECOP-E, BECOP-G, BECOP-H, BECOP-I and BECOP- K series. All of these bonds have been issued at fixed rates, thus mitigating the risk of movements in interest rates.

The table below shows the possible effects on pre-tax income of changes in the value of the Company's investment portfolio as a result of changes in interest rates:

<b>Aggregate term (years)</b>		<b>0.79</b>
<b>Total portfolio value (US\$)</b>		<b>384,290,030</b>
<b>Interest rate sensitivity analysis</b>		
<b>Change in Rate</b>	<b>Change in Value</b>	<b>Total portfolio value</b>
<b>%</b>	<b>US\$</b>	<b>US\$</b>
2.0%	(6,071,782)	378,218,248
1.0%	(3,035,891)	381,254,139
0.5%	(1,517,946)	382,772,084
-0.5%	1,517,946	385,807,976
-1.0%	3,035,891	387,325,921
-2.0%	6,071,782	390,361,812

## ii) Exchange rate risk

The Parent Company's investment policy authorizes it to invest in U.S. dollars and Chilean pesos in order to address possible cash requirements in these currencies, which would result from the needs of certain affiliates and associates, as well as new potential businesses in which the Parent Company may wish to participate. Such resources can be invested in local or international mutual funds, term deposits under third-party management, through a specific mandate.

Variations in the exchange rate affect the value of peso-denominated instruments when expressing them in US dollars. A depreciation of the Chilean peso would have a negative effect when expressing peso-denominated investments in US dollars, whereas an appreciation of the peso would have a positive effect

To date, approximately 67% of the aggregate portfolio is denominated in US dollars and 33% in Chilean pesos and UF. The Company's objective is to achieve a portfolio with approximately 50-80% in US dollars, in accordance with the forecasted use for its investments.

A table showing the possible effects on pre-tax income of changes in the value of the investment portfolio (measured in US dollars), as a result of fluctuations in the exchange rate, is presented below:

Percentage of portfolio in Chilean pesos			32.5%
Total portfolio value (US\$)			384,290,030
Exchange rate sensitivity analysis			
	Change in Rate	Change in Value	Total portfolio value
	%	US\$	US\$
Depreciation	10.0%	(12,489,552)	371,800,479
	5.0%	(6,244,776)	378,045,254
Appreciation \$	-5.0%	6,244,776	390,534,807
	-10.0%	12,489,552	396,779,582

Additionally, the Company consolidates affiliates that perform their accounting in Chilean pesos, which is the case for Compañía de Petróleos de Chile Copec S.A., Abastible S.A., Inmobiliaria Las Salinas Limitada and Sociedad Nacional de Oleoductos S.A., which record their financial information as described in Note 2.4 (c). The consolidated net income of Empresas Copec S.A. can be affected by movements in the exchange rate when the peso-denominated results of these affiliates are converted to US dollars. Likewise, affiliates such as Celulosa Arauco y Constitución S.A. and the affiliates in the fishing sector are also affected by movements in the exchange rate, as a portion of their operating costs are denominated in pesos.

The Parent Company has placed bonds in the local market from the C, E, G, H, I and K series. Although the nominal currency of these liabilities is mostly UF and differs from the US dollar, which is the Parent Company's functional currency, these bonds have been transferred to the fuels sector affiliates, whose functional currency is the Chilean peso, to eliminate consolidated exposure to this exchange risk. This transfer also eliminates all liquidity risk at the Parent level.

### iii) Credit risk

The financial investments held by the Parent Company consist predominantly of fixed-income instruments. In accordance with the investment policy, limits per issuer and limits on the categories of instrument have been established, depending on the risk rating of such issuers. In this regard, risk ratings must be issued by recognized local or international rating agencies.

The main counterparties as of September 30, 2019 and December 31, 2018 are as follows:

Main counterparties	09.30.2019		12.31.2018	
	%	Value US\$	%	Value US\$
Banchile Fondos Mutuos	9.30%	35,708,686	5.10%	19,961,488
Scotiabank Mutual Funds	9.30%	35,681,843	4.30%	17,008,973
Banco ItauCorp	8.90%	34,361,267	9.20%	36,224,030
Banco BCI	8.80%	33,650,735	5.10%	20,200,554
BCI Fondos Mutuos	7.80%	29,845,597	10.10%	39,459,194
JP Morgan NY	6.10%	23,593,721	7.60%	30,193,387
Santander Mutual Funds	4.80%	18,455,003	2.20%	8,641,115
The US Treasury	4.70%	17,889,004	3.00%	11,971,035
Banco Security	3.80%	14,785,534	3.60%	14,237,952
Bice Mutual Funds	3.40%	13,210,890	4.50%	17,900,819
Banco Estado	2.90%	11,321,506	7.90%	31,378,593
Banco Chile	2.70%	10,398,426	3.80%	14,825,144
Banco Scotiabank	2.00%	7,519,314	5.80%	23,007,730
Santander Mutual Funds	1.70%	6,488,658	5.90%	23,427,240
Banco HSBC	1.30%	5,137,629	0.00%	0
Citibank New York	1.20%	4,550,802	1.10%	4,479,446
Banco Santander	0.40%	1,503,117	0.40%	1,627,579
BTG Pactual Mutual Funds	0.40%	1,637,042	0.40%	1,606,354
Central Bank and Treasury	0.40%	1,482,507	0.00%	0
Others	20.10%	77,068,748	20.00%	78,868,886
<b>Total</b>	<b>100.00%</b>	<b>384,290,029</b>	<b>100.00%</b>	<b>395,019,519</b>

#### b) Risks associated with Celulosa Arauco y Constitución S.A. (forestry sector)

The affiliate's financial assets are exposed to a number of financial risks: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and price risk).

The global risk management program considers uncertainty in the financial markets and tries to minimize the potential adverse effects on financial yields.

Financial risk management is administered by the Corporate Finance department. This department identifies, evaluates and hedges financial risks in close collaboration with the operating units. The Company does not actively participate in the trading of its financial assets for speculative purposes.

##### i) Credit risk

Credit risk refers to financial uncertainty over several periods of time, in relation to the fulfillment of obligations subscribed by counterparties at the point in time when contractual rights to receive cash or other financial assets are exercised.

Arauco's exposure to credit risk is directly related to the individual ability of its customers to fulfill their contractual commitments and is reflected in trade receivables, leasing receivables and miscellaneous receivables. Credit risk also arises for assets that are held by third parties such as deposits, covenants and mutual funds.

Arauco has insurance policies that minimize the credit risk on term sales (Open Account) in accordance with its policy that covers the export sales of Celulosa Arauco y Constitución S.A., Maderas Arauco S.A., Forestal Arauco S.A., and Arauco do Brasil S.A., and for the local sales of Araucomex Servicios S.A. de C.V., Arauco Colombia S.A., Arauco Perú S.A., Arauco North America Inc., Arauco Canada Ltd., Celulosa Arauco y Constitución S.A., Maderas Arauco S.A., Arauco Florestal Arapoti, Arauco Forest Brasil S.A., Arauco do Brasil S.A. Arauco Industria de Paiméis Ltda. and Arauco Nutrientes S.P.A. Arauco uses the credit insurance company Euler Hermes World Agency (AA3 rating according to the risk-rating company Moody's and AA according to S&P), with 90% coverage of each invoice with no deductible for nominated customers, and 90% for discretionary customers. Discretionary customers have been granted credit lines less than ThUS\$100 (or its equivalent in the invoicing currency) in local sales for Arauco Perú S.A., Arauco Colombia S.A., Arauco México S.A. de C.V., Arauco Do Brasil S.A., Arauco Argentina S.A. and Maderas Arauco S.A. Nominated customers have been granted credit lines over this value.

In order to support a line of credit approved by the Credit Committee, Arauco has guarantees such as mortgages, pledges, stand-by letters of credit, bank guarantees, checks, promissory notes, loans and other similar items that could be enforced in accordance with the legislation of each country. The debt covered by these guarantees amounts to US\$ 125.9 million as of September 30, 2019. The guarantee procedure is regulated by the guarantee policy, which controls the accounting, expiration and valuation of guarantees.

As of September 30, 2019 there are assets pledged as indirect guarantees amounting to MUS\$ 545. Unlike direct guarantees, indirect guarantees are provided to safeguard an obligation assumed by an affiliate to a third party.

The Credit and Collections area reports to the Treasury department and is responsible for minimizing the credit risk of receivables. This area monitors overdue accounts and approves or denies credit limits for all term sales. The standards and procedures for the proper control and management of the risk of sales on credit are governed by the Credit Policy.

A procedure for the approval and modification of customer lines of credit has been established and must be followed by all companies belonging to the Arauco group. Requests for lines of credit are registered in a Credit Evaluation model, where all available information is analyzed, including the amount of the line granted by the credit insurance company. Subsequently, these requests are approved or denied by the internal committees in each company belonging to the Arauco group, according to the maximum amount authorized by the Credit Policy. If the line of credit exceeds that amount, it is analyzed by the Corporate Committee. Credit lines are renewed annually through this internal process.

As of September 30, 2019, Arauco's trade receivables totaled ThUS\$ 681,130, of which 63.62% were sales on credit, 35.45% were sales with letters of credit, and 0.93% were other sales. These receivables covered 2,772

debtors. The customer with the greatest Open Account debt represented 2.91% of total receivables as of that date.

Arauco has not entered into any refinancing or renegotiations with its customers, which involve amendments to invoice due dates. Any renegotiation of debt with a customer, if necessary, will be analyzed on a case by case basis and must be approved by the Corporate Finance Department.

Sales on credit (Open Account) covered by various insurance policies and guarantees amount to 93.2% of the total, consequently Arauco's portfolio exposure amounts to 6.8%.

Sales with letters of credit are mainly to the Asian and Middle East markets. The creditworthiness associated with banks issuing letters of credit is regularly evaluated, in order to obtain a score based on ratings issued by the main risk raters, their country risk and their financial statements. Depending on the result of this evaluation, the issuing bank is either approved or a confirmation of the letter of credit is requested.

All sales are controlled using a credit verification system, the parameters of which have been defined to block orders from customers that have a certain percentage of overdue payments or whose line of credit has been exceeded or expired at the time the product would be shipped.

Debtors by net sales per range as of September 30, 2019 and December 31, 2018 respectively were as follows:

**September 30, 2019**

Days	Not Overdue	1-30	31-60	61-90	91-120	121-150	151-180	181-210	211-250	Over 250	Total
ThUS\$	631,351	32,050	589	1,778	1,328	1,184	704	53	77	12,016	681,130
%	92.69%	4.72%	0.09%	0.26%	0.19%	0.17%	0.10%	0.01%	0.01%	1.76%	100.00%

**December 31, 2018**

Days	Not Overdue	1-30	31-60	61-90	91-120	121-150	151-180	181-210	211-250	Over 250	Total
ThUS\$	688,024	59,844	854	36	111	43	141	127	69	14,481	763,730
%	90.09%	7.84%	0.11%	0.00%	0.01%	0.01%	0.02%	0.02%	0.01%	1.89%	100.00%

Arauco has implemented a Guarantee Policy in order to control accounting, valuation and expiration dates of guarantees received, and a Corporate Credit Policy.

Regarding the credit risk of term deposits, repurchase agreements and mutual funds, Arauco has a policy that minimizes this risk through guidelines for managing cash flow surpluses in low-risk institutions.

Investment policy:

The affiliate Arauco has an investment policy that identifies and limits the financial instruments and the entities in which the companies, in particular Celulosa Arauco y Constitución S.A., are authorized to invest.

Treasury management is handled centrally in Chile. The Parent Company invests, deposits surplus cash, and arranges short and long-term borrowing from banks, financial institutions and the public. The exception to this rule occurs in short and long-term debt subscriptions for specific transactions that must be carried out through other companies, in which case the express authorization of the Corporate Manager at Arauco is required.

Investments are restricted to fixed income instruments with appropriate liquidity. Each type of instrument has a rating and certain limits apply depending on its duration and issuer.

Intermediaries (banks, stockbrokers and mutual funds agencies, and these latter two must be affiliates of banks) are subject to a process that evaluates the relative degree of risk of each bank or financial institution in terms of its financial statements and securities. Each institution is assigned a score, which ultimately determines a relative risk ranking that Arauco uses to define the investment limits for each institution.

The background information that is necessary to evaluate these various criteria is obtained from the official financial statements of the banks and from the rating of their current short and long-term debt securities, as defined by the supervisory organization (Superintendence of Banks and Financial Institutions) and assigned by the risk rating agencies authorized by this organization, which in this case are Fitch Ratings Chile, Humphreys and Feller Rate.

Any exceptions that may be necessary, mainly in relation to the investment limits in a particular instrument or entity, must be expressly authorized by the Chief Financial Officer at Arauco.

ii) Liquidity risk

Liquidity risk is the ability to meet payment obligations as they fall due. The exposure to liquidity risk affects obligations with the public, banks and financial institutions, creditors and other payables, and it is related to the ability to meet net cash requirements under both normal and exceptional conditions.

The Finance department constantly monitors the Company's cash projections on the basis of short and long-term forecasts, as well as forecasts of alternative financing options available. The Company has an investment policy, in order to control the risk exposure for its available financial assets.

The capital committed under each of the main financial liabilities subject to liquidity risk is detailed in the table below and grouped by maturity date:

(In thousands of US dollars)	September 2019					Total
	Under 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Over 5 years	
<b>Maturity</b>						
Finance leases	0	22,231	61,704	174,380	66,041	324,356
Bank loans	0	77,186	129,841	742,076	75,042	1,024,145
Bonds issued in UF and US	0	86,695	326,828	1,666,065	4,529,161	6,608,749
<b>Total</b>	<b>0</b>	<b>186,112</b>	<b>518,373</b>	<b>2,582,521</b>	<b>4,670,244</b>	<b>7,957,250</b>

(In thousands of US dollars)	December 2018					Total
	Under 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Over 5 years	
<b>Maturity</b>						
Finance leases	0	7,265	23,651	37,271	0	68,187
Bank loans	0	84,778	130,271	616,932	203,906	1,035,887
Bonds issued in UF and US	0	27,802	262,069	1,272,907	2,428,202	3,990,980
<b>Total</b>	<b>0</b>	<b>119,845</b>	<b>415,991</b>	<b>1,927,110</b>	<b>2,632,108</b>	<b>5,095,054</b>

### iii) Market risk - exchange rate

This risk arises from the likelihood of losses from changes in the exchange rates of the currencies in which the assets and liabilities of Arauco are denominated other than its functional currency.

The affiliate Arauco is exposed to the risk of changes in the exchange rate of the US dollar (functional currency) with respect to sales, purchases and obligations that are denominated in other currencies, such as the Chilean peso, Euro, Real or others. The Chilean peso is the currency with the greatest risk in the event of a significant exchange rate fluctuation.

Sensitivity analyses are performed to determine the effect of this variable on equity and net income for the business.

The sensitivity analysis assumes a variation of + / - 10% in the closing exchange rate to the Chilean peso. Keeping all other variables constant, a US dollar exchange rate variation of +/- 10% in relation to the Chilean Peso would mean a change in the net income after tax for the last 12 months of +/- 6.52% (equivalent to +/- MUS\$ 13.4), and a change in equity of +/- 0.11% (equivalent to +/- MUS\$ 8.0).

### iv) Market risk – interest rate

Interest rate risk refers to the sensitivity of the value of financial assets and liabilities to changes in interest rates.

The affiliate Arauco is also exposed to the risk of changes in the interest rate on obligations to the public, banks and financial institutions and variable-rate interest-bearing financial instruments.

The affiliate Arauco performs a risk analysis by reviewing the exposure to changes in the interest rate. As of September 30, 2019, 10.7% of bonds and loans with banks accrue interest at a variable rate. Therefore, a change of +/- 10% in the interest rate would have an effect of +/- 0.59% on net income after tax for the last 12 months (equivalent to +/- MUS\$ 1.2) and a change in equity of +/- 0.01% (equivalent to +/- MUS\$ 0.7).



v) Market risk – Wood pulp price

The price of wood pulp is determined by the world market and by conditions in each regional market. Prices fluctuate as a function of demand, production capacity, business strategies adopted by large forestry companies and pulp and paper producers, and the availability of substitutes.

The prices of wood pulp are reflected in the operating revenue in the statement of income and directly affect net income for the period.

As of September 30, 2019, operating revenue from the sale of wood pulp represented about 44.7% of total revenue. Forward contracts and other financial instruments are not used for wood pulp sales; instead, the price is set on a monthly basis according to the market.

This risk is handled in a number of ways. Arauco has a specialized team that performs regular market and competition analyses, providing tools to evaluate trends and adjust forecasts accordingly. Similarly, financial sensitivity analyses on variable prices enable the company to take the precautions required to address various situations. Additionally, Arauco mitigates the risk of pulp prices by maintaining a strategy of low-cost production, allowing it to deal with possible price fluctuations in economic cycles.

The sensitivity analysis assumes a variation of + / - 10% in the average price of cellulose. If all other variables remain constant, a change of +/- 10% in the average price of wood pulp would result in a change of +/- 70.75% in net income before tax for the last 12 months (equivalent to +/- MUS\$ 145.2) and +/- 1.18% in equity (equivalent to +/- MUS\$ 87.1).

The changes shown in the reported sensitivity analysis for exchange rates, interest rates and cellulose prices, are fluctuation ranges that are considered possible given current market conditions.

**c) Risks associated with Compañía de Petróleos de Chile Copec S.A. (fuel sector)**

The business at Copec S.A. and its affiliates is exposed to a number of financial risks, specifically market risk, credit risk, interest rate risk, liquidity risk and investment in foreign assets risk, with Copec S.A., its Colombian affiliate Organización Terpel S.A. and the US affiliate Mapco as the companies most exposed to these risks.. Risk management at these companies is based on the diversification of the business and of customers, the financial evaluation of customers, and the use of derivative instruments when required.

Risk management at Copec S.A is administered by the Finance department in accordance with the guidelines issued by the Company's general management and Board of Directors. Risk management at Organización Terpel S.A. is performed at similar hierarchical levels. Specifically, the Board of Directors is responsible for establishing and supervising the risk management structure, and management at the affiliate ensures compliance with its standards and procedures. Financial risk management at Mapco is carried out by the

Finance and Administration Department. In addition, the Board is responsible for establishing and supervising the risk management structure, and management at the affiliate ensures compliance with its standards and procedures. Then in all three cases, financial risks are identified, assessed and covered jointly by the financial, operating and commercial departments in each company.

An analysis of each risk is presented separately.

i) Exchange rate risk

Copec S.A.

The primary market risk facing the company is the exchange rate risk (Chilean peso/U.S. dollar) resulting from fuel import transactions on the Chilean market and export transactions, both of which are very-short-term operations.

Management has established a policy of managing the risk of exchange rates between foreign and local currency, in order to minimize the net exposure in foreign currency. The Company's Finance department achieves this using forward contracts with local financial entities. These contracts have very short terms: less than 30 days for fuel import hedges and around 30 days for export transactions.

The exchange rate risk of financial investments in foreign currency is not managed, as these are operating positions of one or two days.

The Company has international loans of MUS\$650, of which MUS\$500 has a bullet structure, quarterly interest payments and will mature in November 2023. The notional and interest components of this loan facility are entirely covered by *cross currency swap* contracts. The remaining MUS\$150 has a bullet structure with interest paid every six months at variable rates (Libor) and will mature in March 2023. Both the notional amount and interest are not covered with hedging instruments, because the debt was used to finance investment abroad in the US company Mapco Express Inc.

A sensitivity analysis on changes in the exchange rate of total payables in US dollars including the aforementioned loan for US\$ 650 million, using the formal US dollar exchange rate at October 1, 2019 is as follows:

ThUS\$	Change %	Ch\$/US\$	Investment MCh\$	(Loss) Gain MCh\$	(Loss) Gain MUS\$
800,804	15%	837.44	670,626	(87,473)	-120
800,804	10%	801.03	641,469	(58,315)	-80
800,804	5%	764.62	612,311	(29,158)	-40
800,804	-	728.21	583,153	0	0
800,804	-5%	691.80	553,996	29,158	40
800,804	-10%	655.39	524,838	58,315	80
800,804	-15%	618.98	495,680	87,473	120

## Organización Terpel and affiliates

Risk management individually assesses each risk exposure. This assessment determines whether financial hedge instruments are taken out, whether there are natural hedging mechanisms in place, or whether the associated risk is simply assumed, because it is not considered to be critical for the business and the transaction.

Foreign exchange transactions involving trade creditors and other payables in Colombia, exceed foreign exchange transactions involving trade and other receivables by 35% as of September 30, 2019, meaning 65% of these transactions are covered. This mitigates a large proportion of the Group's exchange rate risk exposure, as those foreign currencies collected are entirely used to pay suppliers and/or third parties that bill in US dollars and require payment in that currency. Foreign exchange requirements vary every month. When surpluses arise, these are held in reserve to meet future payment commitments and/or sold when the exchange rate is favorable. Otherwise management buys foreign exchange at the best market rate to meet its foreign currency commitments. Each affiliate operates with the locally accepted currency in its country, and financial borrowing is also in this local currency in order to avoid any foreign exchange exposure. Treasury departments in various countries cover all of their requirements locally.

## Mapco Express, Inc.

Mapco is not significantly exposed to foreign exchange risks on trade receivables, other receivables, payables and financial obligations, as all transactions are denominated in US dollars, which is the local currency.

## ii) Fuel price risk

### Copec S.A.

Inventory values are affected by fluctuations in international fuel prices. Therefore, the Company is constantly analyzing hedge possibilities to match this risk.

There are no hedging financial instruments for the price of fuel as of September 30, 2019.

However, and in the detection at the level of stocks at the end of the year, the effects on the results of possible positive variations in the price of 2.5% and 5.0% will be favorable in ThUS \$ 4,414 and ThUS \$ 8,829, respectively. On the contrary, it will be losses for these amounts due to situations in reduction on the same percentages.

iii) Interest Rate Risk

Copec S.A.

The Company has no significant short-term investments, other than those related to cash variations, which are invested over a period from 1 to 7 days. Business income and expenses are independent of changes in interest rates. Therefore, no significant financial risk exists.

Management understands that there is no significant interest rate risk on short-term financial liabilities, as these liabilities relate to the financing of operating cash flows, with terms mainly between 1 and 90 days, and are highly variable over the course of the year.

Furthermore, the syndicated loan signed by Copec S.A. is subject to international interest rate risk. This 5 year loan financed the acquisition of its affiliates in Colombia, at an interest rate of Libor 90 days. Copec S.A. policy is to individually evaluate the use of interest rate swaps to mitigate the risk associated with variable rates. Currently the loan with an interest rate of Libor 90 days is entirely covered, so the interest rate in CLP is fixed. This loan was refinanced at the end of 2018.

Also, there are three long-term loans with Empresas Copec, one for ThUF 2,470, one for ThUF 5,344 and another one for MCh\$ 67,840. The first one expires in October 2024 and the second one in November 2030. The first two have bullet repayments at maturity and pay interest of ThUF 150 semiannually. The third one matures on September 15, 2023, pays interest semiannually and principal repayments begin in year five.

Furthermore, the Company owns a lease of ThUF 1,670 that expires in 2033 and is also exposed to the inflation rate. There is currently no inflation risk cover using hedges, because the Chilean Central Bank's mission is to keep it at an annual rate of 3.0% (with +/-1.0% tolerance), so that inflation volatility would be controlled by that institution.

Organización Terpel and affiliates

- Cash flow sensitivity analysis for variable rate instruments

Terpel Group's debt as of September 30, 2019 is ThUS\$ 767,947 of which 9% is at a fixed rate and 91% is at a variable rate.

The variable-rate debt in Colombia is composed of bonds and short-term Treasury bills. They represent 87% and 13%, respectively of total variable-rate debt. Bonds issued in Colombia at a variable rate are indexed to the CPI for 12 months. As of September 30, 2019, the outstanding amount is ThUS\$ 532,601. A loss of ThUS\$ 559 would arise following an increase of 50 points, and a gain of ThUS\$ 763 would arise following a similar decrease.

Debt taken as syndicated corporate loans and Treasury bills in Colombia is indexed to the latest half yearly RBI (Reference Bank Indicator). As of September 30, 2019, the outstanding amount is ThUS\$ 77,319. A change of

10 basis points in this indicator by the end of the reporting period is possible. The effect of an increase of 10 points would be a loss of ThUS\$ 10 and a gain of ThUS\$ 10 given the same decrease.

The interest rates on the Panama and Ecuador loans are indexed to the Libor, and equivalent to ThUS\$ 88,324. A loss of ThUS\$ 11 would arise following an increase of 5 Libor basis points, and a gain of ThUS\$ 11 would arise following a similar decrease.

Leasing debt in Colombia as of September 30, 2019 is ThUS\$ 5,982 and the weighted average contract rate is 0.83%. This debt is indexed to FTD (Fixed Term Deposit) movements. The change in the FTD was 0.0088% last quarter. Such an increase would generate a loss of ThUS\$ 3, or such a decrease would generate a gain of ThUS\$ 3.

- Sensitivity analysis on fair values of fixed-rate instruments:

Fixed rate financial liabilities are not recorded at fair value through profit and loss, and derivatives are not used as hedging instruments. Therefore, they cause no risk exposure.

Mapco Express, Inc.

Mapco has no short-term investments. Revenue and expenses are independent of fluctuations in interest rates. Consequently, there is no significant financial risk. Management understands that neither is there any significant interest rate risk on its short-term financial liabilities. Mapco has financial leases with a fixed interest rate of 4.65%.

#### iv) Credit risk

Copec S.A.

The Company faces credit risk resulting from the composition of its portfolio of trade receivables and its portfolio of financial investments.

The Company assigns a credit line to each customer, after performing an individual analysis of their financial and market condition, in order to manage the credit risk of trade receivables in Chile. The Finance department is responsible for performing this analysis for customers with lines exceeding UF 1,000, and the administrative units of the sales department perform this analysis for customers with lines below UF 1,000. As of September 30, 2019, customers under UF 1,000 make up 8.36% of the portfolio, and customers over UF 1,000 make up 91.64% of the portfolio. The Company produces reports by customer indicating the daily status of its portfolio, which is analyzed into accounts that are not yet due, late and overdue. In the latter case, collection action may be taken.

The Finance department issues monthly reports on the status of the portfolio, and the Chief Executive Officer holds regular meetings with the sales and finance departments to analyze the status of the overall portfolio, as

well as the portfolios of individual customers, in order to take corrective action if necessary. The Company can block customers that have not fulfilled their payment commitments or have reached their credit limits.

The following table shows the arrears percentage by net sales as of September 30, 2019 and December 31, 2018 respectively:

**September 30, 2019**

Days	Not Overdue	1-30	31-60	61-90	91-120	121-150	151-180	181-210	211-250	Over 250	Total
ThUS\$	728,496	72,750	12,369	4,552	3,280	1,646	1,201	639	806	21,361	847,100
%	86.00%	8.59%	1.46%	0.54%	0.39%	0.19%	0.14%	0.08%	0.10%	2.52%	100.00%

**December 31, 2018**

Days	Not Overdue	1-30	31-60	61-90	91-120	121-150	151-180	181-210	211-250	Over 250	Total
ThUS\$	795,062	67,910	19,431	6,874	1,083	753	955	1,994	692	8,691	903,445
%	88.00%	7.52%	2.15%	0.76%	0.12%	0.08%	0.11%	0.22%	0.08%	0.96%	100.00%

The Company has a portfolio of financial investments to manage surplus cash; the terms of investment for this portfolio are mostly around one to seven days. In order to manage this credit risk, Management has established an investment policy for fixed-income instruments with low-risk financial entities. The Finance department manages these investments, and establishes a group of financial entities in which investment is authorized and assigns a maximum credit line and portfolio composition to each entity. The credit lines per institution are granted on the basis of an analysis of equity and solvency risk for banks and equity, and composition and term for mutual funds.

#### Organización Terpel and affiliates

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises mainly on trade receivables, other receivables and cash and cash equivalents.

Working capital or revolving loans are granted specifically for the purchase of products marketed by the Group. All loans granted must comply with the information requirements established according to the type of customer and the guarantee offered. The documentation submitted must ensure that the Group has all the information required to understand its customers and their general, commercial and taxation circumstances and a general understanding of the customer's financial situation.

The exposure to credit risk is affected mainly by the individual characteristics of each customer, segment and country.

The Group's risk policy requires a financial analysis of each new individual customer based on external ratings, when available. This process is performed before the start of the business relationship. Lines of credit and credit limits are established for each customer and approved in accordance with levels of authorization established by the Board of Directors. Customer's lines of credits are constantly reviewed and adjusted according to the customer's creditworthiness and business need.

All active customers in risk centers are reviewed on a semi-annual basis to monitor whether their financial position has been impaired. The report from this review determines the need for an additional guarantee, annulment of the credit, sale against prepayment, or even annulment of the business relationship if the risk is sufficiently high.

The Group monitors the economic and political environment in its operating countries in order to make prompt decisions regarding credit extended to customers.

More than 50% of the Group's customers have carried out transactions with it for more than 4 years and no impairment losses have been recognized against these customers. When monitoring the customer's credit risk, these are grouped according to their credit characteristics.

Trade and other receivables where payment delays are possible are monitored weekly using portfolio reports for every business and customer. These reports are used to determine when to suspend services, amend credit terms and/or require guarantees, as appropriate.

The Terpel Group has established a guarantee requirement, which covers trade receivables in case of non-payment. This guarantee is pledged by certain customers and sectors that allow it for business purposes. The guarantees accepted by Terpel Group include mortgages up to 75% of the commercial appraisal, payment compliance policies, endorsed Fixed Term Deposit Certificates, and bank guarantees. Furthermore, Terpel Group has taken out credit insurance policies.

Approximately 67% of the portfolio in Colombia was supported by guarantees as of September 30, 2019.

The acquisition of Lubricants Mobil brought with it 314 customers, of which 58% already had a commercial relationship with the Terpel Group. The conditions that established the credit limit and days for all customers of this new business since their commercial relationship began were maintained. If any of these customers request an increase in their credit limit or days, the current Terpel Group policies and procedures for credit analysis shall apply.

The Group has no significant concentrations of credit risk and has policies to ensure that wholesale sales are to customers with an appropriate credit history.

The maximum credit risk exposure for trade receivables, other receivables and cash and cash equivalents by geographical region at the reporting date was:

<b>Credit risk exposure by geographical location</b>	<b>2019 ThUS\$</b>
Colombia	235,952
Peru	49,169
Panama	46,047
Ecuador	32,429
Dominican Republic	10,573
Chile	572
<b>Total</b>	<b>374,742</b>

The Terpel Group had cash and cash equivalents of ThUS\$83,421 as of September 30, 2019, which represents its maximum credit risk exposure on these particular assets. Cash and cash equivalents are held at banks and financial institutions with AAA credit ratings.

Mapco Express, Inc.

Credit risk is the risk of financial loss for Mapco, if a customer or counterparty for a financial instrument does not comply with its contractual obligations, and arises mainly from Mapco's cash and cash equivalents, trade credits and other receivables. Any loan granted by Company must comply with the information requirements applicable to that customer and guarantee. The documentation submitted must ensure that Mapco has all the information required to understand its customers and their general, trade and taxation circumstances and a general understanding of that customer's financial situation.

Mapco Group's exposure to credit risk within its trade and other receivables is influenced mainly by the individual characteristics of each customer and segment. The Mapco Group has established a credit policy, which requires that each new customer is individually analyzed to determine their creditworthiness, before they are offered Mapco Group's general delivery and payment conditions. The Mapco Group's analysis includes external credit ratings, when available. Purchase limits are established for each customer without Board approval. These limits are constantly reviewed and adjusted according to the customer's creditworthiness and business need.

#### v) Liquidity risk

Copec S.A.

The Company's liquidity management policy aims to provide sufficient cash to meet its liabilities. As of September 30, 2019, 62.97% of sales were made through concessionaires, which are very fragmented, with an average payment term of less than 3 days, and 33.84% of sales were made to low-risk industrial customers (with A and B ratings from a scale from A to D, where A is the lowest risk), with an average credit terms of less than 40 days. Therefore, for the purposes of liquidity risk management, the Finance department uses a period of 60 days for its daily cash flow forecasts, and it has access to immediately-available lines of credit with the main financial entities in the local market, which are solvent and have good risk ratings.



As of September 30, 2019, the Company has liquidity of MUS\$ 110 in cash and cash equivalents and MUS\$ 73 in long term unconditional lines of credit. Also at December 31, 2018, the Group had liquidity of MUS\$ 162 in cash and cash equivalents and MUS\$ 77 in long term unconditional lines of credit.

#### Organización Terpel and affiliates

The Group monitors this risk every day through Treasury positions and forecasts, which uses the obligations and surpluses of cash to determine its cash sources and destinations.

The Group's objective is to maintain a balance between continuity and flexibility of funding using bank overdrafts, bank loans, lease contracts, and other sources.

The Terpel Group aims to hold sufficient cash, cash equivalents and other sight investments to meet all of its cash requirements for the next 3 days. The current debt profile enables the Group to meet its debt servicing commitments as they fall due.

As of September 30, 2019, the Group has approved credit facilities of US\$ 86 million, which is fully available to be used as overdrafts, treasury credit or both short and long term finance. Interest rates are agreed at the time the obligation is acquired, in accordance with market conditions.

#### Mapco Express, Inc.

Liquidity risk is the risk that the Group finds it difficult to comply with the obligations associated with its financial liabilities that are settled using cash payments or other financial assets. Mapco Express and its affiliates monitor this risk on a daily basis as the treasury team forecast and monitor its obligations and cash surpluses to determine the source and destination of its funds. The objective is to maintain a balance between funding continuity and flexibility using overdrafts.

The Mapco Group aims to hold sufficient cash resources to meet its financial liabilities falling due in the next 30 days. The current debt profile enables the Group to meet its debt servicing commitments as they fall due.

#### vi) Investment in foreign assets risk

Copec has foreign investments as of September 30, 2019 that control 58.52% of the Colombian company Organización Terpel S.A. and its affiliates, with the Colombian peso as their functional currency, and owns all of the US company MAPCO, whose functional currency is the US dollar. As a result, Copec is exposed to an equivalent of COP\$ 2,212,520 million for Terpel in its consolidated statement of financial position as of September 30, 2019, and of US\$ 578 million for Mapco. The effects of significant exchange rate changes are recorded in reserves.

Sensitivity analysis was performed on the exposure resulting from the investment in Colombia, which is as follows:

Investment MCOP	Change %	Ch\$/COP\$	Investment MCh\$	(Loss) Gain MCh\$	(Loss) Gain MUS\$
2,212,520	15%	0.2406	532,430	69,447	95
2,212,520	10%	0.2302	509,281	46,298	64
2,212,520	5%	0.2197	486,132	23,149	32
2,212,520	-	0.2029	462,982	0	0
2,212,520	-5%	0.1988	439,833	(23,149)	(32)
2,212,520	-10%	0.1883	416,684	(46,298)	(64)
2,212,520	-15%	0.1779	393,535	(69,447)	(95)

An additional sensitivity analysis was performed on the exposure due to investments in the USA, as follows:

Investment ThUS\$	Change %	Ch\$/US\$	Investment MCh\$	(Loss) Gain MCh\$	(Loss) Gain MUS\$
578,342	15%	837.44	484,328	63,173	87
578,342	10%	801.03	463,270	42,115	58
578,342	5%	764.62	442,212	21,058	39
578,342	-	728.21	421,154	0	0
578,342	-5%	691.80	400,097	(21,058)	(29)
578,342	-10%	655.39	379,039	(42,115)	(58)
578,342	-15%	618.98	357,981	(63,173)	(87)

Management does not have any financial hedges covering its foreign businesses, since investing abroad implies accepting the currency exchange risk of that country as an indivisible component of the business. Each affiliate should have an optimum capital structure from a risk classification perspective. Therefore, each affiliate's borrowings should be in the same currency as its assets, in order to eliminate fluctuations in equity in the functional currency. If borrowings are below or above the optimum, these differences in each affiliate may be managed by Copec Combustible using financial instruments.

## NOTE 5. ESTIMATES, JUDGEMENTS AND ACCOUNTING CHANGES

The preparation of consolidated financial statements in accordance with the accounting records detailed in Note 2 requires Management to make subjective estimates and assumptions, which affect the reported amounts. The estimates are based on historical experience and various other assumptions that are believed to be reasonable, but actual results may differ from those estimates. Management believes that the accounting estimates presented below represent issues that require judgment that can lead to major changes in the financial statements.

The Group makes estimates and judgments in relation to the future. The resulting accounting estimates, by definition, will rarely be equal to the corresponding actual results. There are no significant risks that could cause a material adjustment to the consolidated financial statements as of September 30, 2019.

### a) Staff severance indemnities

The present value of obligations for staff severance indemnities depends on a number of factors that are based on actuarial methods using various assumptions, including the interest rate, staff turnover rates, salary increments, discount rates, and inflation rates. Any changes in these assumptions will affect the book value of these obligations. Additional information about the assumptions is presented in Note 19.

### b) Biological assets

The valuation of plantations is based on discounted cash flow models, using the cash flows from continuing operations; on the basis of sustainable forest management plans, considering the growth potential of the plantations. This valuation is performed on the basis of each identified stand and for each tree species.

These discounted cash flows require estimates about the growth, harvest, sales price and costs. Therefore, the quality of the estimates of future sales and cost trends is important, as are regular studies of the plantations to establish the volumes of timber available for harvest and the current growth rates. The main considerations used for the calculation of the valuation of plantations are presented in Note 7.

### c) Taxes

Tax assets and liabilities are reviewed regularly, and the balances are adjusted accordingly. The Group considers that it has recorded sufficient provisions to cover future taxation obligations, on the basis of current events, circumstances and tax laws. However, the tax position could change, giving rise to different results and having a significant impact on the amounts in the consolidated financial statements (Note 2.15b).

### d) Lawsuits and contingencies

Empresas Copec S.A. and its affiliates are involved in lawsuits that have not yet been resolved, the future effects of which must be estimated by the Company's Management, in collaboration with its legal advisors. The

Company uses its judgment to interpret the reports of its legal advisors, who update their estimates as of each period-end and after each substantial modification in these lawsuits.

e) Goodwill

Goodwill is the excess acquisition cost over the fair value of the Group's share of the acquired affiliate's net identifiable assets on the acquisition date. Fair value is determined either on the basis of valuations or the discounted cash flow method using assumptions, such as sales prices, industry indices, and other assumptions.

f) Measurement of fair value

Several of the Group's accounting policies and disclosures require it to measure the fair value of financial and non-financial assets and liabilities.

The Group has established a control framework for measuring fair values. This includes a valuation team, which has overall responsibility for supervising all significant fair value measurements.

The valuation team regularly reviews the significant non-observable variables and valuation adjustments. When third party information is used to measure fair values, such as broker's quotes or pricing services, the valuation team evaluates the evidence provided by those third parties to support the conclusion that these valuations satisfy the requirements of IFRS, including the corresponding valuation level within the fair value hierarchy.

When measuring the fair value of an asset or liability, the Group uses observable market data whenever possible. Fair values are classified into levels within a fair value hierarchy that are based on the variables used by the estimation technique, as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: data other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. price derivatives).
- Level 3: data on the asset or liability that is not based on observable market data.

If the variables used to measure the fair value of an asset or liability can be classified into the fair value hierarchy, then the fair value measurement is entirely classified into the same fair value hierarchy level as the lowest level variable that is significant for the total measurement.

g) Cylinder guarantees

The affiliate Abastible S.A. receives guarantees for its cylinders, which are valued according to the current value of this obligation, so their book value might differ from their actual value.

h) Other estimates and professional criteria relate to the following concepts:

- Loyalty program (see Note 2.24)
- Useful lives of property, plant and equipment (see Note 2.5)
- Trademark valuations to identify any potential impairment losses.

**NOTE 6. INVENTORIES**

As of September 30, 2019 and December 31, 2018 inventories at affiliates were as follows:

	<b>09.30.2019</b>	<b>12.31.2018</b>
	ThUS\$	ThUS\$
Raw materials	187,421	105,655
Merchandise	520,859	507,121
Production supplies	149,987	140,938
Work in progress	63,393	71,269
Finished goods	665,436	691,554
Other inventory	244,725	226,220
<b>Total</b>	<b>1,831,821</b>	<b>1,742,757</b>

As of September 30, 2019, 59% of inventories relate to the forestry sector, 37% to the fuel sector and 4% to the fisheries sector.

As of December 31, 2018, 59% of inventories relate to the forestry sector, 38% to the fuel sector and 3% to the fisheries sector.

Changes in inventory charged to the net income statement are as follows:

	<b>09.30.2019</b>	<b>09.30.2018</b>
	ThUS\$	ThUS\$
Cost of Sales	15,480,297	14,629,432
Obsolescence provision	12,075	10,662
Write offs	6,066	4,627
<b>Total</b>	<b>15,498,438</b>	<b>14,644,721</b>

As of the date of these interim consolidated financial statements, there is no inventory pledged in guarantee.

The obsolescence provision is calculated by considering the product sale conditions and inventory age (rotation).

**NOTE 7. BIOLOGICAL ASSETS**

Current and non-current biological assets as of September 30, 2019 and December 31, 2018 were as follows:

	<b>09.30.2019</b>	<b>12.31.2018</b>
	ThUS\$	ThUS\$
Current	324,374	319,021
Non-current	3,308,594	3,336,339
<b>Total</b>	<b>3,632,968</b>	<b>3,655,360</b>

Current and non-current biological assets as of September 30, 2019 and December 31, 2018 were as follows:

	<b>09.30.2019</b>			<b>12.31.2018</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Forestry	324,374	3,308,594	3,632,968	315,924	3,336,339	3,652,263
Mussels (*)	0	0	0	3,097	0	3,097
<b>Total</b>	<b>324,374</b>	<b>3,308,594</b>	<b>3,632,968</b>	<b>319,021</b>	<b>3,336,339</b>	<b>3,655,360</b>

(\*) Mussel production at indirect affiliate Orizon S.A. was a capital contribution to St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. (See Note 20)

The biological assets of the affiliate Arauco are plantations, which are mainly radiata and loblolly pine and to a lesser extent eucalyptus. These plantations are located in Chile, Argentina, Brazil and Uruguay, on 1.7 million hectares, of which 1 million hectares are for plantations, 436 thousand hectares are for native forests, 183 thousand hectares are for other uses and 113 thousand hectares remain to be planted.

Log volume production was 15.6 million m<sup>3</sup> as of September 30, 2019, (17.4 million m<sup>3</sup> as of September 30, 2018).

The fair value of Arauco's biological assets are measured under Level 3, as input data is not observable. However, this information reflects the assumptions that market participants would use in pricing the asset, including assumptions about risk.

This unobservable data was collected using the best information available and include Arauco's own information. It may change if the available information indicates that other market participants would use different information or there is something specific at Arauco that is not available to other market participants.

The main considerations in calculating the fair value of biological assets for the affiliate Arauco are:

- Arauco uses discounted future cash flows to value its plantations, therefore the Company forecasts harvests of its plantations as of the reporting date.
- Current plantations are projected with total volume increases, with a minimum growth equivalent to the current demand supply.
- Future plantations are not included.
- The purpose of harvesting plantations is to supply raw materials for the rest of the products produced and sold by Arauco. By directly controlling the development of the plantations to be processed, Arauco is assured of the quality of the timber to be used in each of its products.
- Flows are determined on the basis of the harvest and expected sales of timber products, which are associated with demand at the Company's own factories and sales to third parties at market prices. In addition, this valuation takes into consideration the sales margins of the products that are harvested from the plantations. Changes that arise in the value of plantations are accounted for in income for the year, in accordance with the provisions of IAS 41. These changes are presented in the Statement of Net Income under "Other income by function", which as of September 30, 2019 amounted to ThUS\$110,500 (ThUS\$78,298 as of September 30, 2018). The valuation of biological assets produces a cost of timber sold that is greater than the real cost incurred, which is presented under "Cost of sales" and amounts to ThUS\$147,888 as of September 30, 2019 (ThUS\$154,952 as of September 30, 2018).
- Plantations are harvested in accordance with the demand requirements at Arauco's production plants.
- The discount rates used in Chile, Brazil, Uruguay and Argentina vary between 6% and 11%.
- The prices of harvested timber are considered to be constant in real terms, based on market prices.
- Cost expectations with respect to the lifetime of plantations are constant and are based on estimated costs included in projections prepared by the affiliate Arauco.

The average harvest age of these plantations in years, by country and species is as follows.

	Chile	Argentina	Brazil	Uruguay
Pine	24	15	15	-
Eucalyptus	12	10	7	10

The sensitivity analysis below shows changes to the value of biological assets following changes in significant assumptions used in calculating the fair value of those assets:

		ThUS\$
<b>Discount rate (points)</b>	0.5	(131,041)
	(0.5)	138,895
<b>Margins (%)</b>	10.0	387,524
	(10.0)	(387,524)

Movements in the valuation of biological assets are recorded in the income statement under Other Operational Income or Other Operational Expenditure depending on whether it is profit or loss.

Plantations classified as current biological assets are those that are harvested and sold within 12 months.

Fire insurance covers plantations, which combine with its own resources, can reduce the risks associated with these claims.

a) Biological assets pledged in guarantee:

As of September 30, 2019, there are no plantations pledged as security.

b) Biological assets with restricted ownership and subventions:

As of the date of these consolidated financial statements, there are no biological assets with restricted ownership.

c) Government subsidies related to agricultural operations:

No significant subsidies have been received.



## Biological assets movements

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Opening balance</b>	<b>3,655,360</b>	<b>3,770,495</b>
<b>Changes in Incurred Cost</b>		
Additions through acquisition	158,911	207,458
Increase (decrease) for business combinations	0	0
Decreases through sales	(1,609)	(367)
Decreases through harvesting	(103,633)	(117,729)
Increase (decrease) in foreign currency translation	(32,567)	(82,096)
Decreases due to damaged biological assets	(2,529)	(8,702)
Other increases (decreases)	(138)	8,946
<b>Changes in fair value</b>		
Gain (loss) on changes in fair value less estimated selling costs	110,500	84,476
Decreases through sales	(2,061)	(445)
Decreases through harvesting	(147,804)	(215,481)
Decreases due to damaged biological assets	(3,680)	(3,056)
Other increases (decreases)	2,218	11,861
<b>Total Changes</b>	<b>(22,392)</b>	<b>(115,135)</b>
<b>Closing balance</b>	<b>3,632,968</b>	<b>3,655,360</b>

No disbursements have been committed to acquire biological assets at the reporting date.

**NOTE 8. CURRENT TAX ASSETS AND LIABILITIES**

Current taxes are offset in assets or liabilities, provided they refer to the same legal entity and the same tax jurisdiction.

Receivables for taxes are detailed as follows:

	<b>09.30.2019</b>	<b>12.31.2018</b>
<b>Current tax assets</b>	ThUS\$	ThUS\$
Provisional monthly tax payments	95,208	13,568
Recoverable income taxes from previous period	45,215	42,762
Credit for SENCE	748	701
Credits for fixed assets	6	331
Income tax provision	4,195	12,844
Credits for dividends received	0	859
Equity tax	18,655	15,877
Other taxes payable	66	0
Other taxes recoverable	22,832	17,488
<b>Total</b>	<b>186,925</b>	<b>104,430</b>

	<b>09.30.2019</b>	<b>12.31.2018</b>
<b>Current tax liabilities</b>	ThUS\$	ThUS\$
Corporate income tax provision	13,268	173,336
Provisional monthly tax payable	389	498
Tax on disallowed expenses	22	18
Equity tax	6,048	413
Other taxes	3,722	3,171
<b>Total</b>	<b>23,449</b>	<b>177,436</b>

**NOTE 9. OTHER NON FINANCIAL ASSETS**

	<b>09.30.2019</b>	<b>12.31.2018</b>
<b>Other non-financial assets, current</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Unamortized roads, current	52,078	41,456
Unamortized insurance	25,560	15,579
VAT recoverable	2,856	3,709
Recoverable taxes (VAT and similar)	85,456	67,778
Assets held for sale	969	795
Expenses paid in advance	9,722	14,664
Leases	2,926	3,384
Contribution to ESSBIO	365	365
Guarantees	1,231	785
Others (1)	19,301	15,725
<b>Total</b>	<b>200,464</b>	<b>164,240</b>

  

	<b>09.30.2019</b>	<b>12.31.2018</b>
<b>Other non-financial assets, non-current</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Unamortized roads, non-current	82,913	78,418
Unamortized payments in advance (freight, insurance, others)	6,889	6,187
Lease guarantees	112	112
Long-term building convention contribution	0	1,570
Compensation asset (2)	23,188	23,188
Contract asset (3)	24,029	27,477
Deferred expenses	1,370	1,999
Other recoverable assets (4)	6,515	6,940
Others	8,481	7,334
<b>Total</b>	<b>153,497</b>	<b>153,225</b>

(1) As of September 30, 2019 and December 31, 2018 the item "Others" covers items such as: Recoverable securities and dividends receivable.

(2) Taxation contingencies relating to the business combination between Exxon Mobil Peru and Ecuador, and includes from 2001 to 2008 in Peru and from 1994 to 2013 in Ecuador. These taxation contingencies represent doubtful receivable allowances, unsupported write-offs, discounts, rebates, bonuses, disposal cost adjusted under IFRS and depreciation rates for fixed assets in Peru.

(3) Reclassification of assets belonging to Abastible S.A., according to IFRS 15.

(4) Recoverable value following a change in the pricing structure at the indirect affiliate Organization Terpel S.A., due to tax reform in Colombia at the end of 2016.

**NOTE 10. INTANGIBLE ASSETS**

The main classes of intangibles assets as of September 30, 2019 and December 31, 2018 are patents, trademarks, IT programs, water and fishing rights, easements, mining properties and other acquired rights. They are generally recorded at historical cost.

Patents, trademarks, water and fishing rights, mining properties, easements and other acquired rights have indefinite useful lives, as neither the start nor the end of the period during which these rights are expected to generate cash flows is clear.

These rights are not amortized, but they are tested regularly for impairment.

a) Classes of intangible assets other than goodwill:

	09.30.2019			12.31.2018		
	Gross value ThUS\$	Accumulated amortization ThUS\$	Net value ThUS\$	Gross value ThUS\$	Accumulated amortization ThUS\$	Net value ThUS\$
Patents, trademarks and other rights with indefinite lives	217,130	0	217,130	225,968	0	225,968
Patents, trademarks and other rights with defined lives	839,701	(383,711)	455,990	856,394	(360,325)	496,069
Computer software	194,788	(138,106)	56,682	183,504	(127,251)	56,253
Other identifiable intangible assets	126,263	(32,397)	93,866	112,840	(27,645)	85,195
Fishing permits	15,736	0	15,736	15,736	0	15,736
Water rights	6,456	0	6,456	6,303	0	6,303
Mining projects	143,670	(22,776)	120,894	143,167	(22,776)	120,391
Customer portfolio	71,923	(33,665)	38,258	71,443	(29,809)	41,634
<b>Total intangible assets</b>	<b>1,615,667</b>	<b>(610,655)</b>	<b>1,005,012</b>	<b>1,615,355</b>	<b>(567,806)</b>	<b>1,047,549</b>
Finite lives	1,376,345	(610,655)	765,690	1,367,348	(567,806)	799,542
Indefinite lives	239,322	0	239,322	248,007	0	248,007
<b>Total intangible assets</b>	<b>1,615,667</b>	<b>(610,655)</b>	<b>1,005,012</b>	<b>1,615,355</b>	<b>(567,806)</b>	<b>1,047,549</b>

b) The detail and movement of the main classes of intangible assets other than goodwill is as follows:

	Patents, trademarks and other rights	Computer software	Fishing permits	Water rights	Other intangible assets	Mining projects	Customer portfolio	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2019	722,037	56,253	15,736	6,303	85,195	120,391	41,634	1,047,549
Increase (decrease) due to changes in accounting policy	0	0	0	0	(492)	0	0	(492)
Restated opening balance	722,037	56,253	15,736	6,303	84,703	120,391	41,634	1,047,057
<b>Movements in identifiable intangible assets</b>								
Disposals	0	(67)	0	0	(1,373)	0	0	(1,440)
Additions	20,853	13,737	0	167	12,992	32	0	47,781
Additions on business mergers	6,872	223	0	0	0	0	0	7,095
Disposals	(1,634)	(27)	0	0	0	0	0	(1,661)
Amortization	(45,085)	(14,894)	0	0	(5,000)	0	(3,577)	(68,556)
Increase (decrease) for revaluation and impairment losses recognized in net equity	0	0	0	0	0	0	0	0
Increase (decrease) for revaluation recognized in statement of net income	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(26,841)	194	0	(14)	(2,625)	0	201	(29,085)
Other increases (decreases)	(3,082)	1,263	0	0	5,169	471	0	3,821
<b>Total movements in identifiable intangible assets</b>	<b>(48,917)</b>	<b>429</b>	<b>0</b>	<b>153</b>	<b>9,163</b>	<b>503</b>	<b>(3,376)</b>	<b>(42,045)</b>
<b>Closing balance as of September 30, 2019</b>	<b>673,120</b>	<b>56,682</b>	<b>15,736</b>	<b>6,456</b>	<b>93,866</b>	<b>120,894</b>	<b>38,258</b>	<b>1,005,012</b>

  

	Patents, trademarks and other rights with defined lives	Computer software	Fishing permits	Water rights	Other intangible assets	Mining projects	Customer portfolio	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2018	506,247	53,001	16,652	6,065	81,228	114,947	47,144	825,284
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0	0
Restated opening balance	506,247	53,001	16,652	6,065	81,228	114,947	47,144	825,284
<b>Movements in identifiable intangible assets</b>								
Disposals	0	(1)	(916)	0	0	0	0	(917)
Additions	57,315	16,463	0	269	19,252	5,877	0	99,176
Additions on business mergers	228,111	2,913	0	0	0	0	0	231,024
Disposals	(4,214)	(148)	0	0	(140)	0	0	(4,502)
Amortization	(67,495)	(17,822)	0	0	(5,705)	0	(4,808)	(95,830)
Increase (decrease) for revaluation and impairment losses recognized in net equity	0	0	0	0	0	0	0	0
Increase (decrease) for revaluation recognized in statement of net income	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(6,493)	(1,853)	0	(31)	(9,377)	0	(702)	(18,456)
Other increases (decreases)	8,566	3,700	0	0	(63)	(433)	0	11,770
<b>Total movements in identifiable intangible assets</b>	<b>215,790</b>	<b>3,252</b>	<b>(916)</b>	<b>238</b>	<b>3,967</b>	<b>5,444</b>	<b>(5,510)</b>	<b>222,265</b>
<b>Closing balance as of December 31, 2018</b>	<b>722,037</b>	<b>56,253</b>	<b>15,736</b>	<b>6,303</b>	<b>85,195</b>	<b>120,391</b>	<b>41,634</b>	<b>1,047,549</b>

c) The useful lives applied to intangible assets as of September 30, 2019 and December 31, 2018 are as follows:

	Finite useful life (years)		Indefinite useful life
	Minimum	Maximum	
Commercial relationships with dealers and customers	7	15	-
Patents, trademarks and other rights	-	-	X
Trademarks, Accel of Panama	-	2	-
Industrial patents	10	50	-
Software programs	3	16	-
Other identifiable intangible assets	3	25	-
Fishing permits	-	-	X
Water rights	-	-	X
Capitalized mining projects	3	10	-
Mining properties	-	-	X

Movement during the period is amortization of intangible assets, and it is recorded in assets and/or expenses. This charge is reflected in any of the following items: Cost of sales, distribution costs and administration costs.

Additions to intangible assets are primarily flag rights (Organización Terpel S.A.), capitalized research into mining projects, and others.

#### e) Intangible assets – Brands

The brands Accel, Terpel, Oiltec, Maxter, Celerity, Tergas and Gazel have been registered in the consolidated financial statements at their fair values, as a result of the valuation of intangible assets arising on the purchase of Organización Terpel S.A. and its affiliates. They all have an indefinite useful lives, except Accel. Trade Relations with Customers have also been recognized as intangible assets related to the business of the acquired companies, which have been assigned a finite useful life depending on the length of those contracts. Amortization is calculated linearly over their expected useful lives.

When the affiliates Abastible in Peru and Ecuador were acquired in June and October 2016 respectively, the following brands were registered: Solgas Artefactos, Solgas Auto, Gas Canalizado, Segurogas, Masgas, Duragas & Diseño, Auto Gas, Duragas, Duragas Express and Semapesa.

Following the acquisition of Mapco in November 2016 by the affiliate Compañía de Petróleos de Chile Copec S.A., the following brands were registered: MapcoMart, Delta Express, Discount Food Mart, East Coast, Fast, Favorite Markets and Mapco Express.

The indirect affiliate Orizon S.A. acquired two businesses from Comercializadora Novaverde S.A. during 2018. These were distributing General Mills' products in Chile, and distributing and marketing processed avocado pears. Subsequently, the following trademarks are registered: Nature Valley, Fiber One, Old Paso, Betty Crocker and Haagen Daz.

**NOTE 11. GOODWILL**

Purchased goodwill represents the excess of the acquisition cost over the fair value of the Group's share in the net identifiable assets of the affiliate/associate acquired on the acquisition date. Purchased goodwill is not amortized, but it is tested annually for impairment.

Purchased goodwill is allocated to the groups of cash generating units identified in the operating segments in which it originates. The transactions that generated goodwill are the investments in Arauco Canada (Flakeboard), Arauco do Brasil (formerly, Tafisa), and the successive purchases of Organización Terpel, Mapco, Solgas S.A., ExxonMobil, and the acquisition of two business lines from Comercializadora Novaverde through the indirect affiliate Orizon S.A. as follows:

Company	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Arauco (Flakeboard, Piên and others) (a)	73,521	65,851
Organización Terpel and others (b)	106,213	129,246
MAPCO	152,362	152,362
Solgas	81,404	81,597
Orizon (c)	3,673	3,673
<b>Total</b>	<b>417,173</b>	<b>432,729</b>

- a) "Flakeboard" is a company that directly or through affiliates owns and operates seven panel plants, which Arauco acquired on September 24, 2012 at a price of ThUS\$ 242,502 for all the shares in that company. This resulted in goodwill as of September 30, 2018 of ThUS\$ 40,723 (ThUS\$ 40,661 as of December 31, 2018).

The recoverable amount of the "Flakeboard" CGU was based on calculations of value in use, using cash flow projections covering 5 years, subject to a discount of between 6% and 7%, which reflects current market assessments for the panel segment in North America.

Goodwill of ThUS\$21,659 (ThUS\$23,278 as of December 31, 2018) was generated by investing in a panel plant in Pien, Brazil.

The recoverable amount of the CGU in Pien Brazil was based on calculations of value in use, using cash flow projections based on an operating plan approved by Management covering the expected useful life of the line, subject to a discount of between 6% and 7%, which reflects current market assessments for the panel segment in Brazil.

The book values of these panel plants recorded in their financial statements as of September 30, 2019 and December 31, 2018 do not exceed their recoverable value. Therefore, no additional impairment losses have been recognized.

- b) Goodwill generated in Organización Terpel S.A. as of September 30, 2019 was ThUS\$ 106,213 (ThUS\$ 129,246 as of December 31, 2018). The decrease of ThUS\$11,209 is explained by a purchase price adjustment caused by the acquisition of ExxonMobil in Peru and Ecuador following the receipt of additional information regarding events and circumstances. Accordingly, property, plant and equipment were adjusted by ThUS\$75, intangible assets other than goodwill by ThUS\$3,945 and deferred tax liabilities by ThUS\$1,265.

Mobil is a regional lubricant development and distribution business that was taken over on March 15, 2018. Access to information during the earlier negotiating stages was limited, due to confidentiality agreements and restrictions imposed by the authorities in each country. The Purchase Price Allocation (PPA) valuation process led to identifying that the company has rights over the lubricant manufacturing and distribution contract with the Mobil brand in Colombia, which produced an acquisition under advantageous conditions that enabled it to recognize a gain during 2018 of ThUS\$25,364, less the Purchase Price Allocation for Colombia of ThUS\$2,627, for a net effect of ThUS\$22,737 recognized under "Other Income".

- c) The indirect affiliate Orizon S.A. acquired two businesses from Comercializadora Novaverde S.A. during August 2018. These are distributing General Mills' products in Chile, and distributing and marketing processed avocado pears.

The acquisition includes assigning its relationship with its suppliers and customers, and transferring its product inventory and sales support team.

The total acquisition price paid by Orizon for these new business lines was ThUS\$ 8,086, of which ThUS\$ 4,391 was for inventory, ThUS\$ 22 for the sales support team and the remaining ThUS\$ 3,673 was goodwill on the new business lines. The goodwill represents future financial benefits, so will be tested for impairment annually.

This purchased goodwill was ThUS\$ 417,173 as of September 30, 2019 (ThUS\$ 432,729 as of December 31, 2018), and the movements each year are as follows:

	Figures in ThUS\$ to 09.30.2019			Figures in ThUS\$ as of 12.31.2018		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Opening balance	432,729	0	432,729	395,378	0	395,378
Additions (1)	0	0	0	43,118	0	43,118
Business combination adjustment (2)	(18,244)	0	(18,244)	0	0	0
Disposals	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	2,688	0	2,688	(5,767)	0	(5,767)
	<b>417,173</b>	<b>0</b>	<b>417,173</b>	<b>432,729</b>	<b>0</b>	<b>432,729</b>

(1) See Note 20 c)

(2) A goodwill adjustment arising from the acquisition of ExxonMobil in Peru and Ecuador.



**NOTE 12. PROPERTY, PLANT AND EQUIPMENT**

## a) Classes of Property, Plant and Equipment, Net

	09.30.2019			12.31.2018		
	Gross value	Accumulated Depreciation	Net value	Gross value	Accumulated Depreciation	Net value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Construction in progress	1,738,515	0	1,738,515	1,363,544	0	1,363,544
Land	1,769,969	0	1,769,969	1,801,429	0	1,801,429
Buildings	5,359,760	(2,403,141)	2,956,619	5,265,999	(2,277,444)	2,988,555
Plant and equipment	7,634,459	(4,269,687)	3,364,772	7,484,678	(4,048,129)	3,436,549
IT equipment	149,505	(102,849)	46,656	142,889	(92,862)	50,027
Right-to-use assets	902,434	(107,453)	794,981	0	0	0
Facilities, fixtures and fittings	539,165	(206,507)	332,658	549,905	(193,871)	356,034
Motor vehicles	208,279	(121,475)	86,804	201,836	(115,358)	86,478
Leasehold improvements	81,240	(31,469)	49,771	75,575	(25,607)	49,968
Other property, plant and equipment	834,470	(426,965)	407,505	825,442	(404,815)	420,627
<b>Total property, plant and equipment</b>	<b>19,217,796</b>	<b>(7,669,546)</b>	<b>11,548,250</b>	<b>17,711,297</b>	<b>(7,158,086)</b>	<b>10,553,211</b>

The composition of the initial impact on property, plant and equipment of right-of-use assets, in accordance with IFRS 16, is as follows:

	As of January 1, 2019
	ThUS\$
Right-of-use assets (IFRS 16)	702,010
Lease assets (IAS 17)	166,214
<b>Restated opening balance for right-of-use assets</b>	<b>868,224</b>

Depreciation expense as of September 30, 2019 and 2018 was as follows:

Depreciation expense (*)	09.30.2019	09.30.2018	Jul - Sep 2019	Jul - Sep 2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cost of sales	479,949	395,507	157,603	136,406
Administrative expenses	48,958	36,625	19,936	4,353
Other miscellaneous operating expenses	33,737	7,411	13,383	3,260
<b>Total</b>	<b>562,644</b>	<b>439,543</b>	<b>190,922</b>	<b>144,019</b>

(\*) Depreciation shown in the above table is the charge to the net income statement for 2019 and 2018, excluding the portion included in inventories.

## b) Movements on property, plant and equipment categories were as follows:

## As of September 30, 2019

	Construction in progress	Land	Buildings	Plant and equipment	IT equipment	Right-to-use assets	Fixtures and fittings	Motor vehicles	Leasehold improvements	Other property, plant and equipment	Property, plant and equipment
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Opening balance</b>	<b>1,363,544</b>	<b>1,801,429</b>	<b>2,988,555</b>	<b>3,436,549</b>	<b>50,027</b>	<b>0</b>	<b>356,034</b>	<b>86,478</b>	<b>49,968</b>	<b>420,627</b>	<b>10,553,211</b>
Increase (decrease) due to changes in accounting policy	0	(23,665)	(59,360)	(63,188)	0	868,224	(1,051)	(1,713)	0	(17,237)	702,010
<b>Restated opening balance</b>	<b>1,363,544</b>	<b>1,777,764</b>	<b>2,929,195</b>	<b>3,373,361</b>	<b>50,027</b>	<b>868,224</b>	<b>354,983</b>	<b>84,765</b>	<b>49,968</b>	<b>403,390</b>	<b>11,255,221</b>
<b>Changes</b>											
Additions	818,338	10,386	16,349	30,757	1,463	56,134	3,542	8,441	4,126	8,906	958,442
Acquisitions through business combinations	12,839	4,087	27,057	92,367	241	2,821	197	313	0	6,272	146,194
Transfers of closed works in progress	(249,190)	1,264	110,529	147,648	1,141	0	(4,188)	(713)	0	(6,491)	0
Disposals	0	(2,007)	(5,048)	(5,679)	(6)	0	(537)	(299)	0	(496)	(14,072)
Transfers to (from) construction in progress	(163,749)	13,488	38,810	31,611	3,437	0	16,294	14,344	2,780	42,985	0
Transfers to (from) non-current assets held for sale	0	(905)	(2,684)	(4,114)	(51)	0	(22)	(47)	0	(38)	(7,861)
Disposals	(6,330)	(827)	(1,812)	(8,924)	(212)	(11,862)	(625)	(1,560)	0	(10,190)	(42,342)
Depreciation	0	0	(138,388)	(266,517)	(10,848)	(104,051)	(19,256)	(13,027)	(6,503)	(23,175)	(581,765)
Impairment provision	0	0	(7,548)	(9,757)	(152)	0	(9)	(37)	0	0	(17,503)
Increases (decreases) for revaluations and impairment losses	0	0	0	0	0	0	0	0	0	0	0
Reversals of impairment recognized in statement of net income	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(17,009)	(41,510)	(23,469)	(25,480)	2,543	(13,849)	(18,181)	(5,278)	(430)	(12,396)	(155,059)
Other increases (decreases)	(19,928)	8,229	13,628	9,499	(927)	(2,436)	460	(98)	(170)	(1,262)	6,995
<b>Total Changes</b>	<b>374,971</b>	<b>(7,795)</b>	<b>27,424</b>	<b>(8,589)</b>	<b>(3,371)</b>	<b>(73,243)</b>	<b>(22,325)</b>	<b>2,039</b>	<b>(197)</b>	<b>4,115</b>	<b>293,029</b>
<b>Closing balance</b>	<b>1,738,515</b>	<b>1,769,969</b>	<b>2,956,619</b>	<b>3,364,772</b>	<b>46,656</b>	<b>794,981</b>	<b>332,658</b>	<b>86,804</b>	<b>49,771</b>	<b>407,505</b>	<b>11,548,250</b>

## As of December 31, 2018

	Construction in progress	Land	Buildings	Plant and equipment	IT equipment	Right-to-use assets	Fixtures and fittings	Motor vehicles	Leasehold improvements	Other property, plant and equipment	Property, plant and equipment
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Opening balance</b>	<b>984,645</b>	<b>1,825,497</b>	<b>3,041,900</b>	<b>3,683,060</b>	<b>37,159</b>	<b>0</b>	<b>368,431</b>	<b>79,957</b>	<b>30,511</b>	<b>439,656</b>	<b>10,490,816</b>
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0	0	0	0	0
<b>Restated opening balance</b>	<b>984,645</b>	<b>1,825,497</b>	<b>3,041,900</b>	<b>3,683,060</b>	<b>37,159</b>	<b>0</b>	<b>368,431</b>	<b>79,957</b>	<b>30,511</b>	<b>439,656</b>	<b>10,490,816</b>
<b>Changes</b>											
Additions	925,713	26,258	52,222	55,351	10,710	0	8,003	9,549	8,585	26,903	1,123,294
Acquisitions through business combinations	595	37,012	21,641	18,416	487	0	760	569	0	0	79,480
Transfers of closed works in progress	(215,161)	1,241	64,673	132,945	5,557	0	5,591	955	0	4,199	0
Disposals	(1,994)	(899)	(4,047)	(8,284)	(125)	0	(631)	(588)	0	(1,136)	(17,704)
Transfers to (from) construction in progress	(257,239)	19,198	95,810	58,709	7,955	0	13,605	15,183	6,501	40,278	0
Transfers to (from) non-current assets held for sale	0	0	0	(1,005)	0	0	0	0	0	0	(1,005)
Disposals	(10,904)	(8,166)	(8,504)	(15,071)	(112)	0	(774)	(2,941)	(63)	(5,883)	(52,418)
Depreciation	0	0	(178,670)	(366,681)	(12,687)	0	(29,346)	(16,354)	(6,224)	(28,623)	(638,585)
Impairment provision	0	0	(654)	(7,126)	(5)	0	(20)	0	0	0	(7,805)
Increases (decreases) for revaluations and impairment losses	0	0	0	(1,665)	0	0	0	0	0	0	(1,665)
Reversals of impairment recognized in statement of net income	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(43,562)	(95,853)	(93,495)	(118,069)	956	0	(9,743)	498	6,051	(23,339)	(376,556)
Other increases (decreases)	(18,549)	(2,859)	(2,321)	5,969	132	0	158	(350)	4,607	(31,428)	(44,641)
<b>Total Changes</b>	<b>378,899</b>	<b>(24,068)</b>	<b>(53,345)</b>	<b>(246,511)</b>	<b>12,868</b>	<b>0</b>	<b>(12,397)</b>	<b>6,521</b>	<b>19,457</b>	<b>(19,029)</b>	<b>62,395</b>
<b>Closing balance</b>	<b>1,363,544</b>	<b>1,801,429</b>	<b>2,988,555</b>	<b>3,436,549</b>	<b>50,027</b>	<b>0</b>	<b>356,034</b>	<b>86,478</b>	<b>49,968</b>	<b>420,627</b>	<b>10,553,211</b>

**Property, plant and equipment pledged in guarantee:**

To date, there are no significant assets given in guarantee in these interim consolidated financial statements.

**Disbursement commitments for projects or to acquire property, plant and equipment**

	<b>09.30.2019</b>	<b>12.31.2018</b>
	ThUS\$	ThUS\$
Disbursements for property, plant and equipment in construction	125,471	309,666

  

	<b>09.30.2019</b>	<b>12.31.2018</b>
	ThUS\$	ThUS\$
Commitments to acquire property, plant and equipment	1,377,296	846,292

c) Components temporarily out of service

There were no significant components of property, plant, and equipment that were temporarily out of service as of September 30, 2019 and December 31, 2018.

d) Impairment

The consolidated companies have sought evidence of impairment and found no significant amounts as of September 30, 2019.

e) Items fully depreciated, but still in use

There were no significant components of property, plant, and equipment that were fully depreciated and still in use as of September 30, 2019 and December 31, 2018.

**NOTE 13. LEASES****Lessee**

The Group has adopted IFRS 16 Leases. The initial effects of implementing this standard have been disclosed in Note 2 on Changes in policies and accounting estimates. The right-to-use assets and leasing liabilities have been included in notes 12 and 3.4, respectively.

**Lessor**

IFRS 16 substantially maintains the lessor's accounting requirements described in IAS 17. Consequently, Arauco has continued to classify its leases as operating or finance, as appropriate.

**Reconciliation of minimum finance lease payments, Lessor**

Minimum lease receipts, finance leases	09.30.2019		
	Gross ThUS\$	Interest ThUS\$	Value ThUS\$
Under one year	939	(1)	938
One to five years	349	0	349
Over five years	0	0	0
<b>Total</b>	<b>1,288</b>	<b>(1)</b>	<b>1,287</b>

  

Minimum lease receipts, finance leases	12.31.2018		
	Gross ThUS\$	Interest ThUS\$	Value ThUS\$
Under one year	1,180	(49)	1,131
One to five years	837	0	837
Over five years	0	0	0
<b>Total</b>	<b>2,017</b>	<b>(49)</b>	<b>1,968</b>

These leasing receivables are shown in the consolidated statement of financial position under Current and non-current trade and other receivables, depending on their due dates detailed above.

The Group has finance leases. Some of these contracts include machinery and equipment, covering periods not exceeding five years and at market interest rates. They also include early termination options, according to the general and special conditions established in each contract.

The affiliate Compañía de Petróleos de Chile Copec S.A. has a leasing asset as it leases its corporate building. It was sold on November 29, 2018 through an agreement with Banco de Chile, and subsequently leased-back with an option to purchase it for ThUS\$ 73,054, payable in 180 monthly installments of UF 11,322,27, maturing in December 2033.

There are no contingent lease payments or reportable restrictions for finance leases as lessee or lessor shown in the tables above.

**NOTE 14. INVESTMENT PROPERTIES**

	<b>09.30.2019</b> ThUS\$	<b>12.31.2018</b> ThUS\$
<b>Opening balance</b>	<b>40,583</b>	<b>44,217</b>
Additions	785	1,820
Acquisitions through business combinations	0	0
Disposals	0	(4)
Disposals through sales of businesses	(793)	(422)
Transfers (to) from properties occupied by the owner	0	0
Transfer to held-for-sale	(332)	0
Held for sale	0	0
Disposals	0	0
Impairment losses recorded in statement of net income	0	0
Reversal of impairment loss recorded in statement of net income	0	0
Depreciation	(37)	(48)
Increase (decrease) in foreign currency translation	(1,880)	(4,980)
<b>Total Changes in Investment Property</b>	<b>(2,257)</b>	<b>(3,634)</b>
<b>Closing balance</b>	<b>38,326</b>	<b>40,583</b>

As of September 30, 2019 and December 31 2018, investment properties are land, minor facilities and their respective depreciation.

There are no significant rental income or operating expenses for investment properties.

There are no contractual obligations for the acquisition, construction or development of investment properties, or for their repair, maintenance or improvement.

The fair value of investment properties as of September 30, 2019 amounts to ThUS\$ 82,813 (ThUS\$ 80,877 as of December 31, 2018).

## NOTE 15. DEFERRED TAXES

Deferred tax assets and liabilities can only be offset if this right has been legally recognized and the assets and liabilities refer to the same tax authority.

The tax rate applicable to the parent company's main affiliates in 2018 is 27% in Chile, 30% in Argentina, 34% in Brazil, 25% in Uruguay, 35% in the United States (federal rate), 34% in Colombia, 29.5% in Peru and 22% in Ecuador.

A new law was published in the United States on December 22, 2017, which amended the Income Tax Law. This law reduced the income tax rate from 35% for the year ended December 31, 2017 to 21% for the year ended December 31, 2018, and other important changes. This change caused an increase in net income of ThUS\$ 17,600 in Arauco's affiliates as of December 31, 2017, due to a reduction in net deferred liabilities.

Law 27,430 was published in Argentina on December 29, 2017, which reduced the income tax rate from 35% for the year ended December 31, 2017 to 30% for 2018 and 2019 and 25% for 2020 and onwards. This change caused an increase in net income of ThUS\$ 62,677 in Arauco's affiliates in Argentina as of December 31, 2017, due to a reduction in net deferred liabilities.

On March 25, 2019, the indirect affiliate Arauco Argentina S.A. exercised the tax revaluation option established in Title X - Chapter 1 of Law 27,430. The option was exercised for all property, plant and equipment included in the depreciable property category under income tax law, which was adjusted for inflation using the coefficients published by that law for calculating such tax. The special tax levied under this option was AR\$122,835,595 (equivalent to ThUS\$2,132 as of September 30, 2019), which was paid in six installments during 2019. Furthermore, these tax assets increased in value due to this adjustment, which resulted in a decrease in the deferred tax liability as of September 30, 2019 of ThUS\$13,154. The special tax expense and the gain on decreasing deferred taxes are disclosed within income tax.

a) Deferred tax assets and liabilities are as follows:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Deferred tax assets relating to</b>		
Depreciation	0	1,884
Inventories	9,492	7,075
Doubtful receivables allowance	12,337	12,717
Provision for vacations	3,595	4,202
Prepaid income	8,109	7,557
Obligations for post-employment benefits	30,404	31,092
Financial instrument revaluations	47,861	9,761
Revaluations of property, plant and equipment (*)	13,391	10,127
Tax losses	212,062	184,103
Differences on accrued liabilities	9,484	10,946
Differences on intangible asset valuations	7,006	7,651
Differences on trade and other receivable valuations	8,659	5,001
Provisions	19,087	23,875
Others	36,792	27,089
<b>Total deferred tax assets</b>	<b>418,279</b>	<b>343,080</b>
	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Deferred tax liabilities relating to</b>		
Differences between financial & taxation depreciation	178,921	194,740
Provisions	0	0
Obligations for post-employment benefits	853	865
Revaluation of property, plant and equipment on initial IFRS adoption	982,628	933,214
Biological asset valuations	640,095	661,582
Prepaid expenditure valuations	39,938	37,908
Revaluations of prepaid revenue	0	0
Intangible assets	238,679	253,746
Financial instrument revaluations	23,709	14,596
Inventories	40,291	41,444
Others	29,699	26,476
Permanent foreign investments	1,070	230
<b>Total deferred tax liabilities</b>	<b>2,175,883</b>	<b>2,164,801</b>

(\*) Mainly an asset at the indirect affiliate in Uruguay. According to their law, inflation indexing is applicable to taxable fixed assets, but not to financial fixed assets, which causes a differential.

b) Income (expenses) from current and deferred income taxes are as follows:

	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
<b>Current income tax expense</b>				
Current tax expense	(187,284)	(340,407)	(39,131)	(126,347)
Tax benefit arising from previously unrecognized tax assets used to reduce current tax expenses	3,771	2,934	0	220
Adjustments to prior period current tax	(2,632)	(2,157)	(227)	(345)
Other current tax expense	872	(1,262)	498	(29)
<b>Total current tax expense, net</b>	<b>(185,273)</b>	<b>(340,892)</b>	<b>(38,860)</b>	<b>(126,501)</b>
	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
<b>Deferred tax expense</b>				
Deferred tax expense related to creation and reversal of temporary differences	24,126	(12,194)	14,700	4,607
Deferred expense for taxes related to changes to tax rate or new rates	(4,155)	(1,248)	(6,681)	921
Tax benefit arising from assets for previously unrecognized taxes used to reduce deferred tax expense	24,238	21,585	(898)	6,023
Other deferred tax expense	38	4,242	(258)	3,831
<b>Deferred tax expense, net, total</b>	<b>44,247</b>	<b>12,385</b>	<b>6,863</b>	<b>15,382</b>
<b>Total tax expense</b>	<b>(141,026)</b>	<b>(328,507)</b>	<b>(31,997)</b>	<b>(111,119)</b>

c) Income (expenses) from foreign and Chilean income taxes are as follows:

	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
Current foreign taxes	(25,333)	(64,276)	18,847	(22,430)
Current national taxes	(159,940)	(276,616)	(57,707)	(104,071)
<b>Total Current Tax</b>	<b>(185,273)</b>	<b>(340,892)</b>	<b>(38,860)</b>	<b>(126,501)</b>
Deferred foreign taxes	21,075	(9,074)	(16,414)	(4,832)
Deferred national taxes	23,172	21,459	23,277	20,214
<b>Total Deferred Tax</b>	<b>44,247</b>	<b>12,385</b>	<b>6,863</b>	<b>15,382</b>
<b>Total Income Tax</b>	<b>(141,026)</b>	<b>(328,507)</b>	<b>(31,997)</b>	<b>(111,119)</b>



## d) Reconciliation of the tax expense using statutory rate with tax expense using the effective rate.

	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
<b>Income tax expense using the statutory rate</b>	<b>(239,920)</b>	<b>(583,909)</b>	<b>(101,165)</b>	<b>(343,223)</b>
Tax effect of rates in other jurisdictions				
Tax effect of rates in other jurisdictions	(7,495)	(7,361)	(4,544)	(4,818)
Tax effect of non-taxable revenue	144,867	314,198	71,015	258,009
Tax effect of non-deductible expenditure	(41,807)	(31,094)	9,428	(16,078)
Tax effect of using previously unrecognized tax losses	(243)	(3,229)	(40)	260
Tax effect of a tax benefit previously unrecognized in the statement of net income	(4,486)	(155)	596	(262)
Tax effect of a new evaluation of unrecognized deferred tax assets	21,681	1,768	2,456	583
Tax effect of changes in tax rates	(2,724)	(1,039)	(4,086)	(802)
Tax effect of under or over provided tax in prior periods	(4,579)	(3,014)	(24)	(40)
Taxation calculated at the applicable rate	(251)	(181)	215	(241)
Liquidated investment abroad (*)	0	(11,100)	0	914
Other increase (decrease) in statutory tax charge	(6,069)	(3,391)	(5,848)	(5,421)
<b>Total adjustments to tax expense using the statutory rate</b>	<b>98,894</b>	<b>255,402</b>	<b>69,168</b>	<b>232,104</b>
<b>Tax expense using the effective rate</b>	<b>(141,026)</b>	<b>(328,507)</b>	<b>(31,997)</b>	<b>(111,119)</b>

(\*) The affiliate Compañía de Petróleos de Chile Copec S.A. recorded an unfavorable effect under current taxes on the sale of ExxonMobil in Colombia.

Deferred tax assets from negative tax bases that have not yet been offset are recognized to the extent that it is likely that the corresponding benefit will be recovered in the future. In this regard, there are no unrecognized deferred tax assets.

Concept	09.30.2019		12.31.2018	
	Deductible Difference	Taxable Difference	Deductible Difference	Taxable Difference
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Deferred tax assets	206,558	0	160,504	0
Tax losses	211,721	46	182,576	0
Deferred tax liabilities	0	2,175,837	0	2,164,801
<b>Total</b>	<b>418,279</b>	<b>2,175,883</b>	<b>343,080</b>	<b>2,164,801</b>

Effect of deferred taxes on net income	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
Deferred tax assets	37,780	(12,934)	4,898	3,557
Tax losses	26,338	13,146	(6,175)	(679)
Deferred tax liabilities	(22,999)	18,335	4,789	21,115
Decreases in foreign currency translation	3,128	(6,162)	3,351	(8,611)
<b>Total</b>	<b>44,247</b>	<b>12,385</b>	<b>6,863</b>	<b>15,382</b>

**NOTE 16. TRADE AND OTHER PAYABLES**

Trade and other payables are detailed as follows:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Current</b>		
Trade payables	1,481,037	1,488,163
Prepaid income	171,108	240,523
Other payables	11,053	15,740
<b>Total</b>	<b>1,663,198</b>	<b>1,744,426</b>

The main Group suppliers as of September 30, 2019 and December 31, 2018 are as follows: Enap Refinerías S.A., Oxiquim S.A., Occidental Chemical Chile Ltda. and Compañía de Leasing Tattersall S.A.

The stratification of trade payables as of September 30, 2019 and December 31, 2018 is as follows:

**As of September 30, 2019****TRADE PAYABLES NOT YET DUE**

Supplier	Amounts by days until due						Total ThUS\$
	Under 30 days	31-60	61-90	91-120	121-365	Over 366	
Products	833,798	48,940	2,523	1,857	3,070	0	890,188
Services	451,623	37,600	5,885	9,391	7,795	0	512,294
Others (*)	2,389	1,151	0	0	0	0	3,540
<b>Total ThUS\$</b>	<b>1,287,810</b>	<b>87,691</b>	<b>8,408</b>	<b>11,248</b>	<b>10,865</b>	<b>0</b>	<b>1,406,022</b>

**TRADE PAYABLES OVERDUE**

Supplier	Amounts by days overdue						Total ThUS\$
	Under 30 days	31-60	61-90	91-120	121-180	Over 181	
Products	51,141	2,225	1,045	1,174	1,010	925	57,520
Services	8,246	2,219	967	1,180	809	3,984	17,405
Others (*)	3	6	9	3	10	59	90
<b>Total ThUS\$</b>	<b>59,390</b>	<b>4,450</b>	<b>2,021</b>	<b>2,357</b>	<b>1,829</b>	<b>4,968</b>	<b>75,015</b>

<b>Total ThUS\$</b>	<b>1,347,200</b>	<b>92,141</b>	<b>10,429</b>	<b>13,605</b>	<b>12,694</b>	<b>4,968</b>	<b>1,481,037</b>
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**As of December 31, 2018****TRADE PAYABLES NOT YET DUE**

Supplier	Amounts by days until due						Total ThUS\$
	Under 30 days	31-60	61-90	91-120	121-365	Over 366	
Products	845,888	37,079	8,554	449	2,906	1	894,877
Services	483,490	29,202	7,871	8,482	7,210	2	536,257
Others (*)	2,923	1,090	0	0	0	0	4,013
<b>Total ThUS\$</b>	<b>1,332,301</b>	<b>67,371</b>	<b>16,425</b>	<b>8,931</b>	<b>10,116</b>	<b>3</b>	<b>1,435,147</b>

**TRADE PAYABLES OVERDUE**

Supplier	Amounts by days overdue						Total ThUS\$
	Under 30 days	31-60	61-90	91-120	121-180	Over 181	
Products	13,720	8,495	4,522	3,032	459	658	30,886
Services	14,996	1,667	466	711	881	3,329	22,050
Others (*)	0	16	4	0	0	60	80
<b>Total ThUS\$</b>	<b>28,716</b>	<b>10,178</b>	<b>4,992</b>	<b>3,743</b>	<b>1,340</b>	<b>4,047</b>	<b>53,016</b>

<b>Total ThUS\$</b>	<b>1,361,017</b>	<b>77,549</b>	<b>21,417</b>	<b>12,674</b>	<b>11,456</b>	<b>4,050</b>	<b>1,488,163</b>
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(\*) The *Other* item is deferred revenue, tax liabilities other than on net income, staff payables and other payables.

The Parent Company, Empresas Copec S.A., has a maximum payment period of 30 days. The average payment period for each affiliate varies depending on their business.

## **NOTE 17. RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties are the entities defined in IAS 24, in the standards issued by the Chilean Financial Markets Commission (formerly the Superintendent of Securities and Insurance) and in Corporate Law.

Balances receivable from and payable to related parties as of each period-end primarily arise from business transactions. They are denominated in Chilean pesos and U.S. dollars, they have payment terms that do not exceed 60 days, and in general do not have any indexation or interest clauses.

As of the date of these consolidated financial statements, no guarantees have been granted and there are no doubtful receivables allowances in relation to balances between related parties.

The "Transactions" table includes all transactions with related parties that total over ThUS\$ 200 per annum in any period (which is 0.001% of operating revenues and 0.001% of cost of sales).

## 17.1 Related party receivables

Related Party Receivables, Current	Country	Relationship	09.30.2019 ThUS\$	12.31.2018 ThUS\$
96,942,120-8 AIR BP COPEC S.A.	Chile	Joint venture	29,340	30,339
76,037,855-0 Laguna Blanca S.A.	Chile	Indirect associate	7,500	0
96,731,890-6 Cartulinas CMPC S.A.	Chile	Common shareholder	1,747	1,339
99,500,140-3 Eka Chile S.A.	Chile	Joint venture	1,626	2,362
96,636,520-K Gases y Graneles Liquidos S.A.	Chile	Indirect associate	1,377	0
71,625,800-8 Arauco Educational Foundation	Chile	Indirect contributor	1,190	0
65,097,218-K Fundación Acerca Redes	Chile	Indirect contributor	1,148	221
76,879,577-0 E2E S.A.	Chile	Indirect associate	826	0
79,895,330-3 Compañía Puerto Coronel S.A.	Chile	Indirect associate	741	802
- Montagas S.A. ESP	Colombia	Indirect associate	735	117
- Arauco Sonae Portugal S.A.	Portugal	Indirect associate	367	370
76,122,974-5 Algae Fuels S.A.	Chile	Indirect associate	364	381
76,349,706-2 Hualpén Gas S.A.	Chile	Indirect associate	335	240
- Unillin Arauco Pisos Ltda	Brazil	Joint venture	330	83
96,893,820-7 Corpesca S.A.	Chile	Indirect associate	230	1,548
96,505,760-9 Colbún S.A.	Chile	Director in common	219	445
93,628,000-5 Molibdenos y Metales S.A.	Chile	Common shareholder	155	201
95,304,000-K CMPC Maderas S.A.	Chile	Common shareholder	133	138
96,532,330-9 CMPC Celulosa S.A.	Chile	Common shareholder	131	319
96,853,150-6 Papeles Cordillera S.A.	Chile	Common shareholder	43	29
91,440,000-7 Forestal Mininco S.A.	Chile	Common shareholder	37	63
96,925,430-1 Servicios Corporativos Sercor S.A.	Chile	Indirect associate	28	7
96,529,310-8 CMPC Tissue S.A.	Chile	Common shareholder	33	38
96,783,150-6 St. Andrews Smoky Delicacies S.A.	Chile	Indirect associate	24	0
92,580,000-7 Entel S.A.	Chile	Common shareholder	23	11
76,456,800-1 Mina Invierno S.A.	Chile	Joint venture	21	22
76,044,336-0 Golden Omega S.A.	Chile	Indirect associate	14	1
76,659,730-0 Elemental S.A.	Chile	Indirect associate	12	13
96,641,810-9 Gas Natural Producción S.A.	Chile	Indirect associate	5	0
76,384,550-8 Sociedad Nacional Marítima S.A.	Chile	Indirect associate	4	45
- PGNT GasNorte SAC Colombia	Colombia	Indirect associate	4	0
- PGNT GasSur SAC Colombia	Colombia	Indirect associate	3	0
82,777,100-7 Puertos y Logística S.A.	Chile	Indirect associate	0	23
96,532,330-9 CMPC Pulp SpA.	Chile	Indirect associate	1	0
96,722,460-K Metrogas S.A.	Chile	Associate	0	7,387
79,825,060-4 Forestal del Sur S.A.	Chile	Common shareholder	0	3,740
76,839,949-2 Parque Eólico Ovejeras del Sur S.A.	Chile	Indirect associate	0	5
<b>Total</b>			<b>48,746</b>	<b>50,289</b>

  

Related party receivables, non-current	Country	Relationship	09.30.2019 ThUS\$	12.31.2018 ThUS\$
76,040,469-1 Logística Ados Ltda.	Chile	Shareholder in indirect associate	7,356	7,054
96,641,810-9 Gas Natural Producción S.A.	Chile	Indirect associate	317	332
79,895,330-3 Compañía Puerto Coronel S.A.	Chile	Indirect associate	0	481
<b>Total</b>			<b>7,673</b>	<b>7,867</b>

## 17.2 Related party payables

Related party payables, current	Country	Relationship	09.30.2019 ThUS\$	12.31.2018 ThUS\$
96,636,520-K Gases y Graneles Líquidos S.A.	Chile	Indirect associate	4,492	4,279
82,040,600-1 Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	471	580
- Fibroacero S.A.	Ecuador	Indirect associate	428	485
79,895,330-3 Compañía Puerto de Coronel S.A.	Chile	Indirect associate	331	772
76,384,550-8 Sociedad Nacional Marítima S.A.	Chile	Indirect associate	207	199
92,580,000-7 Entel S.A.	Chile	Common shareholder	166	284
96,556,310-5 AntarChile S.A.	Chile	Parent company	73	0
96,925,430-1 Servicios Corporativos Sercor S.A.	Chile	Indirect associate	62	52
96,942,120-8 AIR BP COPEC S.A.	Chile	Joint venture	18	29
86,370,800-1 Red To Green S.A.	Chile	Common shareholder	15	34
76,218,856-2 Colbún Transmisión S.A.	Chile	Director in common	15	0
96,893,820-7 Corpesca S.A.	Chile	Indirect associate	14	446
78,138,547-K Mega Archivos S.A.	Chile	Common shareholder	1	0
96,722,460-K Metrogas S.A.	Chile	Associate	1	0
76,659,730-0 Elemental S.A.	Chile	Indirect associate	0	1
96,555,810-1 Inst. Fisheries Research Eighth Region	Chile	Common Executive	0	30
96,959,030-1 Puerto Lirquén S.A.	Chile	Indirect associate	0	1,003
96,871,870-3 Depósitos Portuarios Lirquén S.A.	Chile	Director in common	0	2
88,566,900-K Edipac	Chile	Director in common	0	8
76,724,000-7 Woodtech S.A.	Chile	Common shareholder	0	28
71,625,800-8 Arauco Educational Foundation	Chile	Indirect contributor	0	616
<b>Total</b>			<b>6,294</b>	<b>8,848</b>

## 17.3 Related party transactions

As of September 30, 2019

Chilean ID Number	Related Entity	Country	Relationship	Goods or Services	Transaction Value without VAT ThUS\$	Effect on net income ThUS\$
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Sale of fuel	240,889	240,889
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Other sales	60,630	60,630
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Expense reimbursement	746	746
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Fuel purchases	57	(57)
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Various purchases	255	(255)
96,952,090-2	Boat Parking	Chile	Indirect associate	Rental of wharves	159	(159)
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of lubricants	124	124
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Other sales	377	377
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of fuel	3,437	3,437
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Sale of lubricants	566	566
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Sale of fuel	47	47
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Other sales	73	73
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Sale of fuel	78	78
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Sale of lubricants	357	357
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Other sales	21	21
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Logs	102	(102)
96,532,330-9	CMPC Pulp SpA.	Chile	Indirect associate	Timber	53	53
96,532,330-9	CMPC Pulp SpA.	Chile	Indirect associate	Other purchases	35	(35)
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of lubricants	136	136
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of fuel	145	145
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Other purchases	59	(59)
96,505,760-9	Colbún S.A.	Chile	Director in common	Sale of fuel	6,985	6,985
96,505,760-9	Colbún S.A.	Chile	Director in common	Electricity	472	176
96,505,760-9	Colbún S.A.	Chile	Director in common	Sale of lubricants	17	17
76,218,856-2	Colbún Transmisión S.A.	Chile	Director in common	Electricity	214	(186)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Sale of fuel	1,660	1,660
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Sale of lubricants	93	93
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Mobilization and stevedoring	8,143	(8,143)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Other sales	155	155
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Wharf rental	147	(147)
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of fuel	18,636	18,636
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of lubricants	775	775
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Other sales	30	30
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Purchase of fishing rights	6,661	(6,661)
76,879,577-0	EZE S.A.	Chile	Affiliate of indirect associate	Timber, plywood and panels	413	413
99,500,140-3	Eka Chile S.A.	Chile	Joint venture	Electricity	14,543	14,543
99,500,140-3	Eka Chile S.A.	Chile	Joint venture	Purchase of sodium chlorate	31,005	(31,005)
76,659,730-0	Elemental S.A.	Chile	Indirect associate	Other sales	188	(188)
92,580,000-7	Empresa Nacional de Telecomunicaciones S.A.	Chile	Common shareholder	Sale of fuel	474	474
92,580,000-7	Empresa Nacional de Telecomunicaciones S.A.	Chile	Common shareholder	Telephone services	1,020	(1,020)
79,825,060-4	Forestal del Sur S.A.	Chile	Common shareholder	Harvesting services	20,704	20,704
79,825,060-4	Forestal del Sur S.A.	Chile	Common shareholder	Wood and logs	3,358	(3,358)
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Sale of fuel	493	493
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Logs and others	23	23
96,636,520-K	Gasmar S.A.	Chile	Indirect associate	Gas purchases	136,786	(136,786)
76,349,706-2	Hualpén Gas S.A.	Chile	Indirect associate	Purchase of services	13	(13)
76,349,706-2	Hualpén Gas S.A.	Chile	Indirect associate	Leases	2,825	2,825
96,555,810-1	Instituto de Investigación Pesquera S.A.	Chile	Related Affiliate	Consultancy and other services	146	(146)
94,082,000-6	Inversiones Siemel S.A.	Chile	Common shareholder	Facilities rental	196	(196)
96,722,460-K	Metrogas S.A.	Chile	Associate	Sale of fuel	141	141
93,628,000-5	Molibdenos y Metales S.A.	Chile	Common shareholder	Sale of fuel	699	699
78,096,080-9	Portaluppi, Guzmán y Bezanilla Attorneys	Chile	Partner Director	Legal advisory services	853	(793)
96,959,030-1	Puerto Lirquén S.A. (ex Portuaria Sur de Chile S.A.)	Chile	Indirect associate	Port services	2,244	(2,244)
86,370,800-1	Red To Green S.A.	Chile	Common shareholder	IT services	297	(235)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Management consultancy services	1,696	(746)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Reimbursable expenses	18	(18)
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	Storage services	3,575	(3,575)
96,783,150-6	St. Andrews Smoky Delicacies S.A.	Chile	Indirect associate	Sales	165	165
-	Uniflin Arauco Pisos Ltda.	Brazil	Joint venture	Timber	2,549	2,549
76,724,000-7	Woodtech S.A.	Chile	Common shareholder	Timber volume measurement services	1,472	(1,472)

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As of September 30, 2018

Chilean ID Number	Related Entity	Country	Relationship	Goods or Services	Transaction Value without VAT ThUS\$	Effect on net income ThUS\$
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Sale of fuel	289,323	289,323
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Administrative services	1,398	1,398
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Expense reimbursement	324	0
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Other purchases	266	(266)
96,952,090-2	Boat Parking	Chile	Indirect associate	Rental of wharves	168	(168)
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of lubricants	280	280
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Other sales	324	324
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of fuel	3,265	3,265
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Sale of lubricants	588	588
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Other purchases	11	(11)
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Other sales	53	53
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Sale of fuel	108	108
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Sale of lubricants	345	345
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Other sales	31	31
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Logs	398	(398)
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of lubricants	103	103
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Other sales	2	2
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Other purchases	17	(17)
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of fuel	160	160
96,505,760-9	Colbún S.A.	Chile	Common shareholder	Sale of fuel	6,411	6,411
96,505,760-9	Colbún S.A.	Chile	Common shareholder	Electricity	5	(5)
96,505,760-9	Colbún S.A.	Chile	Common shareholder	Sale of lubricants	24	24
96,505,760-9	Colbún S.A.	Chile	Common shareholder	Other sales	2,015	2,015
76,218,856-2	Colbún Transmisión S.A.	Chile	Common shareholder	Electricity	362	(362)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Sale of fuel	1,860	1,860
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Sale of lubricants	95	95
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Mobilization and stevedoring	7,993	(7,993)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Wharf rental	88	(88)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Other sales	37	37
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of fuel	18,113	18,113
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of lubricants	680	680
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Other sales	156	156
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Raw materials purchase	2,548	(2,548)
99,500,140-3	Eka Chile S.A.	Chile	Joint venture	Electricity	19,301	19,301
99,500,140-3	Eka Chile S.A.	Chile	Joint venture	Purchase of sodium chlorate	35,424	(35,424)
92,580,000-7	Empresa Nacional de Telecomunicaciones S.A.	Chile	Common shareholder	Telephone services	1,279	(1,279)
92,580,000-7	Empresa Nacional de Telecomunicaciones S.A.	Chile	Common shareholder	Sale of fuel	449	449
79,825,060-4	Forestal del Sur S.A.	Chile	Common shareholder	Harvesting services	19,185	19,185
79,825,060-4	Forestal del Sur S.A.	Chile	Common shareholder	Wood and logs	1,291	(1,291)
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Sale of fuel	584	584
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Logs and others	169	(169)
96,636,520-K	Gasmar S.A.	Chile	Indirect associate	Sale of gas	176,447	(176,447)
76,349,706-2	Hualpén Gas S.A.	Chile	Indirect associate	Sale of gas	2,850	2,850
96,555,810-1	Instituto de Investigación Pesquera S.A.	Chile	Related Affiliate	Consultancy and other services	148	(148)
94,082,000-6	Inversiones Siemel S.A.	Chile	Common shareholder	Facilities rental	504	(504)
96,942,870-9	Kabsa S.A.	Chile	Indirect associate	Renting facilities	130	130
96,722,460-K	Metrogas S.A.	Chile	Associate	Purchase natural gas	1,081	(1,081)
96,722,460-K	Metrogas S.A.	Chile	Associate	Sale of fuel	159	159
93,628,000-5	Molibdenos y Metales S.A.	Chile	Common shareholder	Sale of fuel	1,041	1,041
78,096,080-9	Portaluppi, Guzmán y Bezanilla Attorneys	Chile	Partner Director	Legal advisory services	966	(966)
96,959,030-1	Puerto Lirquén S.A. (formerly Portuaria Sur de Chile S.A.)	Chile	Indirect associate	Port services	6,412	(6,412)
86,370,800-1	Red To Green S.A.	Chile	Common shareholder	IT services	349	(349)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Management consultancy services	696	(696)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Administrative services	211	(211)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Other sales	5	5
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Reimbursable expenses	56	(56)
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	Storage services	3,442	(3,442)
76,384,550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	Sale of fuel	1,488	1,488
76,384,550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	Administrative services	478	478
76,384,550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	Sale of lubricants	90	90
76,384,550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	Other sales	10	10
76,384,550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	Maritime transport	8,149	(8,149)
-	Terpel Comercial del Perú S.R.L.	Peru	Indirect associate	Sale of fuel	625	625
-	Unillín Arauco Pisos Ltda.	Brazil	Joint venture	Timber	1,474	1,474
76,724,000-7	Woodtech S.A.	Chile	Indirect associate	Timber volume measurement services	740	(740)

## 17.4 Board of Directors and Senior Executives

Remuneration of senior executives includes directors, managers and deputy managers and comprises a fixed monthly amount, as well as discretionary annual bonuses.

The compensation for Directors and senior executives are as follows:

Remuneration for senior executives and directors	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
Salaries and bonuses	77,490	74,261	25,346	28,642
Director's fees	5,481	5,378	1,917	1,942
Termination benefits	4,909	8,326	1,399	893
<b>Total remuneration for senior executives</b>	<b>87,880</b>	<b>87,965</b>	<b>28,662</b>	<b>31,477</b>

**NOTE 18. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES****I. Lawsuits and other legal actions of the affiliate Celulosa Arauco y Constitución S.A. ("Arauco"), its affiliates and associates:**

## 1. Arauco Argentina S.A.

Within the scope of Law No.25,080, the former Department of Agriculture, Livestock, Fisheries and Food was authorized to approve Resolution 952/2000 containing forestry and forestry-industrial investment projects submitted by Arauco Argentina S.A. These projects allowed the Company to plant: 1) 4,777 hectares of forests during 2000 in compliance with the annual plan; and 2) 23,012 hectares between 2000 and 2006 as part of its multiple year forestation plan. It also built a sawmill with installed capacity to produce 250,000 m<sup>3</sup> of timber per year.

On January 11, 2001 Arauco Argentina S.A. presented an extension to the approved forestry-industrial project. This extension was approved by Resolution 84/03 by the former Department of Agriculture, Livestock, Fisheries and Food. The Company complied with its obligations by building an MDF panel board plant and planted 8,089 hectares of forest between 2001 and 2006.

The Company has submitted annual forestry plans from 2007 through to 2017 for its plantations located in the provinces of Misiones and Buenos Aires.

The Agriculture, Livestock and Fisheries Secretariat approved Resolution 2019-55-APN-SECAGYP#MPYT on March 25, 2019, which approved the 2007 annual forest plan. Furthermore, Resolution 2019-114-APN-SECAGYP#MPYT approved the 2009 annual forest plan on June 12, 2019. Therefore, Arauco Argentina S.A. will be able to calculate the income tax exemption as of this year, on the forestry value of 7,836 and 6,598 hectares planted



in those years, respectively.

In March 2005 the Department of Agriculture, Livestock and Forestation issued Note 145/05, which suspended the exemption of export duties that Arauco Argentina S.A. had enjoyed in accordance with Law 25,080. This measure is being discussed by the Company. On November 8, 2006 the Fifth Court of the National Appeals Chamber for Contentious, Federal and Administrative Matters issued a decision authorizing Arauco Argentina S.A. to continue enjoying the export duty exemption as it had done previously before the suspension issued in Note 145/05. But that goods should be released using the guarantee regime established in Article 453(a) of the Customs Code, for the export duty exempt from payment. The legal measure was enforced from March 2007 by pledging guarantees through providing bail policies for each of the shipping permits exempt from export duty. Arauco Argentina S.A. has a provision for AR\$ 1,352,720,500 Argentine pesos (equivalent to ThUS\$ 23,488 as of September 30, 2019) for the aforementioned export duties, presented in the heading "Other long-term provisions". The Company also initiated a repetition claim for US\$ 6,555,207, plus interest from the transfer notification date, for export duties paid between March 2005 and March 2007 as a result of Note 145/05 issued by the Department of Agriculture, Livestock and Forestry being enforced. Both the underlying issue and the repetition claim are pending resolution.

Furthermore, in April 2016 the Department of Agriculture, Livestock, Fisheries and Food issued Resolution 154-E/2016 requiring the owners of undertakings that received certain fiscal benefits in accordance with Law 25,080 to pledge guarantees to cover a third of the project duration with a minimum of five years. In May 2018, the Company amended its guarantee constituted in accordance with this Resolution, to become a total of AR\$ 384,317,563 Argentine pesos (equivalent to ThUS\$ 6,673 as of September 30, 2019).

The Company believes that it has met all its obligations under Law 25,080.

## 2. Celulosa Arauco y Constitución S.A.:

2.1 On August 25, 2005, the Chilean Servicio de Impuestos Internos (the "Chilean IRS") issued tax calculations 184 and 185 of 2005. These challenged the capital reduction transactions effected by Arauco on April 16, 2001 and October 31, 2001, and requested the Company to reimburse amounts returned to it in respect of tax losses, and to amend to its taxable profits and losses carried forward. Therefore, the tax calculations required the reimbursement of the historical amount of Ch\$4,571,664,617 as of October 31, 2002 (equivalent to ThUS\$6,278 as of September 30, 2019). On November 7, 2005, the Company requested a Review of Tax Inspection Activities (Revisión de la Actuación Fiscalizadora, or "RAF"), and a claim was filed against the abovementioned tax calculations 184 and 185 of 2005. The RAF was resolved on January 9, 2009 by the Chilean IRS, which only partially sustained Arauco's request and reduced the sum to Ch\$1,209,399,164 (equivalent to ThUS\$ 1,661 as of September 30, 2019), leaving an amount in dispute of Ch\$3,362,265,453 (equivalent to ThUS\$ 4,617 as of September 30, 2019) plus fines, interest and indexation. On February 19, 2010, the Court issued an order in which the claim was filed against the RAF.

On September 26, 2014 Arauco requested to submit this complaint to the jurisdiction of the new tax and customs courts. Subsequently, on October 10, 2014, Arauco's request was granted, and the case was submitted to the new Courts under RUC 14-9-0002087-3. On September 20, 2017, the Court passed judgment of first instance, confirming the assessments.

On October 12, 2017 Arauco filed an appeal requesting the Santiago Appeals Court to revoke the first instance sentence, and on June 29, 2018, the Santiago Appeals Court issued a second instance sentence, confirming the first instance. On July 19, 2018, Arauco submitted an appeal to the Supreme Court.

On June 21, 2019, Celulosa Arauco y Constitución S.A. filed an application for inapplicability before the Constitutional Court, due to unconstitutionality with respect to the legal precept contained in Article 53, paragraph 3 of the Tax Code.

The case before the Supreme Court is currently suspended by order of the Constitutional Court.

On September 25, 2019, the inapplicability appeal case was heard, which was filed by Celulosa Arauco y Constitución S.A. with the Constitutional Court, and the trial was agreed.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of September 30, 2019.

#### Plants

2.2 The Environment Superintendent ("SMA" in Spanish) issued Resolution 1 dated January 8, 2016, notified on January 14, 2016, which leveled 11 allegations against the Company for breaches in Environmental Approval Resolutions at the Valdivia plant and DS 90/2000. The 11 allegations were classified by the SMA as follows: 1 very serious, 5 serious and 5 minor.

On February 12, 2016, the company presented its defense.

On December 15, 2017, the SMA issued Resolution 1487, terminating the administrative proceedings, acquitting one allegation and upholding ten allegations with a penalty of UTA 7,777 (equivalent to ThUS\$ 6,296 as of September 30, 2019). On December 22, 2017, the company filed an appeal with the SMA against Resolution 1487, requesting to be acquitted of all allegations, with the exception of allegation number 7 (late submission of the water quality report for the Cruces River).

The SMA notified the Company of Resolution 357 on March 23, 2018, which rejected the appeal submitted by the company. Therefore, on April 5, 2018 a judicial appeal was submitted to the Third Environmental Tribunal. On November 12, 2018, the case was settled and Minister Sibel Villalobos Volpi was appointed to prepare the judgement. Case pending.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of September 30, 2019.

2.3 Resolution 1/Role F-031-2016, dated September 15, 2016, described three demands filed by the SMA against the Company for alleged breaches to specific Environmental Qualification Resolutions granted for the Constitución Plant, and for an alleged breach to Law 19,300 for having evaded the Environmental Impact Assessment System. The three demands were classified by the SMA as follows: 1 serious and 2 minor.

On October 17, 2016, the Company submitted a Compliance Program that contained 7 tasks and goals. On January 3, 2017 the Company was notified of the resolution approving this compliance program. If the program is implemented satisfactorily, it may be possible to conclude the procedure without sanctions being applied.

On October 2, 2017, a final report on the Compliance Program was submitted, and supplemented on December 11, 2017, which reported the complete and comprehensive implementation of all the tasks and measures referred to in the program.

Finally, on July 29, 2019, the Environment Superintendent declared that the compliance program had been satisfactorily executed, which brought the sanction procedure to a close.

Celulosa Arauco y Constitución S.A., Forestal Arauco S.A., Maderas Arauco S.A. and Servicios Logísticos Arauco S.A.

2.4 On August 13, 2018, the Asociación Gremial de Dueños de Camiones de Constitución ("Asoducam") filed a lawsuit for forced compliance plus damages against Forestal Arauco S.A., Servicios Logísticos Arauco S.A., Celulosa Arauco y Constitución S.A. and Maderas Arauco S.A. The lawsuit was based on alleged breaches of the 2001 and 2005 cargo allocation, distribution and supply agreements entered into by Asoducam's associates with Forestal Arauco S.A. initially, and then allegedly, according to the plaintiff, with Servicios Logísticos Arauco S.A., in favor of the other two defendants, Celulosa Arauco y Constitución S.A. and Maderas Arauco S.A. It requests forced performance of the contract, plus Ch\$575,000,000 (equivalent to ThUS\$ 790 as of September 30, 2019) in damage compensation and in subsidy (a) Ch\$11,189,270,050 (equivalent to ThUS\$15,365 as of September 30, 2019), for emergent damages; (b) Ch\$11,189,270,050 per month in loss of profit during the entire duration of the lawsuit, until the contract is declared terminated in the final ruling, and (c) Ch\$5,000,000,000 (equivalent to ThUS\$ 6,866 as of September 30, 2019) for moral damages.

Celulosa Arauco y Constitución S.A., Forestal Arauco S.A. and Maderas Arauco S.A. were notified of the demand on August 28, 2018. Servicios Logísticos Arauco S.A. has not yet been notified.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of September 30, 2019.

### 3. Forestal Arauco S.A.:

3.1 On April 28, 2015, the Company was notified and responded to a regular repossession procedure, case number C-334-2014 from the Constitución Civil Court, filed by Mr. Rodrigo Huanquimilla Arcos and Mr. Mario Andrades Rojas, lawyers, in representation of 24 members of the Arcos beneficiaries, alleged to be the owners of the Quivolgo Estate, containing 5,202 hectares, request that Forestal Celco SA, now called Forestal Arauco SA, is required to restore this property with its civil and natural benefits, and the attached properties and any impairments to the property, with costs. They base their claims on the alleged Forestal Celco SA, now called Forestal Arauco SA, being custodian but not owner of this property.

The Company responded to the demand requesting full rejection, with costs, alleging that Forestal Celco SA, now called Forestal Arauco SA is the only legitimate and exclusive owner of the property.

The Tribunal ordered this trial to be combined with case C-54-2015, which is mentioned in 3.2.

3.2 On April 6, 2015, the Company was notified in Santiago of a regular repossession procedure, case number C-54-2015, filed by Mr. Gustavo Andrés Ochagavia Urrutia, lawyer, in representation of 23 members of the Arcos beneficiaries, alleged to be the owners of the Quivolgo Estate, containing 5,202 hectares, and requesting that Forestal Celco SA, now Forestal Arauco SA, is required to restore this property with its civil and natural benefits, and the attached properties and any impairments to the property, with costs. They base their claims on the alleged Forestal Celco SA, now called Forestal Arauco SA, being custodian but not owner of this property.

On April 28, 2015, the Company filed a response requesting full rejection, with costs, alleging that Forestal Celco SA, now Forestal Arauco SA is the legitimate and exclusive owner of the property.

On January 8, 2016, the defendant applied for these cases to be added to Case C-334-2014, described in point 3.1. The Tribunal accepted this request that these cases be combined.

On February 24, 2017 the final judgment of first instance was notified, which rejected the entire demand with costs.

On March 8, 2017, the plaintiff filed an appeal against the judgment of the court of first instance. On May 25, 2018, the Talca Appeals Court confirmed the judgment of the court of first instance, with costs (Talca Appeals Court Case 949-2017).

On June 12, 2018, the plaintiff contested the decision of the Appeals Court by filing an appeal with the Supreme Court. (Case 16,583-2018).

On October 14, 2019, the Supreme Court rejected the appeal filed by the plaintiffs, thus ending the trial.

3.3 On July 11, 2017, the Company was notified of a civil lawsuit claiming land ownership, filed by Ms. Carmen Muñoz Domínguez in representation of Forestal Ezrece S.A., who argued that her client is the owner by assignment and sale of 87.5% of the inheritance rights of the rural property called "Pino Huacho" located in Los Alamos and Cañete, in the Lebu province, Biobío Region. The land has an area of 5,144.22 hectares, alleged to be owned by

Forestal Arauco S.A., and requesting the Court to resolve that Forestal Arauco S.A. should be ordering to restore the land to its rightful owner. Forestal Arauco S.A. responded to the demand, requesting that it should completely rejected with costs, and adding a counterclaim based on the statute of limitations.

On July 30, 2019, a ruling was issued fully rejecting both the main claim and the counterclaim. (Case C-109-2017 at Lebu Civil Court)

On August 12, 2019, the plaintiff filed an appeal against the final judgment.

On September 2, 2019, Forestal Arauco S.A. filed an appeal, which is pending in the Court of Appeals.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of September 30, 2019.

3.4 Ms. Estela Jaramillo filed a lawsuit in special indigenous proceedings before the First Court of Osorno (Case C-2540-2018), requesting the absolute nullity of the purchase agreement entered into in 1999, by which Consorcio Forestal S.A. sold to Forestal Valdivia S.A., now Forestal Arauco S.A., a 1505.6 hectare piece of land called Fundo San Nicolás Dos Lote Uno Norte. It also claimed damages for the exploitation, use and enjoyment of indigenous lands against Forestal Arauco S.A.

On November 10, 2018, Forestal Arauco S.A. was notified of the lawsuit. On January 16, 2019, the Tribunal withdrew the lawsuit against Consorcio Forestal S.A., which had not been notified of the demand.

On March 18, 2019, a response and conciliation hearing was held, and the case was received on the evidence of the summons. Currently, the evidentiary term has been completed, and the National Indigenous Development Corporation should now issue a legal, technical and socio-economic report on the issue.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of September 30, 2019.

3.5 Inversiones Forestales Los Alpes Limitada and Forestal Neltume-Carranco S.A. filed a claim against Forestal Arauco S.A. before the Angol Court (Case C-502-2015), in which they request that Forestal Arauco S.A. restores its possession of 1,855.9 hectares, which is part of their property "Resto del Fundo Los Alpes" that covers approximately 2,700 hectares. They also request that the plaintiffs are declared exclusive owners of the property, that its civil and natural benefits are restored, plus any deterioration of the property, with costs.

On May 29, 2019, the lawsuit was contested and a counterclaim of acquisitive prescription was filed.

The discussion period is now over, and the reconciliation hearing is pending.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of September 30, 2019.

3.6 On August 2, 2019, the company was notified of a lawsuit filed by "Sociedad Recuperadora de Fibra S.A." before the First Valdivia Civil Court (Case C-2215-2019). The plaintiff in this lawsuit challenged the early termination of a contract by Forestal Arauco. It also alleges that the company may have breached various contractual obligations in respect of two groups of contracts:

- A. (i) Gravel Transportation Contract and (ii) Platforms and Storage Production, Loading, Storage Handling and Construction Contract.
- B. (i) Aggregates Production Services Contract, (ii) Aggregates Long Freight Services Contract and (iii) Aggregates Short Freight and Granular Storage Construction Services Contract.

Consequently, it requests the payment of an indemnity amounting to Ch\$3,486,187,431 (equivalent to ThUS\$ 4,787 as of September 30, 2019) plus interest, inflation indexation and costs.

On September 17, 2019, Forestal Arauco S.A. responded to the demand and filed a counterclaim for damages, and the reconciliation hearing is currently pending.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of September 30, 2019.

#### 4. Arauco do Brasil S.A.:

On November 8, 2012, Brazilian Tax Authorities issued an Infraction Notice against a Brazilian affiliate, Arauco do Brasil S.A., for alleged unpaid taxes purportedly due by such company for the years 2006 to 2010. In particular, the Tax Authorities (i) objected to the deductibility of certain payments made and expenses incurred (including premium amortization, interest and legal expenses) by Arauco do Brasil between 2005 and 2010 and (ii) alleged that Arauco do Brasil made certain underpayments in respect of the Brazilian Corporate Income Tax ("IRPJ") and the Brazilian Social Contribution on Net Profits ("CSLL") during 2010.

On July 20, 2015, Arauco do Brasil was notified of a decision at the first administrative level, to partially uphold the case, with an estimated value of BR\$ 164,159,000 (ThUS\$ 39,473 as of September 30, 2019). An appeal was submitted against this decision, to revoke the Infraction Notice with the CARF (the Brazilian Taxation Appeals Administrative Council), which is the second administrative level. The CARF reached a decision on May 16, 2017 having considering some of the Company's arguments regarding the premiums, but retaining other charges. Arauco do Brasil was notified of a CARF decision on September 27, 2018 presenting the current value at BR\$ 57,556,262 (ThUS\$ 13,840 as of September 30, 2019), plus interest and inflation adjustments until the discussion is closed. Arauco do Brasil filed an appeal, to request clarification by CARF of some of its decision points. On January 25, 2019, the CARF ruled that there would be no clarifications or omissions to be substituted, thus initiating the deadline to submit the last administrative appeal. This Special Appeal was submitted to the Upper Fiscal Appeals Chamber of the CARF (CSRF) on February 11, 2019, reiterating the Company's defense arguments on the issues and charges that remained in that process, and a decision on that Special Appeal is now awaited.

Based on the last declaration embargos decision, the CARF set the current value under discussion at BR\$58,059,580 (ThUS\$ 13,961 as of September 30, 2019) on the January 31, 2019 base, and interest and inflation

indexation would be added to this value with effect from January 31, 2019 until the case is finalized.

The Company believes that its objection to the Infraction Notice is supported by solid legal arguments and that there is a reasonable likelihood that this matter will result in a favorable outcome for the Company. Otherwise, the next step would be for the Company to challenge the notification with Brazilian Justice.

Therefore, Arauco has not made any provision for this contingency as of September 30, 2019.

## **II. Lawsuits or other legal actions of the affiliate Compañía de Petróleos de Chile Copec S.A. and its affiliates:**

### **1. Compensation for damages**

- a) Mr. Mauricio Madrid Marticorena and Luis Sepulveda Marticorena filed three lawsuits in the Third Civil Court of Santiago. The first lawsuit in summary proceedings for damages caused by an alleged breach in Law 17,336 on Intellectual Property, during negotiations to launch a business making Biodiesel from algae. The amount claimed is ThUS\$ 1,253.

The plaintiffs are seeking compensation for damages before the same court and for the same events, alleging that COPEC has breached business secrecy rules, namely Law 19,039 on Intellectual Property. The amount claimed is ThUS\$ 343.

Finally, based on the same events, the plaintiffs brought an ordinary action for damages of tort. The amount is ThCh\$ 1,319,000.

Both cases ruled in Copec's favor in the first instance. Subsequently, the Appeal Court partially upheld one of the demands and ordered Copec to pay ThCh\$ 40,000. As a result, Copec appealed to the Supreme Court.

The possibility of an unfavorable outcome is remote.

- b) A group of 107 Mejillones fishermen filed a claim for damages against the Company, which is being processed before the 13th Civil Court of Santiago. The case is based on the damages suffered by the fishermen following a fuel spill on August 2018 at Mejillones beach. Each plaintiff is claiming damages of Ch\$10,000,000 so the lawsuit amounts to ThCh\$1,070,000. Currently the Company filed a dilatory defense and the case is pending judgment. The case is covered by insurance policies. The possibility of a contingent liability arising that is not covered by insurance is remote.
- c) The family of the child María Isabel Díaz Moyano, who died as a result of an accidental collision caused by a Company employee in a Company vehicle, filed a claim for damages against the Company with the 7th Civil Court of Santiago. The plaintiff's claim totals ThCh\$1,400,000. The case is covered by insurance policies, and the contingency is plausible but for a lower amount than the plaintiff's claim.

## 2. Pureo Plant

On September 6, 2011, there was a spill of diesel fuel in the Fuel Storage Plant located in Pureo, Calbuco, which had the following consequences:

- A group of mussel farmers sued the Company in Puerto Montt for compensation for the damages following the fuel spill at the plant in Calbuco, Pureo. The demand totaled ThCh\$ 1,224,000.
- Subsequently, a second lawsuit for ThCh\$ 2,213,000, for consequential damages, lost profits and moral damage, was presented by Martinez, which is in addition to the first. Currently, the case is with the summoned parties to hear sentence. The case is covered by insurance policies.

According to Management and its legal counsel, the possibility of an unfavorable result is probable, but for smaller amounts than those described.

## 3. SEC fines

There are several fines imposed by the Superintendence of Electricity and Fuels for approximately 600 UTM.

According to Management and its legal counsel, an unfavorable result is possible.

## 4. Quintero Lubricants Plant

The Union of Independent Workers, Artisanal Fishermen, Sea-food Divers and similar trades in Horcón bay and other people in the area filed a demand with the second Santiago Environmental Court for environmental damage caused by several companies operating in the "Ventanas Industrial Complex", which is located in the Quintero and Ventanas bays, including Empresas Copec S.A. as alleged operator of the Lubricants Plant located on the edge of Quintero Bay, Loncura sector, which is described in Case file D-30-2016, and notified on November 10, 2016.

The alleged environmental damage is based on operating an industrial plant that Empresas Copec does not control, as it is owned and operated by its affiliate Compañía de Petróleos de Chile Copec S.A. Therefore, Empresas Copec S.A. filed a defense that it is not responsible for this alleged environmental damage and requested that the case be dropped. Subsequently, the case went to trial, and the court decided that the dilatory exceptions will be resolved in the final judgment. The proceedings at this trial are currently at the evidentiary stage.

According to the legal advisers, the Company's defense is sufficiently strong to expect that the court will reject the demand.



## 5. Internal Revenue Service (SII) assessment appeal

On August 29, 2019, Copec S.A. was notified of income tax assessments by the Internal Revenue Service, due to the corporate reorganization of vehicles acquired in various stages to achieve control of Organización Terpel. These assessments are related to a capital increase, dissolution and liquidation of an affiliate of Copec S.A., which resulted in a tax loss in Tax Year 2016. The assessed tax amounts to ThCh\$ 30,752,000, and when interest, inflation indexation and fines are added, the total becomes ThCh\$ 60,822,000. On October 11, 2019, Copec submitted a Voluntary Administrative Replacement (RAV), requesting that the aforementioned assessment be annulled. A preliminary hearing was held on November 7, 2019, concerning this RAV. The RAV must be resolved by SII no later than February 24, 2020. If the ruling is unfavorable, the Company can turn to the tax courts, whose rulings can be appealed in higher courts of justice.

## 6. Affiliates

### Organización Terpel S.A.

- As a result of purchasing the Cartagena plant in Colombia, Organización Terpel S.A. undertook to indemnify the Third Party Acquirer (Inversiones Primax S.A.S. and Primax Holdings S.A.S.) against any of the following events:
  - a. Any lawsuit or claim related to the Mobil lubricants business that was transferred by DAC to Terpel, for a maximum term equal to the statute of limitations under Colombian law (10 years) and up to an amount equal to the final price of the Fuels Resale SPA - Share Purchase Agreement. Internal and external legal advisors do not expect significant contingencies after adjustments. This value has not yet been defined since the adjustments have not been made. A claim has been filed, which is at the initial stage, according to an evaluation by the Organization. The contingency will become clearer as the case progresses, depending on what happens at the evidentiary stage.
  - b. On environmental issues, only for a breach or inaccuracy in the representations and guarantees established in the SPA, for a period of 10 years and limited to ThUS\$ 4,663.
  - c. On transfer prices, only for a breach or inaccuracy of the representations and guarantees established in the Fuels Resale SPA for a period of five and a half years and limited to ThUS\$ 4,663.
- On July 3, 2013, the DIAN (the Colombian Directorate of Taxes and Customs) rejected the deduction of US\$ 38.5 million, being amortization of goodwill generated on the acquisition of shares in GAZEL included in the income declaration presented by TERPEL for the fiscal year 2010. Organización Terpel S.A. responded to this special requirement stating how it had satisfied all the requirements established by law to deduct as an expense the amortization of goodwill in the 2010 tax year and accordingly asked the DIAN to accept the declaration with this deduction, but as a result of its rejection, legal action was taken. In June 2018, the court of first instance ruled in favor of TERPEL, so the fiscal authority filed an appeal within the legal terms and conditions, July 10, 2018. Once the appeal has been resolved, the extraordinary review appeal will be processed by the Council of State, whose final decision could take up to four years. According to legal counsel, the likelihood of success is high.

- PGN GASNORTE S.A.C. filed a lawsuit against the Lima Metropolitan Municipality, Peru and PROTRANSPORTE for a breach of the Concession Agreement for Gasocentro Norte, which caused the following damages: a) Accrued interest, b) Finance costs overrun on the accrued interest on the Loan with Interbank, and c) Lower income received by PGN GASNORTE. The amount claimed was US\$3.2 million, and the arbitral award that resolved the dispute was recently reported and upheld PGN GASNORTE S.A.C. However, the Lima Metropolitan Municipality filed a clarification appeal before the Second Commercial Chamber of the Judicial Branch, which was resolved on September 23, 2019, declaring the appeal unfounded and therefore the arbitration award valid. This will enable the execution stage to begin.
  
- PGN GASUR S.A.C. filed a lawsuit against the Lima Metropolitan Municipality, Peru and PROTRANSPORTE for a breach of the Concession Agreement for Gasocentro Sur, which caused the following damages: a) Financial costs overrun on the accrued interest on the Loan with Interbank, and b) Lower income received by PGN GASUR S.A.C. The amount claimed was US\$1.0 million, and the arbitral award that resolved the dispute was recently reported and upheld PGN GASUR S.A.C. However, the Lima Metropolitan Municipality filed a clarification appeal before the First Commercial Chamber of the Judicial Branch, which was finally dismissed because the appeal had expired, as the appeal submitted by the Lima Metropolitan Municipality was filed too late. Consequently, the Judicial Branch declared the arbitral award valid, thus initiating the execution stage.
  
- The entire NGV industry in Peru (including the affiliate Terpel Peru) is being investigated for alleged price agreements between 2011 and 2015, and a technical report was issued by the secretary of the competition authority (INDECOPI) who recommended applying sanctions to the affiliate of US\$17.5 million. On August 7, 2018, Gazel Peru was granted an audience before the Free Trade Commission, in order to undermine the recommendation in the technical report. New hearings were scheduled for October 12, 15 and 16 following the resignation of one of the Commissioners. The closing arguments were completed in January 2019. The related companies (Bacthor and Bacpetrol, affiliates of Terpel Peru, were linked and fined) were notified in Resolution 104-2018/CLC-INDECOPI of the following fines:
  - Terpel, approx. US\$17 million
  - Bacthor and Bacpetrol, approx US\$1.5 million

On February 1, 2019, an appeal was filed, which will be resolved by the Free Trade Court during the second half of 2020. If the appeal decision is not favorable (which is to be expected, given that the decision is made by the same entity that sanctioned it), the demands would be filed before the contentious jurisdiction against the resolution that imposed the sanction. This process will take approximately 5 years.

After the appeal was filed, INDECOPI unofficially reduced Terpel's fine by approximately MUS\$5, to leave a total fine of approximately MUS\$12. This is not a decision resulting from the appeal, as this has not yet been decided.

On May 3, 2019, a protection appeal was filed against INDECOPI with the purpose of nullifying the imposition of the fine imposed on TERPEL PERU, BACPETROL and BACTHOR, for deficiencies in the process. This appeal was filed before the 11th Sub-Specialized Constitutional Court on Tax, Customs and Market Issues under Case 2631-2019 and was admitted on June 17, 2019. On September 27, 2019, Resolution 3 notified the defendant with copies of the claim statement and appendices. Estimated time to complete the process is two and a half years.

- Ludesca and Casamotor (former distributors of Mobil lubricants) filed a lawsuit for approximately US\$85 million against Distribuidora Andina de Combustibles S.A. (formerly ExxonMobil de Colombia S.A., now Primax Colombia S.A.), alleging a commercial agency contract since 1962. They also allege unjustified termination of the business relationship. Organización Terpel S. A. is responsible for the outcome of this process, since it agree to indemnify Inversiones Primax S.A.S. and Primax Holdings S.A.S. who are the third party acquirers of ExxonMobil Colombia's business, against any lawsuit or claim related to the Mobil lubricants business in Colombia. The proceedings have reached an initial stage (response to the demand). To date, the plaintiffs have not proved the business relationship since 1962. The plaintiffs were created in 2013 and 1996. Additionally, there is documentation confirming that the commercial relationship covered distribution of lubricants by purchases for resale, which was legally terminated as the agreed term expired. The plaintiffs (Ludesca and Casamotor) submitted an amendment to the lawsuit, which was admitted on October 16, 2019. Subsequently, Terpel filed an appeal against admitting the amended lawsuit, arguing undue accumulation of claims and lack of clarity, which affects its ability to adequately exercise its right of defense. A ruling from the judicial authority is pending.
- Héctor Mario Gomez is a former affiliate of EDS Bandera Terpel, and sued the company seeking compensation for alleged damage caused by the termination of negotiations to renew the fuel supply contract. Mr. Gomez estimates his damages at US\$2.3 million. The defense requested recognition that the demand by Mr. Gomez is unlawful, because his previous contract and the negotiation were with Estación de Servicio el Grande EU. Additionally, it is argued that the termination of the negotiations was not unjustified and untimely, Terpel Organization was not obliged to sign a new contract with Mr. Gomez and within the negotiation of the contract there were good reasons to determine that it was not convenient to renew it. The evidentiary stage has been completed and the date for the hearing has been set for February 3, 2020.
- The service station maintenance provider, L&H Ingeniería Hernández Ltda. filed a lawsuit against Terpel requesting that it be held liable for the economic and extrapatrimonial damages, estimated at US\$3.9 million, caused by the alleged improper termination of the contractual relationship. The defense arguments are aimed at demonstrating that the contract ended due to the expiration of its term. The evidentiary stage has been completed, and a ruling in favor of Terpel was issued on October 10, 2019. The plaintiff has filed an appeal against this decision.
- The competitor Importadora Fertilizantes Tasajero S.A.S. filed a lawsuit against Terpel, alleging unfair competition for breaches in the regulations at a supply plant without adequate permission for dumping, and requests that Terpel be ordered to pay US\$3.52 million. The defense is aimed at demonstrating that no regulations were breached, as the plant had all the environmental and hydrocarbon sector permits. As a result, Terpel was not an illegitimate market operator, as the plaintiff alleges. Furthermore, the defense will try to demonstrate that the lawsuit is statute-barred. The proceedings have reached an initial stage (demand contested).
- The aviation customer Aerosucre filed a lawsuit requesting that Terpel be declared civilly responsible for breaking the law, by collecting VAT on products that are expressly exempt from this tax under the law. Therefore, it requests that Terpel be ordered to reimburse all the resulting damages caused between 2011 and 2013, estimated at US\$1 million. The process was defective due to a breach of due process and lack of jurisdiction of the judge, so the corresponding annulment was filed, which was denied in the first instance. An appeal was filed against this decision on October 10, 2019.

## 6. Guarantees

Guarantees are received from third parties in favor of the Company and are mortgages, pledges and retentions on concession and consignment agreements, fuel supply contracts, lines of credit and construction contracts.

The main guarantees as of the reporting date were as follows:

GUARANTEE	TRANSACTION	ThUS\$	COMPANY	RELATIONSHIP
Mortgage	Fuel and Lubricant Supply Contract	938	EST DE SERV VEGA ARTUS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	687	AMELIA MARTINEZ RASSE Y COMPAÑIA LT	Concession
Mortgage	Fuel and Lubricant Supply Contract	682	COMERCIAL Y SERVICIOS PINCAL LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	586	JAIME ALEJANDRO VILLANUEVA LOZANO	Concession
Mortgage	Fuel and Lubricant Supply Contract	605	JAIME ALEJANDRO VILLANUEVA LOZANO	Concession
Mortgage	Fuel and Lubricant Supply Contract	500	DINO PEIRANO Y CIA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	489	ALTO MELIMOYU S.A.	Concession
Mortgage	Fuel and Lubricant Supply Contract	482	SOCIEDAD COMERCIAL RINCON LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	489	COMBUSTIBLES Y SERVICIOS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	465	DISTR. DE COMB. COKE LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	486	COMERCIAL Y SERVICIOS FERSOF LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	438	COMERCIAL DE PABLO Y MARIN LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	472	GAJARDO E HIJOS LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	446	COMERCIAL LINCOYAN LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	389	COMERCIALIZADORA LONCOMILLA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	389	AUTOMOTRIZ Y COMERCIAL LONCOMILLA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	385	COMERCIAL F. Y H. LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	385	COMERCIAL MAHO LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	381	COMERCIAL Y SERVICIOS SAN IGNACIO LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	415	SOCIEDAD COMERCIAL CAROLINA HERNAND	Concession
Mortgage	Fuel and Lubricant Supply Contract	371	MARTINEZ RASSE Y CIA. LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	370	DE LA FUENTE MARTINEZ Y COMPAÑIA	Concession
Mortgage	Fuel and Lubricant Supply Contract	375	INV Y COM LIRAY LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	370	COM. Y DISTRIBUIDORA LOS LIRIOS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	397	COMERCIAL Y SERVICIOS DG LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	184	GARCIA Y COMPAÑIA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	387	ESTACION DE SERVICIO VIÑA DEL MAR LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	374	COMERCIAL BEFFERMANN E HIJOS LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	338	ROSENBERG Y SEPULVEDA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	335	ADMINISTRACION DE E/S AUTONOMA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	365	STEFFENS Y COMPAÑIA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	326	DELAC S.A.	Concession
Mortgage	Fuel and Lubricant Supply Contract	356	COMERCIALIZADORA Y DISTRIBUIDORA DEL	Concession
Mortgage	Fuel and Lubricant Supply Contract	346	SANTA LUISA DE NAVA DEL REY LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	343	SERVICIOS KAYFER LIMITADA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	315	COMERCIAL ONE STOP LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	331	COMERCIAL ONE STOP LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	335	COMERCIAL ELIZABETH OCARANZA	Concession
Mortgage	Fuel and Lubricant Supply Contract	332	DISTRIBUIDORA VALLE GRANDE LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMERCIAL J & C MOYA LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	322	SOCIEDAD COMERCIAL LAS VIOLETAS	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMERCIAL SOZA Y ARAVENA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	300	COMERCIAL Y SERVICIOS EL TATIO LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	300	COMERCIAL Y SERVICIOS PALAU LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	323	EST. DE SERV. COLON TOMAS MORO LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	363	COMERCIAL Y SERVICIOS LA ROCHELLE	Concession
Mortgage	Fuel and Lubricant Supply Contract	350	SOCIEDAD COMERCIAL EL PARRON	Concession
Mortgage	Fuel and Lubricant Supply Contract	320	COMERCIAL VARELA Y COMPAÑIA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	320	COMBUSTIBLES VARELA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	287	INVERSIONES JOTAS LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	286	COM E INV SANTA CATALINA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	283	RAMIS Y RAMIS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	315	COMERCIAL Y SERVICIOS SEQUEL- BEYZA	Concession
Mortgage	Fuel and Lubricant Supply Contract	281	DISTRIBUIDORA PERCAB LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	221	COMERCIAL MAHANA Y COMANIA LIMITAD	Concession
Mortgage	Fuel and Lubricant Supply Contract	306	FL COMERCIAL LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	294	COMERCIAL GRUPO MYDO LTDA.	Concession

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GUARANTEE	TRANSACTION	ThUS\$	COMPANY	RELATIONSHIP
Mortgage	Fuel and Lubricant Supply Contract	271	COM Y DIST PIRQUE LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	299	COMERCIAL Y SERVICIOS S & J FULL LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	298	COMERCIAL E INVERSIONES SALARES	Concession
Mortgage	Fuel and Lubricant Supply Contract	265	COMERCIAL MALLKU LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	296	EXPENDIO DE COMBUSTIBLES Y LU	Concession
Mortgage	Fuel and Lubricant Supply Contract	260	COMERCIAL DOMINGA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	269	COMERCIAL Y SERVICIOS NEWEN L	Concession
Mortgage	Fuel and Lubricant Supply Contract	263	GERMAN LUIS CONTRERAS CHAVEZ	Concession
Mortgage	Fuel and Lubricant Supply Contract	285	SOCIEDAD LUIS FONG VERGARA Y CIA	Concession
Mortgage	Fuel and Lubricant Supply Contract	272	DE LA PAZ MERINO LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	258	DISTRIBUIDORA B&B LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	283	COMERCIAL Y SERVICIOS RIMED LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	282	SOCIEDAD COMERCIAL PEREZ Y POBLETE	Concession
Mortgage	Fuel and Lubricant Supply Contract	251	COMERCIAL CAUTIN LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	282	COMERCIAL Y SERVICIOS M & C LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	281	BODEGAJE, LOGISTICA Y DISTRIBUCION	Concession
Mortgage	Fuel and Lubricant Supply Contract	249	DANIEL VILLAR Y CIA. LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	247	MUÑOZ Y DIMTER LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	272	SOC. COMERCIAL QUINWER LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	245	AUTOMOTRIZ CRISTOBAL COLON LT	Concession
Mortgage	Fuel and Lubricant Supply Contract	257	COMERCIAL CSC LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	271	COMERCIAL Y SERVICIOS FUTRONO LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	256	GRANESE Y ROSELLI LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	269	NTEC SERVICIOS Y COMERCIALIZADORA	Concession
Mortgage	Fuel and Lubricant Supply Contract	239	SOCIEDAD COMERCIAL URQUIETA H	Concession
Mortgage	Fuel and Lubricant Supply Contract	265	COMERCIAL Y SERVICIOS BALMA L	Concession
Mortgage	Fuel and Lubricant Supply Contract	265	COM Y SERVICIOS SAN ALFONSO LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	260	ANGELA HENRIQUEZ MAGGIOLO Y	Concession
Mortgage	Fuel and Lubricant Supply Contract	267	MARIA DE LOS ANGELES PRADO DE	Concession
Mortgage	Fuel and Lubricant Supply Contract	243	SOCIEDAD HERRERA PRADO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	396	COMERCIAL GRONA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	247	SOC COMERCIAL SHARPE HNAS. LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	227	COMERCIAL Y SERVICIOS RIGA LT	Concession
Mortgage	Fuel and Lubricant Supply Contract	253	GEOMAZ COMERCIAL Y SERVICIOS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	251	COMERCIAL E INVERSIONES BORQUEZ	Concession
Mortgage	Fuel and Lubricant Supply Contract	250	COMERCIAL Y SERVICIOS BRAXO	Concession
Mortgage	Fuel and Lubricant Supply Contract	248	COMERCIAL Y SERVICIOS LENGA	Concession
Mortgage	Fuel and Lubricant Supply Contract	247	COMERCIAL Y SERVICIOS R & R L	Concession
Mortgage	Fuel and Lubricant Supply Contract	247	DISTRIBUIDORA DIAZ Y COMPAÑIA	Concession
Mortgage	Fuel and Lubricant Supply Contract	246	COMERCIAL Y SERVICIO ALESANDRIA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	246	COMERCIAL LOS CONQUISTADORES LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	246	DIST DE COMBUST SAN IGNACIO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	240	COMERCIAL Y SERVICIOS MEDNAV LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	239	COMERCIAL P C LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	739	VALLE DORADO S.A.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	571	DISTRIBUIDORA DE LUB. SAN JAVIER	Distributor
Mortgage	Fuel and Lubricant Supply Contract	534	SOCIEDAD LUBRICANTES Y SERVIC	Distributor
Mortgage	Fuel and Lubricant Supply Contract	538	COMERCIAL RENGU LUBRICANTES S.A.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	412	LUBRICANTES ARTIGUES S.A.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	412	LUBRICANTES ARTIGUES S.A.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	501	COMERCIAL HARAMBOUR LTDA.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	431	SOC. COM. NUEVA LONCOMILLA LTDA.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	1,155	TRANSPORTES MARITIMOS KOCHIFAS S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	831	BUSES METROPOLITANA S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	706	PULLMAN CARGO S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	831	BUSES METROPOLITANA S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	487	FUENTES SALAZAR SANDRA	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	448	SOTALCO II LTDA.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	438	COMERCIAL CALAMA S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	326	PINTO LAGOS MIGUEL ANGEL	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	264	PETROMAULE LTDA.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	319	SOCIEDAD COMERCIAL E INMOBILIARIA	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	264	PETROMAULE LTDA.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	265	OSCAR GILBERTO HURTADO LOPEZ	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	275	ASOC. GREMIAL DE DUEÑOS DE CAMIONES	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	227	SOC. ELECTRICAS DE MEDELLIN S.A.	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	106	HUILO HUILO DESARROLLO TURISTICO	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	126	HUILO HUILO DESARROLLO TURISTICO	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	137	TRANSP. PUBLICO PASAJEROS RUTA LAS PLAYAS	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	114	ASOC. GREMIAL DE DUEÑOS DE CAMIONES	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	114	SERVICIOS FORESTALES Y COMERCIALES	Industrial Customer
Pledge	Fuel and Lubricant Supply Contract	487	FUENTES SALAZAR SANDRA	Industrial Customer
Pledge	Fuel and Lubricant Supply Contract	96	RICARDO LEIVA Y CIA. LTDA.	Industrial Customer
Pledge	Fuel and Lubricant Supply Contract	98	SALAZAR CRANE JULIA	Industrial Customer
Pledge	Fuel and Lubricant Supply Contract	96	RICARDO LEIVA Y CIA. LTDA.	Industrial Customer
Instrument	Fuel and Lubricant Supply Contract	49	SOCIEDAD HERRERA BRAVO LTDA.	Concession
Instrument	Fuel and Lubricant Supply Contract	18	TANGOUR Y LOYOLA LTDA.	Concession
Instrument	Fuel and Lubricant Supply Contract	29	COMERCIAL MAR Y SOL LTDA.	Concession

**Guarantees Granted****Celulosa Arauco y Constitución S.A.**

At the date of these interim consolidated financial statements, the affiliate Arauco has approximately US\$ 45 million in financial assets transferred to third parties (beneficiaries), as direct guarantees. If the obligation is not satisfied by Arauco, the beneficiary may enforce this guarantee.

As of September 30, 2019 there are assets pledged as indirect guarantees amounting to US\$ 545 million. Unlike direct guarantees, indirect guarantees are provided to safeguard an obligation assumed by a third party.

On September 29, 2011, Arauco signed a Guarantee Agreement under which it granted a non-several commitment to guarantee 50% of the obligations of two Uruguayan companies (joint operations) Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A., under the IDB Facility Agreement for MUS\$ 454 and the Finnvera Guaranteed Facility Agreement for MUS\$ 900.

Below is a breakdown of the main direct and indirect guarantees granted by Arauco:

**Direct**

Affiliate	Guarantee	Asset Committed	Currency	ThUS\$	Guarantee Beneficiary
Celulosa Arauco y Constitución S.A.	Performance bond	-	Chilean peso	488	General Directorate of Maritime Territory and the Merchant Navy
Celulosa Arauco y Constitución S.A.	Performance bond	-	Chilean peso	313	General Directorate of Maritime Territory and the Merchant Navy
Celulosa Arauco y Constitución S.A.	Performance bond	-	Chilean peso	230	General Directorate of Maritime Territory and the Merchant Navy
Celulosa Arauco y Constitución S.A.	Performance bond	-	Chilean peso	209	General Directorate of Maritime Territory and the Merchant Navy
Celulosa Arauco y Constitución S.A.	Performance bond	-	Chilean peso	120	National Customs Service
Forestal Arauco S.A.	Performance bond	-	Chilean peso	5,006	Transelec S.A.
Arauco Forest Brasil S.A.	Equipment	Property, plant and equipment	Reals	90	Banco Bradesco S.A.
Arauco Forest Brasil S.A.	Equipment	Property, plant and equipment	Reals	178	Banco Santander S.A.
Arauco Forest Brasil S.A.	Endorsement of ADB	-	Reals	512	Banco Votorantim S.A.
Arauco Forest Brasil S.A.	Mortgage of ADB's Jaguariava Industrial Plant	-	US dollars	36,815	BNDES
Arauco do Brasil S.A.	Equipment	Property, plant and equipment	US dollars	166	Banco Santander S.A.
Arauco do Brasil S.A.	Equipment	Property, plant and equipment	US dollars	164	Banco Alfa S.A.
Arauco Florestal Arapoti S.A.	Endorsement of ADB	-	US dollars	577	Banco Votorantim S.A.
Arauco Florestal Arapoti S.A.	Equipment	Property, plant and equipment	US dollars	76	Banco Bradesco S.A.
<b>Total</b>				<b>44,944</b>	

**Indirect**

Affiliate	Guarantee	Asset Committed	Currency	ThUS\$	Guarantee Beneficiary
Celulosa Arauco y Constitución S.A.	Non several and non cumulative guarantee	-	US dollars	236,117	Joint Ventures (Uruguay)
Celulosa Arauco y Constitución S.A.	Full guarantee	-	US dollars	300,000	Arauco North America (ex Flakeboard America Ltd.) (USA)
Celulosa Arauco y Constitución S.A.	Guarantee letter	-	US dollars	2,507	Arauco Forest Brasil y Mahal (Brazil)
Celulosa Arauco y Constitución S.A.	Guarantee letter	-	Reals	6,244	Arauco Forest Brasil y Mahal (Brazil)
<b>Total</b>				<b>544,868</b>	

#### **Abastible S.A.**

The indirect affiliate Solgas pledged to Banco Scotiabank Perú S.A.A. assets equivalent to ThUS\$112,238, to guarantee borrowings from financial institutions of ThUS\$92,188 (equivalent to PS/.303,300,000). The term is 7 years from January 2019.

#### **Compañía de Petróleos de Chile Copec S.A.**

The Company has furnished performance bonds to guarantee delivery of fuels to customers and to guarantee works on public thoroughfares and other similar roads for a total of ThUS\$ 60,108 (ThUS\$ 57,159 as of December 31, 2018).

#### **Pesquera Iquique – Guanaye S.A.**

The indirect affiliate Orizon S.A. pledged 124,150 shares in the associate Boat Parking S.A. in favor of that company, in order to ensure compliance with all current or future contractual obligations of Orizon S.A. to Boat Parking S.A.

#### **Alxar Internacional SpA**

On May 16, 2018 at an Extraordinary Shareholders' Meeting held by Empresas Copec and in relation to the Mina Justa project, it was agreed to provide guarantees under the following terms:

1) To secure during the project's construction and commissioning phase up to 40% of Marcobre's obligations with a syndicate of loan agencies, financial institutions and banks, who would provide a "Project Finance" loan. This loan would be between US\$ 800 million and US\$ 900 million, and the guarantee is limited to US\$360 million, which is 40% of the maximum figure.

2) Provided it is acceptable to the respective counterparties, to assume 40% of the guarantees provided by Minsur in favor of Ausenco, to guarantee Marcobre obligations under EPCM contracts in relation to the project. Or if for any reason it could not assume these guarantees, to authorize Empresas Copec to sign a back-to-back guarantee agreement, provided Minsur requires it, in order to reimburse Minsur or its related parties (as the case may be), of 40% of all costs payable by Minsur or its related parties under such guarantee. These contracts are valued at US\$75.4 million, and the guarantee was limited to 40% of this value, plus 10%, being US\$33.2 million.

Accordingly, on August 15, 2018, Grupo Cumbres Andinas S.A.C. signed a syndicated loan with a group of lenders composed of Export Development Canada, Export Finance and Insurance Corporation, KFW IPEX-Bank GMBH, The Export-Import Bank of Korea, Banco Bilbao Viscaya Argentaria, S.A.A., Hong Kong, Banco de Crédito del Perú and others, where it obtained a credit line of US\$900 million with a Libor variable interest rate. As of September 30, 2019, the Group had received disbursements of MUS\$450.

As of the date of these interim consolidated financial statements, there are no other contingencies which could significantly affect its financial or operating conditions.

**Disclosure information regarding provisions:**

Provisions are recognized when there is a legal or constructive obligation as a consequence of past events, it is likely that a payment will be necessary to settle the obligation, and the amount of such payment can be reliably estimated. The amount is the best possible estimate at each reporting date.

Provisions	Current		Non-Current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Legal claims provision	10,153	8,889	11,124	14,205
Onerous contracts provision	0	0	23,188	23,188
Decommissioning, restoration and rehabilitation provision	201	214	27,374	27,508
Profit share and bonuses provision	1,326	1,042	260	304
Other provisions	9,253	9,618	24,904	25,025
<b>Total</b>	<b>20,933</b>	<b>19,763</b>	<b>86,850</b>	<b>90,230</b>



Changes in provisions ThUS\$	Guarantee provision	Legal claims provision	Onerous contracts provision	Decommissioning, restoration and rehabilitation provision	Profit share and bonuses provision	Other provisions	Total
<b>Opening balance as of January 1, 2019</b>	<b>0</b>	<b>23,094</b>	<b>23,188</b>	<b>27,722</b>	<b>1,346</b>	<b>34,643</b>	<b>109,993</b>
Increase (decrease) in provisions	0	2,734	0	809	332	29,899	33,774
Current provision for onerous contracts	0	(169)	0	0	(37)	45	(161)
Acquisitions through business combinations	0	815	0	0	0	0	815
Disposals through sales of businesses	0	0	0	0	0	0	0
Provision used	0	(3,690)	0	0	0	(30,242)	(33,932)
Reversal of unused provision	0	0	0	0	0	0	0
Increase for adjustment of the time value of money	0	(576)	0	0	0	0	(576)
Increase (decrease) from changes in discount rates	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	0	(17)	(17)
Increase (decrease) in foreign currency translation	0	(2,538)	0	(966)	(13)	(23)	(3,540)
Additional provisions	0	1,626	0	23	6	(84)	1,571
Other increases (decreases)	0	(19)	0	(13)	(48)	(64)	(144)
<b>Total changes in provisions</b>	<b>0</b>	<b>(1,817)</b>	<b>0</b>	<b>(147)</b>	<b>240</b>	<b>(486)</b>	<b>(2,210)</b>
<b>Closing balance as of September 30, 2019</b>	<b>0</b>	<b>21,277</b>	<b>23,188</b>	<b>27,575</b>	<b>1,586</b>	<b>34,157</b>	<b>107,783</b>

Changes in provisions ThUS\$	Guarantee provision	Legal claims provision	Onerous contracts provision	Decommissioning, restoration and rehabilitation provision	Profit share and bonuses provision	Other provisions	Total
<b>Opening balance as of January 1, 2018</b>	<b>0</b>	<b>27,948</b>	<b>0</b>	<b>26,453</b>	<b>1,053</b>	<b>34,922</b>	<b>90,376</b>
Increase (decrease) in provisions	0	4,232	0	2,703	412	12,799	20,146
Current provision for onerous contracts	0	0	0	0	0	0	0
Acquisitions through business combinations	0	0	0	0	0	0	0
Disposals through sales of businesses	0	0	23,622	0	0	0	23,622
Provision used	0	(3,229)	0	(76)	0	(12,409)	(15,714)
Reversal of unused provision	0	(2,469)	0	0	0	0	(2,469)
Increase for adjustment of the time value of money	0	0	0	0	0	0	0
Increase (decrease) from changes in discount rates	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	0	(5,502)	(434)	(1,322)	2	(67)	(7,323)
Additional provisions	0	0	0	0	0	141	141
Other increases (decreases)	0	2,114	0	(36)	(121)	(743)	1,214
<b>Total changes in provisions</b>	<b>0</b>	<b>(4,854)</b>	<b>23,188</b>	<b>1,269</b>	<b>293</b>	<b>(279)</b>	<b>19,617</b>
<b>Closing balance as of December 31, 2018</b>	<b>0</b>	<b>23,094</b>	<b>23,188</b>	<b>27,722</b>	<b>1,346</b>	<b>34,643</b>	<b>109,993</b>

The provision for legal claims primarily corresponds to labor and tax related lawsuits, and the term of payment is undetermined. The recognition of investments in associates with negative equity at the reporting date is presented in Other provisions.

The Group recognizes a provision for the present value of the dismantling, restoration and rehabilitation costs that will be incurred in the restoration of the locations of certain plants and service stations on property belonging to third parties and mine closures. The expected payment date is not yet known.

#### **Other Matters**

As a result of purchasing the Cartagena plant, Organización Terpel S.A. undertakes to indemnify the Third Party Acquirer (Inversiones Primax S.A.S. and Primax Holdings S.A.S.) against any of the following events:

- a) Any lawsuit or claim related to the Mobil lubricants business that was transferred by DAC to Terpel, for a maximum term equal to the statute of limitations under Colombian law (10 years) and up to an amount equal to the final price of the Fuels Resale SPA -Share Purchase Agreement (after adjustments). This value has not yet been defined since the adjustments have not been made.
- b) On environmental issues, only for a breach or inaccuracy in the representations and guarantees established in the SPA, for a period of 10 years and limited to MUS\$5.
- c) On transfer prices, only for a breach or inaccuracy of the representations and guarantees established in the Fuels Resale SPA for a period of five and a half years and limited to MUS\$5.

**NOTE 19. EMPLOYEE BENEFITS OBLIGATIONS**

These amounts are mainly obligations for service termination indemnities for certain employees, based on the provisions of collective and individual employment contracts.

<b>Description</b>	<b>09.30.2019 ThUS\$</b>	<b>12.31.2018 ThUS\$</b>
Vacation benefits	144	140
Post-employment benefits	11,449	11,015
Other employee benefits	0	0
<b>Total current benefits</b>	<b>11,593</b>	<b>11,155</b>
Post-employment benefits	108,781	111,463
Other employee benefits	0	0
<b>Total non-current benefits</b>	<b>108,781</b>	<b>111,463</b>
<b>Total employee benefits</b>	<b>120,374</b>	<b>122,618</b>
<b>Reconciliation of post-employment benefits</b>	<b>09.30.2019 ThUS\$</b>	<b>12.31.2018 ThUS\$</b>
<b>Opening balance</b>	<b>122,618</b>	<b>129,840</b>
Current service cost	7,408	4,702
Gain on business combination	461	2,249
Interest costs	4,616	6,219
Actuarial (gains) losses on changes in assumptions	54	(85)
- Demographic and financial assumptions	0	0
Past service costs	0	4,710
Actuarial (gains) losses due to experience	(1,174)	(281)
Benefits paid (provisioned)	(8,364)	(9,818)
Increase (decrease) on foreign exchange	(5,245)	(14,918)
<b>Changes for the period</b>	<b>(2,244)</b>	<b>(7,222)</b>
<b>Closing Balance</b>	<b>120,374</b>	<b>122,618</b>

The liability recognized in the consolidated statement of financial position is the present value of the obligation for defined benefits as of the reporting date based on actuarial calculations using the projected unit-credit method. This liability is for the defined benefits based on actuarial calculations in accordance with the projected unit-credit method. This calculation discounts the estimated future outflows of cash at interest rates on instruments denominated in the currency in which such benefits will be paid and with terms similar to those of the corresponding obligations.

Actuarial gains or losses arising from experience and from changes in actuarial assumptions are charged or credited to the changes in net equity statement in the period in which they occur.

Costs for past services are recognized immediately in the consolidated statement of net income.

**NOTE 20. INVESTMENTS IN AFFILIATES AND ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD**

a) The ownership interest of the Empresas Copec S.A. Group in its main associates accounted for using the equity method are the following:

As of September 30, 2019

Chilean ID Number	Name	Interest %	Country	Relationship	Functional Currency	Cost Investments in associates ThUS\$	Income (Loss) ThUS\$
-	Vale do Corisco S.A.(ex Centaurus Holding Brasil)	49.00	Brazil	Indirect associate	Real	35,857	0
-	Cumbres Andinas S.A.	40.00	Peru	Indirect associate	US dollar	300,695	(6,962)
96,722,460-K	Metrogas S.A.	39.83	Chile	Associate	Chilean peso	124,027	24,035
96,893,820-7	Corpesca S.A.	39.79	Chile	Indirect associate	US dollar	102,415	(3,559)
82,777,100-7	Puertos y Logística S.A.	23.16	Chile	Indirect associate	US dollar	0	1,828
96,785,680-0	Inversiones Puerto Coronel S.A.	50.00	Chile	Indirect associate	US dollar	54,206	22
96,636,520-K	Gasmar S.A.	36.25	Chile	Indirect associate	US dollar	39,484	6,806
99,500,140-3	Eka Chile S.A.	50.00	Chile	Joint venture	Chilean peso	22,672	103
76,307,309-2	Naviera Los Inmigrantes S.A.	50.00	Chile	Joint venture	Chilean peso	7,928	95
76,384,550-8	Sociedad Nacional Marítima S.A.	39.33	Chile	Indirect associate	US dollar	1,133	1,180
96,942,120-8	AIR BP Copec S.A.	50.00	Chile	Indirect associate	Chilean peso	6,121	312
-	Unillín Arauco Pisos Ltda.	49.99	Brazil	Joint venture	Real	3,326	0
-	Montagas S.A. ESP	33.33	Colombia	Indirect associate	Colombian peso	3,182	1,013
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	33.33	Chile	Indirect associate	Chilean peso	4,484	1,611
96,953,090-2	Boat Parking S.A.	21.36	Chile	Joint venture	Chilean peso	1,004	10
76,349,706-2	Hualpén Gas S.A.	50.00	Chile	Indirect associate	US dollar	2,043	561
70,037,855-0	Inversiones Laguna Blanca S.A.	50.00	Chile	Joint venture	US dollar	179,263	(28,243)
-	PGN Gasnorte S.A.C	50.00	Colombia	Indirect associate	Colombian peso	1,464	425
-	PGN Gasur S.A.C	50.00	Colombia	Indirect associate	Colombian peso	651	243
76,122,974-5	Algae Fuels S.A.	44.64	Chile	Indirect associate	Chilean peso	27	0
-	Energas S.A. ESP	28.33	Colombia	Indirect associate	Colombian peso	489	57
96,925,430-1	Servicios Corporativos Sercor S.A.	20.00	Chile	Indirect associate	Chilean peso	206	37
76,659,730-0	Elemental S.A.	40.00	Chile	Indirect associate	Chilean peso	270	11
76,077,468-5	Consorcio Tecnológico Bionercel S.A.	20.00	Chile	Indirect associate	Chilean peso	7	15
76,839,949-2	Parque Eólico Ovejeras del Sur SpA.	49.99	Chile	Indirect associate	Chilean peso	734	2,439
76,879,577-0	E2E S.A.	49.99	Chile	Indirect associate	Chilean peso	1,992	(42)
76,743,130-9	Genómica Forestal S.A.	25.00	Chile	Indirect associate	Chilean peso	0	2
76,044,336-0	Golden Omega S.A.	25.00	Chile	Indirect associate	US dollar	22,660	(3,304)
76,456,800-1	Mina Invierno S.A.	0.10	Chile	Joint venture	US dollar	706	(10)
76,242,018-K	Forestal y Ganadera Estancia Invierno S.A.	14.39	Chile	Joint venture	Chilean peso	9	0
76,037,858-5	Producción y Servicios Mineros Ltda.	0.01	Chile	Joint venture	Chilean peso	(7)	(2)
-	Sonae Arauco	50.00	Spain	Joint venture	Euros	165,815	(523)
76,578,731-9	Aprovisionadora Global de Energía S.A.	39.83	Chile	Associate	US dollar	29,542	16,317
76,188,378-K	Compañía Minera Sierra Norte S.A.	50.00	Chile	Joint venture	US dollar	0	0
76,037,872-0	Rentas y Construcciones Fitz Roy Ltda.	0.01	Chile	Joint venture	Chilean peso	(53)	1
96,919,150-4	Minera Invierno S.A.	0.01	Chile	Joint venture	US dollar	(19)	(4)
76,037,864-K	Portuaria Otway Ltda.	0.01	Chile	Joint venture	US dollar	(27)	2
-	Fibroacero S.A.	26.00	Ecuador	Indirect associate	US dollar	3,036	79
76,996,827-K	Inversiones Caleta Vitor S.A.	39.79	Chile	Indirect associate	US dollar	52,078	2,735
96,783,150-6	St Andrews Smoky Delicacies S.A.	0.17	Chile	Indirect associate	US dollar	11,040	1,688
84,764,200-9	Empresa Pesquera Apiao S.A.	0.17	Chile	Indirect associate	Chilean peso	3,477	(99)
76,037,869-0	Equipos Mineros Río Grande Ltda.	0.01	Chile	Joint venture	Chilean peso	(66)	(8)
<b>TOTAL</b>						<b>1,181,871</b>	<b>18,871</b>

Empresas Copec S.A. - Interim Consolidated Financial Statements as of September 30, 2019

As of December 31, 2018

Chilean ID Number	Name	Interest %	Country	Relationship	Functional Currency	Cost Investments in associates ThUS\$	Income (Loss) ThUS\$
-	Vale do Corisco S.A.(ex Centaurus Holding Brasil)	49.00	Brazil	Indirect associate	Real	38,497	(164)
-	Cumbres Andinas S.A.	40.00	Peru	Indirect associate	US dollar	225,250	0
96,722,460-K	Metrogas S.A.	39.83	Chile	Associate	Chilean peso	113,656	21,073
96,893,820-7	Corpesca S.A.	39.79	Chile	Indirect associate	US dollar	158,237	5,595
82,777,100-7	Puertos y Logística S.A.	23.16	Chile	Indirect associate	US dollar	71,888	89
96,785,680-0	Inversiones Puerto Coronel S.A.	50.00	Chile	Indirect associate	US dollar	51,760	2,620
96,636,520-K	Gasmar S.A.	36.25	Chile	Indirect associate	US dollar	34,134	6,239
99,500,140-3	Eka Chile S.A.	50.00	Chile	Joint venture	Chilean peso	21,341	2,272
76,307,309-2	Naviera Los Inmigrantes S.A.	50.00	Chile	Joint venture	Chilean peso	7,835	1,134
76,384,550-8	Sociedad Nacional Marítima S.A.	39.33	Chile	Indirect associate	US dollar	0	(12,009)
96,942,120-8	AIR BP Copec S.A.	50.00	Chile	Indirect associate	Chilean peso	6,107	565
-	Unillin Arauco Pisos Ltda.	49.99	Brazil	Joint venture	Real	3,555	(84)
-	Montagas S.A. ESP	33.33	Colombia	Indirect associate	Colombian peso	3,463	1,019
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	33.33	Chile	Indirect associate	Chilean peso	3,753	1,590
96,953,090-2	Boat Parking S.A.	21.36	Chile	Joint venture	Chilean peso	898	17
76,349,706-2	Hualpén Gas S.A.	50.00	Chile	Indirect associate	US dollar	1,490	567
70,037,855-0	Inversiones Laguna Blanca S.A.	50.00	Chile	Joint venture	US dollar	207,654	5,522
-	PGN Gasnorte S.A.C	50.00	Colombia	Indirect associate	Colombian peso	1,557	380
-	PGN Gasur S.A.C	50.00	Colombia	Indirect associate	Colombian peso	636	231
76,122,974-5	Algae Fuels S.A.	44.64	Chile	Indirect associate	Chilean peso	28	214
-	Energas S.A. ESP	28.33	Colombia	Indirect associate	Colombian peso	604	109
96,925,430-1	Servicios Corporativos Sercor S.A.	20.00	Chile	Indirect associate	Chilean peso	193	95
76,659,730-0	Elemental S.A.	40.00	Chile	Indirect associate	Chilean peso	269	197
76,077,468-5	Consorcio Tecnológico Bionercol S.A.	20.00	Chile	Indirect associate	Chilean peso	7	(2)
76,839,949-2	Parque Eólico Ovejeras del Sur SpA.	49.99	Chile	Indirect associate	Chilean peso	597	(98)
76,879,577-0	E2E S.A.	49.99	Chile	Indirect associate	Chilean peso	2,044	(87)
76,743,130-9	Genómica Forestal S.A.	25.00	Chile	Indirect associate	Chilean peso	0	2
76,044,336-0	Golden Omega S.A.	25.00	Chile	Indirect associate	US dollar	7,381	(3,173)
76,456,800-1	Mina Invierno S.A.	0.10	Chile	Joint venture	US dollar	716	(6)
76,242,018-K	Forestal y Ganadera Estancia Invierno S.A.	14.39	Chile	Joint venture	Chilean peso	9	0
76,037,858-5	Producción y Servicios Mineros Ltda.	0.01	Chile	Joint venture	Chilean peso	(5)	(3)
-	Sonae Arauco	50.00	Spain	Joint venture	Euros	177,548	24,043
76,578,731-9	Aprovisionadora Global de Energía S.A.	39.83	Chile	Associate	US dollar	12,851	17,522
76,188,378-K	Compañía Minera Sierra Norte S.A.	50.00	Chile	Joint venture	US dollar	0	(1)
76,037,872-0	Rentas y Construcciones Fitz Roy Ltda.	0.01	Chile	Joint venture	Chilean peso	(54)	0
96,919,150-4	Minera Invierno S.A.	0.01	Chile	Joint venture	US dollar	(15)	2
76,037,864-K	Portuaria Otway Ltda.	0.01	Chile	Joint venture	US dollar	(28)	4
-	Fibroacero S.A.	26.00	Ecuador	Indirect associate	US dollar	2,944	132
76,037,869-0	Equipos Mineros Río Grande Ltda.	0.01	Chile	Joint venture	Chilean peso	(58)	(7)
TOTAL						1,156,742	75,599

## Summarized financial information of associates:

	09.30.2019		12.31.2018	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Associates current	148,606	100,297	1,018,079	806,864
Associates non-current	1,162,165	508,930	3,466,245	1,541,512
<b>Total Associates</b>	<b>1,310,771</b>	<b>609,227</b>	<b>4,484,324</b>	<b>2,348,376</b>

	09.30.2019 ThUS\$	09.30.2018 ThUS\$
Associates, operating revenue	446,074	2,772,979
Associates, operating expenditure	(388,435)	(2,626,859)
	<b>57,639</b>	<b>146,120</b>

## b) Interest in joint ventures:

Interests in joint ventures is accounted for using the equity method.

## c) Movements in investments in associates are as follows:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Equity method investments in associates</b>		
<b>Opening balance</b>	<b>1,156,742</b>	<b>995,512</b>
Additions, investments in associates and joint ventures	114,024	249,004
Disposals of investments in associates and joint ventures	(64,966)	0
Immediately recognized purchased goodwill	0	0
Gain on incorporating joint ventures	0	14,203
Share of associates net profit (loss)	18,871	48,098
Share of prior period amounts	0	0
Dividends received	(24,914)	(70,998)
Impairment losses	0	0
Impairment loss reversals	0	0
Increase (decrease) in foreign currency translation	(25,271)	(64,894)
Other increases (decreases)	21,466	(24,536)
Exchange differences	(14,043)	10,353
<b>Total changes</b>	<b>25,167</b>	<b>161,230</b>
<b>Closing balance</b>	<b>1,181,909</b>	<b>1,156,742</b>

The principal purchases and sales of shares, capital increases, mergers and divisions for indirect affiliates and associates are as follows:

### **Exxon Mobil**

On November 16, 2016, Compañía de Petróleos de Chile Copec S.A. signed an agreement with Mobil Petroleum Overseas Company Limited and ExxonMobil Ecuadis Holding B.V. This is a regional agreement to develop and distribute Mobil lubricants, which includes:

- i) Operating and marketing of fuels for the Jorge Chavez International Airport in Lima, Peru;
- ii) Transfer of the fuels business currently operated by ExxonMobil in Colombia and Ecuador.

The objective of the agreement is to expand the distribution networks for lubricants in other countries within the Andean area of South America and capture growth opportunities offered by markets in Chile, Colombia, Peru and Ecuador.

The agreement was subject to approval by governmental authorities in each country.

The transaction was closed on March 15, 2018, which resulted in:

1. Organización Terpel Corporation (an affiliate of Terpel), acquired the companies ExxonMobil Andean Holding LLC.; ExxonMobil del Peru S.R.L.; ExxonMobil Aviacion Peru S.R.L.; ExxonMobil de Colombia S. A. and ExxonMobil de Colombia Sociedad Portuaria S.A.
2. Terpel acquired ExxonMobil Ecuador Ltda.
3. In accordance with the conditions imposed on the transaction by the Colombian Superintendent of Industry and Commerce:
  - 3.1) Organización Terpel Corporation transferred ownership of the shares in ExxonMobil Colombia S. A. to an autonomous entity, controlled by a third party.
  - 3.2) This autonomous entity should transfer the lubricants business with all the associated logistics to Terpel as soon as possible, and then sell the fuel business to a third party.
4. The total indexed price was US\$ 714.7 million, which includes the cash held by the companies included in the transaction of approximately US\$ 230 million, subject to reconciliation.

Finally, on November 30, 2018, the indirect affiliate Organización Terpel S.A. was notified by its shareholders that a contract was signed to sell the share capital of ExxonMobil Colombia S.A. to Inversiones Primax S.A.S. and Primax Holdings S.A.S., both companies belonging to Corporación Primax and Grupo Romero for US\$ 231.9 million.

ExxonMobil's businesses in Peru, Ecuador and Colombia contributed ThUS\$ 300,952 in operating revenue and ThUS\$ 232 in net income after tax to the Group's results for the nine month period ending September 30, 2019, net of financing costs for these acquisitions.

### **Merger and acquisitions of forestry companies**

- On December 31, 2018, Arauco Wood Products Inc. and Arauco Panels USA, LLC were merged into Flakeboard America Limited (now Arauco North America, Inc). This transaction did not affect Arauco's results.
- On August 3, 2018, Arauco Wood (China) Company Limited was created through the affiliate Arauco Internacional Ltda. with a share capital of ThUS\$500, although only ThUS\$100 has been paid to date.
- On May 7, 2018 Arauco created Maderas Arauco Costa Rica S.A. through Inversiones Arauco Internacional Ltda., and its share capital is 10,000 colones (equivalent to US\$ 18). On December 24, 2018, Inversiones Arauco Internacional Ltda. made a capital contribution of ThUS\$300 to Sociedad Maderas Arauco Costa Rica S.A.
- On May 2, 2018 Maderas Arauco S.A. created E2E S.A. in Chile, and its share capital is ThUS\$ 6,000, with Arauco owning 50%. At the close of these interim consolidated financial statements ThUS\$ 2,711 was contributed.
- On January 19, 2018, the Chilean company Parque Eólico Ovejera Sur SpA was created through Arauco Bioenergy S.A. with Arauco owning 50%. The capital contributed by Arauco was ThUS\$892.
- On January 31, 2019, the affiliates Inversiones Arauco Internacional Ltda. and Arauco Mex, S.A. de C.V. acquired all the shares of the Mexican companies Maderas y Sintéticos de México, S.A. de C.V. (currently Arauco Industria de Mexico, S.A. de C.V.), Maderas y Sintéticos Servicios S.A. de C.V. (currently Araucomex Servicios, S.A. de C.V.), Masisa Manufactura, S.A. de C.V. (currently Arauco Serviquimex, S.A. de C.V.), Placacentro Masisa México, S.A. de C.V. (currently Tablered Araucomex, S.A. de C.V.) and Masnova Química, S.A. de C.V. (currently Arauco Química S.A. de C.V.). The final transaction price was ThUS\$ 168,680, which was paid in this period.
- On September 1, 2019, Prime-Line, Inc. was acquired through the affiliate Arauco North America, Inc. The price paid was ThUS\$ 19,839.

### **Other Investments**

- On May 11, 2018, the shareholders of the associate Sociedad Nacional Marítima S.A. agreed to increase the company's capital to cover a cashflow shortfall, which increased the Group's interest to 39.3319% through a capital contribution of ThUS\$12,865.
- In May 2018 Empresas Copec S.A. acquired a 40% interest in the Peruvian company Cumbres Andinas S.A.C., which wholly owns Marcobre S.A.C., through the affiliate Alxar Internacional SpA for ThUS\$ 182,447.

Marcobre is executing the "Mina Justa" mining project in the Ica Department in southern Peru, and began construction during the second half of 2018. When Mina Justa is fully operational, which is expected to take place at the beginning of 2021, subject to obtaining the necessary permits and environmental approvals, average production of concentrate and cathodes is forecast to be approximately 100,000 tons of fine copper a year. The



mine has a total resource base of 432 million tons at a copper grade of 0.75%, and it is expected to operate for 18 years. However, there is also potential for growth associated with the development of nearby mining concessions. Exploration and development will continue in the surrounding mining concessions, covering an area of over 60,000 hectares, in order to extend the useful life of the Mina Justa Project.

- On December 27, 2018, Pesquera Iquique-Guanaye S.A. together with Empresa Pesquera Eperva S.A. bought from Sociedad Pesquera Coloso S.A. 205,719,290 shares that it owned in Orizon S.A., which represents 20% of that company's subscribed and paid share capital, for ThUS\$20,000. Therefore, Pesquera Iquique-Guanaye S.A. paid ThUS\$16,700 to Coloso for an increase of 16.7% in its interest in Orizon, giving it an 83.5% interest in this indirect affiliate.

- On December 27, 2018, the shareholders agreed to split Corpesca S.A. at an Extraordinary Shareholders' Meeting. A new company was formed called Inversiones Caleta Vitor S.A. with a capital of ThUS\$110,232, leaving Corpesca with ThUS\$265,602. The split became effective for taxation and financial purposes as of January 1, 2019.

- During January 2019, the indirect affiliate Orizon S.A. approved a capital increase of ThUS\$50,000, of which ThUS\$41,750 was contributed by Pesquera Iquique-Guanaye S.A.

- On January 29, 2019, Orizon S.A. signed a capital increase and supply agreement with St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. in order to consolidate its mitylid production and processing, and market it abroad. This transaction was completed by the indirect affiliate Orizon S.A. contributing the assets used in this business (fixed assets such as the freezing plant machinery and equipment, inventories, biomass, concessions and associated land and production inputs) to both companies for ThUS\$14,299, as payment of a capital increase agreed on the same date by both receiving companies, equivalent to 20% of their respective capital.

- On April 5, 2019, the Group sold its interest in Puertos y Logística S.A. to the DP World Group for ThUS\$117,268. This transaction generated net income after tax of ThUS\$22,089.

#### d) Interests in joint arrangements

- Arauco has a 50% interest in Sonae Arauco, which manufactures and markets wooden MDF, PB and OSB panels and cut timber, at two panel plants and a sawmill in Spain; two panel plants and one resin plant in Portugal; four panel plants in Germany and two panel plants in South Africa.

- The investments in Uruguay are considered a joint operation. As stated in the "*Pulp Supply Agreement*", both Arauco and its partner Stora Enso are obliged to acquire all the total annual production of pulp produced by the joint operation. Arauco has recognized assets, liabilities, income and expenses in connection with its ownership interest from January 1, 2013 in accordance with IFRS 11.

- Arauco has a 50% interest in a Brazilian company Unilin Arauco Pisos Laminados Ltda., and in Eka Chile SA, which sells sodium chlorate to pulp mills in Chile. Arauco has a contractual agreement with it that involves a financial undertaking under joint control, classified as a joint venture.

- The Group also has an interest in Air BP Copec S.A. This company is the result of a joint venture established in 2001 between Copec and BP Global Investments Ltd., in which each partner holds a 50% interest. The company sells fuel for commercial and civil aviation. Currently, Air BP Copec operates in eight airports throughout the country and holds the leading market share in Chile, supplying the fuel needs of Latam and international airlines arriving in Santiago, such as American Airlines, Aerolíneas Argentinas, Delta, Avianca and other airlines. The company also serves important consumers in the cargo air industry such as Polar Cargo and Cielos Airlines and numerous civil aviation customers.

- The Company has a 50% ownership interest in Inversiones Laguna Blanca S.A. through its affiliate Camino Nevado Limitada. The former is the result of a strategic alliance started in 2007 between Empresas Copec S.A. and Inversiones Ultraterra in equal parts. The company was incorporated in order to develop the Mina Invierno project, to explore and produce coal from Riesco Island, located north of Punta Arenas in the Magellan Region. Therefore, in 2007 the company was awarded CORFO tenders for coal exploration with purchase options on two coal areas located in that island, where the biggest proven sub-bituminous coal reserves in Chile are located.

As a result of a series of precautionary measures issued by the Third Environmental Court of Valdivia during 2018 and 2019, for the nine months to September 30, 2019 the production and sale of coal only reached 1,177,000 and 1,139,000 tons of coal, respectively, which is 65% and 59% of those figures for the same period in 2018. This significant decrease in sales has led the Company to adopt measures such as dismissing employees in stages throughout the year.

On August 20, 2019, the Third Environmental Court of Valdivia revoked the Environmental Qualification Resolution that authorized Mina Invierno to carry out blasting. The Company believes that if this judicial situation does not change soon, its mining operation will not be able to continue and it will be forced to fully halt mining at the end of the year. This will have a tremendous social impact for its employees, its suppliers and the community of Magallanes in general. The assets associated with this investment by Empresas Copec S.A. as of September 30, 2019 amount to MUS\$180.

Mina Invierno is fully convinced of its legitimate right to carry out blasting as approved in the Environmental Qualification Resolution obtained in September 2018, and believes in the technical evidence and solid arguments provided by institutions and national and international experts regarding this matter. The company will continue to use all available legal proceedings to reverse the decision of the Valdivia Environmental Court. On 6 September 2019, it filed an appeal against that decision.

There are no contingent liabilities relating to the Group's interest in joint ventures.

e) The most significant joint arrangements are outlined below:

September 30, 2019									
		Assets		Liabilities		Net Equity	Revenue	Expenses	Gain (Loss)
		Current	Non-Current	Current	Non-Current				
Joint venture	Eka Chile S.A.	21,257	32,764	3,878	4,799	45,344	34,668	(31,014)	3,654
	Inversiones Laguna Blanca S.A.	76,512	342,111	17,034	41,938	359,651	42,357	(98,873)	(56,516)
	Air BP Copec S.A.	38,669	5,279	31,159	546	12,243	308,590	(307,966)	624
	Sonae Arauco S.A.	227,774	665,387	236,712	324,819	331,630	474,880	(460,175)	14,705
	Unillin Arauco Pisos Ltda	6,275	4,167	3,741	50	6,651	12,095	(11,931)	164
Joint Operation	Forestal Conor Sur S.A.	32,506	169,980	2,269	7,291	192,926	12,703	(10,123)	2,580
	Eurofores S.A.	215,441	771,183	244,554	111,926	630,144	189,188	(189,574)	(386)
	Celulosa Energia Punta Pereira S.A.	338,355	2,167,229	227,504	439,332	1,838,748	666,862	(446,350)	220,512
	Zona Franca Punta Pereira S.A.	6,536	466,579	118,059	12,516	342,540	13,620	(14,562)	(942)

As of December 31, 2018									
		Assets		Liabilities		Net Equity	Revenue	Expenses	Gain (Loss)
		Current	Non-Current	Current	Non-Current				
Joint venture	Eka Chile S.A.	19,840	32,363	4,443	5,078	42,682	38,272	(33,727)	4,545
	Inversiones Laguna Blanca S.A.	108,706	342,095	18,398	15,929	416,474	103,164	(92,145)	11,019
	Air BP Copec S.A.	38,928	5,743	31,768	689	12,214	291,458	(290,328)	1,130
	Sonae Arauco S.A.	272,030	655,856	221,393	351,397	355,096	795,902	(747,816)	48,086
	Unillin Arauco Pisos Ltda	6,165	4,574	3,591	37	7,111	11,297	(11,352)	(55)
Joint Operation	Forestal Conor Sur S.A.	23,528	170,443	1,668	1,957	190,346	16,274	(10,110)	6,164
	Eurofores S.A.	160,708	638,832	159,988	8,282	631,270	209,519	(194,432)	15,087
	Celulosa Energia Punta Pereira S.A.	220,699	2,044,534	204,455	441,010	1,619,768	714,838	(480,186)	234,652
	Zona Franca Punta Pereira S.A.	5,482	472,539	106,676	27,863	343,482	8,905	(11,527)	(2,622)

f) Dividends received from associates

As of September 30, 2019, the parent company Empresas Copec S.A. received ThUS\$931 from Puertos y Logística S.A., ThUS\$7,666 from Metrogas and ThUS\$1,842 from Aprovisionadora Global de Energía (as of September 30, 2018 it received ThUS\$10,751 from Metrogas S.A. and ThUS\$9,800 from Aprovisionadora Global de Energía).

Celulosa Arauco y Constitución S.A. received ThUS\$ 13,007 in dividends from its associates during 2019 (as of September 30, 2018 it received ThUS\$ 10,330).

Compañía de Petróleos de Chile Copec S.A. and affiliates received ThUS\$ 2,244 in dividends from its associates during 2019 (ThUS\$ 1,090 as of September 30, 2018).

Abastible S.A. received ThUS\$ 721 from its associates as of September 30, 2019 (ThUS\$ 3,441 as of September 30, 2018).

Pesquera Iquique-Guanaye S.A. received ThUS\$ 605 from its associates during 2019 (as of September 30, 2018 it did not receive any dividends from its associates).

**NOTE 21. NATIONAL AND FOREIGN CURRENCY**

<b>Foreign Currency Assets</b>	<b>09.30.2019</b>	<b>12.31.2018</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
<b>Liquid assets</b>	<b>1,860,601</b>	<b>1,933,646</b>
US dollar	1,187,549	1,256,618
Euros	45,868	8,335
Other currencies	172,038	186,412
Non-indexed Chilean peso	268,410	482,273
UF	186,736	8
<b>Cash and cash equivalents</b>	<b>1,707,891</b>	<b>1,713,803</b>
US dollars	1,062,517	1,067,298
Euros	45,868	8,335
Other currencies	171,799	185,276
Non-indexed Chilean peso	240,971	452,886
UF	186,736	8
<b>Other financial assets, current</b>	<b>152,710</b>	<b>219,843</b>
US dollars	125,032	189,320
Euros	0	0
Other currencies	239	1,136
Non-indexed Chilean peso	27,439	29,387
UF	0	0
<b>Current and non-current receivables</b>	<b>1,847,337</b>	<b>2,029,038</b>
US dollars	736,427	777,154
Euros	69	7,399
Other currencies	391,094	382,687
Non-indexed Chilean peso	674,136	848,846
UF	45,611	12,952
<b>Trade and other receivables, current</b>	<b>1,790,918</b>	<b>1,970,882</b>
US dollars	721,304	763,416
Euros	69	7,399
Other currencies	390,031	382,486
Non-indexed Chilean peso	640,291	810,226
UF	39,223	7,355
<b>Related party receivables, current</b>	<b>48,746</b>	<b>50,289</b>
US dollars	7,767	13,738
Euros	0	0
Other currencies	1,063	201
Non-indexed Chilean peso	33,528	31,234
UF	6,388	5,116
<b>Related party receivables, non-current</b>	<b>7,673</b>	<b>7,867</b>
US dollars	7,356	0
Euros	0	0
Other currencies	0	0
Non-indexed Chilean peso	317	7,386
UF	0	481
<b>Other assets</b>	<b>20,837,803</b>	<b>19,524,591</b>
US dollars	14,406,266	13,516,664
Euros	166,006	177,935
Other currencies	3,242,835	3,051,116
Non-indexed Chilean peso	3,015,473	2,774,969
UF	7,223	3,907
<b>Total assets</b>	<b>24,545,741</b>	<b>23,487,275</b>
US dollars	16,330,242	15,550,436
Euros	211,943	193,669
Other currencies	3,805,967	3,620,215
Non-indexed Chilean peso	3,958,019	4,106,088
UF	239,570	16,867

Foreign Currency Liabilities	09.30.2019		12.31.2018	
	ThUS\$		ThUS\$	
	Under 90 days	91 days to 1 year	Under 90 days	91 days to 1 year
<b>Current liabilities</b>				
<b>Other financial liabilities, current</b>	<b>579,501</b>	<b>680,726</b>	<b>453,436</b>	<b>690,587</b>
US dollars	382,104	262,127	326,396	443,064
Euros	360	46	0	0
Other currencies	79,666	17,658	115,529	70,545
Non-indexed Chilean peso	67,012	147,986	2,407	98,302
UF	50,359	252,909	9,104	78,676
<b>Bank loans</b>	<b>458,419</b>	<b>245,982</b>	<b>414,159</b>	<b>379,045</b>
US dollars	334,049	164,180	298,902	226,338
Euros	322	0	0	0
Other currencies	71,832	7,936	115,059	69,075
Non-indexed Chilean peso	52,216	73,866	198	83,632
UF	0	0	0	0
<b>Finance leases</b>	<b>43,913</b>	<b>84,394</b>	<b>10,233</b>	<b>28,718</b>
US dollars	9,784	16,828	582	1,341
Euros	38	46	0	0
Other currencies	7,834	9,722	470	1,470
Non-indexed Chilean peso	14,796	25,768	2,209	4,447
UF	11,461	32,030	6,972	21,460
<b>Bank overdraft</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
US dollars	0	0	0	0
Euros	0	0	0	0
Other currencies	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
UF	0	0	0	0
<b>Other loans</b>	<b>77,169</b>	<b>350,350</b>	<b>29,044</b>	<b>282,824</b>
US dollars	38,271	81,119	26,912	215,385
Euros	0	0	0	0
Other currencies	0	0	0	0
Non-indexed Chilean peso	0	48,352	0	10,223
UF	38,898	220,879	2,132	57,216
<b>Other current liabilities</b>	<b>1,392,652</b>	<b>555,854</b>	<b>1,583,015</b>	<b>683,269</b>
US dollars	374,912	234,427	665,507	473,481
Euros	12,563	0	7,506	0
Other currencies	349,548	59,011	394,352	41,278
Non-indexed Chilean peso	623,547	262,416	483,430	167,079
UF	32,082	0	32,220	1,431
<b>Total Current Liabilities</b>	<b>1,972,153</b>	<b>1,236,580</b>	<b>2,036,451</b>	<b>1,373,856</b>
US dollars	757,016	496,554	991,903	916,545
Euros	12,923	46	7,506	0
Other currencies	429,214	76,669	509,881	111,823
Non-indexed Chilean peso	690,559	410,402	485,837	265,381
UF	82,441	252,909	41,324	80,107

Foreign Currency Liabilities	09.30.2019		12.31.2018	
	ThUS\$		ThUS\$	
	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years
<b>Non-current liabilities</b>				
<b>Other financial liabilities, non-current</b>	<b>1,612,436</b>	<b>5,904,537</b>	<b>1,962,971</b>	<b>4,358,073</b>
US dollars	1,007,215	3,564,299	1,164,648	2,218,392
Euros	14,438	98,071	0	0
Other currencies	261,957	433,738	253,437	437,162
Non-indexed Chilean peso	155,321	139,902	100,429	95,870
UF	173,505	1,668,527	444,457	1,606,649
<b>Bank loans</b>	<b>539,073</b>	<b>1,113,727</b>	<b>948,413</b>	<b>648,376</b>
US dollars	296,852	587,971	630,650	214,772
Euros	14,412	98,071	0	0
Other currencies	165,742	407,811	247,175	433,604
Non-indexed Chilean peso	62,067	19,874	70,588	0
UF	0	0	0	0
<b>Finance leases</b>	<b>441,881</b>	<b>221,128</b>	<b>57,167</b>	<b>59,985</b>
US dollars	208,798	67,553	244	0
Euros	26	0	0	0
Other currencies	96,215	25,927	6,262	3,558
Non-indexed Chilean peso	79,177	28,450	11,448	0
UF	57,665	99,198	39,213	56,427
<b>Bank overdraft</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
US dollars	0	0	0	0
Euros	0	0	0	0
Other currencies	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
UF	0	0	0	0
<b>Other loans</b>	<b>631,482</b>	<b>4,569,682</b>	<b>957,391</b>	<b>3,649,712</b>
US dollars	501,565	2,908,775	533,754	2,003,620
Euros	0	0	0	0
Other currencies	0	0	0	0
Non-indexed Chilean peso	14,077	91,578	18,393	95,870
UF	115,840	1,569,329	405,244	1,550,222
<b>Other liabilities, non-current</b>	<b>1,187,112</b>	<b>1,371,585</b>	<b>1,514,636</b>	<b>1,047,388</b>
US dollars	409,044	631,550	352,019	612,831
Euros	0	0	0	0
Other currencies	399,186	78,752	493,904	0
Non-indexed Chilean peso	378,882	442,211	445,152	121,236
UF	0	219,072	223,561	313,321
<b>Total non-current liabilities</b>	<b>2,799,548</b>	<b>7,276,122</b>	<b>3,477,607</b>	<b>5,405,461</b>
US dollars	1,416,259	4,195,849	1,516,667	2,831,223
Euros	14,438	98,071	0	0
Other currencies	661,143	512,490	747,341	437,162
Non-indexed Chilean peso	534,203	582,113	545,581	217,106
UF	173,505	1,887,599	668,018	1,919,970

**NOTE 22. EQUITY****1) Share capital**

The Company's subscribed and paid capital as of September 30, 2019 was ThUS\$ 686,114 (ThUS\$ 686,114 as of December 31, 2018). Such capital is composed of 1,299,853,848 ordinary shares, all of the same value.

There were no capital increases as of September 30, 2019 and December 31, 2018.

**2) Reserves**

As of September 30, 2019 and December 31, 2018 other reserves are as follows:

	<b>09.30.2019</b> ThUS\$	<b>09.30.2018</b> ThUS\$
Legal reserves	3	3
Financial assets available for sale reserve	218	(190)
Translation reserves	(1,799,166)	(1,588,898)
Defined benefit plan reserves	(26,464)	(29,030)
Hedge reserves	26,977	64,999
Other miscellaneous reserves	476,029	439,720
<b>Total Reserves</b>	<b>(1,322,403)</b>	<b>(1,113,396)</b>

Movements in reserves for the periods indicated are the following:

	<b>Legal reserves</b>	<b>Financial assets held for sale reserve</b>	<b>Translation reserves</b>	<b>Defined benefit plan reserves</b>	<b>Hedge reserves</b>	<b>Other miscellaneous reserves</b>	<b>Total Reserves</b>
Opening balance 01.01.2019	3	(309)	(1,644,811)	(27,068)	34,917	457,481	(1,179,787)
Effect on comprehensive income	0	527	(154,355)	604	(7,940)	18,548	(142,616)
No effect on comprehensive income	0	0	0	0	0	0	0
<b>Closing balance 09.30.2019</b>	<b>3</b>	<b>218</b>	<b>(1,799,166)</b>	<b>(26,464)</b>	<b>26,977</b>	<b>476,029</b>	<b>(1,322,403)</b>

	<b>Legal reserves</b>	<b>Financial assets held for sale reserve</b>	<b>Translation reserves</b>	<b>Defined benefit plan reserves</b>	<b>Hedge reserves</b>	<b>Other miscellaneous reserves</b>	<b>Total Reserves</b>
Opening balance 01.01.2018	3	(4)	(1,318,279)	(28,047)	16,695	443,418	(886,214)
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0
Effect on comprehensive income	0	(186)	(270,619)	(983)	48,304	(3,698)	(227,182)
No effect on comprehensive income	0	0	0	0	0	0	0
<b>Closing balance 09.30.2018</b>	<b>3</b>	<b>(190)</b>	<b>(1,588,898)</b>	<b>(29,030)</b>	<b>64,999</b>	<b>439,720</b>	<b>(1,113,396)</b>

**3) Other comprehensive income**

The Parent Company includes movements under this concept for conversion adjustments from the recognition of foreign investments, adjustments to financial instruments, its other adjustments, and those of its affiliates. The amounts are shown in the consolidated statement of changes in equity.

## 4) Retained earnings (accumulated losses)

Movements in retained earnings as of September 30, 2019 and December 31, 2018 were as follows:

	09.30.2019 ThUS\$	09.30.2018 ThUS\$
Opening balance	11,202,802	10,598,425
Increase (decrease) due to changes in accounting policy	(107)	0
Net income for the year	378,392	923,149
Dividends paid	0	0
Interim dividends	(164,081)	(390,936)
Actuarial (loss) gain	0	0
Others	(9,801)	(3,906)
<b>Closing balance</b>	<b>11,407,205</b>	<b>11,126,732</b>

## 5) Non-controlling interests

Non-controlling interests as of September 30, 2019 and December 31, 2018 were as follows:

Chilean ID Number	Company	% non- controlling interest	Non-controlling interests		Non-controlling interests	
			Equity 09.30.2019 ThUS\$	Net Income 09.30.2019 ThUS\$	Equity 09.30.2018 ThUS\$	Net Income 09.30.2018 ThUS\$
	- Organización Terpel S.A.	41.49%	275,036	21,336	262,046	15,246
	- Inversiones del Nordeste Colombia SAS	49.00%	55,956	6,725	60,125	6,462
81,095,400-0	Sociedad Nacional de Oleoductos S.A.	47.20%	46,497	13,426	51,269	13,692
96,929,960-7	Orizon S.A.	33.20%	39,514	505	67,032	(2,188)
91,123,000-3	Pesquera Iquique - Guanaye S.A.	18.07%	33,516	(398)	34,035	(191)
	- Arauco Forestal Arapoti S.A.	20.00%	21,114	(132)	22,771	(266)
78,049,140-K	Forestal Los Lagos S.A.	20.00%	7,654	100	6,770	(407)
93,838,000-7	Forestal Cholguan S.A.	1.48%	5,095	287	5,095	215
91,806,000-6	Abastible S.A.	0.80%	3,515	519	3,523	460
93,458,000-1	Celulosa Arauco y Constitución S.A.	0.02%	1,609	34	1,599	144
96,668,110-1	Compañía Latinoamericana Petrolera S.A.	40.00%	222	1	240	3
96,657,900-5	Consorcio Protección Fitosanitaria Forestal S.A.	42.86%	197	(4)	252	34
93,838,000-7	Solgas S.A.	0.14%	194	(7)	87	(21)
76,268,260-5	Muelle Pesquero María Isabel Ltda.	32.00%	174	(5)	186	(8)
	- Arauco Argentina S.A.	0.02%	114	1	125	5
	- Lutexsa Industrial Comercial Cía. Ltda.	0.01%	15	(1)	5	0
<b>Total</b>			<b>490,422</b>	<b>42,387</b>	<b>515,160</b>	<b>33,180</b>

## 6) Earnings per share

The Board of Directors of Empresas Copec S.A. agreed to establish as a general policy that the net income eligible for distribution as dividends shall be based on earned income, subtracting any significant variations in the value of unrealized assets and liabilities, which shall be included when those assets and liabilities are recovered or settled.

Therefore, the Company's net distributable income to calculate mandatory minimum and additional dividends excludes the following unrealized income for the period:



a) Income related to the recording at fair value of forestry assets regulated by IAS 41; such income is reintegrated into net income when these assets are recovered. For this purpose, the portion of such increases in fair value are recovered when such assets are sold or disposed of by some other means.

b) Income from the acquisition of entities. These results will be reintegrated into net income upon recovery. For this purpose, this is when income is generated by the entities following their acquisition, or when these entities are sold.

The effects of deferred taxes associated with the items mentioned in points a) and b) will follow the same accounting procedure as the originating item.

	09.30.2019 ThUS\$	09.30.2018 ThUS\$
<b>Income attributable to owners</b>	<b>378,392</b>	<b>923,149</b>
Adjustments:		
Biological assets		
Unrealized	(109,563)	(78,475)
Realized	151,257	152,979
Deferred taxes	(9,884)	(20,314)
Impuestos Diferidos efecto cambio de tasa de saldo inicial Act. Biológicos	0	0
<b>Biological assets (net)</b>	<b>31,810</b>	<b>54,190</b>
<b>Income for incorporation of joint venture</b>	<b>0</b>	<b>0</b>
<b>Purchased goodwill and others</b>	<b>0</b>	<b>0</b>
<b>Total adjustments</b>	<b>31,810</b>	<b>54,190</b>
<b>Distributable earnings</b>	<b>410,202</b>	<b>977,339</b>

The general dividend policy for future periods consists of distributing 40% of distributable net income for each period, including the possibility of an interim dividend at the end of the year.

As of September 30, 2019, the minimum dividend provision for 2019 was ThUS\$ 164,081 (ThUS\$ 390,936 as of September 30, 2018) and was presented in the Consolidated Statement of Classified Financial Position under "Other non-financial liabilities, current".

At Ordinary Shareholders Shareholders' Meeting 84 held on April 24, 2019, a final dividend of US\$ 0.2053353 per share was agreed, which was paid on May 9, 2019.

At Annual General Shareholders Meeting 83 held on April 25, 2018, a final dividend of US\$ 0.147374 per share was agreed, which was paid on May 10, 2018.

Earnings per share are calculated by dividing income attributable to the Company's shareholders by the weighted average number of common shares in circulation. The Company does not have diluted shares.

<b>Earnings (losses) per share</b>	<b>09.30.2019</b> ThUS\$	<b>09.30.2018</b> ThUS\$
Earnings (loss) attributable to owners of the parent company	378,392	923,149
Weighted average number of shares	1,299,853,848	1,299,853,848
Earnings (loss) per share (US\$ per share)	0.291103	0.710194

#### **Rights, Privileges and Restrictions on Ordinary Share Capital:**

Liabilities recorded under "Interest-bearing loans" require the Parent Company to have a consolidated borrowing ratio no greater than 1.2; otherwise the borrowing under these contracts could become due. As of the reporting date, the Group is in compliance with this restriction.

#### **NOTE 23. OPERATING REVENUE**

Operating revenue is as follows:

	<b>09.30.2019</b> ThUS\$	<b>09.30.2018</b> ThUS\$	<b>Jul - Sep 2019</b> ThUS\$	<b>Jul - Sep 2018</b> ThUS\$
Goods sold	17,744,010	17,564,905	6,186,819	5,910,721
Services provided	331,822	347,725	52,728	134,257
<b>Total</b>	<b>18,075,832</b>	<b>17,912,630</b>	<b>6,239,547</b>	<b>6,044,978</b>

**NOTE 24. EXPENDITURE BY NATURE:**

The detail of accumulated expenditure and income by nature for Empresas Copec S.A. as of September 30, 2019 and 2018 is as follows:

Description	Accumulated at 9.30.2019 ThUS\$	Accumulated at 9.30.2018 ThUS\$	Jul - Sep 19 ThUS\$	Jul - Sep 18 ThUS\$
Cost of sales	(15,492,550)	(14,655,127)	(5,410,357)	(4,954,878)
Distribution costs	(1,035,835)	(1,012,233)	(367,099)	(342,601)
Administrative expenses	(801,441)	(777,527)	(276,889)	(259,539)
Other expenses, by function	(120,183)	(100,461)	(51,674)	(35,477)
Other income, by function	226,913	119,599	58,788	44,710

Cost of sales are as follows:

Description	Accumulated at 9.30.2019 ThUS\$	Accumulated at 9.30.2018 ThUS\$	Jul - Sep 19 ThUS\$	Jul - Sep 18 ThUS\$
Direct production costs	14,010,979	13,295,043	4,916,150	4,478,394
Depreciation	479,949	395,709	157,603	136,471
Remuneration costs	302,019	273,599	101,525	91,605
Maintenance costs	219,892	204,758	80,475	74,136
Other production costs	441,602	461,523	142,375	165,571
Amortization	38,109	24,495	12,229	8,701
<b>Total cost of sales</b>	<b>15,492,550</b>	<b>14,655,127</b>	<b>5,410,357</b>	<b>4,954,878</b>

Distribution costs are as follows:

Description	Accumulated at 9.30.2019 ThUS\$	Accumulated at 9.30.2018 ThUS\$	Jul - Sep 19 ThUS\$	Jul - Sep 18 ThUS\$
Transport of goods cost	527,649	503,350	182,350	176,160
Remuneration	103,815	101,522	33,482	33,048
Insurance and basic service costs	45,978	48,868	15,868	17,199
Marketing and promotion costs	124,479	126,478	39,659	44,856
Consultancy and professional service costs	34,834	41,641	16,149	13,472
Maintenance and repair costs	51,734	59,922	17,193	19,696
Other distribution costs	71,645	74,895	35,041	34,244
Lease costs	27,192	27,014	8,069	3,629
Depreciation	33,737	13,322	14,278	(4,069)
Unrecoverable taxes	12,776	13,164	3,155	3,932
Amortization	1,996	2,057	1,855	434
<b>Total Distribution Costs</b>	<b>1,035,835</b>	<b>1,012,233</b>	<b>367,099</b>	<b>342,601</b>

Sales and administration expenses are as follows:

Description	Accumulated at 9.30.2019 ThUS\$	Accumulated at 9.30.2018 ThUS\$	Jul - Sep 19 ThUS\$	Jul - Sep 18 ThUS\$
Remuneration	351,683	350,684	125,244	128,298
Marketing and promotional expenses	29,758	15,154	8,915	825
Maintenance expenses	36,065	35,587	12,661	9,024
Insurance and basic service expenses	43,171	45,315	14,734	15,688
Consultancy and professional service expenses	72,092	67,003	27,088	21,497
Depreciation	48,958	26,570	19,935	10,004
Amortization	28,152	27,315	8,662	7,990
Subscriptions, property and municipal taxes	15,490	16,681	5,106	5,232
Computational services	36,175	30,958	9,359	8,684
Unrecoverable taxes	3,094	2,952	(3,319)	(7,339)
Donations	8,498	9,384	1,619	2,504
Lease expenses	7,681	12,858	1,884	4,800
Other administrative expenses	120,624	137,066	45,001	52,332
<b>Total Administration and Sales Expenses</b>	<b>801,441</b>	<b>777,527</b>	<b>276,889</b>	<b>259,539</b>

Other expenses by function are as follows:

Description	Accumulated at 9.30.2019 ThUS\$	Accumulated at 9.30.2018 ThUS\$	Jul - Sep 19 ThUS\$	Jul - Sep 18 ThUS\$
Unrecoverable tax expense	23,130	25,593	7,400	7,517
Plant closure expenses	17,964	12,414	11,220	7,348
Other expenses, by function	11,742	24,317	4,173	6,605
Consultancy and professional service expenses	6,090	13,506	1,207	10,681
Depreciation	0	3,942	(894)	1,954
Disposals of property, plant and equipment	38,532	15,776	24,895	5,144
Compensation	9,527	0	449	(4,572)
Accident expenses	1,116	1,417	156	1,027
Fines and sanctions	3,820	1,333	2,520	186
Donations	2,053	2,111	548	164
Forestry incidents	6,209	52	0	(577)
<b>Total Other Expenses by Function</b>	<b>120,183</b>	<b>100,461</b>	<b>51,674</b>	<b>35,477</b>

Other income by function is as follows:

Description	Accumulated at 9.30.2019 ThUS\$	Accumulated at 9.30.2018 ThUS\$	Jul - Sep 19 ThUS\$	Jul - Sep 18 ThUS\$
Dividends on investments in other companies	774	1,034	171	484
Tax indexation, prepaid tax, tax credits	1,384	1,842	3,011	0
Reimbursement of costs and expenses	4,320	7,317	1,075	859
Fair value of biological assets	110,500	78,298	2,186	3,250
Income from export promotion	931	3,188	36,090	26,422
Easements	0	193	251	1,112
Sale of fishing rights	0	604	0	48
Gain on sales of property, plant and equipment	35,330	13,657	0	604
Income from compensation claims	1,555	1,811	4,433	6,710
Real estate leases	2,806	2,207	289	342
Gain on investment sales	55,136	578	695	779
Gain on business combination	6,483	0	8,230	374
Others	7,694	8,870	2,357	3,726
<b>Total income, by function</b>	<b>226,913</b>	<b>119,599</b>	<b>58,788</b>	<b>44,710</b>

Finally, depreciation and amortization are as follows:

Description	Accumulated at 9.30.2019 ThUS\$	Accumulated at 9.30.2018 ThUS\$	Jul - Sep 19 ThUS\$	Jul - Sep 18 ThUS\$
Depreciation	562,644	439,543	190,922	144,360
Amortization	68,257	53,867	22,746	17,125
<b>Total</b>	<b>630,901</b>	<b>493,410</b>	<b>213,668</b>	<b>161,485</b>

## NOTE 25. FINANCIAL INCOME AND COSTS

Financial costs are as follows:

	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
Interest and inflation adjustments on bank loans	(222,465)	(211,481)	(72,249)	(72,137)
Financial cost of obligations to employees	(3,330)	(4,083)	(1,053)	(1,285)
Other financial costs	(26,846)	(18,787)	(10,675)	(5,989)
Bond interest and issue expenses	(39,764)	(35,829)	(14,859)	(12,624)
Financial expenses on right-of-use assets	(8,519)	0	(2,151)	0
Exchange losses from foreign currency loans Foreign currency	0	0	0	0
Interest on leasing liabilities	(15,291)	0	(5,035)	0
Financial cost of remediation provision	(186)	(174)	(19)	(174)
Conversion differences	(5)	(7)	0	0
<b>Total financial costs</b>	<b>(316,406)</b>	<b>(270,361)</b>	<b>(106,041)</b>	<b>(92,209)</b>

Financial income is as follows:

	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
Interest income on financial instruments	16,739	3,434	7,919	4,479
Income from financial assets at fair value through profit and loss	0	0	0	0
Interest on loans and receivables	21,208	22,904	3,697	5,548
Other income	7,118	3,975	2,457	158
<b>Total financial income</b>	<b>45,065</b>	<b>30,313</b>	<b>14,073</b>	<b>10,185</b>

**NOTE 26. EXCHANGE DIFFERENCES**

The effect of exchange differences is as follows:

	09.30.2019 ThUS\$	09.30.2018 ThUS\$	Jul - Sep 2019 ThUS\$	Jul - Sep 2018 ThUS\$
<b>Exchange differences generated by assets</b>				
Cash equivalents	(4,627)	(5,677)	(7,541)	(6,027)
Mutual Fund investments, term deposits and covenants	(9,057)	(18,219)	(9,235)	(15,043)
Trade and other receivables	(5,152)	(428)	(7,668)	2,954
Tax receivables	(13,520)	(16,996)	(16,085)	(7,188)
Related company receivables	(1,644)	3,956	(2,716)	7,088
Other financial assets	1,479	(1,836)	(1,364)	(2,151)
Other assets	(14,479)	(36,684)	(13,602)	(11,602)
<b>Total</b>	<b>(47,000)</b>	<b>(75,884)</b>	<b>(58,211)</b>	<b>(31,969)</b>
<b>Exchange differences generated by liabilities</b>				
Trade and other payables	19,630	41,441	18,714	14,329
Related party payables	(3,074)	4,687	(1,529)	4,578
Loans from financial institutions (includes bonds)	(2,056)	(2,571)	(770)	(1,067)
Dividends payable	813	4,483	212	4,453
Other financial liabilities	(19)	24	(345)	1,245
Other liabilities	2,774	191	15,226	(176)
<b>Total</b>	<b>18,068</b>	<b>48,255</b>	<b>31,508</b>	<b>23,362</b>
<b>Total</b>	<b>(28,932)</b>	<b>(27,629)</b>	<b>(26,703)</b>	<b>(8,607)</b>

**NOTE 27. ASSET IMPAIRMENT****Asset impairment details for the affiliate Celulosa Arauco y Constitución S.A.**

As of September 30, 2019 and December 31, 2018 there are impairment provisions for property, plant and equipment as a result of obsolescence at the affiliate Arauco.

**Disclosure of asset impairment**

Principal asset classes affected by impairment losses and reversals Principal facts and circumstances that led to impairment losses and reversals	Machinery and equipment Technical obsolescence and claims	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$
<b>Impairment information</b>	<b>19,120</b>	<b>18,465</b>

## NOTE 28. THE ENVIRONMENT

Sustainability at Empresas Copec S.A. and its affiliates requires a management strategy that incorporates values, commitments and standards, together with the adoption of the best practices and technologies available in the industry, to secure constant improvements in the company's environmental management. The Environment department has specialists in each business area, and ensures that these guidelines are put into practice every day.

All the production units at the affiliate Arauco have certified environmental management systems that reinforce the Company's commitment to environmental performance and ensure the traceability of raw materials.

The affiliate Arauco uses various inputs, such as timber, chemicals, water, etc., in its production processes, which in turn generate liquid and gaseous emissions. Significant advances have been made in reducing consumption and emissions, in order to improve the company's operating efficiency.

Environmental investments relating to atmospheric emission control, processes improvements, water management, waste management and sewage treatments have been undertaken, in order to improve environmental performance within business units of the affiliate Arauco.

These investments are reflected in Arauco's financial statements in property, plant and equipment when they relate to disbursements for major works and are reflected in the expenditure when they relate to improvements or disbursements not directly connected with investment projects.

The affiliate Abastible S.A. has continued to make investments this year that mitigate the impact on the environment, with regard to the Maritime Terminal located in the Biobio Region. These investments are referred to within the environmental appraisal report on the project.

The indirect affiliate Orizon S.A. invested in its production facilities, which were aimed at recovering solids, avoiding unscheduled stoppages in productive processes, reducing thermal energy leakage, increasing the overall system efficiency, and ensuring compliance with environmental regulations. Similarly, improvements to the unloading and storage of raw materials systems increased the storage capacity in temperature controlled conditions so avoiding raw material deterioration, improved raw material unloading time, and ensured that rails complied with environmental commitments.

On August 16, 2016, the indirect associate Compañía Paso San Francisco S.A. submitted a mining closure plan to Sernageomin (Chilean Geology and Mining Service) in accordance with the requirements of Law 20,551. This plan was approved until July 25, 2019.

Similarly, on July 25, 2016, Sernageomin approved the closure plan submitted by the indirect associate Compañía Minera Can-Can S.A. for the El Bronce mine, by issuing Resolution 1530, whose guarantee was duly extended on July 25, 2018.

Expenditures incurred and committed during the period relating to environmental protection are detailed below:



**Forestry Sector**

Company	09.30.2019	Disbursements in 2019				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset / Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Arauco do Brasil S.A.	Managing the implementation of environmental improvements	In progress	4,656	Asset	Property, plant and equipment	9,883	2019
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	132	Asset	Property, plant and equipment	1,424	2019
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	3,302	Asset	Property, plant and equipment	6,364	2019
Celulosa Arauco y Constitución S.A.	Managing the implementation of environmental improvements	In progress	22,609	Asset	Property, plant and equipment	72,895	2019
Celulosa Arauco y Constitución S.A.	Managing the implementation of environmental improvements	In progress	12,656	Expense	Operational costs	3,457	2019
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	303	Expense	Operational costs	109	2019
Celulosa Arauco y Constitución S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	346	Asset	Property, plant and equipment	3,551	2019
Celulosa Arauco y Constitución S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	5,618	Expense	Operational costs	2,089	2019
Arauco Argentina S.A.	Construction of outlets	In progress	40	Asset	Property, plant and equipment	697	2019
Arauco Argentina S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	1,117	Asset	Property, plant and equipment	1,873	2019
Arauco Argentina S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	471	Asset	Property, plant and equipment	859	2019
Maderas Arauco S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	518	Expense	Operational costs	65	2019
Maderas Arauco S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	305	Expense	Operational costs	173	2019
Maderas Arauco S.A.	Managing the implementation of environmental improvements	In progress	518	Asset	Property, plant and equipment	0	2019
Celulosa y Energía Punta Pereira S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	351	Asset	Property, plant and equipment	2,935	2019
Celulosa y Energía Punta Pereira S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	310	Asset	Property, plant and equipment	190	2019
Celulosa y Energía Punta Pereira S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	Finished	412	Asset	Property, plant and equipment	0	2019
Forestal Arauco S.A. (formerly Forestal Celco S.A.):	Managing the implementation of environmental improvements	In progress	483	Expense	Administrative expenses	629	2019
Forestal Los Lagos S.A.	Managing the implementation of environmental improvements	In progress	149	Expense	Operational costs	123	2019
<b>Total</b>			<b>54,296</b>			<b>107,316</b>	

Company	12.31.2018	Disbursements in 2018				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset / Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Arauco do Brasil S.A.	Managing the implementation of environmental improvements	In progress	1,771	Asset	Property, plant and equipment	4,001	2019
Arauco do Brasil S.A.	Managing the implementation of environmental improvements	In progress	3,284	Expense	Administrative expenses	2,723	2019
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	6,467	Asset	Property, plant and equipment	8,271	2019
Celulosa Arauco y Constitución S.A.	Managing the implementation of environmental improvements	In progress	29,419	Asset	Property, plant and equipment	63,035	2019
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	563	Expense	Operational costs	0	0
Celulosa Arauco y Constitución S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	21,978	Asset	Property, plant and equipment	9,233	2019
Celulosa Arauco y Constitución S.A.	Managing the implementation of environmental improvements	In progress	25,684	Asset	Property, plant and equipment	0	0
Arauco Argentina S.A.	Construction of outlets	In progress	1,454	Asset	Property, plant and equipment	797	2019
Maderas Arauco S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	499	Expense	Operational costs	0	0
Maderas Arauco S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	1,471	Expense	Operational costs	0	0
Maderas Arauco S.A.	Managing the implementation of environmental improvements	In progress	0	Asset	Property, plant and equipment	291	2019
Celulosa y Energía Punta Pereira S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	52	Asset	Property, plant and equipment	3,266	2019
Celulosa y Energía Punta Pereira S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	Finished	281	Asset	Property, plant and equipment	0	0
Forestal Arauco S.A. (formerly Forestal Celco S.A.):	Managing the implementation of environmental improvements	In progress	1,547	Expense	Administrative expenses	1,957	2019
Forestal Los Lagos S.A.	Managing the implementation of environmental improvements	In progress	236	Expense	Operational costs	273	2019
<b>Total</b>			<b>94,706</b>			<b>93,847</b>	

**Fuel Sector**

Company	09.30.2019	Disbursements in 2019			Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset / Expense	Asset/Expense Category	Value ThUS\$ Estimated Date
Compañía de Petróleos de Chile Copec S.A.	Waste disposal	Current	88	Expense	Administrative expenses	0 0
Compañía de Petróleos de Chile Copec S.A.	Wastewater treatment and environmental assessment	Current	6	Expense	Administrative expenses	0 0
Compañía de Petróleos de Chile Copec S.A.	Environmental evaluation	Current	9	Expense	Administrative expenses	0 0
Compañía de Petróleos de Chile Copec S.A.	Treatment plants for effluents and sewage	Current	4	Asset	Work in Progress	10 2019
Via Limpia SpA.	Removal of oils, filters, batteries and industrial waste	Current	7	Expense	Operating costs	0 0
Mapco Express, Inc.	Contamination from leaking tanks	In progress	239	Expense	Administrative expenses	0 2019
Abastible S.A.	Environmental management	In progress	87	Expense	Expense	87 2019
Abastible S.A.	Managing the implementation of environmental improvements	In progress	6	Investment	Property, plant and equipment	6 2019
Sonacol S.A.	Cathodic protection system improvements	In progress	468	Asset	Work in Progress	0 0
Sonacol S.A.	Improving and deepening pipelines in agricultural areas SF-M	In progress	289	Asset	Work in Progress	0 0
Sonacol S.A.	Improving pipeline post inspection CC-M-LPG	Finished	613	Asset	Work in Progress	0 0
Sonacol S.A.	Improving internal post inspection and post integrity evaluation for San Fernando pipeline	In progress	1,438	Asset	Deferred charges	0 0
Sonacol S.A.	Improving pipeline integrity CC-M10" and 16" and LPG Q-CC10"	In progress	508	Asset	Deferred charges	0 0
<b>Total</b>			<b>3,762</b>			<b>103</b>

  

Company	12.31.2018	Disbursements in 2018			Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset / Expense	Asset/Expense Category	Value ThUS\$ Estimated Date
Compañía de Petróleos de Chile Copec S.A.	Sprinklers	Current	166	Asset	Work in Progress	30 2019
Compañía de Petróleos de Chile Copec S.A.	Waste disposal	Current	106	Expense	Administrative expenses	0 0
Compañía de Petróleos de Chile Copec S.A.	Wastewater treatment and environmental assessment	Current	9	Asset	Work in Progress	0 0
Compañía de Petróleos de Chile Copec S.A.	Wastewater treatment and environmental assessment	Current	70	Expense	Administrative expenses	0 0
Compañía de Petróleos de Chile Copec S.A.	Treatment plants for effluents and sewage	Current	236	Asset	Work in Progress	1 2019
Via Limpia SpA.	Removal of oils, filters, batteries and industrial waste	Current	8	Expense	Operating costs	0 0
Mapco Express, Inc.	Contamination from leaking tanks	In progress	0	Expense	Administrative expenses	85 2019
Abastible S.A.	Environmental management	In progress	346	Expense	Expense	0 0
Abastible S.A.	Managing the implementation of environmental improvements	In progress	53	Investment	Property, plant and equipment	199 2019
Sonacol S.A.	Cathodic protection system improvements	In progress	1,603	Asset	Work in Progress	0 0
Sonacol S.A.	Improving and deepening pipelines in agricultural areas SF-M	In progress	3,534	Asset	Work in Progress	0 0
Sonacol S.A.	Improving pipeline post inspection CC-M-LPG	Finished	8,066	Asset	Work in Progress	0 0
Sonacol S.A.	Improving internal post inspection and post integrity evaluation for San Fernando pipeline	In progress	3,534	Asset	Deferred charges	0 0
<b>Total</b>			<b>17,731</b>			<b>315</b>

**Fishing Sector**

Company	09.30.2019	Disbursements in 2019				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset / Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Pesquera Iquique - Guanaye S.A.	Suitability of systems in plants	In progress	311	Asset	Property, plant and equipment	97	2019
Pesquera Iquique - Guanaye S.A.	Unloading improvements for independent fishermen	In progress	69	Asset	Property, plant and equipment	217	2019
Total			380			314	

Company	12.31.2018	Disbursements in 2018				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset / Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Pesquera Iquique - Guanaye S.A.	Unloading improvements for independent fishermen	In progress	25	Asset	Property, plant and equipment	81	2019
Total			25			81	

## NOTE 29. OPERATING SEGMENTS

Operating segments have been defined in accordance with the manner in which senior management internally analyze segments in order to make operating decisions and to allocate resources. In addition, the availability of relevant financial information has also been considered when defining operating segments.

Segments have been defined according to the main direct affiliates: Celulosa Arauco y Constitución S.A., Compañía de Petróleos de Chile Copec S.A., Abastible S.A. and Pesquera Iquique-Guanaye S.A. These Companies together represent more than 90% of the sales, Ebitda, net income, and consolidated assets and liabilities.

- Celulosa Arauco y Constitución S.A.

Arauco has provided a wide variety of high quality and sustainable products for the paper, construction, packaging and furniture industries since 1979, in order to improve people's lives. It has established itself as one of the leading forestry companies in Latin America, in terms of area and plantation yields, kraft pulp manufacturing, and sawn timber and panel production.

Arauco's plantations and land cover 1.7 million hectares in Chile, Argentina, Brazil and Uruguay. It has modern industrial facilities that include 7 pulp mills, 5 in Chile, 1 in Argentina and 1 in Uruguay (50% owned by Arauco) with a total production capacity of 4 million tons. It has 8 sawmills, 7 in Chile and 1 in Argentina, which process 3.1 million m<sup>3</sup> of timber per year and 23 panel plants, 5 in Chile, 2 in Argentina, 4 in Brazil, 2 in Mexico and 10 in the United States and Canada, with a total production capacity of 8.9 million m<sup>3</sup>.

It has a joint venture called Sonae Arauco (Arauco has a 50% interest in its results), which manufactures and sells MDF, PB and OSB panels, and sawn timber. It has 2 panel plants and 1 sawmill in Spain; 2 panel plants and 1 resin plant in Portugal; 4 panel plants in Germany and 2 panel plants in South Africa, with a total production capacity of 1.5 million m<sup>3</sup> of MDF, 2.3 million m<sup>3</sup> of PB, 516,000 m<sup>3</sup> of OSB and 50,000 m<sup>3</sup> of sawn timber.

Arauco has plants with a total production capacity of 4.9 million m<sup>3</sup> of MDF, 5.1 million m<sup>3</sup> of PB, 258,000 m<sup>3</sup> of OSB and 3.1 million m<sup>3</sup> of sawn timber, including 50% of Sonae Arauco.

As of September 30, 2019, Arauco's production totaled 2.9 million tons of pulp and 6.9 million m<sup>3</sup> of sawn timber and panels.

Sales totaled US\$ 4,127 million, of which 44.7% was for pulp, 52.8% for sawn timber and panels and 2.5% for other segments.

35% of total sales was sold in Local markets and the rest overseas, primarily to Asia and the Americas.

- Compañía de Petróleos de Chile Copec S.A.

Compañía de Petróleos de Chile Copec S.A. is one of the country's most important sellers and distributors of fuel for domestic and industrial use. It was established in 1934 and the following year began selling gasoline. Over time it expanded its business and diversified its activities. Copec has 663 service stations throughout the country, forming the most extensive network in Chile, which includes 92 Pronto convenience stores and 301 Punto stores. The company also manages an industrial channel that supplies nearly 4,000 customers, belonging to the most important segments of the Chilean economy. It manages the lubricant trademark Mobil and Esso for vehicles and machinery. This requires 15 fuel storage plants between Arica and the Chacabuco Port, with a total capacity of 384 thousand m<sup>3</sup>.

Copec's physical sales in Chile totaled 9.8 million m<sup>3</sup> during 2018, and its market share of the liquid fuels business was 56.3%.

It began to internationalize its fuels business following the takeover of the Colombian company Terpel in 2010, and now operates in five markets: Colombia, Ecuador, Panama, Peru and Mexico.

Organizacion Terpel has a network of 2,302 service stations, and 1,921 are located in Colombia.

The Company also has 246 natural gas sales points for vehicles through its brand Gazel, which represents 46.6%<sup>2</sup> of this segment in Colombia.

It is the main wholesale distributor in Colombia with more than 2,800 customers in industry, transport and aviation. It has a 39.8%<sup>1</sup> share of the diesel market, a 42.1%<sup>2</sup> share of the gasoline market and a 76.5%<sup>2</sup> share of the jet fuel market in the country.

- Abastible S.A.

Abastible S.A. was incorporated in 1956 to market liquefied petroleum gas for domestic, commercial and industrial use. Today this company has become a major player in the Chilean energy sector, basing its strategy on delivering a quality, safe and timely service to all customers. In 2011, Abastible S.A. started to internationalize through the purchase of a 51% interest in Inversiones del Nordeste, a Colombian company. Abastible S.A. acquired a Liquefied Petroleum Gas (LPG) business in Peru and Ecuador from Repsol S.A. in April 2016, and became the third largest LPG supplier in Latin America. In June 2016, Abastible took operational control of Solgas S.A. and Solgas de la Amazonía in Peru. In October it took operational control of Duragas, in Ecuador.

The Company operates throughout Chile from the northernmost city (Arica) to the southernmost (Magallanes) with a complete and modern infrastructure for its liquefied gas business. The Company has 10 storage and filling facilities, plus 7.4 million cylinders and 67 thousand tanks, supported by a network of approximately 1,274 distributors and 29 sales, distribution and agency offices in all the major cities of the country. Additionally, in the

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<sup>1</sup> Figures as of July 2019

<sup>2</sup> Figures as of September 2019

Biobio Region it has a port terminal for loading and unloading liquefied gas and liquid fuels and a plant with a capacity for storing 40,000 m<sup>3</sup> managed by a related company Hualpén Gas S.A.

- Pesquera Iquique-Guanaye S.A.

Empresas Copec S.A. Invested in the Chilean commercial fishing sector in 1980 through Pesquera Guanaye Ltda., which many years later merged with Pesquera Iquique S.A. producing Pesquera Iquique-Guanaye Igemar as a result.

Igemar operates in the north of Chile through its associates Corpesca S.A. and Inversiones Caleta Vitor S.A., while in the country's central-south region it operates with its affiliate Orizon S.A.

These companies' products include fishmeal, which is mainly used as a raw material in food production for aquaculture and livestock, due to its high level of protein, Omega 3 fatty acids and favorable digestibility. Another of its products is fish oil, which is used extensively in aquaculture. However, in recent years, it has been gaining importance as a nutritional supplement in human nutrition and the pharmaceutical industry. Canned and frozen products, using mackerel as the main raw material, are produced for human consumption. Canned and frozen mussels are produced.

In an effort to expand its portfolio of products, the company entered the grocery market selling beans, rice and lentils under the brand San Jose, for the domestic market. In August 2018, the indirect affiliate Orizon S.A. purchased two businesses from Sociedad Comercializadora Novaverde S.A. These distribute General Mills' products in Chile, and distribute and market processed avocado pears.

- During January 2019, Orizon S.A. signed a capital increase and supply agreement with St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. in order to consolidate its mitylid production and processing, and market it abroad.

The primary destinations for these products are local, Asian, African and European markets.

- Sociedad Nacional Oleoductos S.A.

Sonacol has served the energy industry in Chile since 1957, providing a permanent transport system to develop productive activities in the central area.

The company's revenues are from transporting fuels through a network of 465 km of its own pipe lines from Quintero to San Fernando, which transport 98% of the fuel for the Metropolitan Region. Additionally, the company has 9 pump stations, a delivery terminal and a dispatch center strategically located at its corporate headquarters.

Sonamar sold the four tankers it owned, leaving it without assets as of December 31, 2018.

The financial figures associated with these segments, as of September 30, 2019 and 2018 are as follows:

Segments 2019	Arauco ThUS\$	Copec ThUS\$	Abastible ThUS\$	Sonacol ThUS\$	Igemar ThUS\$	Others ThUS\$	Subtotal ThUS\$	Eliminations ThUS\$	Total ThUS\$
Operating revenues from external customers	4,126,791	12,894,658	866,322	40,466	146,922	673	18,075,832	0	18,075,832
Inter-segment operating revenues	120	60,443	8,412	21,662	3	833	91,473	(91,473)	0
Interest income	22,328	7,216	1,805	89	478	13,149	45,065	0	45,065
Interest expense	(192,718)	(96,289)	(15,066)	(2,741)	(7,604)	(1,988)	(316,406)	0	(316,406)
<b>Interest expense, net</b>	<b>(170,390)</b>	<b>(89,073)</b>	<b>(13,261)</b>	<b>(2,652)</b>	<b>(7,126)</b>	<b>11,161</b>	<b>(271,341)</b>	<b>0</b>	<b>(271,341)</b>
Operating income	290,218	309,463	103,197	42,563	15,621	(15,056)	746,006	0	746,006
Depreciation	377,204	128,654	39,612	7,320	9,094	760	562,644	0	562,644
Amortization	9,717	56,173	2,071	0	281	15	68,257	0	68,257
Fair value of timber harvested	244,567	0	0	0	0	0	244,567	0	244,567
<b>EBITDA</b>	<b>921,706</b>	<b>494,290</b>	<b>144,880</b>	<b>49,883</b>	<b>24,996</b>	<b>(14,281)</b>	<b>1,621,474</b>	<b>0</b>	<b>1,621,474</b>
<b>Income (loss) from the reporting segment</b>	<b>153,932</b>	<b>182,865</b>	<b>71,763</b>	<b>28,445</b>	<b>(1,702)</b>	<b>(14,524)</b>	<b>420,779</b>	<b>0</b>	<b>420,779</b>
Share in income (loss) of associates	3,881	14,705	12,567	0	(2,529)	(9,753)	18,871	0	18,871
Income tax expense	(36,636)	(70,465)	(27,683)	(10,528)	3,395	891	(141,026)	0	(141,026)
<b>Investments by segment</b>									
Additions to property, plant and equipment	652,523	157,953	76,802	15,487	4,653	10	907,428	0	907,428
Acquisitions of other long-term assets	177,703	0	3,024	0	0	0	180,727	0	180,727
Payments to acquire affiliates and associates	172,291	32,657	0	0	20,000	80,560	305,508	0	305,508
Acquisitions of intangible assets	15,266	24,965	1,362	0	0	0	41,593	0	41,593
Payments to acquire other investments	0	0	0	0	0	0	0	0	0
<b>Total investments</b>	<b>1,017,783</b>	<b>215,575</b>	<b>81,188</b>	<b>15,487</b>	<b>24,653</b>	<b>80,570</b>	<b>1,435,256</b>	<b>0</b>	<b>1,435,256</b>
<b>Operating revenue by country</b>									
Operating revenue from Chilean companies	1,945,678	6,484,887	396,604	40,466	146,922	673	9,015,230	0	9,015,230
Operating revenue from foreign companies	2,181,113	6,409,771	469,718	0	0	0	9,060,602	0	9,060,602
<b>Total operating revenue</b>	<b>4,126,791</b>	<b>12,894,658</b>	<b>866,322</b>	<b>40,466</b>	<b>146,922</b>	<b>673</b>	<b>18,075,832</b>	<b>0</b>	<b>18,075,832</b>
<b>Assets by segment</b>	<b>15,562,711</b>	<b>5,578,947</b>	<b>1,324,051</b>	<b>283,874</b>	<b>512,507</b>	<b>1,283,651</b>	<b>24,545,741</b>	<b>0</b>	<b>24,545,741</b>
Equity method investments	284,815	53,760	60,637	0	192,674	589,985	1,181,871	0	1,181,871
Segment liabilities	8,196,282	3,738,682	827,243	185,363	287,286	49,547	13,284,403	0	13,284,403
<b>Country of origin of non-current assets</b>									
Chile	7,553,586	1,787,569	554,322	272,481	379,546	880,683	11,428,187	0	11,428,187
Foreign	4,406,450	1,912,902	533,455	0	0	0	6,852,807	0	6,852,807
<b>Total non-current assets</b>	<b>11,960,036</b>	<b>3,700,471</b>	<b>1,087,777</b>	<b>272,481</b>	<b>379,546</b>	<b>880,683</b>	<b>18,280,994</b>	<b>0</b>	<b>18,280,994</b>

Segments 2018	Arauco ThUS\$	Copec ThUS\$	Abastible ThUS\$	Sonacol ThUS\$	Igemar ThUS\$	Others ThUS\$	Subtotal ThUS\$	Eliminations ThUS\$	Total ThUS\$
Operating revenues from external customers	4,576,959	12,168,275	975,739	41,155	149,640	862	17,912,630	0	17,912,630
Inter-segment operating revenues	317	64,155	7,840	22,960	3	563	95,838	(95,838)	0
Interest income	12,104	8,484	1,814	70	364	7,477	30,313	0	30,313
Interest expense	(155,902)	(88,819)	(15,209)	(2,969)	(5,296)	(2,166)	(270,361)	0	(270,361)
<b>Interest expense, net</b>	<b>(143,798)</b>	<b>(80,335)</b>	<b>(13,395)</b>	<b>(2,899)</b>	<b>(4,932)</b>	<b>5,311</b>	<b>(240,048)</b>	<b>0</b>	<b>(240,048)</b>
Operating income	943,604	375,571	105,051	43,521	14,236	(14,240)	1,467,743	0	1,467,743
Depreciation	301,245	80,908	37,750	8,034	10,616	990	439,543	0	439,543
Amortization	9,208	42,269	1,905	0	458	27	53,867	0	53,867
Fair value of timber harvested	268,674	0	0	0	0	0	268,674	0	268,674
<b>EBITDA</b>	<b>1,522,731</b>	<b>498,748</b>	<b>144,706</b>	<b>51,555</b>	<b>25,310</b>	<b>(13,223)</b>	<b>2,229,827</b>	<b>0</b>	<b>2,229,827</b>
<b>Income (loss) from the reporting segment</b>	<b>656,637</b>	<b>192,631</b>	<b>64,169</b>	<b>29,009</b>	<b>(3,253)</b>	<b>17,136</b>	<b>956,329</b>	<b>0</b>	<b>956,329</b>
Share in income (loss) of associates	28,689	8,967	5,394	0	2,439	30,110	75,599	0	75,599
Income tax expense	(199,926)	(90,723)	(30,128)	(10,501)	(2,782)	5,553	(328,507)	0	(328,507)
<b>Investments by segment</b>									
Additions to property, plant and equipment	392,680	136,136	79,380	11,413	1,347	36	620,992	0	620,992
Payments to acquire biological assets	168,113	0	0	0	0	0	168,113	0	168,113
Payments to acquire affiliates and associates	17,552	498,279	6,606	0	0	212,503	734,940	(1,000)	733,940
Acquisitions of intangible assets	791	27,659	4,844	0	3,714	1,539	38,547	0	38,547
Payments to acquire other investments	0	0	0	0	0	0	0	0	0
<b>Total investments</b>	<b>579,136</b>	<b>662,074</b>	<b>90,830</b>	<b>11,413</b>	<b>5,061</b>	<b>214,078</b>	<b>1,562,592</b>	<b>(1,000)</b>	<b>1,561,592</b>
<b>Operating revenue by country</b>									
Operating revenue from Chilean companies	2,823,238	6,071,030	495,543	41,155	149,640	862	9,581,468	0	9,581,468
Operating revenue from foreign companies	1,753,721	6,097,245	480,196	0	0	0	8,331,162	0	8,331,162
<b>Total operating revenue</b>	<b>4,576,959</b>	<b>12,168,275</b>	<b>975,739</b>	<b>41,155</b>	<b>149,640</b>	<b>862</b>	<b>17,912,630</b>	<b>0</b>	<b>17,912,630</b>
<b>Assets by segment</b>	<b>14,386,403</b>	<b>5,628,283</b>	<b>1,368,186</b>	<b>301,180</b>	<b>518,314</b>	<b>1,257,181</b>	<b>23,459,547</b>	<b>0</b>	<b>23,459,547</b>
Equity method investments	368,977	58,274	56,267	0	168,898	558,681	1,211,097	0	1,211,097
Segment liabilities	7,067,795	3,767,865	866,191	192,558	262,693	87,835	12,244,937	0	12,244,937
<b>Country of origin of non-current assets</b>									
Chile	6,965,446	1,615,888	517,377	287,893	371,685	863,002	10,621,291	0	10,621,291
Foreign	4,282,416	1,640,131	540,555	0	0	0	6,463,102	0	6,463,102
<b>Total non-current assets</b>	<b>11,247,862</b>	<b>3,256,019</b>	<b>1,057,932</b>	<b>287,893</b>	<b>371,685</b>	<b>863,002</b>	<b>17,084,393</b>	<b>0</b>	<b>17,084,393</b>
<b>Cash flows by segment</b>									
Cash flows from (used by) operating activities	861,856	220,325	77,309	12,523	(20,036)	(21,102)	1,130,875	17,318	1,148,193
Cash flows from (used by) investing activities	(558,755)	(664,166)	(88,723)	(11,399)	(4,676)	(107,248)	(1,434,967)	(144,734)	(1,579,701)
Cash flows from (used by) financing activities	(132,716)	396,349	36,314	2,475	30,166	62,207	394,795	125,766	520,561
<b>Increase (decrease) in cash &amp; cash equivalents before effect of exchange rate variations</b>	<b>170,385</b>	<b>(47,492)</b>	<b>24,900</b>	<b>3,599</b>	<b>5,454</b>	<b>(66,143)</b>	<b>90,703</b>	<b>(1,650)</b>	<b>89,053</b>



Operating revenue by country is as follows:

	09.30.2019 ThUS\$	09.30.2018 ThUS\$	09.30.2019 %	09.30.2018 %
<b>Operating revenue by country</b>				
Argentina	297,025	368,762	1.6%	2.1%
Brazil	387,753	380,815	2.1%	2.1%
Chile	9,015,230	9,581,468	49.9%	53.5%
Colombia	3,959,018	3,831,117	21.9%	21.4%
Panama	556,809	519,541	3.1%	2.9%
Dominican Republic	126,772	118,823	0.7%	0.7%
Ecuador	426,894	342,584	2.4%	1.9%
Mexico	296,535	-	1.6%	0.0%
Peru	251,654	386,513	1.4%	2.2%
Uruguay	336,532	382,034	1.9%	2.1%
USA/Canada	2,421,610	2,000,973	13.4%	11.1%
<b>Total</b>	<b>18,075,832</b>	<b>17,912,630</b>	<b>100.0%</b>	<b>100.0%</b>

Non-current assets by country are as follows:

	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 %	12.31.2018 %
<b>Non-current assets</b>				
Argentina	799,370	825,915	4.4%	4.8%
Brazil	920,229	984,746	5.0%	5.7%
Chile	11,428,187	10,644,592	62.5%	62.0%
Colombia	857,774	848,839	4.7%	4.9%
Panama	611,201	156,186	3.3%	0.9%
Dominican Republic	260,843	3,923	1.4%	0.0%
Ecuador	295,144	57,143	1.6%	0.3%
USA	3,389	569,632	0.0%	3.3%
Mexico	127,790	-	0.7%	0.0%
Peru	418,006	620,708	2.3%	3.6%
Uruguay	1,708,519	1,661,426	9.3%	9.7%
USA/Canada	850,542	810,461	4.8%	4.7%
<b>Total</b>	<b>18,280,994</b>	<b>17,183,571</b>	<b>100.0%</b>	<b>100.0%</b>

## NOTE 30. BORROWING COSTS

The Group capitalizes interest on current investment projects. Interest is calculated using the average rate on loans intended to finance such investment projects.

At the date these financial statements were issued, the affiliate Arauco had capitalized financial interests associated with the Arauco Plant Modernization and Expansion (MAPA) project in Chile and the Grayling project (until its commissioning date) in the United States of America.

Capitalized interest for property, plant and equipment	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Rate of capitalized interest for property, plant and equipment	4.30%	3.77%	4.20%	3.88%
Capitalized interest for property, plant and equipment	18,479	10,630	5,328	2,671

## NOTE 31. SUBSEQUENT EVENTS

Between September 30, 2019 and the date these interim consolidated financial statements were issued, the following significant events have occurred.

### 1. Empresas Copec

On November 13, 2019, the Supreme Court ruled on the appeals filed by Empresas Copec, its affiliate Abastible, and other claimants against Resolution 51 issued by the Tribunal de Defensa de la Libre Competencia (Fair Trade Court - TDLC), dated January 17, 2018, confirming the decision of the latter. The Supreme Court's ruling with specific reference to Abastible ratifies the TDLC's ruling that Abastible and Gasco must dispose of their interests in the Gasmar terminal within 18 months, along with other measures. For these purposes, the disposal shall consist of the package of Gasmar assets that are sufficient to secure its normal productive operation as a functioning financial unit.

### 2. Celulosa Arauco y Constitución S.A. reported to the Financial Markets Commission

#### 2.1. On October 7, 2019, it communicated the following

"The undersigned, as representative of the privately-held corporation Celulosa Arauco y Constitución S.A., hereinafter the "Company" or "Arauco", both domiciled in the Metropolitan Region at Avenida El Golf 150, floor 14, Las Condes, registered in the Securities Registry as No. 42, Chilean Identification Number

93,458,000-1, and fully authorized by the Board, communicates the following essential information about the company and its businesses in accordance with Articles 9 and paragraph 2 of Article 10 of Law 18,045 and General Regulation 30 issued by this Commission:

The Board agreed at a meeting held today to call an extra-ordinary general shareholders' meeting for October 28, 2019, at 9:30 a.m. at the Company's offices located at Avenida El Golf 150, floor 14, Las Condes, Santiago.

The Meeting will address the proposal of the Board to amend the Company's statutes, to establish that the Ordinary Shareholders' Meeting will annually determine the distribution of profits for the year, notwithstanding the minimum of 30% of net distributable income established in Corporations Law. Therefore, the Board proposes to replace Article Thirty-six of the statutes.

The purpose of the foregoing is to give greater flexibility to the statutory rules regarding the distribution of dividends, so that distribution agreements are consistent with the company's development and its investment policy."

## **2.2. On October 24, 2019, it communicated the following**

"The undersigned, as representative of the privately-held corporation Celulosa Arauco y Constitución S.A., hereinafter the "Company" or "Arauco", both domiciled in the Metropolitan Region at Avenida El Golf 150, floor 14, Las Condes, registered in the Securities Registry as 42, Chilean Identification Number 93,458,000-1, and fully authorized, communicates the following material information about the company and its businesses in accordance with Articles 9 and paragraph 2 of Article 10 of Law 18,045 and General Regulation 30 issued by the Financial Market Commission:

Today, Celulosa Arauco y Constitución S.A. has set the price and conditions for two bond "sustainable" bond series, which relate to environmental and social projects, and will be issued in the United States of America on October 29, 2019. One series will mature on January 29, 2030 (the 10 year series), and the other will mature on January 29, 2050 (the 30 year series).

The 10 year series totals US\$ 500 million, while the 30 year series also totals US\$ 500 million, bringing the total placement to US\$ 1,000 million. The interest rate is 4.20% per annum for the 10 year series, and 5.15% per annum for the 30 year series. The capital will be repaid on the respective maturity dates for these bonds, as described above, while the interest will be paid on a semi-annual basis.

The proceeds from issuing these bonds will be used as follows:

1. To partly finance the modernization and expansion project at the Arauco Plant (MAPA Project).
2. To repurchase of (i) bonds issued by the Company at a rate of 5.000 % notes due in 2021, and (ii) bonds issued by Arauco at a rate of 4.750% due in 2022, that were validly offered to the holders of

such bonds and whose repurchase was accepted by Arauco, all under tender offers that the Company has recently completed. Approximately US\$175 million will be used for these payments.

3. To other capital management initiatives, with the balance held in cash and/or cash equivalents and/or invested in other short-term liquid investments.

As indicated, the issued bonds will be classified as "sustainable", because independently of how the funds are used, as described in the previous paragraph, Arauco will allocate the funds received from issuing and placing them, to wholly or partially financing or refinancing one or more environmental and social projects selected to justify this issue, in accordance with the Sustainability Bond Framework to be adopted by the Company and to be published on its website.

These environmental and social projects may include (i) projects disbursed no more than 36 months prior to the proposed bond issue; and (ii) projects with disbursements planned after this issue, and through to the maturity date of these bonds.

We submit "Material Event Form for Bond Placements Abroad" in compliance with the provisions of Circular 1072 dated May 14, 1992 and issued by the Financial Market Commission (formerly the Superintendent of Securities and Insurance).

The copy of the placement governing contracts and the laws and regulations of the United States of America relating to this matter will be sent to you as soon as they are available.

We believe that this information should bring positive financial benefits to the Company in the future, although these benefits are not yet quantifiable."

### **2.3. On October 28, 2019, it communicated the following**

"The undersigned, as representative of the privately-held corporation Celulosa Arauco y Constitución S.A., hereinafter the "Company" or "Arauco", both domiciled in the Metropolitan Region at Avenida El Golf 150, floor 14, Las Condes, registered in the Securities Registry as No. 42, Chilean Taxpayer ID 93.458.000-1, and fully authorized by the Board, communicates the following essential information about the company and its businesses in accordance with Articles 9 and 10-2 of Law 18,045 and General Regulation 30 issued by this Commission:

Further to the details communicated to you as an Essential Event dated October 7, 2019, we inform you that the Extraordinary Shareholders' Meeting of the Company referred to in that Essential Event today approved the amendment of Article Thirty-six of Company's statutes. This Article establishes that the Ordinary Shareholders' Meeting will annually determine the distribution of profits for the year, notwithstanding the minimum of 30% of net distributable income established in Corporations Law."