



CAP S.A. AND SUBSIDIARIES

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE PERIOD ENDED JUNE 30, 2013

IN THOUSANDS OF UNITED STATES DOLLARS

This document consists of the following sections:

- **Interim Consolidated Financial Statements**
- **Notes to the Interim Consolidated Financial Statements**
- **Management's analysis of the consolidated financial statements**
- **Consolidated material information**
- **Sworn declaration of responsibility**

CAP S.A. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION, CLASSIFIED
AS OF JUNE 30, 2013 (UNAUDITED) AND DECEMBER 31, 2012.
(FIGURES IN THOUSANDS OF US DOLLARS)

Assets	Note	30.06.2013 ThUS\$	31.12.2012 ThUS\$
Current assets			
Cash & cash equivalents	6	300,255	295,297
Other financial assets, current	6	253,612	416,036
Other non-financial assets, current	12	30,557	43,031
Trade and other current receivable	7	308,628	450,607
Accounts receivable from related entities, current	8	5,409	6,509
Inventories	9	530,684	474,222
Current tax assets	11	106,168	78,654
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners		1,535,313	1,764,356
Total current assets		1,535,313	1,764,356
Non-current assets			
Other non-current financial assets	6	7,829	1,567
Other non-financial assets, non-current	12	5,577	7,066
Non-current receivables	7	5,877	7,243
Investments accounted for using equity method	14	10,449	11,401
Intangible assets other than goodwill	15	836,895	855,005
Goodwill		1,767	1,767
Property, plant & equipment	16	2,970,847	2,502,198
Deferred tax assets	17	13,951	16,023
Total non-current assets		3,853,192	3,402,270
Total assets		5,388,505	5,166,626

The accompanying Notes form an integral part of these interim consolidated financial statements

CAP S.A. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION, CLASSIFIED
AS OF JUNE 30, 2013 (UNAUDITED) AND DECEMBER 31, 2012.
(FIGURES IN THOUSANDS OF US DOLLARS)

Equity and liabilities	Note	30.06.2013	31.12.2012
		ThUS\$	ThUS\$
Liabilities			
Current liabilities			
Other financial liabilities, current	18	158,102	156,480
Trade and other current payables	20	554,467	485,405
Accounts payable to related entities , current	8	85,144	116,587
Other short-term provisions	21	21,086	21,558
Current tax liabilities	11	4,159	25,226
Current provisions for employee benefits	23	47,285	46,637
Other current non-financial liabilities	22	4,956	5,773
Total current liabilities other than liabilities included in disposal groups classified as held for sale		875,199	857,666
Total current liabilities		875,199	857,666
Non-current liabilities			
Other non-current financial liabilities	18	621,591	562,205
Other long-term provisions	21	13,796	13,920
Deferred tax liabilities	17	360,132	369,530
Non-current provisions for employee benefits	23	141,253	158,800
Other non-current non-financial liabilities	22	218,277	96,095
Total non-current liabilities		1,355,049	1,200,550
Total liabilities		2,230,248	2,058,216
Equity			
Issued capital	24	379,444	379,444
Retained earnings (accumulated losses)	24	1,511,529	1,473,221
Other reserves	24	(23,996)	(14,852)
Equity attributable to owners of parent		1,866,977	1,837,813
Non-controlling interest	25	1,291,280	1,270,597
Total equity		3,158,257	3,108,410
Total equity & liabilities		5,388,505	5,166,626

The accompanying Notes form an integral part of these interim consolidated financial statements

CAP S.A. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE RESULTS, BY FUNCTION.
FOR THE PERIODS OF SIX AND THREE MONTHS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)
(FIGURES IN THOUSANDS OF US DOLLARS)

Income statement	Note	01.01.2013	01.01.2012	01.04.2013	01.04.2012
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (Loss)					
Revenues	26	1,057,893	1,286,587	571,258	693,486
Cost of sales	9	(760,538)	(875,768)	(413,365)	(464,673)
Gross profit		297,355	410,819	157,893	228,813
Other income, by function	26	8,965	8,181	5,578	5,378
Distribution Costs		(14,661)	(12,253)	(8,219)	(6,081)
Administrative expenses		(57,514)	(59,096)	(28,885)	(29,764)
Other expenses, by function	26	(46,641)	(34,729)	(30,979)	(18,943)
Other gains (losses)	26	635	14,911	(3,141)	(322)
Profit (loss) from operating activities		188,139	327,833	92,247	179,081
Financial income	27	14,406	22,730	2,024	14,047
Financial costs	28	(18,767)	(26,407)	(9,584)	(17,320)
Share of profit (loss) of associates and joint ventures accounted for using equity method	14	(374)	(325)	(344)	(284)
Exchange differences	34	(4,987)	(939)	(6,135)	(4,194)
Results for indexation units	34	78	113	(24)	2
Profit (loss) before tax		178,495	323,005	78,184	171,332
Income tax expense	17	(55,013)	(82,736)	(21,705)	(46,907)
Profit (loss) from continuing operations		123,482	240,269	56,479	124,425
Profit (loss) from discontinued operations		-	-	-	-
Profit (loss)		123,482	240,269	56,479	124,425
Profit (loss) attributable to:					
Profit (loss), attributable to owners of the parent	24	81,559	175,248	36,414	91,004
Profit (loss), attributable to non-controlling interests	25	41,923	65,021	20,065	33,421
Profit (loss)		123,482	240,269	56,479	124,425
Earnings per share					
Basic earnings (loss) per share from continuing operations		US\$	US\$	US\$	US\$
Basic earnings (loss) per share from continuing operations		0.545735	1.172634	0.243656	0.608934
Basic earnings (loss) per share		0.545735	1.172634	0.243656	0.608934

The accompanying Notes form an integral part of these interim consolidated financial statements

CAP S.A. AND SUBSIDIARIES
STATEMENTS OF OTHER COMPREHENSIVE RESULTS
FOR THE PERIODS OF SIX AND THREE MONTHS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)
(FIGURES IN THOUSANDS OF US DOLLARS)

Statement of other comprehensive income	Note	01.01.2013	01.01.2012	01.04.2013	01.04.2012
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (loss)		123,482	240,269	56,479	124,425
Components of other comprehensive income, before tax:					
Exchange difference on translation:					
Gains (losses) on exchange differences on translation, before tax		(610)	508	(800)	(304)
Other comprehensive income, before tax, exchange differences on translation		(610)	508	(800)	(304)
Cash flow hedge					
Gains (losses) on cash flow hedges, before tax	10	(10,668)	10,341	(3,555)	1,434
Total other comprehensive income is reclassified to profit or loss before tax		(11,278)	10,849	(4,355)	1,130
Income tax relating to components of other comprehensive income is reclassified to profit or loss					
Income tax relating to cash flow hedges		2,134	(2,068)	711	(287)
Income tax relating to components of other comprehensive income is reclassified to profit or loss		2,134	(2,068)	711	(287)
Other comprehensive income		(9,144)	8,781	(3,644)	843
Total comprehensive income		114,338	249,050	52,835	125,268
Comprehensive income attributable to					
Comprehensive income, attributable to owners of parent		72,415	184,029	32,770	91,847
Comprehensive income, attributable to non-controlling interests	25	41,923	65,021	20,065	33,421
Total comprehensive income		114,338	249,050	52,835	125,268

The accompanying Notes form an integral part of these interim consolidated financial statements

CAP S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS, DIRECT,
FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012
(FIGURES IN THOUSANDS OF US DOLLARS)

	Note	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Statement of cash flows		ThUS\$	ThUS\$
Cash flows from (used in) operating activities			
Classes of cash receipts from operating activities:			
Receipts from sales of goods and rendering of services		1.385.511	1.404.935
Other cash receipts from operating activities		10.038	3.409
Classes of cash payments			
Payments to suppliers for goods and services		(686.290)	(593.218)
Payments to and on behalf of employees		(136.662)	(133.255)
Cash flows from (used in) operating activities		<u>572.597</u>	<u>681.871</u>
Interest paid		(11.233)	(12.820)
Interest received		5.574	4.860
Income tax refund (paid)		(83.114)	(126.690)
Other inflows (outflows) of cash		(12.756)	(18.727)
Net cash flow from (used in) operating activities		<u>471.068</u>	<u>528.494</u>
Cash flows from (used in) investing activities			
Cash flows used in acquisitions of non- controlling interests		(86)	(2.317)
Proceeds of sales of property, plant & equipment		177	474
Purchases of property, plant & equipment		(507.442)	(246.150)
Cash advances and loans to third		(8.334)	(9.608)
Payments derived from contracts of future, to term, of options and of financial barter		(667)	(5.641)
Collections proceeding from contracts of future, to term, of options and of financial operations		5.704	9.388
Interest received		171	247
Other inflows (outflows) of cash		144.418	221.040
Net cash flow from (used in) investment activities		<u>(366.059)</u>	<u>(32.567)</u>
Cash flows from (used in) financing activities			
Total proceeds from borrowings		<u>133.023</u>	<u>65.018</u>
Proceeds of long-term loans		50.026	-
Proceeds from short-term borrowings		82.997	65.018
Repayments of borrowings		(98.638)	(183.981)
Payments of finance lease liabilities		(741)	(1.301)
Dividends paid		(133.367)	(141.051)
Other inflows (outflows) of cash		-	(3.338)
Net cash flow from (used in) financing activities		<u>(99.723)</u>	<u>(264.653)</u>
Net increase (decrease) in cash and cash equivalents before the effect of exchange rate changes		<u>5.286</u>	<u>231.274</u>
Effects of exchange rate change on cash and cash equivalents			
Effects of exchange rate change on cash and cash equivalents		(328)	659
Net increase (decrease) in cash and cash equivalents		<u>4.958</u>	<u>231.933</u>
Cash and cash equivalents at beginning of period		295.297	133.467
Cash & cash equivalents at end of period	6	<u>300.255</u>	<u>365.400</u>

The accompanying Notes form an integral part of these interim consolidated financial statements

CAP S.A. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)
(FIGURES IN THOUSANDS OF UNITED STATES DOLLARS)

To June 30, 2013	Note N°	Changes in capital	Changes in other reserves			Total Reserves ThUS\$	Changes in retained earnings ThUS\$	attributable to dominant company ThUS\$	Changes in minority participations ThUS\$	Total equity ThUS\$
		common shares capital in shares ThUS\$	Translation reserves ThUS\$	Hedging reserves ThUS\$	Other Reserves ThUS\$					
Opening balance at 01.01.2013	24	379,444	3,898	(19,092)	342	(14,852)	1,473,221	1,837,813	1,270,597	3,108,410
Increase (decrease) from changes in accounting policies		-	-	-	-	-	-	-	-	-
Increase (decrease) for bug fixes		-	-	-	-	-	-	-	-	-
Beginning Balance Restated		379,444	3,898	(19,092)	342	(14,852)	1,473,221	1,837,813	1,270,597	3,108,410
Changes in equity										
Comprehensive income										
Profit (loss)							81,559	81,559	41,923	123,482
Other comprehensive income			(610)	(8,534)		(9,144)		(9,144)		(9,144)
Comprehensive income								72,415	41,923	114,338
Dividends paid	24						(43,251)	(43,251)	(35,401)	(78,652)
Increase (decrease) through transfers and other changes, equity									14,161	14,161
Total Changes in equity		-	(610)	(8,534)	-	(9,144)	38,308	29,164	20,683	49,847
Closing balance To June 30, 2013	24	379,444	3,288	(27,626)	342	(23,996)	1,511,529	1,866,977	1,291,280	3,158,257

The accompanying Notes form an integral part of these interim consolidated financial statements

CAP S.A. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)
(FIGURES IN THOUSANDS OF UNITED STATES DOLLARS)

To June 30, 2012	Note N°	Changes in capital	Changes in other reserves			Total Reserves Th US\$	Changes in retained earnings Th US\$	attributable to dominant company Th US\$	Changes in minority participations Th US\$	Total equity Th US\$
		common shares capital in shares Th US\$	Translation reserves Th US\$	Hedging reserves Th US\$	Other Reserves Th US\$					
Opening balance at 01.01.2012	24	379,444	2,793	(26,962)	-	(24,169)	1,368,803	1,724,078	1,246,348	2,970,426
Increase (decrease) from changes in accounting policies		-	-	-	-	-	-	-	-	-
Increase (decrease) for bug fixes		-	-	-	-	-	-	-	-	-
Beginning Balance Restated		379,444	2,793	(26,962)	-	(24,169)	1,368,803	1,724,078	1,246,348	2,970,426
Changes in equity										
Global results										
Earnings (loss)							175,248	175,248	65,021	240,269
Other comprehensive results			508	8,273		8,781		8,781		8,781
Total global results								184,029	65,021	249,050
Dividends paid	24						(90,635)	(90,635)	(49,764)	(140,399)
Increase (decrease) through transfers and other changes, equity					342	342		342		342
Total Changes in equity		-	508	8,273	342	9,123	84,613	93,736	15,257	108,993
Closing balance To June 30, 2012	24	379,444	3,301	(18,689)	342	(15,046)	1,453,416	1,817,814	1,261,605	3,079,419

The accompanying Notes form an integral part of these interim consolidated financial statements

CONTENTS

NOTES TO THE FINANCIAL STATEMENTS

Contents

		Page
1.	General information.....	10
2.	The business.....	10
3.	Summary of principal accounting policies applied.....	12
4.	Financial risk management and hedge definitions.....	25
5.	Management’s estimates and assumptions in applying accounting policies	29
6.	Cash and cash equivalents, and other current and non-current financial assets.....	31
7.	Trade debtors and other accounts receivable.....	32
8.	Balances and transactions with related entities.....	35
9.	Inventories.....	40
10.	Derivative instruments.....	41
11.	Current tax assets and liabilities.....	43
12.	Other non-financial assets, current and non-current	44
13.	Investment in subsidiaries	44
14.	Investments in associates booked by the participation method	52
15.	Intangible assets	53
16.	Property, plant and equipment.....	55
17.	Income tax and deferred taxes.....	61
18.	Other financial debt, current and non-current.....	64
19.	Financial instruments.....	75
20.	Trade creditors and other accounts payable	78
21.	Provisions.....	78
22.	Other non-financial liabilities.....	80
23.	Employee benefits and expenses, current and non-current.....	80
24.	Equity	83
25.	Non-controller participation.....	86
26.	Ordinary revenue, other revenue, expenses by function and other gains	87
27.	Financial income	89
28.	Financial costs.....	89
29.	Depreciation and amortization	90
30.	Operative segments.....	90
31.	Guarantees to third parties	94
32.	The environment.....	103
33.	Assets and liabilities by currency	104
34.	Exchange differences and indexation adjustments	107
35.	Subsequent events	109

1. General information

The Company was constituted in Chile by public deed dated April 27, 1946 with the name Compañía de Acero del Pacífico S.A., being declared legally operative by Finance Decree 3,418. Later, in February 1981, it became known as Compañía de Acero del Pacífico S.A. de Inversiones and in May 1991 adopted its current name of CAP S.A.

CAP S.A. is an open corporation, with tax number 91.297.000-0, registered in the Securities Register of the Chilean Superintendency of Securities and Insurance (SVS) under No.0131 and its legal domicile is Gertrudis Echeñique 220, Las Condes, Santiago, Chile.

The largest shareholder in CAP S. A. is Invercap S. A., with a 31.32% shareholding, which gives it a position to exercise a significant influence but not control over the investment, as it is not exposed nor has the right to the variable returns of involvement with the investment and does not have the capacity to use its control in affecting investment returns. For the purposes of the definition contained in Chapter XV of Law 18.045, it is concluded that Invercap S.A. qualifies as the controller of CAP S.A.

2. The business

The principal activity of the Company is to invest capital in any kind of incorporeal assets such as shares, bonds, debentures, savings and capitalization plans, quotas or rights in companies or mutual funds and any kind of titles or securities, and to manage these investments.

The Company's specific objects are to promote, organize and constitute companies of any kind and object, buy and sell shares and corporate rights; provide managerial services, financial and legal advice, engineering, auditing, and others necessary for the better performance of the companies in which it is a shareholder or partner, or of other companies; coordinate the management of the companies in which it is a shareholder or partner to obtain the highest levels of productivity and profitability.

CAP S.A. is the parent company of the following direct and indirect subsidiary companies which are registered with the SVS:

Direct subsidiaries registered in the Special Register of Reporting Companies:

Compañía Siderúrgica Huachipato S.A.
Compañía Minera del Pacífico S.A.

Indirect subsidiaries registered in the Securities Register:

Cintac S.A.
Intasa S.A.

CAP S.A. is also the parent of the following direct subsidiaries not registered with the SVS:

Puerto Las Losas S.A.
Port Investments Limited N.V.
Cleanairtech Sudamérica S.A.
Novacero S.A.
Tecnocap S.A.
Abastecimientos CAP S.A.

The objective of **CAP S.A.** is to consolidate its position in the steel business by efficiently managing its three business areas: **iron-ore mining (CAP Mining), steel production (CAP Steel) and CAP steel solutions**, using the best available technologies, being competitive in its costs and complying with strict safety and environmental protection measures where it carries out its activities.

CAP Mining carries on its business through the subsidiary Compañía Minera del Pacífico S.A. (CMP) and its subsidiaries, (Sociedad de Ingeniería y Movimiento de Tierra del Pacífico S.A., Cía. Distribuidora de Petróleos del Pacífico S.A., Manganesos Atacama S.A., Minera Hierro Atacama S.A. and Pacific Ores and Trading N.V.), whose main objects are to evaluate, develop and exploit mine deposits; process and sell their products; develop complementary, derivative and secondary industries or suppliers of raw materials, inputs or services, or related directly or indirectly to these objects; provide geological and mining research, engineering, mechanical and industrial maintenance, construction and earth-movement services; and create and establish companies for the carrying out of any of these objects.

CAP Mining is the largest producer of iron ore and pellets on the Pacific coast, with ample known resources and reserves and in constant expansion through exploration programs in order to guarantee the continuity of operations for many decades.

Cía. Minera del Pacífico S.A. is organized into four principal units for management purposes:

- **Huasco Valley:** Comprises the activities of the Pellets Plant, Los Colorados (formerly Compañía Minera Huasco S.A.), El Algarrobo Mines and Guacolda II Port.
- **Elqui Valley:** Comprises the activities of El Romeral Mine and Guayacán Port.
- **Copiapó Valley:** Comprises the activities of the Magnetite Plant and Totalillo Port.
- **Others:** Comprises the general administration of the company and the results of the subsidiaries.

CAP Steel carries on its business through the subsidiary Compañía Siderúrgica Huachipato S.A. (CSH) which has its installations in the city of Talcahuano in Chile's Eighth Region.

Compañía Siderúrgica Huachipato S.A. is an integrated steel business that produces cast iron by reduction of the ore in the blast furnaces; it transforms this cast iron into liquid steel from which it obtains continuous-rolled plates and slabs (semi-finished products) which are then rolled to provide the market with higher value-added products such as bars, hot and cold-rolled laminated sheets, tubes, zincalume sheets and tin plate has temporarily suspended the cold roller since June 2012.

During June 2013, and due to the situation the company has had to face as a result of the over-production of steel affecting the global steel industry, it was decided to focus the business on the production of long products, e.g. bars for the mining and construction industries, which are the most promising market segments given the characteristics of domestic demand for steel.

CSH sells its products to steel distributors and construction, processor and industrial companies, manufacturers of metallic packaging, wire drawers, makers of pipes and profiles, workshops and mines.

CAP Steel Solutions carries on its business through Novacero S.A. and subsidiaries: Cintac S.A. and subsidiaries (Instapanel S.A., Centroacero S.A. and Tubos y Perfiles Metálicos S.A.), and Intasa S.A. and subsidiaries (Tubos Argentinos S.A. and Steel House do Brasil Comercio Ltda.). Its principal object is the manufacture, distribution, trading, representation, import and export all kinds of steel and metallurgical products; the carrying out of civil works, house building, installation and making of special products in which the company's products are used, the organization of transport complementing these objects, the trading, import and export of all kinds of movable assets that complement its activities.

This group has solutions in its product range for the most varied market needs, at the same time serving Chile's economic sectors like construction, housing, industrial, commercial, roads and mining.

In Argentina, CAP Steel Solutions has the subsidiary Tubos Argentinos S.A. whose principal activities are the cutting of coils, the pressing of cold, hot and galvanized rolled sheet and the manufacture and sale of seamed steel pipes, and steel pipes and profiles for dry construction. The company has two plants, one at Talar de Pacheco in the

province of Buenos Aires and the other at Justo Daract in the province of San Luis. The company obtained an industrial promotion concession consisting of tax rebates of decreasing percentages that expired in 2011.

In view of the current exchange control regulations in Argentina affecting access to US dollars, Intasa S.A. and its subsidiary Tubos Argentinos S.A. are analyzing ways to transfer funds to Intasa S.A. with respect to dividends and other payments.

It also has the subsidiary Tubos y Perfiles Metálicos S.A. (Tupemesa) in Lima, Peru which operates successfully in the market for tubular steel products, with a broad range of products to high quality standards.

In Brazil, the subsidiary Tubos Argentinos S.A. together with Intasa S.A. formed the company Steel House Do Brasil Comercio Ltda., headquartered in the city of Porto Alegre, which began operations in January 2010. The principal business of this company is the commercialization of galvanized products for dry construction, produced by the San Luis plant in Argentina, in the south of Brazil under the STEEL HOUSE brand name.

The incorporation of the steel solutions group into the traditional businesses of the CAP Group has permitted the promotion of steel consumption in Chile and an improvement in consolidated returns as a result of the participation in the whole steel value chain.

3. Summary of principal accounting policies applied

Accounting principles

These interim consolidated financial statements are shown in thousands of United States dollars and have been prepared from the accounting records of CAP S.A. and its subsidiaries (the Group or the Company) and in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and approved by the board at its meeting held on August 2, 2013.

These interim consolidated financial statements faithfully reflect the financial position of CAP S.A. and subsidiaries as of June 30, 2013 and December 31 2012 and the results of its operations for the periods of six and three months ended June 30, 2013 and 2012, and changes in equity and cash flows for the periods ended June 30, 2013 and 2012.

Responsibility for the information and estimates made

The management of CAP S.A. and its subsidiaries is responsible for the information contained in these consolidated financial statements.

The preparation of these interim consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions by the management of CAP S.A. and its subsidiaries. These estimates are based on the management's best knowledge of the amounts reported, events or actions, at the date of these consolidated financial statements. However, it is possible that events in the future may cause these to be modified (up or downward) in following periods, which would be done prospectively in accordance with IAS 8, booking the effects of the change in estimates in the corresponding future consolidated financial statements. The detail of the significant estimates and accounting criteria is contained in Note 5.

3.1 Principal Accounting Policies Adopted

The following are the principal accounting policies adopted in the preparation of these interim consolidated financial statements. These policies have been defined based on the IFRS current as of June 30, 2013, and have been applied uniformly in all the periods shown in these interim consolidated financial statements.

(a) Periods covered – These interim consolidated financial statements of CAP S.A. and subsidiaries comprise the statements of financial position as of June 30, 2013 and December 31, 2012, the results of its operations for the periods of six and three months ended June 30, 2013 and 2012 and the statements of changes in equity and cash flows for the periods ended June 30, 2013 and 2012.

(b) Preparation – These interim consolidated financial statements have been prepared in accordance with international financial reporting standards (IFRS) and the requirements and options issued by the Chilean Superintendency of Securities and Insurance (SVS), and represent the full, explicit and unreserved adoption of these international standards. In addition, the regulations and circulars issued by the SVS with respect to the preparation and presentation of the interim financial statements in IFRS, as issued by the International Accounting Standard Board (“IASB”), have also been considered.

These interim consolidated financial statements have been prepared from the accounting books maintained by the parent company and the other entities forming part of the CAP Group.

The financial statements have been prepared on the historic-cost basis. Historic cost is generally based on the fair value of the consideration for the goods and services. Fair value is the price that would be received on the sale of an asset or paid for transferring a liability in a orderly transaction between market participants on the date of measurement, whether such price is observable or estimated using other valuation techniques. The Company considers the characteristics of the assets and liabilities if the market participants take those characteristics when fixing the price of the asset or liability on the date of measurement. The fair value for measurement purposes and/or disclosure in these financial statements is determined in this way except for measurements that have some similarities to the market value but which are not fair value, such as the net realization value per IAS 2 or the value in use per IAS 36.

(c) Consolidation – The consolidated financial statements incorporate the financial statements of the Parent Company and the companies controlled by it. Control is achieved when the Company:

- Has control over the investment,
- It is exposed or has the right to the variable returns of involvement in the investment, and
- It has the capacity to use its control to affect the investment returns.

The Company evaluated its control based on all the facts and circumstances and the conclusion is re-evaluated if there is an indication that there are changes to at least one of the three elements stated above.

When the Company has at least a majority of the voting rights of an investment, it achieves control when the voting rights are sufficient in practice to have the ability to direct the relevant activities of the investment unilaterally. The Company considers all the facts and circumstances in evaluating whether the voting rights in an investment are sufficient to provide control, including:

- The size of the participation of the voting rights of the Company in relation to the size and dispersal of the other voting rights,
- Potential voting rights of the Company, other holders or other parties,
- Rights deriving from contractual agreements, and
- Any addition and circumstance that indicates that the Company has or not the ability to direct the relevant activities when the decisions need to be made, including previous voting patterns.

All significant intercompany transactions and balances have been eliminated in the consolidation, and recognition has been given to the non-controller interest that corresponds to third parties’ percentage participations in the subsidiaries, which is shown separately in the consolidated equity of CAP S.A..

Subsidiaries – A subsidiary is an entity over which the Group exercises direct or indirect control, as defined above. Entities are consolidated by this method in which, despite not having this percentage participation, it is understood that its activities are carried out for the benefit of the Company, this being exposed to all the risks and benefits of the dependent entity.

When evaluating whether the Company controls another entity, the existence and effect of the potential voting rights which are being exercised are taken into account. The subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded on the day this ceases.

The following table shows the detail of the direct and indirect subsidiaries that have been consolidated by the CAP Group:

Tax No.	Company	Address	Relationship	Shareholding percentage			
				30.06.2013		31.12.2012	
				Direct	Indirect	Total	Total
94637000-2	Compañía Siderúrgica Huachipato S.A.	Chile	Direct subsidiary	99.999	0.000	99.999	99.999
94638000-8	Compañía Minera del Pacífico S.A.	Chile	Direct subsidiary	74.999	0.000	74.999	74.999
79942400-2	Compañía Distribuidora de Petróleos del Pacífico Ltda.	Chile	Indirect sub.	0.000	74.999	74.999	74.999
79807570-5	Sociedad de Ingeniería y Movimientos de Tierra del Pacífico Ltda.	Chile	Indirect sub.	0.000	74.999	74.999	74.999
0-E	Pacific Ores & Trading N.V.	Dutch Antilles	Indirect sub.	0.000	74.999	74.999	74.999
0-E	Pacific Ores & Trading B.V.	Holland	Indirect sub.	0.000	74.999	74.999	74.999
90915000-0	Manganesos Atacama S.A.	Chile	Indirect sub.	0.000	74.184	74.184	74.184
76498850-7	Puerto Las Losas S.A.	Chile	Direct subsidiary	51.000	0.000	51.000	51.000
76800010-7	Minera Hierro Atacama S.A.	Chile	Indirect sub.	0.000	74.999	74.999	74.999
94235000-7	Abastecimientos CAP S.A.	Chile	Direct subsidiary	50.000	43.750	93.750	93.750
76369130-6	Tecnoap S.A.	Chile	Direct subsidiary	60.000	34.999	94.999	94.999
76399380-9	Ecocap S.A.	Chile	Indirect sub.	0.000	95.000	95.000	95.000
76399400-7	Cleanairtech Sudamérica S.A.	Chile	Direct subsidiary	51.000	0.000	51.000	51.000
0-E	P.O.R.T. Investments Ltd. N.V.	Dutch Antilles	Direct subsidiary	100.000	0.000	100.000	100.000
0-E	P.O.R.T. Finance Ltd. N.V.	Dutch Antilles	Indirect sub.	0.000	100.000	100.000	100.000
96925940-0	Novacero S.A.	Chile	Direct subsidiary	52.682	0.000	52.682	52.682
99503280-5	Intasa S.A.	Chile	Direct subsidiary	29.704	26.832	56.536	56.536
0-E	Tubos Argentinos S.A. (Argentina)	Argentina	Indirect sub.	0.000	56.536	56.536	56.536
0-E	Steel House Do Brasil Comercio Ltda.	Brasil	Indirect sub.	0.000	56.536	56.536	56.536
92544000-0	Cintac S.A.	Chile	Indirect sub.	11.031	26.832	37.863	37.863
0-E	Steel Trading Co. Inc. (Bahamas)	Bahamas	Indirect sub.	0.000	37.863	37.863	37.863
96919030-3	Conjuntos Estructurales S.A.	Chile	Indirect sub.	0.000	37.863	37.863	37.863
0-E	Tubos y Perfiles Metálicos S.A. (Perú)	Perú	Indirect sub.	0.000	37.863	37.863	37.863
96705210-8	Cintac S.A. (ex Acero Cintac S.A.)	Chile	Indirect sub.	0.000	37.863	37.863	37.863
96859640-3	Instapanel (ex Varco Pruden Chile S.A.)	Chile	Indirect sub.	0.000	37.863	37.863	37.863
76721910-5	Inmobiliaria Cintac S.A.	Chile	Indirect sub.	0.000	37.863	37.863	37.863
99537280-0	Tecnoacero S.A.	Chile	Indirect sub.	0.000	37.863	37.863	37.863
99553700-1	Tecnoacero Uno S.A.	Chile	Indirect sub.	0.000	37.863	37.863	37.863
76734400-7	Centroacero S.A. ex Nueva Centroacero S.A.	Chile	Indirect sub.	0.000	37.863	37.863	37.863

All the companies have the US dollar as their functional currency.

Non-controller participations – A controller shows non-controller participations in the consolidated statement of financial position under equity, separate from the equity of the owners of the controller.

Changes in the participation held by a controller in a subsidiary that does not result in a loss of control are equity transactions. Any difference between the amount that the minority interests are adjusted and the fair value of the consideration paid or received is booked directly to equity and is attributed to the owners of the controller. No adjustment is made to the book value of goodwill nor are gains or losses booked to the results.

Associates and joint ventures An associate is an entity over which the Company is in a position to exercise a significant influence. Significant influence is the power to participate in decisions over operative and financial policies, but not control or joint control over those policies. The results, asset and liabilities of associates are included in these consolidated financial statements using the participation method, except when the investment is classified as held for sale in which case it is booked in accordance with IFRS 5, Non-current assets held for sale and Discontinued operations. This requires the booking of investments in associates initially at cost and then, in later periods, are adjusted as a function of the changes made following the acquisition, for the portion of the net assets of the associate corresponding to the Company, less any impairment in value of the individual investments.

When the Group's participation in the losses of an associate or joint venture exceeds its participation in these, the entity ceases to book its participation in the additional losses. The participation in an associate or joint venture is the book value of the investment in the associate or joint venture as determined under the participation method, together with any long-term participation that in essence forms part of the net investment of the entity in the associate or joint venture.

A joint venture is an agreement by which the parties have joint control over the net assets of the joint venture. Joint control occurs only when the decisions regarding important activities require the unanimous consent of the parties sharing the control.

An investment is booked using the participation method from the date on which it becomes an associate or joint venture. At the time of the acquisition of the investment, any difference between the cost of the investment and the entity's participation in the net fair value of the identifiable assets and liabilities of the acquired entity, is booked as goodwill and is included in the book value of the investment. Any excess of the participation of the entity in the net fair value of the identifiable assets and liabilities of the acquired entity over the investment cost, after making a re-evaluation, is booked immediately in comprehensive results.

The Company's participations in joint ventures:

	Percentage participation	
	30.06.2013	31.12.2012
Armacero Industrial y Comercial S.A.	50%	50%

(d) Combinations of businesses – Combinations of businesses are booked using the purchase method. This involves showing the identifiable assets (including intangible assets previously not booked) and liabilities (including contingent liabilities and excluding future restructurings) of the business acquired at fair value. If these combinations of businesses imply acquiring control of an investment in which the Company has significant influence or joint control, such prior participation is booked at fair value showing the effect in results.

(e) Currency – The Company's functional currency has been determined as the currency of the principal economic environment in which it operates. Transactions other than those carried out in the functional currency are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities expressed in currencies other than the functional currency have been translated at the closing exchange rate. Gains and losses on the translation have been included in the earnings or losses for the year under exchange differences.

The Group's currency of presentation is the US dollar. In the consolidation, items of the statement of comprehensive results corresponding to entities with a functional currency other than the US dollar are translated to the latter at the average exchange rates. Items in the statement of financial position are translated at the closing exchange rates. Exchange differences deriving from the translation of the net assets of these entities are taken to equity and shown as a separate translation reserve.

(f) Currency translation - Transactions in a currency other than the functional currency are considered as foreign currency transactions and are booked in the functional currency at the exchange rate current on the date of the operation. Assets and liabilities in Chilean pesos, Argentine pesos, Peruvian soles and Unidades de Fomento are translated to US dollars at the exchange rates on the closing date of the financial statements, as follows:

	30.06.2013	31.12.2012
Chilean pesos per dollar	507.16	479.96
Argentine pesos per dollar	5.388	4.918
Unidad de Fomento (pesos)	22,852.67	22,840.75
Peruvian soles per dollar	2.75	2.55

(g) Offsetting of balances and transactions – As a general rule, neither assets and liabilities nor revenues and expenses are offset in the financial statements except in cases where offsetting is required or permitted by some regulation and this presentation is a reflection of the basis of the transaction.

Revenues and expenses arising from transactions that contractually or according to law contemplate the possibility of offset and the Group has the intention of settling for the net amount or realizing the asset and paying the liability simultaneously are shown net in the comprehensive results account.

(h) Property, plant and equipment – Property, plant and equipment are shown at cost, excluding periodic maintenance costs, less accumulated depreciation and losses for impairment.

The cost of the elements of property, plant and equipment comprises the acquisition price plus all costs directly related to the location of the asset and its preparation for use as forecast by the management and the initial estimate of any cost for dismantling and retirement of the element or its physical relocation.

It also includes as the cost of the elements of property, plant and equipment, interest costs for the financing directly attributable to the acquisition or construction of assets that require a substantial period of time before being ready for use or sale.

The costs of expansion, modernization or improvements that represent an increase in productivity, capacity or efficiency or an increase in the useful lives, are capitalized by increasing the value of the assets.

The costs of repairs, preservation and maintenance are charged to comprehensive results for the year in which that are incurred. Some elements of the Group's property, plant and equipment require periodic revisions. In this case, the elements to be replaced are shown separated from the rest of the assets and with a level of separation that enables them to be amortized in the period between the present and the following repair.

At the date of closing or whenever there is an indication that there may be impairment of the assets, the recoverable amount is compared with the net book value. Any booking or reversal of a loss of value arising as a result of the comparison is shown as a charge or credit to comprehensive results.

This heading also includes investments made in assets acquired under leasing agreements with a purchase option, thus meeting the conditions of a financial lease in accordance with IAS 17. These assets do not legally belong to the Company until the purchase option has been exercised.

The gain or loss on the disposal or retirement of an asset is calculated as the difference between the disposal proceeds and the book value, the charge or credit being taken to the comprehensive results for the period

(i) Depreciation - The elements of property, plant and equipment are depreciated using the straight-line method, through the distribution of acquisition costs of the assets less the residual value expected over the estimated years of useful life of the assets.

The residual value and useful life of the elements of property, plant and equipment are revised annually and depreciation starts when the assets are ready for use.

Land is shown independently from the buildings or installations that may be placed on it. It is understood that its useful life is indefinite and is not therefore subject to depreciation. Other assets, which include balances of works in progress, are depreciated from their placement in use according to their nature.

The useful life of property, plant and equipment used in mining works is determined based on technical studies prepared by internal and external specialists. These studies are also used for new acquisitions of property, plant and equipment or when there are indications that the useful lives of these assets should be changed.

The studies take into account certain factors for the determination of the useful life of certain assets, including:

- Expectations of production units or volumes,
- Quality of additions to the production process, and
- Method of extraction and processing.

(j) Mine development - The costs incurred during the execution of a project and until its start-up are capitalized and amortized in relation to the future production of mineral. These costs include the extraction of sterile topsoil, the construction of mine infrastructure and works prior to the normal operational work.

(k) Cost of removal for accessing mineral – The costs of the removal of sterile material in open-cast deposits that are in a production stage, incurred in order to access ore deposits are booked in Property, plant and equipment provided they comply with the following criteria set out in CFRS 20:

- It is probable that the future economic benefits related to the removal activities will result in cash flow for the Company.
- It is possible to identify the components of the ore body to be accessed as a result of the removal activities
- The cost associated with the removal activities can be measured reasonably.

The amounts booked in Property, plant and equipment are amortized according to the production units extracted from the ore body related specifically to the respective removal activity that generated such amount.

(l) Goodwill – Goodwill represents the positive difference between the acquisition cost and the fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired. Goodwill is initially measured at cost and later at cost less any loss for impairment.

Goodwill is revised annually to determine whether there are indicators of impairment or, more often, whether events or changes in circumstances indicate that the book value might have deteriorated. Impairment is determined for the goodwill by evaluating the amount recoverable of the cash-generating unit (or group of cash-generating units) to which the goodwill is related. When the amount recoverable from the cash-generating unit (or group of cash-generating units) is less than the book value of the cash-generating unit to which the goodwill has been assigned, a loss for impairment is booked. A loss for impairment related to goodwill cannot be reversed in future periods.

(m) Intangible assets – Intangible assets with a finite useful life acquired separately are measured initially at cost. They are then shown at cost less any accumulated amortization and any accumulated loss for impairment.

(n) Impairment of non-financial assets – Intangible assets with an indefinite useful life and reduced values are not amortized but are subjected annually to tests of losses for impairment.

Assets subject to amortization are tested for impairment losses provided there is objective evidence that as a result of one or more events occurring after the initial booking, the book value may not be recoverable.

For the purposes of evaluating losses for impairment, assets are grouped together at the lowest level for which there are identifiable separate cash flows (cash generating units).

A loss for impairment is booked when the book value of an asset exceeds its recoverable amount. The recoverable amount is the greater of the fair value of an asset less sale costs and its value in use. In evaluating the latter, estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market appraisals of the value of money over time and the specific risks of the asset, for which no estimates of future cash flows have been adjusted.

If it is believed that the recoverable amount of an asset or cash generating unit is less than its book value, the latter is reduced to the recoverable value. Impairment is booked immediately to results. If impairment is reversed later, the book value rises to the revised estimate of the value recoverable, but up to the point where it does not exceed the book value that had been determined if no prior impairment had been booked. A reversal is immediately shown as a reduction in the charge for depreciation.

Non-financial assets other than goodwill that have suffered a loss through impairment are revised at each date of the statement of financial position in case reversals of the loss have occurred.

The assets subjected to the above methodology are:

- Investments in subsidiary companies
- Investments in associate companies
- Investments in joint ventures

In the case of mine properties, estimated future cash flows are based on estimates of the amounts of proven and probable reserves, and on assumptions about future production levels, future commodity prices, future production costs and investment projects. IAS 36 “Impairment of assets” includes a series of restrictions on the future cash flows that may be booked with respect to future restructurings and improvements related to the expenses. In calculating the value in use, it is also necessary for these to be based on current exchange rates at the time of the appraisal.

(ñ) Estimated useful economic lives of assets and mineral reserves

i. Useful economic life – The useful lives of Property, plant and equipment used for calculating depreciation are determined based on technical studies prepared by internal specialists. These studies are also used for new acquisitions of Property, plant and equipment or when there are indications that the useful lives of these assets should be changed.

The studies take into account the following factors in determining the useful lives or certain assets, including:

- Expectations of production units or volumes
- Quality of inputs into the production process and
- Method of extraction and processing.

ii. Iron ore reserves - The volumes of iron-ore reserves are based on the management's estimates of the resources that might be recovered and sold at prices that exceed the total cost associated with the extraction and processing. Estimates of reserves are produced internally, using methods that are standard in the mining industry and which are supported by historic experience and management assumptions with respect to the cost of production and market prices.

The management makes judgments in determining the probable exploitable resources, so possible changes in these estimates could significantly impact on net revenues as a result of a change in the useful lives of certain assets and the booking of certain dismantling and restoration costs that need to be re-evaluated.

(o) Financial assets – Financial assets are classified in the following categories:

- Financial assets at fair value through results.
- Investment held to maturity.
- Financial assets available for sale.
- Loans and accounts receivable.

The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial booking.

- **Financial assets at fair value through results** – Their characteristic is that they are mainly held to be sold in the near future in order to obtain gains and liquidity. These instruments are shown at fair value and variations in their value are shown in results at the time they occur.

- **Financial assets held to maturity** – These relate to non-derivative financial assets with known payments and fixed maturities that the Group's management has the intention and capacity to hold until their maturity. Should the Group sell a significant amount of the financial assets held to maturity, the complete category is reclassified as available for sale.

These financial assets are included in non-current assets except for those whose maturity is less than 12 months from the date of the statement of financial position.

- **Financial assets available for sale** – These are non-derivative financial assets specifically designated in this category or which are not classified in any of the above categories. These financial assets are included in non-current assets unless the management intends to dispose of the investment within 12 months of the date of the statement of financial position

- **Loans and accounts receivable** – These are shown at their amortized cost, basically the cash disbursed less repayments of principal made, plus interest accrued but not collected in the case of loans and the present value of accounts receivable. They are included in current assets, except for maturities of over 12 months from the date of the statement of financial position, which are classified as non-current assets. Loans and accounts receivable are included in Trade debtors and other accounts receivable in the statement of financial position.

Effective interest rate method - Method for calculating the amortized cost of a financial asset and of the assignment of interest income over the whole related period. The effective interest rate relates to the rate that exactly discounts the estimated net future cash flows receivable (including all the charges and income received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), over the expected life of the financial asset.

Acquisitions and disposals of financial assets are shown on their trading date, i.e. the date on which the Group is committed to acquire or sell an asset.

Impairment of financial assets – Financial assets, other than those valued at fair value through results, are evaluated at the date of each statement of financial position to establish the presence of indicators of impairment. Financial assets are impaired when there is objective evidence that, as a result of one or more events occurring after the initial booking, the estimated future cash flows of the investment will be affected

In the case of financial assets valued at amortized cost, the loss for impairment is the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the financial asset. As of June 30, 2013, impairment tests carried out indicate that no impairment has been observed.

Retirements of financial assets- The Company retires a financial asset when the contractual rights to the cash flows have expired or when substantially all the risks and benefits inherent in the ownership of the financial asset are transferred to another entity. If the Company retains substantially all the rights and benefits of ownership of the financial asset, the asset will continue to be booked as well as a liability booked for the cash flows received.

(p) Financial liabilities – Financial liabilities are classified either as at fair value through results or as Other financial liabilities.

- **Financial liabilities at fair value through results** – Financial liabilities are classified at fair value through results when they are held for trading or are designated at fair value through results.
- **Other financial liabilities** – Other financial liabilities, including loans, are valued initially at the amount effectively received net of transaction costs. They are later valued at amortized cost using the effective interest-rate method, showing the interest cost on the basis of the effective return.

Effective interest-rate method - Method for calculating the amortized cost of a financial liability and of the assignment of interest income over the whole related period. The effective interest rate relates to the rate that exactly discounts the estimated net future cash flows payable over the expected life of the financial liability, or when appropriate, a shorter period when the related liability has a prepayment option that it is believed will be exercised.

As of the close of these interim consolidated financial statements, the effective interest rate does not differ significantly from the nominal interest rate of the financial liabilities. Financial loans are shown at their net value, i.e. after deducting associated issue costs.

The Group writes down financial liabilities only when the obligations are paid, cancelled or have expired.

Modifications of the conditions of a financial loan are booked as the extinction of a financial liability only when such modifications are substantial.

- **Classification as debt or equity** – Debt and equity instruments are classified either as financial liabilities or equity according to the substance of the contractual agreement.
- **Equity instruments** – An equity instrument is any contract that demonstrates a residual participation in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are shown at the amount of the consideration received, net of direct issue costs. The Group currently has only issued shares of the one series.

Capital increases in the form of assets and liabilities received other than in cash and cash equivalents are shown at their fair value.

(q) Derivative and hedging financial instruments - Derivative contracts signed by the Group to cover risks related to exchange and interest-rate fluctuations relate mainly to forward currency contracts and currency and interest-rate swaps. All relate to hedge contracts so the effects of changes in the fair value of this type of instrument are shown in hedge assets and liabilities to the extent that the hedge of the item has been declared as effective according to its purpose. A hedge is considered to be highly effective when changes in the fair value or in the underlying cash flows attributable to the risk hedged are compensated by changes in the fair value or cash flows of the hedge instrument, with an effectiveness in the range of 80% - 125%. The corresponding gain or loss is shown in the comprehensive results for the year only in those cases where the contracts are liquidated or cease to meet the characteristics of a hedge contract; otherwise they are shown in equity.

Derivatives are booked initially at fair value at the time of signing the derivative contract and are later again valued at fair value on the date of each closing. The fair value of forward currency contracts is calculated with reference to current forward exchange rates for similar maturities.

The total fair value of hedge derivatives is classified as a non-current asset or liability if the remaining maturity is over 12 months and as a current asset or liability if the remaining maturity is less than 12 months

Cash-flow hedges – The effective portion of the changes in fair value of derivative instruments that are denominated and qualify as cash-flow hedge instruments are deferred in equity in a reserve called Cash-flow hedges. The gain or loss related to the ineffective portion is shown immediately in the statement of comprehensive results, in the line Other gains or losses. The amounts deferred in equity are shown as gains or losses in the periods in which the item hedged is booked in gains or losses, on the same line of the statement of comprehensive results where the item hedged was booked. However, when the foreseen transaction hedged results in the booking of a non-financial asset or liability, the gains and losses previously deferred are transferred from equity and are included in the initial valuation of the cost of that asset or liability.

The booking of a hedge is discontinued when the Company cancels the hedge relationship, when the hedge instrument matures or is sold, terminated or exercised, or no longer qualifies for booking as a hedge. Any deferred gain or loss in equity at that time is maintained in equity and is booked when the foreseen transaction is finally booked in gains or losses. When it is no longer likely that a foreseen transaction will occur, the accumulated gain or loss that was deferred in equity is immediately shown in gains or losses.

Implicit derivatives – The Company and its subsidiaries have established a procedure for evaluating the existence of implicit derivatives in financial and non-financial contracts. Should there be an implicit derivative, and if the principal contract is not booked at fair value, the procedure determines whether its characteristics and risks are closely related to the principal contract; if not, a separate booking is required.

The procedure consists of an initial characterization of each contract in order to identify those in which there might be an implicit derivative. In this case, the contract is analyzed in greater depth. If such evaluation determines that the contract contains an implicit derivative that needs to be booked separately, this is valued and the movements in their fair value are shown in the comprehensive results account in the interim consolidated financial statements.

The analyses made to date indicate that there are no implicit derivatives in the contracts of the Company and its subsidiaries that need to be booked separately.

(r) Inventories – Inventories are shown at cost using the following methods:

- **Finished products and those being processed:** at the average monthly production cost which includes the depreciation of fixed assets and the amortization of mine properties.
- **Raw materials, supplies and consumption spares:** at average cost.
- **Stockpiled ore:** the lower of the average monthly extraction cost and the recoverable value.

- **Raw materials and supplies in transit:** at cost.

The cost assigned to inventories does not exceed their net realization value.

The cost price includes direct materials costs and any handling costs, the indirect costs incurred in transforming the raw materials into finished products and general expenses incurred in transforming the raw materials into finished products, and general expenses incurred in transferring inventories to their location and present conditions.

The net realization value represents the estimated sale price less all estimated termination costs and costs that will be incurred in the commercialization, sales and distribution processes.

(s) Statement of cash flows – The Group has defined the following for the purposes of preparation of the statement of cash flows:

Cash and cash equivalents include cash, time deposits with credit entities, mutual fund quotas and other very-liquid and easily-realizable short-term investments with a low risk of changes in their value and an original term of up to three months. In the statement of position, bank overdrafts are classified as outside resources in current liabilities.

- **Operating activities:** Activities that are the Group's principal source of ordinary revenue, plus other activities that cannot be classified as for investment or financing.
- **Investment activities:** The acquisition, disposal or disposition by other means of long-term assets and other investments not included in cash and its equivalents.
- **Financing activities:** Activities that produce changes in the size and composition of equity and liabilities of a financial nature.

(t) Income tax – The Company and its Chilean subsidiaries determine their taxable income and calculate their income tax in accordance with current legislation. Its foreign subsidiaries do so under the regulations of their respective countries.

Deferred taxes originating from timing differences and other events that create differences between the financial and tax treatment of assets and liabilities are shown in accordance with IAS 12 "Income taxes".

The subsidiary Compañía Minera del Pacífico S.A. similarly books the timing differences arising between tax and financial items that result from the determination of the operating taxation result for the purposes of calculating the specific mining tax.

Corporate taxes are booked in the comprehensive results account or equity accounts in the statement of financial position depending on where the resultant gains or losses have been booked. Differences between the book value of the assets and liabilities and their fiscal base generate balances of deferred tax assets and liabilities that are calculated using the fiscal rates expected to be in effect when the assets and liabilities are liquidated.

Variations produced in the period in deferred tax assets and liabilities are shown in the results account of the consolidated statement of comprehensive results or directly in the equity accounts of the statement of financial position, as the case may be.

Deferred tax assets are shown only when the Group expects to have sufficient future taxable earnings to recover the deductions for timing differences.

Non-monetary tax assets and liabilities determined in Chilean pesos or the corresponding local currency are translated to the company's functional currency at the exchange rate at the end of each period. Changes in the exchange rate give rise to timing differences.

(u) Provisions – Provisions are booked when the Group has a present obligation (whether legal or constructive) as a result of a past event, it is probable that then Group has to cancel the obligation and the amount of the obligation can be estimated reliably.

The amount booked as provision should be the best estimate of the disbursement necessary to cancel the present obligation at the end of the period being reported, taking into account the risks and uncertainties relating to the obligation. When a provision is measured using the estimated cash flow for canceling the present obligation, its book value represents the present value of such cash flows (when the effect of the temporary value of the money is significant).

When some or all the economic benefits required for canceling a provision are expected to be recovered from a third party, an account receivable is booked as an asset if it is practically certain that the reimbursement will be received and the amount of the account receivable can be measured reliably.

(v) Employee benefits - Employment terms stipulate the payment of a severance indemnity for years of service when a work contract expires. Normally this corresponds to the proportion of a month for each year of service, based on the final wage. This has been defined as a long-term benefit.

The Company and some of its subsidiaries have also agreed a long-service bonus with some of their employees, which is paid on the basis of a percentage increase in wage according to a defined table. This has been defined as a long-term benefit.

Provisions for severance payments and long-service bonuses are calculated based on valuations prepared by an independent actuary using the projected credit-unit method, which are updated periodically. The obligation shown in the statement of financial position represents the present value of the obligation for severance payments and long-service bonuses. Actuarial gains or losses are shown immediately in the statement of comprehensive results in the cost of sales or administrative expenses, as appropriate.

The costs of employee benefits are charged to comprehensive results in the period in which they accrue.

The management makes assumptions for determining the best estimate of these benefits. This expectation, and the assumptions, are established jointly with the Company's external actuary, and include an annual discount rate, expected increases in remunerations, future permanence, etc.

The amount of the net actuarial liabilities accrued to the end of the period is shown in Provisions, current and non-current, in the consolidated statement of financial position.

(w) Contingent liabilities – Contingent liabilities are obligations arising from past events whose information is subject to the occurrence of events outside the control of the company, or present obligations arising from past events whose amount cannot be estimated reliably or in whose settlement there is unlikely to be an outflow of funds.

The Company does not book contingent assets or liabilities except those deriving from contracts of an onerous nature which are booked as a provision and reviewed on the date of each statement of financial position to adjust them to show the best estimate.

(x) Provisions for dismantling and restoration costs - An obligation to incur dismantling and restoration costs arises when an alteration to the environment is produced caused by the development or production of a mining property. The costs are estimated based on a formal closure plan and are subject to a periodic revision.

Costs arising from the installation of a plant or other project for the preparation of its location, discounted to their net present value, are provisioned and capitalized at the start of each project, when the obligation to incur these costs originates. These dismantling costs are charged to comprehensive results over the life of the mine by means of the depreciation of the asset and amortization or deduction from the provision. Depreciation is included in the operating costs while amortization is treated as a financing cost.

Restoration costs due to damages in the location, which are generated progressively during production, are provisioned at their net present values when the damage is caused, and charged to comprehensive results for the period as extraction advances.

Provisions for dismantling and restoration and environmental provisions are made at present value at the time the obligation is known. Environmental costs are estimated using also the work of an external specialist and/or internal experts. Management uses its judgment and experience in provisioning and amortizing these estimated costs over the useful life of the mine.

(y) Booking of revenue – Revenue is booked as soon as it is probable that the economic benefits will flow to the Company and can be measured reliably. The following specific criteria should also be met before booking revenue:

- **Sale of goods** – Revenue from the sale of goods is booked when the risks and significant benefits of ownership of the goods have been transferred to the buyer; this normally happens with the dispatch of the goods.
- **Provision of services** – Ordinary revenue related to the provision of services is booked considering the progress of these at the date of closing, provided the result of the transaction can be estimated reliably.
- **Interest income** – Income is booked as interest accrues as a function of the principal outstanding and the applicable interest rate.
- **Revenue generated by industrial promotion** – The indirect subsidiary Tubos Argentina S.A. has booked as operating revenue the effects of the industrial promotion granted through fiscal credit certificates by the Argentine Federal Administration of Public Revenues.

(z) Earnings per share – Basic earnings per share are calculated as the relationship between the earnings (loss) for the period attributable to the Company and the weighted average number of its common shares in circulation during that period.

The Company has not carried out any kind of operation with a potentially diluting effect that suggests that diluted earnings per share are different to basic earnings per share.

(aa) Dividends - The distribution of dividends to shareholders is booked as a liability at the end of each period in the financial statements as a function of the dividend policy agreed by the ordinary shareholders' meeting, which corresponds to 50% of distributable earnings, determined as shown in Note 24.

(ab) Leases – There are two kinds of leases:

- **Financial leases** – These are where the lessor transfers substantially all the risks and benefits inherent in the ownership of the asset leased. The ownership of the asset may or may not be transferred.

When Group companies act as lessees of an asset under a financial lease, the cost of the assets leased is shown in the consolidated statement of financial position according to the nature of the asset concerned, and is simultaneously booked as a liability in the consolidated statement of financial position for the same amount. This amount will be the lesser of the fair value of the asset leased and the sum of present value of the amounts payable to the lessor plus, if applicable, the price for exercising the purchase option.

These assets are amortized following criteria similar to those applied to the whole of the property, plant and equipment for its own use.

Financial expenses deriving from the financial updating of the liability booked are charged to Financial costs in the consolidated comprehensive results.

- **Operative leases** – These are leases in which the ownership of the asset leased and substantially all the risks and benefits related to the asset remain with the lessor.

(ac) Classification of balances as current and non-current – Balances in the consolidated statement of financial position are classified as a function of their maturities, i.e. current being those maturing within twelve months, and non-current being those maturing after that period. Should there be obligations maturing at less than twelve months but whose long-term refinancing is assured, these may be classified as non-current liabilities at the discretion of the Company, under committed available loan agreements with long-term maturities.

(ad) The environment – The Group adheres to the principles of sustainable development which balance economic development with care for the environment and the safety and health of its personnel.

The Company recognizes that these principles are key to the wellbeing of its personnel, care for the environment and the success of its operations.

3.2 New accounting pronouncements

a) The following new standards and interpretations have been adopted in these financial statements:

New IFRS	Date of obligatory application
IFRS 10, <i>Consolidated financial statements</i>	Annual periods begun or after January 1, 2013
IFRS 11, <i>Joint agreements</i>	Annual periods begun or after January 1, 2013
IFRS 12, <i>Disclosures of participations in other entities</i>	Annual periods begun or after January 1, 2013
IAS 27 (2011), <i>Separated financial statements</i>	Annual periods begun or after January 1, 2013
IAS 28 (2011), <i>Investments in associates and joint ventures</i>	Annual periods begun or after January 1, 2013
IFRS 13, <i>Measurements of fair value</i>	Annual periods begun or after January 1, 2013
IAS 19, <i>Employee benefits (2011)</i>	Annual periods begun or after January 1, 2013
Amendments to IFRS	Date of obligatory application
IAS 1, <i>Presentation of financial statements – Presentation of components of Other comprehensive results</i>	Annual periods begun or after July 1, 2012
IFRS 7, <i>Financial instruments: Disclosures – Transfers of financial assets-Modifications to disclosures regarding the netting of financial assets & liabilities</i>	Annual periods begun or after January 1, 2013
IFRS 10, IFRS 11 & IFRS 12 – Consolidated financial statements, Joint ventures & Disclosures of participations in other entities – Guidelines for transition	Annual periods begun or after January 1, 2013
New Interpretations	Date of obligatory application
CFRS 20, <i>Costs of Clean Up in Production Phase of an Open-Cast Mine</i>	Annual periods begun or after January 1, 2013

The application of these standards has made no significant impact on the amounts reported in these financial statements, but they might affect the booking of future transactions or agreements.

b) The following new standards and interpretations have been issued but their date of application is not yet effective:

New IFRS	Date of obligatory application
IFRS 9, <i>Financial instruments</i>	Annual periods begun or after January 1, 2015

Amendments to IFRS	Date of obligatory application
IAS 32, <i>Financial Instruments: Presentation – Clarification of requirements for netting of financial assets & liabilities</i>	Annual periods begun or after January 1, 2014
<i>Investment entities</i> – Modifications to IFRS 10, Consolidated Financial Statements; IFRS 12 Disclosures of Participations in Other Entities, and IAS 27 Separate Financial Statements	Annual periods begun or after January 1, 2014
IAS 36, Impairment of Assets, the recoverable amount Disclosures for nonfinancial assets	Annual periods begun or after January 1, 2014
IAS 39, Financial Instruments: Recognition and Measurement - Novation of derivatives and hedge accounting continued	Annual periods begun or after January 1, 2014

New Interpretations	Date of obligatory application
IFRIC 21, Liens	Annual periods begun or after January 1, 2014

The Company's management believes that the future adoption of the above standards and interpretations will have no significant impact on the Group's consolidated financial statements.

4. Financial risk management and hedge definitions

The following shows the definition of the risks faced by the Company and its subsidiaries including their nature and amounts, plus a description of the mitigation measures currently in use:

In the normal course of its businesses and financing activities, the Company is exposed to various financial risks that may significantly affect the economic value of its cash flows and assets, and thus its results. The risk management policies are approved and revised periodically by CAP S.A. and its subsidiaries.

4.1 Market risk

This is the possibility that fluctuations in market variables, such as interest and exchange rates, product prices, etc., produce losses due to the devaluation of cash flows or assets or the valuation of liabilities due to their denomination or indexation.

The Company has established policies for managing these risks, defining specific strategies as a function of periodic analyses of trends in the variables that influence exchange and interest rates.

- **Exchange risk** – The Group is exposed to exchange risk given the nature of its operations, which involve transactions in currencies other than the US dollar, principally in Chilean and Argentine pesos, these being of little significance as the Company's functional currency is the US dollar.

CAP Holding Company

The principal exposed items of the statement of financial position are the financial investments in peso and UF time deposits, and the dividend payment obligations which are paid in Chilean pesos. The Group arranges hedges to mitigate the exchange risk on these items.

In order to mitigate these risks, CAP S.A. has signed forward and cross-currency swap contracts for the whole of its financial investments and dividend payments in currencies other than the dollar, whereby the Company pays to its counterparties cash flows in pesos and UF equal to the flows from its investments and dividend payments in those currencies, and receives from them cash flows in dollars, thus being freed from the exchange risk described.

CAP Mining

The subsidiary Compañía Minera del Pacífico S.A. is exposed to exchange risk because of the nature of its business, which involves transactions in currencies other than the US dollar, principally Chilean pesos.

The company's management has decided to carry out hedging operations to mitigate exchange risks on its operating expenses and financial investments.

The company has dollar/peso cash-flow hedge contracts to cover its operating and investment disbursements.

CAP Steel

The subsidiary Compañía Siderúrgica Huachipato S.A. is exposed to exchange risk due to the nature of its operations which involve transactions in currencies other than the dollar, mainly in Chilean pesos.

The principal exposed items in the balance sheet of CSH are its accounts receivable (mostly denominated in Chilean pesos) and financial liabilities contracted in local currency.

CAP Steel Processing

The principal exposed items of the statement of financial position for the subsidiary Cintac S.A. are accounts receivable (denominated mostly in Chilean pesos), financial investments in time deposits in Chilean pesos and financial debt in local currency.

The Company's management has decided to contract hedges to mitigate the exchange risk on accounts receivable.

The subsidiary Intasa S.A. is exposed to exchange risk due to the nature of its operations which involve transactions in currencies other than the dollar, mainly in Argentine pesos.

Cleanairtech Sudamérica S.A.

The subsidiary Cleanairtech Sudamérica S.A. is exposed to exchange risk due to the nature of its business which involves transactions in currencies other than the US dollar, specifically cash flows in UF (pesos) that have to be paid during the construction of Phase I of the seawater desalination plant and aqueduct.

The company's management has decided to contract hedges to mitigate the exchange risks on its operating expenses and financial obligations.

The company has dollar/UF cash-flow hedge instrument contracts.

- **Interest-rate risk** – The Group's financing structure comprises a mixture of sources of funds at fixed and floating rates. The portion at floating rates, usually at 3 or 6-month LIBOR plus a spread, exposes the Company to changes in its financial expenses depending on fluctuations in LIBOR.

The Company has policies for managing these risks, defining specific strategies as a function of periodic analyses of trends in the variables that influence exchange and interest rates.

CAP Holding Company

The Company has contracted an interest-rate swap to fix the rate applicable to its Series F domestic bonds for ThUS\$ 171,480.

CAP Mining

Its financial debt consists mainly of leasing transactions which are at fixed interest rates.

CAP Steel

The financing structure of Compañía Siderúrgica Huachipato S.A. mainly relates to financing provided by the Parent through operating current accounts, at LIBOR plus a spread of 2.5%. To a lesser extent, there are also financial lease contracts at fixed interest rates.

CAP Steel Processing

The financing structure of the CINTAC S.A. group is mainly subject to floating interest rates. The portion with floating rates consists of a 180-day LIBOR floating rate plus a spread for its dollar financing.

The financing structure of Intasa S.A. and subsidiaries consists of funding at fixed rates.

Management policies for these risks are set by Intasa S.A. These define specific strategies depending on periodic analyses of trends in the variables that affect exchange and interest rates.

As of June 30, 2013, the interest rates on the financial debt of Intasa S.A. and subsidiaries are fixed contractually and there is therefore no variation between the flow of funds for the payment of interest and the amounts provisioned at the close of these consolidated financial statements. These rates are revised periodically by the management of the Company and its subsidiaries.

Cleanairtech Sudamérica S.A.

The subsidiary Cleanairtech Sudamérica S.A. has signed an interest-rate swap contract to cover the variable interest rate for 80% of the principal due during the term of the project finance.

Consolidated financial debt

The total financial debt of the CAP S.A. group as of June 30, 2013, including accrued interest and hedge instruments, is summarized below, showing the amounts at fixed rates and those at floating rates:

	30.06.2013		
	Fixed rate	Variable rate	Total
	ThUS\$	ThUS\$	ThUS\$
Short-term bank debt	23,602	89,761	113,363
Long-term bank debt	59,843	276,711	336,554
Financial overdraft	8,847	-	8,847
Financial leases	51,720	-	51,720
International bonds	66,469	-	66,469
Local bonds	163,512	-	163,512
Hedging instruments	39,228	-	39,228
Total	413,221	366,472	779,693

As of June 30, 2013, there is no significant variation in the Company's results due to changes in interest rates. At the end of the period, the interest rates on the most significant financial debt are fixed contractually for a 6-month period so there is no variation between the flows for paying interest and the amounts provisioned at the closing date of these financial statements.

These rates are revised periodically by the Company's management.

4.2 Credit risk

This risk refers to the capacity of third parties to meet their financial obligations with CAP S.A. and subsidiaries. The items exposed to this risk fall into 3 categories:

- **Financial assets** – These consist of balances of cash and cash equivalents, time deposits and marketable securities in general. The Company's ability to recover these funds on their maturity depends on the solvency of the bank where they are deposited, so the credit risk to which cash and cash equivalents are exposed is limited as the funds are deposited with banks with high credit ratings granted by international rating agencies and limited by amount for each financial entity according to the Parent's current investment policy.
- **Trade debtors** – The risk of non-payment by the Group's trade debtors is significantly low and an allowance is made to cover any doubtful accounts. The estimate of this allowance contemplates certain debtors which show a history of overdue payments.
- **Derivative counterparty obligations** – These relate to the market value in favor of the Company under derivative contracts outstanding with banks.

To mitigate this risk, the Company follows a derivatives management policy that specifies credit-quality parameters that financial institutions must meet in order to be considered eligible as counterparties.

4.3 Liquidity risk

This risk relates to the CAP Group's capacity to amortize or refinance at reasonable market prices its financial commitments acquired and to carry out its business plans with stable sources of funding.

The Company believes that the generation of cash flows to meet its financial obligations is sufficient, permitting eventual distributions of dividends to its shareholders.

The Company also believes that the level of debt is adequate to cover its normal operating and investment requirements as established in its five-year plan.

The following table shows the maturity structure of principal and interest of the financial obligations of CAP S.A. and subsidiaries as of June 30, 2013:

	Expiration Year					Total ThUS\$
	2013 ThUS\$	2014 ThUS\$	2015 ThUS\$	2016 ThUS\$	2017 & followings ThUS\$	
Bank loans	112,852	142,414	115,689	76,431	2,531	449,917
Financial overdraft	-	8,847	-	-	-	8,847
Financial leases	3,417	10,030	36,346	1,927	-	51,720
International bonds	1,416	-	-	-	65,053	66,469
Local bonds	(1,165)	-	-	-	164,677	163,512
Hedging instruments	14,728	-	-	-	24,500	39,228
Total	131,248	161,291	152,035	78,358	256,761	779,693

4.4 Commodity price risk

The Group's operations are exposed to variations in commodity prices, principally those of coal, steel, iron and the inputs necessary for production (oil, energy, chemicals, etc.), whose levels are determined by supply and demand in the different markets.

4.5 Sensitivity analysis

i) Exchange risk

The following sensitivity analysis shows the impact of a variation in the US dollar / Chilean peso exchange rate on the Company's results. The impact on the results is produced as a consequence of the valuation of expenses in pesos and the re-conversion of the monetary financial instruments (including cash, trade creditors, debtors, etc.).

CAP S.A. has an asset accounting position with respect to currencies other than the US dollar (i.e. assets greater than liabilities denominated in currencies other than the US dollar), amounting to US\$ 52.7 million, of which US\$ 29.9 million are hedged by derivatives, leaving a net exposure of US\$ 22.8 million. If the exchange rate (mainly Chilean pesos against the dollar) appreciates or depreciates by 10%, it is estimated that the effect on the Company's results would be a gain or loss of US\$ 2.28 million.

ii) Interest-rate risk:

CAP S.A. follows a policy of hedging interest rates on its debt through derivative instruments, in order to reduce risks in the event of fluctuations in interest rates in the most probable expected rate scenario. The Company's financial investments are agreed at fixed interest rates, thus eliminating the risk of fluctuations in market interest rates.

CAP S.A. has financial debt at floating rates amounting to US\$ 366.5 million. This amount is therefore exposed to variations in interest flows as a result of changes in market interest rates. In the event of an increase or decrease of 10% (on the average funding rate, equivalent to 2.2% p.a.), it is believed that the Company's annual financial expenses would rise or fall by US\$ 0.81 million.

5. Management's estimates and assumptions in applying accounting policies

The application of IFRS requires the use of estimates and assumptions that will affect the amounts of assets and liabilities reported on the date of the financial statements and the amounts of revenue and expenses generated during the period of the report. The Group's management will necessarily make judgments and estimates that will have a significant effect on the figures shown in the financial statements under IFRS, and changes in these assumptions and estimates could also have a significant impact on these.

The following is a detail of the estimates and judgments used:

5.1 Estimated economic useful lives of assets and mineral reserves – The useful lives of property, plant and equipment used to calculate depreciation are determined based on technical studies prepared by internal and external specialists. The mineral reserves of CAP Group's mining properties have been estimated on a model based on the respective useful life of the mine using the production-unit method on proven and probable reserves. The assumptions valid for determining a mineral reserve can change depending on the availability of new information.

The depreciation of assets related directly to the production processes could be impacted by an expansion of present production in the future, different to that established in the present production budget, based on proven and probable reserves. This could occur if there is any significant change in any factor or assumption used in estimating the mineral reserves.

These factors might include:

- Expectations of production units or volumes;
- Quality of inputs to the production process;
- Method of extraction and processing.

5.2 Asset impairment – At the close of each year, or on the date considered necessary, the Company revises the book value of its tangible and intangible assets to determine whether there is any indication that these assets might be impaired. In this evaluation, assets that do not generate cash flows independently are grouped into appropriate cash-generating units (CGU). The amount recoverable from these assets or CGUs is the greater of their recoverable value (discounted cash flow method) and their book value.

The management necessarily applies its judgment in the grouping of assets that do not generate independent cash flows and also in the estimate and frequency of the underlying cash-flow values in the calculation values and the interest rate used. Subsequent changes in the grouping of CGUs or the frequency of the cash flows and interest rates could affect the book values of the respective assets.

5.3 Costs of restoration, dismantling and environmental reclamation – The provisions for restoration, dismantling and environmental costs are made at present value as soon as the obligation is known. The costs incurred in dismantling associated to each project are capitalized and charged to comprehensive results over the useful life of the project through the depreciation of the assets and/or development of the discounted provision. Later restoration costs are valued at present value and charged to comprehensive results according to the progress of the damage caused by extraction. The costs are estimated using the work of an external specialist and/or internal experts. The management applies its judgment and experience in providing for and amortizing these estimated costs over the useful life of the mine.

5.4 Estimate of doubtful accounts and obsolete inventories – The Company has estimated the risk of non-payment of its accounts receivable and of inventory obsolescence, for which percentage allowances have been established for bands of maturities less the application of credit insurance taken, and the turnover of its products, respectively.

5.5 Provision for employee benefits – The expected costs of severance payments for years of service and other long-term benefits during the year are charged to results for the period. Any actuarial gain or loss, which can arise from differences between actual and expected results or changes in actuarial assumptions, is booked directly to other comprehensive results.

Assumptions referring to expected costs are made together with an external actuary of the Company, and include demographic assumptions, the discount rate and expected increases in remunerations. Although management believes that the assumptions used are appropriate, a change in these could significantly impact on the Company's results.

5.6 Fair value of derivatives and other financial instruments – As described in Note 4, the management follows its criteria of selecting an appropriate valuation technique for instruments that are not quoted on an active market. These are techniques commonly used by market professionals. In the case of financial derivative instruments, assumptions are made based on rates quoted on the market, adjusted according to the specific characteristics of the instrument. Other financial instruments are valued using an analysis of the updating of cash flows based on assumptions supported, when possible, by observable market prices or rates.

5.7 Litigation and contingencies – The Company evaluates periodically the probability of loss on its litigation and contingencies according to estimates made by its legal advisers. No provisions are made when the Company's management and lawyers believe that favorable results will be obtained or the results are uncertain and the legal proceedings are still continuing.

5.8 Obsolescence. - The Company has estimated the risk of obsolescence of its inventories as a function of their condition and turnover and their net realization values.

6. Cash and cash equivalents, and other current and non-current financial assets

6.1 Cash and cash equivalents

The detail of cash and cash equivalents as of June 30, 2013 and December 31, 2012 is as follows:

	Cash and cash equivalents	
	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Cash and banks	15,161	24,383
Time deposits	194,822	188,145
Mutual funds	90,272	82,769
Total	300,255	295,297

- Time deposits classified as cash and cash equivalents mature within three months from the date of their placement and accrue interest at market rates for this type of investment.
- Mutual funds relate to peso and dollar fixed-income funds which are shown at the value of the respective quota on the date of closing of these consolidated financial statements. The fair value of these investments is the result of the number of quotas held times the latest price of the quota reported publicly to the market, for each of the mutual funds invested, which is also the redemption value of this investment. Changes in the fair value of other financial assets at fair value with changes to results are booked in Financial income in the consolidated statement of comprehensive results.
- Cash and cash equivalents have no restrictions on their availability.

6.2 Otros Activos Financieros corrientes y no corrientes

	Other Current Financial Assets	
	financial instruments	
	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Time deposits	217,932	352,035
Investments	12,143	42,166
Hedge assets (Note 10)	2,700	12,190
Others	20,837	9,645
Total	253,612	416,036

- Time deposits classified as other current financial assets mature in over three months but within twelve months from the date of their placement and accrue interest at market rates for this type of investment.
- Financial investments refer to investment instruments that mature in a term of over three months and less than one year from their date of acquisition and accrue market interest for this type of investment.
- Other financial assets refer to balances in checking accounts with commercial banks of the subsidiary Cleanairtech Sudamérica S.A. which are subject to restrictions by the project finance agent banks, as detailed in Note 18.

- The Company has made no investment and financing transactions that do not require the use of cash and cash equivalents.

Other Non-current Financial Assets financial instruments		
	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Investments in equity instruments of other companies	7,111	920
Collection rights		
Trade debtors & other accounts receivable	718	647
Total	7,829	1,567

7. Trade debtors and other accounts receivable

The detail of these as of June 30, 2013 and December 31, 2012 is as follows:

Type of debtors

a) The detail at the level of accounts is the following:

30.06.2013	Total current			Total non-current		
Trade debtors and other accounts receivable	Assets before provisions ThUS\$	Provisions trade debtors ThUS\$	Trade debtor assets, net ThUS\$	Assets before provisions ThUS\$	Provisions trade debtors ThUS\$	Trade debtor assets, net ThUS\$
Debtors for credit operations	298,178	(8,185)	289,993	-	-	-
Sundry Debtors	6,039	(484)	5,555	1,088	-	1,088
Sub total trade debtors	304,217	(8,669)	295,548	1,088	-	1,088
Advance payments	3,859	-	3,859	-	-	-
Other accounts receivable	9,362	(141)	9,221	5,016	(227)	4,789
Total	317,438	(8,810)	308,628	6,104	(227)	5,877

31.12.2012	Total current			Total non-current		
Trade debtors and other accounts receivable	Assets before provisions ThUS\$	Provisions trade debtors ThUS\$	Trade debtor assets, net ThUS\$	Assets before provisions ThUS\$	Provisions trade debtors ThUS\$	Trade debtor assets, net ThUS\$
Debtors for credit operations	432,772	(7,953)	424,819	-	-	-
Sundry Debtors	12,765	(496)	12,269	1,599	-	1,599
Sub total trade debtors	445,537	(8,449)	437,088	1,599	-	1,599
Advance payments	4,640	-	4,640	-	-	-
Other accounts receivable	9,020	(141)	8,879	5,872	(228)	5,644
Total	459,197	(8,590)	450,607	7,471	(228)	7,243

b) The following provides a detail of the balances as of June 30, 2013 and December 31, 2012 by term to maturity:

30.06.2013												
Ageing of accounts receivable	Current	Overdue between 1 and 30 days	Overdue between 31 and 60 days	Overdue between 61 and 90 days	Overdue between 91 and 120 days	Overdue between 121 and 150 days	Overdue between 151 and 180 days	Overdue between 181 and 210 days	Overdue between 211 and 250 days	Overdue more than 251 days	Total Current	Total non-current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross Trade Receivables	259,650	22,643	3,800	1,353	1,592	689	1,345	993	748	6,055	298,868	-
Provision for impairment	(554)	(982)	(219)	(58)	(223)	(285)	(565)	(432)	(227)	(5,124)	(8,669)	-
Other accounts receivable, gross	17,234	28	-	-	-	-	-	-	-	1,308	18,570	6,104
Provision for impairment	-	-	-	-	-	-	-	-	-	(141)	(141)	(227)
Total	276,330	21,689	3,581	1,295	1,369	404	780	561	521	2,098	308,628	5,877

31.12.2012												
Ageing of accounts receivable	Current	Overdue between 1 and 30 days	Overdue between 31 and 60 days	Overdue between 61 and 90 days	Overdue between 91 and 120 days	Overdue between 121 and 150 days	Overdue between 151 and 180 days	Overdue between 181 and 210 days	Overdue between 211 and 250 days	Overdue more than 251 days	Total Current	Total non-current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross Trade Receivables	391,259	26,049	6,564	1,426	436	274	249	188	103	6,703	433,251	-
Provision for impairment	(762)	(1,082)	(273)	(89)	(165)	(210)	(180)	(122)	(64)	(5,502)	(8,449)	-
Other accounts receivable, gross	25,358	-	-	-	-	-	1	-	-	587	25,946	7,471
Provision for impairment	-	-	-	-	-	-	-	-	-	(141)	(141)	(228)
Total	415,855	24,967	6,291	1,337	271	64	70	66	39	1,647	450,607	7,243

The Company has made an allowance for doubtful accounts based on the solvency of the debtors and the collection times of invoices. The estimate of this allowance contemplates debtors showing certain indications of payment difficulties at the period-end.

The fair values of trade debtors and other accounts receivable correspond to their commercial values.

c) The following is an analysis of past-due and unpaid accounts receivable by type of portfolio:

Ageing of accounts receivable, by type of portfolio	Portfolio not restructured		Portfolio restructured		Total portfolio, gross	
	Number	Gross Amount	Number	Gross Amount	Number	Gross Amount
	Customers	ThUS\$	Customers	ThUS\$	Customers	ThUS\$
Current	1,366	276,884	-	-	1,366	276,884
Due between 1 and 30 days	938	22,671	-	-	938	22,671
Due between 31 and 60 days	429	3,800	-	-	429	3,800
Due between 61 and 90 days	255	1,353	-	-	255	1,353
Due between 91 and 120 days	528	1,592	-	-	528	1,592
Due between 121 and 150 days	48	689	-	-	48	689
Due between 151 and 180 days	37	1,345	-	-	37	1,345
Due between 181 and 210 days	30	993	-	-	30	993
Due between 211 and 250 days	30	748	-	-	30	748
Overdue more than 251 days	404	7,363	-	-	404	7,363
Total	4,065	317,438	-	-	4,065	317,438

31.12.2012

Ageing of accounts receivable, by type of portfolio	Portfolio not restructured		Portfolio restructured		Total portfolio, gross	
	Number	Gross Amount	Number	Gross Amount	Number	Gross Amount
	Customers	ThUS\$	Customers	ThUS\$	Customers	ThUS\$
Current	1,712	416,617	-	-	1,712	416,617
Due between 1 and 30 days	1,165	26,049	-	-	1,165	26,049
Due between 31 and 60 days	460	6,564	-	-	460	6,564
Due between 61 and 90 days	279	1,426	-	-	279	1,426
Due between 91 and 120 days	343	436	-	-	343	436
Due between 121 and 150 days	79	274	-	-	79	274
Due between 151 and 180 days	54	250	-	-	54	250
Due between 181 and 210 days	40	188	-	-	40	188
Due between 211 and 250 days	39	103	-	-	39	103
Overdue more than 251 days	481	7,290	-	-	481	7,290
Total	4,652	459,197	-	-	4,652	459,197

As of the close of these consolidated financial statements, CAP S.A. and its subsidiaries have no accounts receivable relating to refinanced debt.

d) The following shows protested debts and those under judicial recovery:

Portfolio protested and in judicial recovery	30.06.2013		31.12.2012	
	Number	Amount	Number	Amount
	Customers	ThUS\$	Customers	ThUS\$
Protested notes receivable	17	195	17	265
Documents in legal recovery	229	2,550	189	2,343
Total	246	2,745	206	2,608

e) The movement in provisions for accounts receivable was as follows:

30.06.2013 Provisions and write-offs	Total current		Total non-current	
	Number of	Amount	Number of	Amount
	Operations	ThUS\$	Operations	ThUS\$
Provision non-restructured portfolio	3,599	(8,606)	809	(228)
Increase in the period	82	(585)	-	-
Write-offs in the period	308	67	8	1
Recoveries in the period	-	314	-	-
Total	3,989	(8,810)	817	(227)

31.12.2012 Provisions and write-offs	Total current		Total non- current	
	Number of Operations	Amount ThUS\$	Number of Operations	Amount ThUS\$
Provision non-restructured portfolio	4,311	(9,948)	674	(201)
Increase in the period	(306)	(83)	-	-
Write-offs in the period	(44)	1,354	-	-
Recoveries in the period	-	-	4	(27)
Currency translation difference	-	87	-	-
Total	3,961	(8,590)	678	(228)

8. Balances and transactions with related entities

8.1 Shareholders – The largest shareholders as of June 30, 2013 are:

Shareholder	Number of shares	Participation %
Invercap S.A.	46,807,364	31.32
Mitsubishi Corporation	28,805,943	19.27
Banco de Chile por Cuenta de Terceros	7,428,134	4.97
Banco Itau por cuenta de Inv. extranjeros	4,987,141	3.34
Banco Santander-Chile para inv. Extranjeros	3,802,118	2.54
Banchile Corredores de Bolsa S.A.	3,482,593	2.33
Fundación CAP	3,288,069	2.20
Larraín Vial S.A. Corredora de Bolsa	2,620,816	1.75
A.F.P. Habitat S.A. Fondo tipo C	1,462,543	0.98
Bolsa Electronica de Chile Bolsa de Valores	1,354,044	0.91
Celfin Capital S.A. Corredora de Bolsa	1,347,660	0.90
South Pacific Invesments S.A.	1,317,580	0.88
Various	42,744,107	28.61
Total	149,448,112	100.00

Principal controller

In accordance with the concepts defined in IFRS 10, consolidated financial statements, the Company has no controller. As indicated in Note 1, for the purposes of the definition given in Chapter XV of Law 18.045, Invercap S.A. is in the position of controller of CAP S.A.

8.2 Balances and transactions with related entities

Accounts receivable

Company	Tax No.	Type relationship	Country of Origin	30.06.2013		
				Total current		Total
				Less than 90 days	Over 90 days	
Armacero Industrial y Comercial S.A.	78.170.790-2	Joint venture	Chile	1,284	-	1,284
Naviera UltranaV Ltda.	92.513.000-1	In Common Director	Chile	1	-	1
Ultramar Agencia Marítima Ltda.	80.992.000-3	In Common Director	Chile	92	-	92
Empresa Eléctrica Guacolda S.A.	79.866.800-5	Director común	Chile	7	-	7
Mitsubishi Corporation	O-E	Shareholder	Japón	4,025	-	4,025
Total				5,409	-	5,409

Company	Tax No.	Type relationship	Country of Origin	31.12.2012		
				Total current		Total
				Less than 90 days	Over 90 days	
Armacero Industrial y Comercial S.A.	78.170.790-2	Joint venture	Chile	2,153	-	2,153
Ultramar Agencia Marítima Ltda.	80.992.000-3	In Common Director	Chile	112	-	112
Mitsubishi Corporation	O-E	Shareholder	Japón	4,182	-	4,182
Invercap S.A.	96.708.470-0	Shareholder	Chile	62	-	62
Total				6,509	-	6,509

The accounts receivable from Armacero Industrial y Comercial S.A. and Naviera UltranaV Ltda. relate to business transactions, payable within the terms established for each one.

The account receivable from Ultramar Agencia Marítima Ltda. arises from business transactions, accrues no interest and is payable monthly.

The account receivable from Mitsubishi Corporation relates principally to the sale of minerals, accrues no interest and is payable monthly.

The account receivable from Empresa Eléctrica Guacolda S.A. arises from services, accrues no interest and is payable monthly.

There are no accounts receivable from related entities classified as non-current as of the close of these interim consolidated financial statements.

No collateral has been provided or received for accounts receivable from related entities, and payment of these is made in cash. As of the close of these interim consolidated financial statements, there is no evidence of non-payment of balances of accounts receivable outstanding with related entities, so the Company has made no estimates of doubtful debts nor booked any related expenses in this respect during the period.

Accounts payable

				30.06.2013		
				Current		
Company	Tax No.	Type relationship	Country of Origin	Less than	Over 90	Total Current
				90 days	days	
Agrocomercial As Ltda.	77.805.520-1	Related through subsidiary	Chile	1,076	-	1,076
Naviera UltranaV Ltda.	92.513.000-1	In Common Director	Chile	1,086	-	1,086
BHP Billiton Mitsubishi Alliance	O-E	Related to Mitsubishi shareholder through	Australia	12,832	19,600	32,432
Mitsubishi Corporation	O-E	Shareholder	Japón	11,554	-	11,554
Invercap S.A.	96.708.470-0	Shareholder	Chile	20,680	-	20,680
M.C. Inversiones Ltda.	79.866.800-5	Related through subsidiary	Chile	18,316	-	18,316
Total				65,544	19,600	85,144

				31.12.2012		
				Current		
Company	Tax No.	Type relationship	Country of Origin	Less than	Over 90	Total Current
				90 days	days	
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Director Común	Chile	14	-	14
Agrocomercial As Ltda.	77.805.520-1	Related through subsidiary	Chile	1,038	-	1,038
Sociedad Naviera Ultragas Ltda.	80.927.500-0	In Common Director	Chile	522	-	522
BHP Billiton Mitsubishi Alliance	O-E	Related to Mitsubishi shareholder through	Australia	23,892	12,027	35,919
Mitsubishi Corporation	O-E	Shareholder	Japón	21,453	-	21,453
Invercap S.A.	96.708.470-0	Shareholder	Chile	37,009	-	37,009
M.C. Inversiones Ltda.	79.866.800-5	Related through subsidiary	Chile	20,632	-	20,632
Total				104,560	12,027	116,587

There are no accounts payable to related entities classified as non-current as of the close of these interim consolidated financial statements.

The balance payable to BHP Billiton Mitsubishi Alliance, related through the shareholder Mitsubishi Co., corresponds to coal imports and accrues interest at an average rate of 1.38% annually.

The account payable to Mitsubishi Corporation relates to dividends payable by CAP for the years 2013 and 2012.

The account payable to Invercap S.A. relates to the provision for dividends payable by CAP and Novacero for 2013 and 2012.

The current account payable to MC Inversiones Ltda. relates to the provision for dividends payable for the years 2013 and 2012 by CMP.

In September 2012, the subsidiary CMP signed an electricity sale agreement with Guacolda S.A. by which the latter is to sell and deliver to CMP the electricity it consumes at its mining-industrial installations and services related to its production process, located mainly in the regions of Atacama and Coquimbo. The supply will be made from January 1, 2016 to December 31, 2027.

The other current accounts receivable and payable relate to business transactions payable within the terms established for each of them.

No collateral has been provided or received for accounts payable to related entities, and payment of these is made in cash.

Most significant transactions and their effects on results

Company	Tax No.	Country of origin	Relationship Type	Currency	Accumulated 30.06.2013		Accumulated 30.06.2012	
					Amount ThUS\$	Effect on results (charge) credit ThUS\$	Amount ThUS\$	Effect on results (charge) credit ThUS\$
Ultramar Agencia Maritima Ltda.	80.992.000-3	Chile	Services sold	Dollar	242	203	101	85
			Services purchased	Dollar	193	(162)	29	(25)
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Services sold	Dollar	29	24	1	1
			Services purchased	Dollar	-	-	14	(12)
Sociedad Naviera Ultragas Ltda	80.927.500-0	Chile	Purchase of products & services	Dollar	8,155	(3,721)	9,510	-
			Sales of service	Dollar	7	6	3	2
Armacero Industrial y Comercial S.A. Invercap S.A.	78.170.790-2	Chile	Sale of products	Dollar	7,007	5,888	7,936	6,669
			Advice received	Dollar	60	(60)	60	(60)
			Transfer of funds	Dollar	301	-	-	-
Mitsubishi Corporation	O-E	Japan	Sales	Dollar	88,739	88,739	45,463	45,463
			Sales commissions	Dollar	4,501	(4,501)	5,196	(5,196)
			Purchase of products	Dollar	69	(69)	41	(41)
			Dividends Paid	Dollar	14,277	-	13,550	-
MC Inversiones Ltda.	79.866.800-5	Chile	Services sold	Dollar	34	34	81	81
			Services purchased	Dollar	25	(25)	-	-
			Dividends Paid	Dollar	-	-	77,062	-
BHP Billiton Mitsubishi	O-E	Australia	Purchase of products	Dollar	32,322	-	40,599	-
			Interest paid on purchase	Dollar	282	(181)	651	(651)

8.3 Directors and senior management

The members of the senior management and other persons involved in the management of CAP, and the shareholders or persons or entities representing them, have not participated in any unusual and/or relevant transactions of the Company as of June 30, 2013 and 2012.

The Company is administered by a board of directors of 7 members, elected for a period of 3 years with the possibility of being re-elected.

8.4 Directors' Committee

In accordance with article 50 bis of the Corporations Law 18,046, CAP S.A has a Directors' Committee of 3 members who have the powers contemplated in that article.

8.5 Remuneration and other benefits

In accordance with article 33 of the Corporations Law 18,046, the ordinary shareholders' meeting sets each year the remuneration of the directors of CAP S.A. In April 2013, the meeting set the directors' remuneration for the period May 2013 to April 2014 at 0.75% of the earnings for 2013. The meeting also set the remuneration of the members of the Directors' Committee.

The amounts paid in the periods January to June 2013 and 2012 to the directors of CAP were as follows:

Name	Position	Accumulated 30.06.2013			Accumulated 30.06.2012		
		Board of CAP ThUS\$	Board of subsidiaries ThUS\$	Directors' Committee ThUS\$	Board of CAP ThUS\$	Board of subsidiaries ThUS\$	Directors' Committee ThUS\$
Sr. Roberto de Andraca	Chairman	383	31	-	766	29	-
Sr. Sven Von Appen	Vice chairman	191	-	12	383	-	11
Sr. Akira Kudo (*)	Director	-	-	-	368	-	-
Sr. Fernando Reitich	Director	191	-	12	383	-	11
Sr. Eddie Navarrete	Director	191	11	4	383	10	4
Sr. Tokuro Furukawa	Director	191	9	-	383	9	-
Sr. Rodolfo Krause (**)	Director	-	-	-	368	-	7
Sr. Osamu Sasaki	Director	191	-	-	15	-	-
Sr. Hernán Orellana	Director	191	-	12	15	-	4
Total		1.529	51	40	3.064	48	37

(*) Replaced by Osamu Sasaki in April 2012.

(**) Replaced by Hernán Orellana in April 2012.

- **Board advisory expenses** – The board incurred no advisory expenses in the periods ended June 31, 2013 and 2012.
- **Remuneration of senior management who are not directors** – The members of the senior management of the Company and its subsidiaries, president and managers reporting directly to the president, have received a total remuneration of ThUS\$ 1,840 and ThUS\$ 1,829 to June 31, 2013 and 2012 respectively.
- **Accounts receivable and payable and other transactions** – There are no accounts receivable and/or payable between the Company and its directors and managers.
- **Other transactions** – There are no other transactions between the Company and its directors and managers.

- **Guarantees by the Company in favor of the directors** – The Company has not carried out this type of operation during the periods January - June 2013 and 2012.
- **Incentive plans for the principal executives and managers** – The Company has no incentive plans for its executives and managers. However, the management at its discretion may grant benefits to some executives depending on the earnings reported in the respective financial period.
- **Indemnities paid to senior executives and managers** – No indemnities have been to executives or managers during the June 2013 half-year.
- **Guarantee clauses, directors and management of the Company** – The Company has agreed no guarantee clauses with its directors and management.
- **Incentive plans linked to the share price** – The Company does not carry out this type of operation.

9. Inventories

9.1 The detail of these is as follows:

	Total current	
	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Materials, raw materials and spare parts	278,410	249,599
Mining products	73,933	40,607
Finished goods	104,668	114,543
Goods in process	38,112	51,792
Other products	43,281	25,389
Obsolescence provision	(7,720)	(7,708)
Total	<u>530,684</u>	<u>474,222</u>

The management of the Company and subsidiaries believes that the inventories will be realized within one year. The Company has also estimated the risk of obsolescence of its inventories as a function of their condition and turnover.

Steel products include an adjustment to net realization value in results amounting to ThUS\$ 3,422 as of June 30, 2013 and ThUS\$ 8,822 as of December 31, 2012.

The subsidiary Tubos Argentinos S.A. has granted a floating pledge over its inventories in favor of Siderar S.A.I.C. to guarantee commercial operations for ThUS\$2,150.

There are no other inventories charged to cover debt compliance as of June 30, 2013.

9.2 Inventory cost booked as expense

The following are the inventories booked as expense in the cost of sales during the periods ended June 30, 2013 and 2012:

	Accumulated		Last Quarter	
	01.01.2013 30.06.2013 ThUS\$	01.01.2012 30.06.2012 ThUS\$	01.04.2013 30.06.2013 ThUS\$	01.04.2012 30.06.2012 ThUS\$
Materials, raw materials and spare parts	39,840	35,373	21,327	19,282
Finished products	700,032	819,219	359,074	424,676
Goods in process	-	102	194	(243)
Others	326	373	106	257
Total	740,198	855,067	380,701	443,972

The inventory cost includes depreciation for the period.

10. Derivative instruments

The Company and its subsidiaries, following the financial risk management policy described in Note 4, contracts financial derivatives to hedge its exposure to variations in interest and exchange rates.

Interest-rate derivatives are used to fix the floating interest rate on financial debt and relate to an interest-rate swap (IRS).

Currency derivatives are used to fix the exchange rate of the dollar against the peso (CLP) and Unidad de Fomento (UF), resulting from investments or existing obligations in currencies other than the dollar. These instruments relate mainly to forwards and cross-currency swaps.

As of June 30, 2013, the Company and its subsidiaries classify all their derivative instruments as cash-flow hedges.

As of June 30, 2013 the parent Company CAP has dollar/peso hedge instruments for a total of ThUS\$ 200,000, which have monthly maturities from July 2013 to April 2014. These hedges are to cover cash flows to meet future dividend payments.

As of June 30, 2013 the subsidiary CMP has dollar/peso hedge instruments for a total of ThUS\$ 300,000, which have monthly maturities from October 2013 to March 2014. These hedges are to cover operating and investment cash flows.

As of June 30, 2013 the subsidiary Cleanairtech Sudamérica S.A. books cash-flow hedges to cover flows in (UF) pesos that have to be paid during the construction stage of the seawater desalination plant, which at the close of these financial statements show a net liability position of ThUS\$318. In addition, Cleanairtech Sudamerica S.A. has signed cross-currency swap contracts to cover the variable interest-rate risk for 80% of the principal due during the term of the project financing signed with Credit Agricole. These contracts as of the end of the year show a net asset position of ThUS\$2,696.

The detail of hedge instruments as of June 30, 2013 and December 31, 2012, with their valuation on those dates, is as follows:

Hedge assets	30.06.2013		31.12.2012	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Exchange rate hedge				
Cash flow hedge	4	-	12,190	-
Rate hedge interest rate				
Cash flow hedge	2,696	-	-	-
Total	2,700	-	12,190	-
Hedge liabilities				
	30.06.2013		31.12.2012	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Exchange rate hedge				
Cash flow hedge	13,816	-	3,996	-
Fair value hedges		-		-
Interest rate hedge				
Cash flow hedge	912	24,500	3,451	33,240
Total	14,728	24,500	7,447	33,240
Net position	(12,028)	(24,500)	4,743	(33,240)

The detail of the hedge instruments of CAP S.A. and its subsidiaries is as follows:

Hedge instrument	Fair value hedge instruments		Items hedged	Risk covered	Type of hedge
	30.06.2013 ThUS\$	31.12.2012 ThUS\$			
Forward	(5,499)	4,351	Payment of dividends	Exchange rate	Cash Flow
Forward	(7,999)	7,839	Financial investments	Exchange rate	Cash flow
Cross Currency Swap	4	(3,421)	Financial investments	Exchange rate	Cash flow
Cross Currency Swap	(318)	(576)	Investments Flows	Exchange rate	Cash flow
Interest Rate Swap	(25,412)	(34,128)	Bonds payable (Bonds)	Interest rate	Cash flow
Interest Rate Swap	2,696	(2,562)	Financial Liabilities	Interest rate	Cash flow
Total	(36,528)	(28,497)			

Valuation levels

The fair value of financial instruments booked in the statement of financial position has been determined in the following order, according to the entry data used for making the valuation.

- Level 1: Prices quoted on active markets for identical instruments.
- Level 2: Prices quoted on markets for assets and liabilities not included in Level 1, which are observable, whether directly (prices) or indirectly (price derivatives).

- Level 3: Valuation techniques for which not all the important inputs are based on observable market data.

As of June 30, 2013 and December 31, 2012, the calculation of the fair value of all the financial instruments subject to valuation has been determined based on Level 2.

11. Current tax assets and liabilities

Current tax assets and liabilities as of June 30, 2013 and December 31, 2012 are as follows:

Assets

	Total current	
	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Monthly provisional payments	76,548	14,070
VAT fiscal credit & other recoverable taxes	73,972	47,973
Income tax	(43,391)	(343)
Provisional payments for absorbed earnings	4,778	16,038
Specific tax on mining activities	(16,137)	-
Residual Income Tax	10,398	916
Total	106,168	78,654

Liabilities

	Total current	
	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Monthly provisional payments	1,692	(143,665)
VAT fiscal debit & other taxes payable	932	686
Income tax	1,535	129,143
Specific tax on mining activities	-	40,847
Others	-	(1,785)
Total	4,159	25,226

12. Other non-financial assets, current and non-current

The detail of other non-financial assets, current and non-current, as of June 30, 2013 and December 31, 2012 is as follows:

	Total current		Total non-current	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Payments in advance to Suppliers (proyectos)	15,588	22,616	-	-
Advanced Insurance	803	1,953	-	-
Advanced rents	-	365	-	-
Personnel bonus	1,339	2,790	-	-
Other prepaid expenses	9,632	10,572	2,971	4,341
Others	3,195	4,735	2,606	2,725
Total	30,557	43,031	5,577	7,066

13. Investment in subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and the controlled companies (Note 3). The following is detailed information on the subsidiaries as of June 30, 2013 and December 31, 2012:

Company	30.06.2013					
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary revenues	Net earnings (loss) attributable to controller
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Compañía Minera del Pacífico S.A.	530,311	2,642,852	474,837	581,427	609,174	175,922
Compañía Siderúrgica de Huachipato S.A.	410,101	755,841	442,949	177,682	361,476	(52,286)
Novacero S.A.	264,714	153,750	172,824	58,926	231,178	(677)
Puerto Las Losas S.A.	2,295	53,132	5,262	3,029	593	(1,632)
Abastecimientos CAP S.A.	5,173	-	-	-	-	(7)
Tecnocap S.A.	9,362	61,985	10,188	68,732	-	(283)
Port Investments Ltd.	48	8,775	9	6,728	-	165
Cleanairtech Sudamérica S.A.	86,105	160,719	73,762	79,384	-	(1,170)
Company	31.12.2012					
Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary revenues	Net earnings (loss) attributable to controller	
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Compañía Minera del Pacífico S.A.	686,076	2,263,394	424,868	433,364	1,405,931	354,497
Compañía Siderúrgica de Huachipato S.A.	401,992	780,531	386,402	198,524	920,178	(66,851)
Novacero S.A.	272,864	154,213	186,372	52,673	466,852	6,853
Tecnocap S.A.	8,087	53,529	24,877	44,029	-	333
Abastecimientos CAP S.A.	5,180	-	-	-	-	(15)
Puerto Las Losas S.A.	3,289	54,269	5,328	3,462	2,804	(1,531)
Port Investments Ltd.	88	5,835	18	810	-	35
Cleanairtech Sudamérica S.A.	75,606	73,181	32,078	47,495	-	559

Unrealized Income

CAP S.A. booked unrealized income as of June 30, 2013 and December 31, 2012 in proportion to its percentage participation, for inventories of products sold by Compañía Siderúrgica Huachipato S.A. and which are in the inventories of Armacero Industrial y Comercial S.A.

CAP S.A. has also booked unrealized income for ThUS\$ 3,344 on the sale of the project “Desalinization Plant Phase I” to its subsidiary Cleanairtech Sudamérica S.A., and for ThUS\$ 91 for interest and services related to this project.

Information on foreign investments

Neither the Company nor its subsidiaries have contracted debt to hedge their foreign investments as of June 30, 2013 and December 31, 2012.

The subsidiary Compañía Minera del Pacífico S.A. temporarily discontinued in 2008 the operations of its subsidiaries Pacific Ores and Trading N.V. and Pacific Ores and Trading B.V., which operated as sales agents.

These companies have no significant movement nor are their assets significant in the context of these interim consolidated financial statements.

Additional information

- A board meeting of Compañía Minera del Pacífico S.A. (CMP) held on January 24, 2007 agreed to constitute a closely-held corporation in which CMP would have a 99% holding and its subsidiary IMOPAC Ltda. the remaining 1%. The company was constituted with those shareholdings on February 9, 2007 with the name Minera Hierro Atacama S.A., with an initial capital of US\$ 1,000,000 divided into 10,000 shares of no par value. As of June 30, 2013, the paid capital amounts to ThUS\$ 110, of which CMP contributed ThUS\$ 100 and its subsidiary IMOPAC Ltda. ThUS\$ 10.
- On May 25, 2009, the production activities of the CMP subsidiary Manganesos Atacama S.A. were suspended due to lack of demand for its products. Its accumulated stocks are sufficient to meet its commitments over the next 2 years. The future business plan of this subsidiary is currently being analyzed. This subsidiary’s assets are not significant in the context of these consolidated financial statements.
- The board on December 21, 2012 agreed to form a company in Hong Kong in which Compañía Minera del Pacífico S.A. would hold 100% of the capital amounting to US\$10,000. The name of the company is CMP Services Asia Limited and its principal objective is to support the marketing and sales of Compañía Minera del Pacífico S.A. in Asia. This company is still in the formation process and therefore has not yet presented its financial statements.
- An extraordinary shareholders meeting of Puerto Las Losas held on March 22, 2011, agreed to increase its capital by US\$ 6,037,515.14 through the issue of 368,733 shares for payment, of no par value. Of these CAP S.A. subscribed for 188,054 shares at a cost of US\$ 3,079,166.11 and Agrocomercial AS Ltda. subscribed for 180,679 shares at a cost of US\$ 2,958,409.03. As of June 30, 2013 the shareholders have paid in the full amount of the capital increase.
 - An extraordinary shareholders meeting of Cleanairtech Sudamérica S.A. held on March 18, 2011 agreed to increase the capital from US\$ 19,720 divided into 10,000 shares to US\$21,564,453 divided into 10,935,321 shares of no par value, through the issue of 10,925,321 new shares for payment, which were fully subscribed and paid by CAP S.A.. With this transaction, Cleanairtech Sudamérica S.A. became a direct subsidiary of CAP S.A.
 - The purpose of the capital increase was to partially finance the construction and operation of a seawater desalination plant in the region of Atacama, to meet the consumption needs of the mines of Cerro Negro Norte and Magnetite Plant of Compañía Minera del Pacífico S.A., a subsidiary of CAP S.A., and other projects that require desalinated water.

- The extraordinary shareholders meeting of Cleanairtech Sudamérica S.A. held on August 3, 2011 agreed to increase the capital again to finance the construction and operation of the desalination plant. The capital was increased from US\$21,564,453, divided into 10,935,321 ordinary and nominative shares, each of the same and no par value, which was fully paid at that date, to the sum of US\$59,160,000, divided into 30,000,000 ordinary and nominative shares, each of the same and no par value, through the issue of 19,064,679 new shares for payment, to be subscribed for a minimum of US\$ 1.972 per share. The shareholder CAP S.A. stated that it would only subscribe for 4,364,679 of the new shares relating to the capital increase, renouncing its right to subscribe for the remaining new shares to which it was entitled. The meeting unanimously agreed to offer the 14,700,000 shares not subscribed by the shareholders, using their pre-emptive option rights, to Mitsubishi Corporation for US\$1.972 each share. On the same date, Mitsubishi Corporation subscribed and paid for these shares, with a total payment of US\$28,988,400. On August 3, 2011, a shareholders agreement was signed between CAP and Mitsubishi Corporation to regulate relations between both companies.
- On August 3, 2011, Abastecimientos CAP S.A. sold 1 share in Cleanairtech to CAP S.A. and Tecnocap S.A. sold to CAP S.A. the 9,999 shares it held in Cleanairtech. The purchase price for these shares was US\$1.972 each.
- Following the above, the shareholdings in Cleanairtech Sudamérica S.A. as of December 31, 2011 were: Mitsubishi Corporation with 14,700,000 shares, equivalent to a 49% holding, and CAP S.A. with 15,300,000 shares, equivalent to a 51% holding. The capital of the company became US\$ 59,160,000, divided into 30,000,000 ordinary and nominative shares of the one series and no par value.
- The above extraordinary meeting also agreed to amend the corporate bylaws considering that the object of the company is now the construction project of the desalination plant in the region of Atacama and allow it develop new businesses once the construction is completed. The extraordinary shareholders' meeting of Cleanairtech Sudamérica S.A held on December 7, 2012 agreed to increase the capital in order to finance phase II of the desalination plant to permit the expansion of capacity from 200 liters to 400 liters per second and the construction of related aqueducts, mainly in order to meet the consumption needs of Cía. Minera del Pacífico and other mining projects that require desalinated water. The capital was increased from US\$59,314,011.88, which is fully paid, to US\$119,791,491.88 divided into 60,000,000 ordinary and nominative shares, of equal and no par value, through the issue of 30,000,000 new shares for payment, to be subscribed at a minimum of US\$2.015961 per share. The shareholders agreed unanimously that the new shares be placed at that value, payable in cash, and be fully subscribed and paid within 3 years from December 7, 2012. The present shareholders attending the meeting promised to subscribe and pay by December 31, 2012 for the following number of shares: Mitsubishi Corporation subscribed and paid for 2,813,663 shares for a total of US\$5,672,109 and CAP S.A. subscribed and paid for 2,928,507 shares for a total of US\$5,903,623.
- The ownership of Cleanairtech Sudamérica S.A. as of December 31, 2012 was therefore composed of Mitsubishi Corporation, with 17,513,663 shares equivalent to a 49% holdings and CAP S.A., with 18,228,507 shares equivalent to 51% of the capital, and the company's capital is ThUS\$ 70.890, divided into 35,742,170 ordinary and nominative shares of the one series and of no par value.
- During 2013, CAP S.A. subscribed and paid for 7,311,732 shares and Mitsubishi Corporation for 7,025,023 shares in the subsidiary.

Combinations of business

The board of CAP S.A. resolved the following on February 9, 2010:

- i) Approve a transaction to accept the offer of M.C. Inversiones Limitada ("MCI") to become a shareholder of Compañía Minera del Pacífico S.A. (CMP) by means, in the first place, of the merger by absorption of Compañía Minera Huasco S.A. (CMH) in which it is currently the holder of 50%, and receiving 15.9 % of the share capital of

CMP, and later, subscribing and paying in cash US\$ 401,000,000 in a capital increase of CMP, with which MCI would increase its direct shareholding to 25% of CMP.

ii) This transaction assumed the total economic value of the equity of CMH at US\$ 1,046,000,000 and that the whole equity of CMP had an economic value of US\$ 2,771,000,000. In all, considering the contribution of 50% of CMH for US\$ 523,000,000, plus the capital increase of US\$ 401,000,000, MCI's offer equated to US\$ 924,000,000 for 25% of CMP.

iii) The transaction is subject to the signing of a shareholders' agreement and a framework agreement establishing that, subject to the ratification referred to in iv) below, the merger will be effective once the transaction is approved by the Chinese free-competition authorities, among other conditions precedent.

iv) Call an extraordinary shareholders' meeting for March 10, 2010 to ratify this transaction.

v) Appoint Celfin Capital Servicios Financieros S.A., solely for compliance with number 5 of article 147 of Law 18,046, as independent evaluator to report of the conditions of the transaction, its effects and its potential impact for the Company and its conclusions. The report of the independent evaluator will be made available to shareholders at the corporate offices and on the Company's web site on the business day next following its receipt.

vi) Similarly and at the same time, shareholders will be provided with the report of the president that the board took into consideration for adopting its resolution approving the transaction, which includes the valuation made by the investment bank JP Morgan and refers to the fairness opinion prepared by that bank with respect to the transaction.

On March 10, 2010 the extraordinary shareholders' meeting of CAP S.A., with the consenting vote of 80.85% of the shares issued with voting rights, agreed to ratify the resolution adopted by the board of the Company.

On April 9, 2010, the board of the subsidiary Cía. Minera del Pacífico S.A. (CMP) agreed to call an extraordinary shareholders' meeting for April 27, 2010 to consider the following:

- a. The merger by absorption or incorporation of CMH into the subsidiary CMP. The subsidiary CMP would absorb CMH, acquiring all its assets and liabilities, and replacing it in all its rights and obligations in accordance with Chapter IX, article 99 of Law 18,046. The merger would be effective from April 30, 2010 or at the date the meeting may decide.

All the equity and shareholders of CMH would be incorporated into the subsidiary CMP, and CSH would be dissolved without the need for its liquidation. With respect to the termination of business of CMH, and as established in article 69 of the tax code, it will not be necessary to give notice provided the subsidiary CMP is fully liable, in the merger deed, for all the taxes due by CMH. Nevertheless, CMH should prepare a termination of business balance sheet at the date of its extinction and/or termination and the subsidiary CMP pay the income taxes determined, within the two months following the termination of its activities and the other taxes within the legal terms, notwithstanding its liability for other taxes that may be due.

The approval of the merger by the meeting would grant dissident shareholders the right to withdraw from the subsidiary CMP against the payment by it of the value of the shares at the date of the meeting. Dissident shareholders may only exercise their right to withdraw within 30 days of the date of the meeting and only for all the shares held registered in the shareholders register of CMP at the beginning of the meeting. A dissident shareholder is that which at the meeting opposes the merger agreement adopted by it or, not having attended the meeting, shows their dissidence in writing to CMP within the stated term. The payment of the share price to the dissident shareholders should be made within the 60 days following the date of the meeting approving the merger.

- b. Discuss and approve the following information that would serve as the basis for the above merger:
 - i. Expert report on the absorption of CMH by CMP, prepared by Jorge Quiroz C. Consultores Asociados S.A.

- ii. Balance sheet of CMP as of February 28, 2010 audited by Deloitte, and balance sheet of CMH as of February 28, 2010 audited by Deloitte
- c. Discuss and approve the exchange of approximately 0.6331047619 shares of the subsidiary CMP for each share of CMH, held by shareholders other than CMP.
- d. Increase the capital to comply with and carry out this merger, in an amount equivalent to the subscribed and paid capital of CMH on the effective date of the merger, deducting the amount corresponding to the percentage holding of CMP in CMH on that date, through the issue of 664,760 new ordinary and registered shares of the one series and of no par value, to be paid in full to the shareholders of CMH, except for CMP, in the proportion corresponding to exchange referred to in the previous paragraph.
- e. Adopt all the agreements necessary for carrying out the above merger, as well as the powers believed convenient for legalizing, materializing and carrying out the merger agreed by the shareholders, especially those that permit the transfer of all the assets and liabilities of the company absorbed.
- f. Increase the capital, following the capitalization of the accumulated earnings of the merged company, by US\$ 401,003,152 through the issue of 508,954 ordinary and registered shares for payment of the one series and no par value, which should be subscribed for a minimum value of approximately US\$ 787.8966 each within a maximum term of three years from the date of the meeting.
- g. Adopt all the agreements necessary for carrying out the capital increase, as well as the powers believed convenient for legalizing, materializing and carrying out the capital increase agreed by the shareholders.
- h. Amend the bylaws and establish a restated text that reflects the following matters:
 - i) The company shall have an indefinite life.
 - ii) The company's capital increase in the terms stated above.
 - iii) The board to comprise 7 members and their respective alternates.
 - iv) The quorum for constitution of the board shall be the absolute majority of the directors established in the bylaws and that resolutions be adopted by the simple majority of the directors present.
 - v) The participation in board meeting by technological means.
 - vi) Amend the powers and obligations of the board.
 - vii) Amend the clause relating to matters for the ordinary shareholders meeting.
 - viii) Amend the clause relating to matters for the extraordinary shareholders meeting.
 - ix) Amend the clause relating to the shares that can participate in the meetings.
 - x) Amend the quorum for constitution of meetings.
 - xi) Incorporate certain restrictions on share transfers in the company.
 - xii) Establish that the company should always appoint external auditors.
 - xiii) Establish that differences arising between the shareholders as such or between them and the company or its administrators, be submitted to an arbitrator appointed jointly by the parties or, in the absence of agreement, by the Arbitration and Mediation Center of the Santiago Chamber of Commerce from among its members.
 - xiv) Amend the first transitory clause and eliminate the other transitory clauses.
- i. Revoke and renew the whole board of directors of the company, due to the amendment to the Company's bylaws.

On April 23, 2010, the communication was received stating that, according to the anti-monopolies law of the People's Republic of China, it was decided to authorize the merger transaction between CMP and Compañía Minera Huasco S.A..

The extraordinary shareholders' meeting of CMP was held on April 27, 2010 which approved the merger of CMH and CMP, the capital increase of the merged company, the amendment of its bylaws, the revocation of the board and

election of a new board, and the other points on the agenda of the extraordinary shareholders meeting of April 9, 2010, through the following resolutions:

Resolution 1 – Be informed of and approve the values that appear in the following documents:

(i) Expert report on the merger of CMH and Compañía Minera del Pacífico S.A. prepared by Jorge Quiroz C. Consultores Asociados S.A..

(ii) Balance sheet of CMP as of February 28, 2010 audited by Deloitte and balance sheet of CMH as of February 28, 2010 audited by Deloitte.

Resolution 2 - The merger by incorporation of CMH into the subsidiary CMP, the latter absorbing CMH, acquiring all its assets and liabilities, and replacing it in all its rights and obligations. The merger would be effective from April 30, 2010.

With the approved merger, CMP incorporates all the assets, liabilities and equity of CMH at book value, which is its fair value, and all the shareholders of CMH, which company will be dissolved on the effective date of the merger without the need to be liquidated.

It was also agreed that the subsidiary CMP would be liable for the payment of all taxes payable according to its termination balance sheet, as established in article 69 of the Tax Code.

The Company will book the tax value of the assets and liabilities of CMH in accordance with article 64 of the Tax Code and Circular 45 of the Internal Revenue Service dated July 16, 2001.

Resolution 3 - Approve the exchange of approximately 0.6331047619 shares of the subsidiary CMP for each share of CMH, held by shareholders other than CMP.

Resolution 4 – The capital increase of CMP from US\$ 214,813,815.70 divided into 3,521,126 registered shares of no par value, to US\$ 225,313,815.70 divided into 4,185,886 registered shares of no par value, to carry out the agreed merger. This capital increase would be with the issue of 664,760 ordinary registered shares of the one series and no par value, to be issued by the company's board to the shareholders of CMH, except CMP, to be paid with the equity of CMH as a result of being absorbed by CMP.

Resolution 5 – Authorize the board of CMP to issue the above shares as a result of the capital increase necessary for carrying out the merger and distribute these directly among the shareholders of CMH, except CMP, exchanging their shares in CMH for shares in CMP based on the exchange approved by the meeting. The board is also authorized to carry out all the actions necessary for the performance, carrying out and compliance with the resolutions adopted by the meeting as soon as possible, without any limitation or exclusion, especially those that permit the transfer of all the assets and liabilities of the absorbed company.

Right to withdrawal

According to No.2 of article 69 of Law 18,046, the approval by the meeting of the merger of CMP and CMH provides dissident shareholders with the right to withdraw from the subsidiary CMP.

A dissident shareholder is that which at the meeting opposes the merger agreement adopted by it or, not having attended the meeting, shows their dissidence in writing to CMP. Dissident shareholders may only exercise their right to withdrawal within 30 days of the date of the meeting and only for all the shares held registered in the shareholders register of CMP at the beginning of the meeting.

The meeting unanimously agreed that, being a corporation whose shares are not traded on an exchange, dissident shareholders not exercising their right to withdraw within the legal term are paid at the book value of the share, as established in the regulations to Law 18,046. It was also agreed to require the general manager of the company to make the legal publications and send the letters to shareholders on this matter.

Capital increase

Resolution 6 – Increase the capital of the already-merged CMP, presently amounting to US\$ 225,313,815.70, to US\$ 486,220,369.40, through the capitalization of the accumulated earnings at this date, amounting to US\$

260,906,553.70. It was agreed therefore not to issue new shares or modify the number of shares into which the capital is divided.

Increase the capital of CMP, already merged and the capitalization of accumulated earnings completed, from US\$ 486,220,369.40, divided into 4,185,886 ordinary registered shares of the one series and no par value, to US\$ 887,223,521.40, i.e. by US\$ 401,003,152, through the issue of 508,954 registered shares for payment, of the one series and no par value, to be subscribed for a minimum amount of approximately US\$ 787.8966 each, within a term of 3 years from the date of the meeting. The shares for payment will be offered exclusively to the company's shareholders.

In accordance with article 28 of the regulations to Law 18.046, it is noted that the chairman provided shareholders with the fullest and reasoned information concerning the elements of valuation of the new shares for payment, and indicating the present book value of the share.

It was also agreed that payment for the shares representing the capital increase would be in cash or by bankers draft, electronic funds transfer or any other instrument representing payment in cash.

It was finally agreed that CMP should use the proceeds of the capital increase to repay the whole amount due by CMP to CAP S.A., plus interest on the inter-company account, within 3 business days of the date of payment of the subscription of the shares agreed to be issue by the meeting; and the balance to cover the company's own business needs. A "business day" is any day other than a Saturday, Sunday or any other day when commercial banks in Santiago, Chile or Tokyo, Japan, are authorized or ordered to close.

Resolution 7 – Authorize the board to proceed and agree with the broadest powers the terms of the issue and placement of the shares necessary for carrying out the agreed capital increase and their subscription and payment. The board of CMP was also authorized to (i) set the date of the start of the legal pre-emptive option period; (ii) issue the new shares, and (iii) offer and place in the legal pre-emptive option period for the new shares, exclusively among the shareholders in CMP.

Right to pre-emptive subscription

The chairman explained to shareholders their right to pre-emptive subscription of the share agreed to be issued, pro rata to the participation of each shareholder, in accordance with article 25 of Law 18.046.

The shareholder CAP S.A. stated its intention to cede its pre-emptive option to subscribe for the shares of the agreed capital increase in favor of M.C. Inversiones Limitada.

Resolution 8 – The meeting agreed to amend the bylaws of CMP in all the proposed matters.

Resolution 9 – Revoke the whole of the board of CMP and appoint the following persons as the new directors of the company, and their alternates: Jaime Charles Coddou, Sergio Verdugo Aguirre, Ernesto Escobar Elissetche, Raúl Gamonal Alcaíno, Arturo Wenzel Alvarez, Tokuro Furukawa and Yuichi Ichikawa, and their respective alternates Jorge Domínguez Cruzat, René Camposano Larraechea, Andrés del Sante Scroggie, Roberto de Andraca Adriasola, Stefan Franken Osorio, Noriyuki Tsubonuma and Takeaki Doi. This board will remain in place for the term of 3 years, as established in the bylaws.

As a result of this merger, the principal shareholders in the subsidiary CMP, CAP S.A. (74.99% holding) and MC Inversiones Limitada (25.00% holding), signed a shareholders' agreement setting out the terms of the relationship, and their rights and obligations as shareholders of the company, on the conditions stated in the agreement.

The following details the assets and liabilities of Compañía Minera Huasco S.A. acquired on April 30, 2010. These amounts were obtained from the report for determining the fair value of Compañía Minera Huasco S.A. as of that date, prepared by Jorge Quiroz C. Consultores Asociados S.A.:

	Fair Value 30.04.2010 ThUS\$
Current assets	
Cash & cash equivalents	100,809
Trade debtors & other accounts receivable	42,192
Accounts receivable from related entities, current	17,280
Inventories	9,459
Payments in advance	548
Current tax assets	12,080
Other currents assets	179
Total current assets	182,547
Non-current assets	
Property, plant & equipment	151,033
Intangible assets other than goodwill	958,260
Other non current assets	309
Total non-current assets	1,109,602
Total assets	1,292,149
Current Liabilities	
Other financial liabilities, current	1,223
Trade creditors & other accounts payable	15,187
Accounts payable to related entities, current	10,540
Other provisions	763
Current tax liabilities	15,620
Current provisions for employee benefits	3,450
Total current liabilities	46,783
Non-current liabilities	
Leasing creditors	2,751
Deferred tax liabilities	180,821
Total non-current liabilities	183,572
Equity	1,061,794
Total equity & liabilities	1,292,149

14. Investments in associates booked by the participation method

Participation method

The following are the principal investments in associates and joint ventures booked under the participation method as of June 30, 2013 and December 31, 2012:

As of June 30, 2013

Company	Relationship	Number of shares	Participation to	Balance at	Additions	Write downs	Participation in	Reversal of	Equity	Total at
		ThUS\$	30.06.2013	01.01.2013	ThUS\$	ThUS\$	earnings / (loss)	dividends	reserve	30.06.2013
			%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Minera Hierro Antofagasta S.A. (1)	Associated	212,766	17,54	1	-	-	(35)	-	34	-
Armadero Industrial y Comercial S.A.	Joint Venture	3,877,633	50	11,380	-	-	(340)	-	(610)	10,430
Inmobiliaria y Constr. San Vicente Ltda.	Associated	-	0,49	20	-	-	1	-	(2)	19
Total				11,401	-	-	(374)	-	(578)	10,449

As of December 31, 2012

Company	Relationship	Number of shares	Participation to	Balance at	Additions	Write downs	Participation in	Dividends	Equity	Total at
		ThUS\$	31.12.2012	01.01.2012	ThUS\$	ThUS\$	earnings / (loss)	ThUS\$	reserve	31.12.2012
			%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Minera Hierro Antofagasta S.A. (1)	Associated	212,766	17,54	60	-	-	(73)	-	14	1
Armadero Industrial y Comercial S.A.	Joint Venture	3,877,633	50	10,555	-	-	(277)	-	1,102	11,380
Inmobiliaria y Constr. San Vicente Ltda.	Associated	-	0,49	20	-	-	(1)	-	1	20
Total				10,635	-	-	(351)	-	1,117	11,401

1) On February 4, 2010, the subsidiary CMP acquired 212,766 shares in Minera Hierro Antofagasta S.A. for ThUS\$5,000, equivalent to 17.54% of its share capital, through the payment of a capital increase by that company. As a result of this investment, the subsidiary CMP booked goodwill of ThUS\$4,125 on the basis of information available at that time. The current business of this associate is mainly the exploration of its mining claims in the search for exploitable resources. According to available information and the present activities of Minera Hierro Antofagasta S.A., CMP has written off the goodwill determined in the operation.

On May 3, 2011 the subsidiary CMP announced its decision not to proceed with the mine exploration stages of that company, being released from its obligation to increase the capital paid to date.

Financial information on investments in associates and joint ventures

Company	30.06.2013					
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary revenues	Profit (Loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Inmobiliaria y Construct San Vicente Ltda.	1,620	3,205	306	563	154	137
Minera Hierro Antofagasta S.A.	505	268	1,006	-	-	(197)
Armadero Industrial y Comercial S.A.	17,351	17,736	13,932	295	26,050	(680)
Total	19,476	21,209	15,244	858	26,204	(740)

Company	31.12.2012					
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary revenues	Profit (Loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Inmobiliaria y Construct San Vicente Ltda.	1,675	3,334	315	659	318	(172)
Minera Hierro Antofagasta S.A.	530	283	851	-	-	(417)
Armadero Industrial y Comercial S.A.	19,625	18,326	14,954	237	63,672	(554)
Total	21,830	21,943	16,120	896	63,990	(1,143)

15. Intangible assets

15.1 The detail of intangible assets is as follows:

	Proprietary	Finalization or Total consumption assets	30.06.2013		
			Gross value	Accumulated amortization/ impairment of value	Net value
			ThUS\$	ThUS\$	ThUS\$
Mining property	CMP S.A.	12-2028	957,255	(124,216)	833,039
Software	CSH S.A.	06-2013	3,378	(3,378)	-
Software	CAP S.A.	06-2013	1,367	(1,367)	-
Water rights	CMP S.A.	12-2028	2,681	(132)	2,549
Software licenses	CMP S.A.	12-2012	2,550	(2,550)	-
Easements	CMP S.A.	12-2028	1,041	(221)	820
Others	PLL S.A.	06-2018	428	-	428
Others	Cintac SAIC	12-2013	59	-	59
Total			968,759	(131,864)	836,895

31.12.2012						
	Proprietary	Finalization or Total consumption		Accumulated amortization/ impairment of value		Net value ThUS\$
		assets	Gross value ThUS\$		ThUS\$	
Mining property	CMP S.A.	12-2028	957,255		(106,744)	850,511
Software	CSH S.A.	06-2013	3,378		(2,956)	422
Software	CAP S.A.	06-2013	1,367		(1,196)	171
Water rights	CMP S.A.	12-2028	2,681		(113)	2,568
Software licenses	CMP S.A.	12-2012	2,550		(2,548)	2
Easements	CMP S.A.	12-2028	1,041		(197)	844
Others	PLL S.A.	06-2018	428		-	428
Others	Cintac SAIC	12-2013	59		-	59
Total			968,759		(113,754)	855,005

15.2 Movements in identifiable intangible assets to June 30, 2013 and during 2012 were as follows:

To June 30, 2013

	Water rights ThUS\$	Software, net ThUS\$	Software licenses, net ThUS\$	Easements ThUS\$	Others ThUS\$	Mining Properties ThUS\$	Total ThUS\$
Initial balance at January 1, 2013	2.568	593	2	844	487	850.514	855.005
Additions	(1)	-	(1)	-	-	(1)	-
Amortization	(18)	(593)	(1)	(24)	-	(17.474)	(18.110)
Total movement	(19)	(593)	(2)	(24)	-	(17.475)	(18.110)
Closing balance at 30.06.2013	2.549	-	-	820	487	833.039	836.895

Year 2012

	Water rights ThUS\$	Software, net ThUS\$	Software licenses, net ThUS\$	Easements ThUS\$	Others ThUS\$	Mining Properties ThUS\$	Total ThUS\$
Initial balance at January 1, 2012	2.606	1.780	214	892	493	890.152	896.134
Additions	-	-	-	-	-	-	-
Amortization	(38)	(1.187)	(212)	(48)	(6)	(39.638)	(41.129)
Total movement	(38)	(1.187)	(212)	(48)	(6)	(39.638)	(41.129)
Closing balance at 31.12.2012	2.568	593	2	844	487	850.514	855.005

There was an addition in 2010 of ThUS\$ 957,255 in the subsidiary CMP which mainly related to the incorporation of mine deposits belonging to Compañía Minera Huasco S.A. (CMH) and which, as indicated in Note 13, were acquired through the merger of CMP and CMH. The amounts were obtained from the report determining the fair value of Compañía Minera Huasco S.A. as of April 30, 2010 prepared by Jorge Quiroz C. Consultores Asociados S.A.. This mine deposit is amortized in line with the extraction of its reserves.

The Company has no intangible assets with restrictions and/or granted as security for liabilities, neither does it have commitments to acquire new intangible assets. As of June 30, 2013 there are no fully-amortized intangible assets still in use.

16. Property, plant and equipment

16.1 Classes of property, plant and equipment

Net and gross values by class of property, plant and equipment as of June 30, 2013 and December 31, 2012 are as follows:

Property, plant and equipment, net

	<u>30.06.2013</u>	<u>31.12.2012</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>
Ongoing construction	1,440,221	920,630
Land	348,135	348,082
Constructions and infrastructure	341,782	347,492
Plant, machinery & equipment	678,702	721,349
Furniture & office machinery	2,317	1,908
Information Technology Equipment	45	39
Mining reserves	92,436	94,879
Vehicles	3,507	2,604
Other property, plant & equipment	63,702	65,215
Total property, plant & equipment	<u>2,970,847</u>	<u>2,502,198</u>

Property, plant and equipment, gross

	<u>30.06.2013</u>	<u>31.12.2012</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>
Ongoing construction	1,440,221	920,630
Land	348,135	348,082
Constructions and infrastructure	725,739	720,907
Plant, machinery & equipment	2,013,738	2,018,019
Furniture & office machinery	6,384	5,827
Information Technology Equipment	976	959
Mining reserves	368,769	368,768
Vehicles	8,079	6,741
Other property, plant & equipment	164,867	163,743
Total property, plant & equipment	<u>5,076,908</u>	<u>4,553,676</u>

Restrictions through fixed assets granted in guarantee

The subsidiary Cleanairtech Sudamérica S.A. signed a loan agreement on April 18, 2012 with Crédit Agricole CIB, Corpbanca and Mizuho Corporate Bank, Ltd., for the project financing of the first phase of the seawater desalination plant being developed by the company. Together with the first drawing of the loan from these banks, all the assets of Cleanairtech Sudamérica S.A. were charged in guarantee. As of June 30, 2013 the amount of fixed assets so charged is ThUS\$ 157,048.

The Company as of June 30, 2013 has not charged any other specific fixed assets as security for its obligations.

The accumulated depreciation of property, plant and equipment is as follows:

Accumulated depreciation	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Constructions and infrastructure	(383,958)	(373,415)
Plant, machinery & equipment	(1,335,035)	(1,296,670)
Furniture & office machinery	(4,067)	(3,919)
Information Technology Equipment	(931)	(920)
Mining reserves	(276,333)	(273,889)
Vehicles	(4,572)	(4,137)
Other property, plant & equipment	(101,165)	(98,528)
Total accumulated depreciation	(2,106,061)	(2,051,478)

Fully depreciated fixed assets still in use

There are no significant fully-depreciated fixed assets as of June 30, 2013 that are still in use.

16.2 Movement:

The accounting movement of property, plant and equipment, net, in the periods to June 30, 2013 and December 31, 2012 was as follows:

To June 30, 2013

Property, plant & equipment, net	Ongoing construction	Land	Constructions and infrastructure	Plant, machinery & equipment	Furniture & office machinery	Information technology equipment	Vehicles	Mining Reserves	Others	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Initial balance at January 1, 2013	920,630	348,082	347,492	721,349	1,908	39	2,604	94,879	65,215	2,502,198
Additions	533,127	53	148	5,642	731	17	361	-	1,234	541,313
Reclassifications	(13,526)	-	4,330	8,157	(141)	-	993	1	186	-
Retirements & write downs	(10)	-	-	(259)	(35)	-	(16)	-	-	(320)
Charge for depreciation	-	-	(10,188)	(39,187)	(146)	(11)	(435)	(2,444)	(2,970)	(55,381)
Asset impairment	-	-	-	(17,000)	-	-	-	-	-	(17,000)
Other increases (decreases)	-	-	-	-	-	-	-	-	37	37
Closing balance at June 30, 2013	1,440,221	348,135	341,782	678,702	2,317	45	3,507	92,436	63,702	2,970,847

Year 2012

Property, plant & equipment, net	Ongoing construction	Land	Constructions and infrastructure	Plant, machinery & equipment	Furniture & office machinery	Information technology equipment	Vehicles	Mining Reserves	Others	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Initial balance at January 1, 2012	289,414	333,625	350,519	714,026	1,603	33	2,115	94,550	55,378	1,841,263
Additions	708,976	14,990	449	31,156	437	27	1,023	63,788	12,083	832,929
Reclassifications	(76,911)	(533)	17,185	52,210	333	-	59	-	7,657	-
Retirements & write downs	(849)	-	(140)	(1,167)	-	-	(14)	-	(25)	(2,195)
Charge for depreciation	-	-	(20,521)	(75,203)	(465)	(21)	(594)	(63,459)	(9,903)	(170,166)
Other increases (decreases)	-	-	-	327	-	-	15	-	25	367
Closing balance at December 31, 2012	920,630	348,082	347,492	721,349	1,908	39	2,604	94,879	65,215	2,502,198

16.3 Impairment losses booked during the period

In June 2013, CAP S.A. adopted the policy (applies in the subsidiary Compañía Siderúrgica Huachipato S.A.) of focusing its production on long steels. This decision results in the adoption of various measures of a technical nature

to adjust the productive and operational structure for carrying out its commercial objectives. These adjustments are currently being implemented and are expected to be completed by the end of this year. It is believed that these will permit a return of this subsidiary to profitability in the next quarters and in any case in 2014.

This decision led to the need to book as of June 30, 2013 a provision in CSH for the net value of deferred taxes of ThUS\$ 13,600 to reflect the financial impact of the temporary interruption of operating assets, with no effect on cash.

16.4 Additional information

The fixed assets mainly comprise, land, buildings, infrastructure, machinery and equipment in mines, pellets plant, mineral loading ports, steel mill and mooring, in Compañía Siderúrgica Huachipato S.A. and Compañía Minera del Pacífico S.A. They also include the industrial plants of the subsidiaries Cintac, Centroacero and Instapanel in Chile and those of Tupemesa in Lima, Peru, and Tasa in Argentina.

- **Properties and buildings booked at fair value**

As part of the IFRS first-adoption process, the Group decided to book certain plots of land at fair value as the attributed cost on the transition date of January 1, 2009. The fair values of land amounted to ThUS\$ 305,572, as determined by an external specialist in the Group's industry.

- **Temporarily idle assets**

In Compañía Siderúrgica Huachipato S.A. it was decided as of June 30, 2013, to suspend temporarily the production of cold-rolled sheets. The residual value of the assets involved in this cold roller is ThUS\$ 49,660 and they have continued to be depreciated in accordance with IAS 16. No provisions have been made for this temporary stoppage.

- **Construction in progress**

Construction in progress as of June 30, 2013 amounts to ThUS\$ 1,440,221 and as of December 31, 2012 to ThUS\$ 920,630. These are directly related to the Company's operating activities, including the acquisition of equipment and buildings.

The most important works in progress include the following:

- 1) In Compañía Minera del Pacífico S.A., for ThUS\$ 1,178,642 as of June 30, 2013 (ThUS\$ 760,067 as of December 31, 2012), directly related to the acquisition of equipment and buildings, principally relating to the Cerro Negro Norte and Huasco Valley expansion projects.
- 2) In Compañía Siderúrgica Huachipato S.A., for ThUS\$ 34,225 as of June 30, 2013 (ThUS\$ 24,468 as of December 31, 2012), whose most important investments are for acquisitions of equipment and construction.
- 3) In Cintac S.A., for ThUS\$ 9,040 as of June 30, 2013 (ThUS\$ 11,782 at December 31, 2012), directly related to the company's business activities, mainly in the acquisition of equipment and buildings.
- 4) In Intasa S.A. for ThUS\$ 20 as of June 30, 2013 (ThUS\$ 33 as of December 31, 2012) mainly in the acquisition of equipment and buildings.
- 5) In CAP S.A. for ThUS\$ 1,875 as of June 30, 2013 (ThUS\$1,083 as of December 31, 2012), principally construction and renovation projects.
- 6) In Cleanairtech Sudamerica S.A. for ThUS\$ 157,048 as of June 30, 2013 (ThUS\$ 69,669 as of December 31, 2012), for the construction of the desalination plant and others.

7) In Tecnocap S.A. for ThUS\$ 59,371 as of June 30, 2013 (ThUS\$ 53,528 as of December 31, 2012), essentially for the construction of electricity transmission lines.

Policy for estimating dismantling and restoration costs

Obligations arise for dismantling and restoration expenses when the environment is affected by the preparation of the location and erection of an installation and/or carrying out some work or task. These costs are estimated at the start of the project based on a formal works closure plan originating them, and are subject to periodic revision.

The estimated costs arising from the obligation to dismantle an installation are updated to present value and incorporated in fixed assets, having a provision as the cross-entry. These dismantling costs are charged to results over the life of the work together with the depreciation of the asset and form part of the cost of sales, and the use of the respective provision is made at the time the dismantling takes place.

Restoration costs are estimated at the start of the works at their present value, making a provision against results. The provision is used when the restoration works expenses are incurred.

The effects of updating the provisions, due to the effect of the discount rate or the passage of time, are booked as a financial expense.

The work of an external specialist and internal experts, plus the judgment and experience of the Company's management, are used to estimate dismantling and restoration costs.

• **Assets under financial leases**

Other property, plant and equipment includes the following assets acquired under financial leases:

	<u>30.06.2013</u>	<u>31.12.2012</u>
	ThUS\$	ThUS\$
Land under financial leases, net	1,808	1,808
Buildings under financial leases, net	11,450	11,625
Machinery & equipment under financial leases, net	8,738	8,955
Plant & equipment under financial leases, net	16,740	16,740
Motor vehicles under financial leases, net	26	62
Total	<u>38,762</u>	<u>39,190</u>

Leased land and buildings include the value of the corporate building acquired under a leasing agreement with purchase option with Banco Crédito e Inversiones. As of June 30, 2013, the net value amounts to ThUS\$ 13,258. The contract provides for 96 equal payments of UF 4,873.79 plus VAT, with an annual interest rate of 6.35%, plus a purchase option of the same amount. This contract is payable from September 15, 2008 in monthly installments and finally expires in 2016.

Financial leases of machinery and equipment include computer equipment and industrial tools acquired under leasing agreement with purchase options. The contracts are denominated in UF and their term varies between 1 and 3 years.

Financial leases of plant and equipment include various contracts for vehicles and mining equipment acquired by the subsidiary CMP. The average annual interest rate on these contracts is 4.24% and their maturities are up to 8 years. The present value of future payments due under financial leases is as follows:

	30.06.2013			31.12.2012		
	Gross	Interest	Present value	Gross	Interest	Present value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Less than one year	8,898	(1,518)	7,380	8,615	(921)	7,694
Between one and five years	34,425	(5,010)	29,415	15,021	(2,364)	12,657
More than five years	15,494	(749)	14,745	-	-	-
Total	58,817	(7,277)	51,540	23,636	(3,285)	20,351

Insurance

The Group has insurance policies covering the possible risks to which the various elements of property, plant and equipment are exposed, plus possible claims that may be made in the course of its business. These policies adequately cover these risks.

Accident at Punta de Totoralillo port

On December 18, 2011, the loading conveyer belt transfer tower of Punta Totoralillo port caught fire, making it impossible to load ships. Repairs have now been completed and the port has been operating since the end of March 2012. As of December 31, 2012 the subsidiary Compañía Minera del Pacifico S.A. books an insurance claim receivable of ThUS\$ 6,767, which is shown in Sundry debtors (Note 7).

The final indemnity was received from the insurance company during January 2013, amounting to ThUS\$ 6,767. The loss for the company was ThUS\$ 500, corresponding to the respective deductible.

- **Depreciation charge**

The depreciation of the assets is calculated on a straight-line basis over their corresponding useful lives.

The useful life has been determined based on the expected natural deterioration, technical or commercial obsolescence deriving from changes and/or improvements in production, and changes in market demand for the products obtained from the operation of these assets.

The estimated useful lives by classes of asset are as follows:

	Minimum average useful life years	Maximum Average life years	Weighted average useful life years
Buildings and infrastructure	20	67	44
Plant, machinery and equipment	5	66	36
Equipment Information Technology	3	8	6
Vehicles and other	9	19	14
Other property, plant and equipment	16	30	23

The residual value and useful life of the assets are revised and adjusted if necessary, at each closing of the financial statements.

The charge to comprehensive results for depreciation of fixed assets included in the cost of sales and administrative expenses is as follows:

	Accumulated		Quarter	
	01.01.2013	01.01.2012	01.04.2013	01.04.2012
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
In cost of sales	50,955	81,797	26,547	39,171
In administrative & selling expenses	494	487	240	246
Other expenses by function	52	47	38	23
Total	51,501	82,331	26,825	39,440

	Accumulated	
	01.01.2013	01.01.2012
	30.06.2013	30.06.2012
	ThUS\$	ThUS\$
Depreciation of projects (*)	3,880	2,467
Total	3,880	2,467

(*) This concept relates to depreciation from the start-up of certain equipment and machinery belonging to investment projects in a development stage as of the close of these financial statements.

17. Income tax and deferred taxes

17.1 Income tax shown in results for the year

Income tax booked in results during the periods ended June 30, 2013 and 2012 is as follows:

	Accumulated		Last Quarter	
	01.01.2013 30.06.2013 ThUS\$	01.01.2012 30.06.2012 ThUS\$	01.04.2013 30.06.2013 ThUS\$	01.04.2012 30.06.2012 ThUS\$
Income tax income (expense)	(46,835)	(69,244)	(20,448)	(32,869)
Credit (charge) for current tax	-	-	-	(2,135)
Current tax income (expense)	(16,137)	(28,249)	(6,584)	(15,177)
Other Current tax income (expense)	(406)	582	(354)	582
Total Current tax income (expense), net	(63,378)	(96,911)	(27,386)	(49,599)
Deferred income taxes income (expense)				
Income (expense) due to deferred taxes related to the creation and reversal of temporary differences	18,006	5,760	5,168	1,947
Reclassification valuation provision	-	64	170	310
Credit (charge) for deferred taxes for the temporary tax loss difference	240	(806)	240	96
Tax benefit for tax losses	206	1,201	206	(771)
Other charges	(301)	(209)	(975)	(195)
Income (expense) due to deferred taxes on temporary differences of fixed assets	(9,786)	8,165	872	1,305
Total income (expense) due to deferred taxes, net	8,365	14,175	5,681	2,692
Total income (expense) due to income tax	(55,013)	(82,736)	(21,705)	(46,907)

17.2 Reconciliation of accounting result and tax result

The following is the reconciliation of the legal tax rate current in Chile and the effective rate applicable to the Group:

	Accumulated		Last Quarter	
	01.01.2013	01.01.2012	01.04.2013	01.04.2012
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Annual profit (loss) before taxes	178,495	323,005	78,184	171,332
Legal Tax rate	20%	18,50%	18,50%	20%
Tax (expense) income using the statutory rate	(35,699)	(59,756)	(15,637)	(31,696)
Tax effect of non-taxable revenue	-	108	(250)	99
Tax benefit of tax losses	218	1,201	4,699	(771)
Effect of taxes specific to mining	(16,137)	(28,249)	(6,584)	(15,177)
Tax effect of income without credit	(5,119)	-	(5,119)	-
Effect of temporary differences of taxes specific to mining	652	2,138	421	(130)
Tax effect of nondeductible from tax expenses	(2,784)	4,232	(2,843)	3,473
Provision valuation	306	(259)	476	11
Tax effect of change in tax rates	-	(63)	-	(63)
Other increase (decrease) in statutory tax charge	3,550	(2,088)	3,132	(2,653)
Total adjustment to tax expense using statutory rate	<u>(19,314)</u>	<u>(22,980)</u>	<u>(6,068)</u>	<u>(15,211)</u>
Tax (Expense) Income using the effective rate	<u>(55,013)</u>	<u>(82,736)</u>	<u>(21,705)</u>	<u>(46,907)</u>

The tax rate used for the reconciliation as of June 30, 2013 corresponds to a corporate tax rate of 20% that entities have to pay on their taxable income under current tax regulations. The specific tax rate applicable to mining activities as of June 30, 2013 is 5.99%.

The tax rate used for the reconciliation as of June 30, 2012 corresponded to a corporate tax rate of 18.5% that entities had to pay on taxable income under current tax regulations. The specific tax rate applicable to mining activities as of June 30, 2012 was 7.88%.

During September 2012, Law 20.630 was published which modified certain aspects of the tax law in Chile. These included raising the income tax rate to 20% from 2012. At the date of publication of the law, the effect of this increase resulted in a higher tax charge of ThUS\$ 53,959, comprising ThUS\$ 45,247 for deferred taxes and ThUS\$ 8,712 for current income tax, which amounts were included in the consolidated financial statements as of December 31, 2012.

With respect to the specific tax applicable to mining activities, contained in Law 20,469, which establishes that Chilean companies like CMP may accept a system of a fixed tax rate similar to that provided in DL600 for foreign investment, CMP decided not to opt for the fixed rate permitted under that law.

The indirect subsidiary Tubos Argentina S.A. has a corporate income tax rate of 35%.

17.3 Deferred taxes

The detail of deferred tax assets and liabilities as of June 30, 2013 and December 31, 2012 is as follows:

Deferred tax assets booked relating to:

	<u>30.06.2013</u>	<u>31.12.2012</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>
Provision for doubtful accounts	2,111	4,659
Obsolescence provision	2,055	614
Holiday Provision	4,420	4,975
Provision seniority award	12,330	13,073
Lease payables	201	412
Liabilities for post-employment benefits	1,025	-
Fiscal losses	643	403
Derivative instruments and hedging	4,900	6,841
Others	30,008	19,649
	<u>57,693</u>	<u>50,626</u>

Deferred tax liabilities booked relating to:

	<u>30.06.2013</u>	<u>31.12.2012</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>
Depreciation of property, plant and equipment	180,600	170,814
Compensation for years of service	5,216	5,390
Prepaid expenses	1,227	1,711
Inventories	5,069	9,486
Deferred charges, bonds and swaps	2,380	2,624
Intangible assets (*)	209,382	214,108
	<u>403,874</u>	<u>404,133</u>
Total deferred tax liabilities	<u>403,874</u>	<u>404,133</u>
Net Value	<u>(346,181)</u>	<u>(353,507)</u>

(*) Liabilities generated as a result of CMP's merger with CMH during 2010.

Deferred taxes are shown in the statement of financial position as follows:

Detail:	<u>30.06.2013</u>	<u>31.12.2012</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>
Assets Not Current	13,951	16,023
Liabilities Not Current	(360,132)	(369,530)
Net	<u>(346,181)</u>	<u>(353,507)</u>

17.4 Balances of deferred taxes

Deferred tax assets/(liabilities) derive from the following movements:

Movement in deferred tax liabilities	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Deferred tax assets (liabilities), opening balance	(353,507)	(327,410)
Effect on other comprehensive income	(1,748)	224
Effect on Income (Loss)	8,365	(24,790)
Others	709	(1,531)
Total increases and decreases in deferred tax	7,326	(26,097)
Ending balance of assets (liabilities) due to deferred taxes	(346,181)	(353,507)

18. Other financial debt, current and non-current.

The detail of interest-bearing loans as of June 30, 2013 and December 31, 2012 is as follows:

18.1 Obligations with financial entities:

Current	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Loans from financial entities	127,373	133,196
Bonds payable	2,074	2,083
Overdrafts	8,847	8,872
Finance Leasing	7,565	7,381
Enabled Expenses related to loans	(2,485)	(2,499)
Hedge liabilities	14,728	7,447
Total	158,102	156,480

Non-current	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Loans from financial entities	330,095	289,191
Bonds payable	238,110	238,110
Finance Leasing	44,155	12,362
Enabled Expenses related to loans	(15,269)	(10,698)
Hedge liabilities	24,500	33,240
Total	621,591	562,205

18.2 Maturities and currencies of obligations with financial entities:

The following shows the detail of loans from financial entities and overdrafts:

As of June 30, 2013

											30.06.2013						
Tax No. debtor	Debtor	Country of origin	Tax No. Creditor	Creditor	Country of origin	Currency	Effective interest rate	Rate	Nominal interest rate	Repayments	Current			Non-current			
											Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	Total Non current
91297000-0	CAP	Chile	59.002.220-9	The bank of Tokyo	USA	USD	1,85%	Variable	Libor 180 + 1.25	Semi annual	720	-	720	150.000	50.000	-	200.000
92.544.000-0	Cintac	Chile	97.032.000-8	Banco Bbva	Chile	USS	1,27%	Variable	Lih.3M + Spr.	Monthly	7.713	-	7.713	-	-	-	-
92.544.000-0	Cintac	Chile	97.004.000-5	Banco Chile	Chile	USS	1,22%	Variable	Lih.3M + Spr.	Monthly	843	-	843	-	-	-	-
92.544.000-0	Cintac	Chile	97.949.000-3	Banco HSBC	Chile	USS	0,91%	Variable	Lih.3M + Spr.	Monthly	2.205	988	3.193	-	-	-	-
Extranjero	Tupemesa	Perú	Extranjero	Banco Crédito del Perú	Perú	USS	3,00%	Variable	Lih.6M + Spr.	Monthly	18.063	-	18.063	182	-	-	182
92.544.000-0	Cintac	Chile	97.030.000-7	Banco Estado	Chile	USS	1,43%	Variable	Lih.3M + Spr.	Monthly	17.565	-	17.565	-	-	-	-
92.544.000-0	Cintac	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	USS	1,19%	Variable	Lih.3M + Spr.	Monthly	15.788	-	15.788	-	-	-	-
92.544.000-0	Cintac	Chile	76.645.030-K	Banco Itau	Chile	USS	1,08%	Variable	Lih.3M + Spr.	Monthly	15.358	7.313	22.671	-	-	-	-
92.544.000-0	Cintac	Chile	97.018.000-1	Banco Scotia	Chile	USS	1,04%	Variable	Lih.3M + Spr.	Monthly	8.644	6.612	15.256	-	-	-	-
92.544.000-0	Cintac	Chile	97.053.000-2	Banco Security	Chile	USS	1,29%	Variable	Lih.3M + Spr.	Monthly	3.307	-	3.307	-	-	-	-
92.544.000-0	Cintac	Chile	76.645.030-K	Banco Itau	Chile	USS	3,72%	Variable	Lih.3M + Spr.	Semi annual	-	3.336	3.336	9.999	1.668	-	11.667
92.544.000-0	Cintac	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	USS	3,72%	Variable	Tab 6M +Spr.	Semi annual	-	3.336	3.336	9.999	1.668	-	11.667
92.544.000-0	Cintac	Chile	97.030.000-7	Banco Estado	Chile	USS	3,72%	Variable	Tab 6M +Spr.	Semi annual	-	3.336	3.336	10.000	1.667	-	11.667
92.544.000-0	Cintac	Chile	97.036.000-K	Banco Santander	Chile	USS	3,72%	Variable	Lih.6M + Spr.	Semi annual	-	3.336	3.336	9.999	1.668	-	11.667
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	USD	6,00%	Fixed	6,00%	Quarterly	809	-	809	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	97.006.030-8	Banco BCI	USA	USD	4,73%	Fixed	4,73%	Quarterly	174	500	674	833	-	-	833
30-62286204-9	Tubos Argentinos SA	Argentina	97.006.030-8	Banco BCI	USA	USD	4,79%	Fixed	4,79%	Quarterly	85	215	300	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	21,00%	Fixed	21,00%	Quarterly	136	-	136	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	21,00%	Fixed	21,00%	Quarterly	3.477	-	3.477	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	21,00%	Fixed	21,00%	Quarterly	195	-	195	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000845-4	Banco Rio	Argentina	ARS	21,70%	Fixed	21,70%	Monthly	151	-	151	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-58018941-1	Banco Itau	Argentina	ARS	19,00%	Fixed	19,00%	Monthly	1.087	-	1.087	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000319-3	Banco Frances	Argentina	ARS	18,25%	Fixed	18,25%	Monthly	173	-	173	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000173-5	Banco Galicia	Argentina	ARS	20,00%	Fixed	20,00%	Monthly	576	-	576	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	18,50%	Fixed	18,50%	Monthly	3.574	-	3.574	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-60473101-8	Banco Comafi	Argentina	ARS	21,75%	Fixed	21,75%	Monthly	463	-	463	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	33-53718600-9	Banco HSBC	Argentina	ARS	18,00%	Fixed	18,00%	Monthly	740	-	740	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000319-3	Banco Frances	Argentina	ARS	19,50%	Fixed	19,50%	Monthly	557	-	557	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000173-5	Banco Galicia	Argentina	ARS	21,00%	Fixed	21,00%	Monthly	116	-	116	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	17,60%	Fixed	17,60%	Monthly	1.410	-	1.410	-	-	-	-
76.498.850-7	Puerto Las Losas S.A.	Chile	97.006.030-8	Bco.Credito e Inversiones	Chile	USD	3,46%	Fixed	3,46%	Monthly	1.732	868	2.600	1.731	1.298	-	3.029
76.399.400-7	Cleanairtech Sudamérica S.A.	Francia	45-0566494	Credit Agricole	Chile	USD	2,97%	Variable	Libor 180 dias + 0,0275	Semi annual	-	719	719	16.538	13.231	49.614	79.383
Total											105.661	30.559	136.220	209.281	71.200	49.614	330.095

As of December 31, 2012

Tax No. debtor	Debtor	Country of origin	Tax No. Creditor	Creditor	Country of origin	Currency	Effective interest rate	Rate	Nominal interest rate	Repayments	31.12.2012						
											Current			Non-current			
											Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	Total Non current
91.297.000-0	CAP	Chile	59002220-9	The bank of Tokyo	USA	US\$	1.96%	Variable	Libor 180 + 1,25	Semi annual	-	814	814	100.000	100.000	-	200.000
92.544.000-0	Cintac	Chile	97.032.000-8	Banco Bbva	Chile	US\$	1.67%	Variable	Lib.4M + Spr.	Annual	8.021	4.921	12.942	-	-	-	-
92.544.000-0	Cintac	Chile	97.023.000-9	Banco Corpbanca	Chile	US\$	2.34%	Variable	Lib.3M + Spr.	Monthly	9.829	-	9.829	-	-	-	-
92.544.000-0	Cintac	Chile	97.030.000-7	Banco Estado	Chile	US\$	1.22%	Variable	Lib.3M + Spr.	Monthly	18.779	-	18.779	-	-	-	-
92.544.000-0	Cintac	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	US\$	1.50%	Variable	Lib.3M + Spr.	Monthly	5.801	-	5.801	-	-	-	-
92.544.000-0	Cintac	Chile	97.036.000-K	Banco Santander	Chile	US\$	1.56%	Variable	Lib.3M + Spr.	Monthly	2.446	-	2.446	-	-	-	-
92.544.000-0	Cintac	Chile	76.645.030-K	Banco Itau	Chile	US\$	1.58%	Variable	Lib.3M + Spr.	Monthly	21.305	-	21.305	-	-	-	-
92.544.000-0	Cintac	Chile	97.018.000-1	Banco Scotia	Chile	US\$	1.69%	Variable	Lib.3M + Spr.	Monthly	11.594	-	11.594	-	-	-	-
92.544.000-0	Cintac	Chile	97.053.000-2	Banco Security	Chile	US\$	1.79%	Variable	Lib.3M + Spr.	Monthly	6.838	3.235	10.073	-	-	-	-
92.544.000-0	Cintac	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	CLP	3.81%	Variable	Tab 6M + Spr.	Semi annual	-	1.672	1.672	6.665	6.668	-	13.333
92.544.000-0	Cintac	Chile	97.030.000-7	Banco Estado	Chile	CLP	3.81%	Variable	Tab 6M + Spr.	Semi annual	-	1.671	1.671	6.665	6.668	-	13.333
92.544.000-0	Cintac	Chile	97.036.000-K	Banco Santander	Chile	US\$	3.81%	Variable	Lib.6M + Spr.	Semi annual	-	1.671	1.671	6.666	6.668	-	13.334
92.544.000-0	Cintac	Chile	96.720.830-2	BCI Factoring SA	Chile	CLP	6.94%	Fixed	fija 6.94%	Semi annual	14.413	-	14.413	-	-	-	-
76.498.850-7	Puerto Las Losas S.A.	Chile	97.006.030-8	Bco.Credito e Inversiones	Chile	US\$	3.46%	Fixed	3.46%	Monthly	-	2.194	2.194	2.598	864	-	3.462
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	US\$	6.00%	Fixed	6.00%	Quarterly	807	-	807	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	97.006.030-8	Banco BCI	USA	US\$	4.73%	Fixed	4.73%	Quarterly	176	501	677	1.165	-	-	1.165
30-62286204-9	Tubos Argentinos SA	Argentina	97.006.030-8	Banco BCI	USA	US\$	4.81%	Fixed	4.81%	Quarterly	86	249	335	133	-	-	133
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	18.50%	Fixed	18.50%	Quarterly	3,660	-	3,660	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	18.50%	Fixed	18.50%	Quarterly	204	-	204	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000845-4	Banco Rio	Argentina	ARS	19.90%	Fixed	19.90%	Monthly	295	-	295	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-58018941-1	Banco Itau	Argentina	ARS	17.00%	Fixed	17.00%	Monthly	1,195	-	1,195	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000319-3	Banco Frances	Argentina	ARS	18.00%	Fixed	18.00%	Monthly	675	-	675	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000173-5	Banco Galicia	Argentina	ARS	16.00%	Fixed	16.00%	Monthly	593	-	593	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	16.00%	Fixed	16.00%	Monthly	3,495	-	3,495	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-60473101-8	Banco Comafi	Argentina	ARS	20.75%	Fixed	20.75%	Monthly	497	-	497	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	33-53718600-9	Banco HSBC	Argentina	ARS	16.50%	Fixed	16.50%	Monthly	797	-	797	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	16.16%	Fixed	16.16%	Monthly	1,284	-	1,284	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000319-3	Banco Frances	Argentina	ARS	17.25%	Fixed	17.25%	Monthly	41	-	41	-	-	-	-
76.399.400-7	Cleanairtech S.A.	Francia	45-0566494	Credit Agricole	Chile	US\$	3.01%	Fixed	Libor 180 dias + 0,0275	Semi annual	280	-	280	9,703	11,090	23,565	44,358
Extranjero	Tupamesa	Perú	Foreign	Banco Crédito del Perú	Chile	US\$	2.70%	Fixed	Lib.6M + Spr.	Monthly	12,029	-	12,029	73	-	-	73
Total											125,140	16,928	142,068	133,668	131,958	23,565	289,191

18.3 The following is a detail of interest-bearing leases:

Current period

											30.06.2013						
Tax No. debtor	Debtor	Country of origin	Tax No. Creditor	Creditor	Country of origin	Currency	Effective interest rate	Rate	Nominal interest rate	Repayments	Current			Non-current			Total Non current
											Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	
94.638.000-8	CMP	Chile	97.006.030-6	Banco Crédito Inversiones	Chile	USD	6.60%	Fixed	Fixed 6.60%	Monthly	103	-	103	-	-	-	-
94.638.000-8	CMP	Chile	97.030.000-7	Banco Estado	Chile	USD	3.82%	Fixed	Fixed 3.82%	Monthly	-	886	886	8,224	11,710	14,745	34,679
79.807.570-5	IMOPAC	Chile	97.006.030-6	Banco Crédito Inversiones	Chile	USD	5.73%	Fixed	Fixed 5.73%	Monthly	116	351	467	406	-	-	406
94637000-2	CSH	Chile	97006000-6	Banco Crédito Inversiones	Chile	UFS	6.35%	Fixed	6.35%	Monthly	542	1,677	2,219	5,524	-	-	5,524
94637000-2	CSH	Chile	96980910-9	Precisión S.A.	Chile	US\$	11.04%	Fixed	11.04%	Monthly	954	2,725	3,679	3,435	-	-	3,435
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	USD	12.00%	Fixed	12.00%	Monthly	15	12	27	-	-	-	-
Extranjero	Tupemesa	Perú	Foreing	Banco Credito del Perú	Perú	USD	2.80%	Variable	2.80%	Monthly	46	138	184	111	-	-	111
Total											1,776	5,789	7,565	17,700	11,710	14,745	44,155

Previous period

											31.12.2012						
Tax No. debtor	Debtor	Country of origin	Tax No. Creditor	Creditor	Country of origin	Currency	Effective interest rate	Rate	Nominal interest rate	Repayments	Current			Non-current			Total Non current
											Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	
94-638.000-8	CMP	Chile	97-006.030-8	Banco Crédito Inversiones	Chile	USD	6.60%	Fixed	Fixed 6.60%	Monthly	296	402	698	-	-	-	-
94.638.000-8	CMP	Chile	97.036.000-k	Banco Santander	Chile	USD	6.10%	Fixed	Fixed 6.10%	Monthly	8	5	13	-	-	-	-
79.807.570-5	IMOPAC	Chile	97.006.030-6	Banco Crédito Inversiones	Chile	USD	5.73%	Fixed	Fixed 5.73%	Monthly	112	345	457	643	-	-	643
94637000-2	CSH	Chile	97006000-6	Banco Crédito Inversiones	Chile	UFS	6.35%	Fixed	6.35%	Monthly	555	1,718	2,273	7,024	-	-	7,024
94637000-2	CSH	Chile	96980910-9	Precisión S.A.	Chile	US\$	11.04%	Fixed	11.04%	Monthly	990	2,824	3,814	4,678	-	-	4,678
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	USD	12.00%	Fixed	2.80%	Monthly	18	44	62	4	-	-	4
Extranjero	Tupemesa	Perú	Foreing	Banco Crédito del Perú	Perú	USD	2.80%	Variable	12.00%	Monthly	63	-	63	13	-	-	13
11.401.499/0001-65	Steel House do Brasil Comercio Ltda	Brasil	49.925.225/0001-48	Banco Itau	Brasil	Otras	13.95%	Fixed	13.95%	Monthly	1	-	1	-	-	-	-
Total											2,043	5,338	7,381	12,362	-	-	12,362

18.4 The detail of amounts due not discounted to present value (estimates of cash flows that the Group should disburse) of obligations with financial entities is as follows:

As of June 30, 2013

Tax No. debtor	Debtor	Country of origin	Tax No. Creditor	Creditor	Country of origin	Currency	Effective interest rate	Rate	Nominal interest rate	Repayments	30.06.2013						
											Current			Non-current			
											Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	Total Non current
91297000-0	CAP	Chile	59002220-9	The bank of Tokyo	USA	USD	1.85%	Variable	Libor 180 + 1,25	Semi annual	-	1,850	1,850	156,013	50,463	-	206,476
92.544.000-0	Cintac	Chile	97.032.000-8	Banco Bbva	Chile	USD	1.27%	Variable	Lib.3M + Spr.	Monthly	7,725	-	7,725	-	-	-	-
92.544.000-0	Cintac	Chile	97.004.000-5	Banco Chile	Chile	USD	1.22%	Variable	Lib.3M + Spr.	Monthly	845	-	845	-	-	-	-
92.544.000-0	Cintac	Chile	97.949.000-3	Banco HSBC	Chile	USD	0.91%	Variable	Lib.3M + Spr.	Monthly	2,208	990	3,198	-	-	-	-
92.544.000-0	Cintac	Chile	97.030.000-7	Banco Estado	Chile	USD	1.43%	Variable	Lib.3M + Spr.	Monthly	17,575	-	17,575	-	-	-	-
92.544.000-0	Cintac	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	USD	1.19%	Variable	Lib.3M + Spr.	Monthly	15,589	-	15,589	-	-	-	-
92.544.000-0	Cintac	Chile	76.645.030-K	Banco Itau	Chile	USD	1.08%	Variable	Lib.3M + Spr.	Monthly	15,376	7,339	22,715	-	-	-	-
92.544.000-0	Cintac	Chile	97.018.000-1	Banco Scotia	Chile	USD	1.04%	Variable	Lib.3M + Spr.	Monthly	8,664	6,627	15,291	-	-	-	-
92.544.000-0	Cintac	Chile	97.053.000-2	Banco Security	Chile	USD	1.29%	Variable	Lib.3M + Spr.	Monthly	3,315	-	3,315	-	-	-	-
92.544.000-0	Cintac	Chile	76.645.030-K	Banco Itau	Chile	USD	3.72%	Variable	Lib.3M + Spr.	Semi annual	-	3,867	3,867	10,848	1,700	-	12,548
92.544.000-0	Cintac	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	USD	3.72%	Variable	Tab.6M +Spr.	Semi annual	-	3,866	3,866	10,845	1,704	-	12,549
92.544.000-0	Cintac	Chile	97.030.000-7	Banco Estado	Chile	USD	3.72%	Variable	Tab.6M +Spr.	Semi annual	-	3,867	3,867	10,849	1,698	-	12,547
92.544.000-0	Cintac	Chile	97.036.000-K	Banco Santander	Chile	USD	3.72%	Variable	Lib.6M +Spr.	Semi annual	-	3,866	3,866	10,845	1,704	-	12,549
76.498.850-7	Puerto Las Losas S.A.	Chile	97.006.030-8	Bco.Credito e Inversiones	Chile	USD	3.46%	Fixed	3.46%	Monthly	1,735	948	2,683	1,838	1,327	-	3,165
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	USD	6.00%	Fixed	6.00%	Quarterly	812	-	812	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	97.006.030-8	Banco BCI	USA	USD	4.73%	Fixed	4.73%	Quarterly	185	500	685	833	-	-	833
30-62286204-9	Tubos Argentinos SA	Argentina	97.006.030-8	Banco BCI	USA	USD	4.79%	Fixed	4.79%	Quarterly	87	215	302	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	21.00%	Fixed	21.00%	Quarterly	136	-	136	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	21.00%	Fixed	21.00%	Quarterly	3,477	-	3,477	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	21.00%	Fixed	21.00%	Quarterly	195	-	195	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000845-4	Banco Rio	Argentina	ARS	21.70%	Fixed	21.70%	Monthly	154	-	154	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-58018941-1	Banco Itau	Argentina	ARS	19.00%	Fixed	19.00%	Monthly	1,104	-	1,104	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000319-3	Banco Frances	Argentina	ARS	18.25%	Fixed	18.25%	Monthly	176	-	176	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000173-5	Banco Galicia	Argentina	ARS	20.00%	Fixed	20.00%	Monthly	586	-	586	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	18.50%	Fixed	18.50%	Monthly	3,629	-	3,629	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-60473101-8	Banco Comafi	Argentina	ARS	21.75%	Fixed	21.75%	Monthly	471	-	471	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	33-53718600-9	Banco HSBC	Argentina	ARS	18.00%	Fixed	18.00%	Monthly	751	-	751	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000319-3	Banco Frances	Argentina	ARS	19.50%	Fixed	19.50%	Monthly	566	-	566	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000173-5	Banco Galicia	Argentina	ARS	21.00%	Fixed	21.00%	Monthly	118	-	118	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	17.60%	Fixed	17.60%	Monthly	1,431	-	1,431	-	-	-	-
Extranjero	Chenairtech	Perú	Foreign	Banco Crédito del Perú	Perú	USD	3.00%	Variable	Lib.6M + Spr.	Monthly	18,195	-	18,195	111	-	-	111
76.399.400-7	Cleanairtech S.A.	Chile	45-0566494	Credit Agricole	Francia	USD	3.32%	Variable	Libor 180 + 2,75%	Semi annual	2,210	-	2,210	29,466	24,403	102,759	156,628
Total											107,315	33,935	141,249	231,648	82,999	102,759	417,406



As of December 31, 2012

Tax No. debtor	Debtor	Country of origin	Tax No. Creditor	Creditor	Country of origin	Currency	Effective interest rate	Rate	Nominal interest rate	Repayments	31.12.2012			31.12.2012			Total Non current
											Current			Non-current			
											Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	
91.297.000-0	CAP	Chile	59.002.220-9	The bank of Tokyo	USA	US\$	1.96%	Variable	Libor 180 + 1,25	Semi annual	1.960	1.960	3.920	107.350	101.470	-	208.820
92.544.000-0	Cintac	Chile	97.032.000-8	Banco Bbva	Chile	US\$	1.67%	Variable	Lib.3M + Spr.	Monthly	8,050	4,944	12,994	-	-	-	-
92.544.000-0	Cintac	Chile	97.023.000-9	Banco Corpbanca	Chile	US\$	2.34%	Variable	Lib.3M + Spr.	Monthly	9,869	-	9,869	-	-	-	-
92.544.000-0	Cintac	Chile	97.030.000-7	Banco Estado	Chile	US\$	1.22%	Variable	Lib.3M + Spr.	Monthly	18,826	-	18,826	-	-	-	-
92.544.000-0	Cintac	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	US\$	1.50%	Variable	Lib.3M + Spr.	Monthly	5,808	-	5,808	-	-	-	-
92.544.000-0	Cintac	Chile	97.036.000-K	Banco Santander	Chile	US\$	1.56%	Variable	Lib.3M + Spr.	Monthly	2,448	-	2,448	-	-	-	-
92.544.000-0	Cintac	Chile	76.645.030-K	Banco Itau	Chile	US\$	1.58%	Variable	Lib.3M + Spr.	Monthly	21,332	-	21,332	-	-	-	-
92.544.000-0	Cintac	Chile	97.018.000-1	Banco Scotia	Chile	US\$	1.69%	Variable	Lib.3M + Spr.	Monthly	11,600	-	11,600	-	-	-	-
92.544.000-0	Cintac	Chile	97053000-2	Banco Security	Chile	US\$	1.79%	Variable	Lib.3M + Spr.	Monthly	6,847	3,258	10,105	-	-	-	-
92.544.000-0	Cintac	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	CLP	3.81%	Variable	T ab 6M +Spr.	Semi annual	2,983	1,671	4,654	8,077	6,990	-	15,067
92.544.000-0	Cintac	Chile	97.030.000-7	Banco Estado	Chile	CLP	3.81%	Variable	T ab 6M +Spr.	Semi annual	2,983	1,671	4,654	8,077	6,993	-	15,070
92.544.000-0	Cintac	Chile	97.036.000-K	Banco Santander	Chile	US\$	3.81%	Variable	Lib.6M + Spr.	Semi annual	-	1,671	1,671	8,077	6,989	-	15,066
92.544.000-0	Cintac	Chile	96.720.830-2	BCI Factoring SA	Chile	CLP	6.94%	Fixed	6.94%	Semi annual	14,521	-	14,521	-	-	-	-
76.498.850-7	Puerto Las Losas S.A.	Chile	97.006.030-8	Bco.Credito e Inversiones	Chile	US\$	3.46%	Fixed	3.46%	Monthly	-	2,330	2,330	2,842	888	-	3,730
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	US\$	6.00%	Fixed	6.00%	Quarterly	812	-	812	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	97.006.030-8	Banco BCI	USA	US\$	4.73%	Fixed	4.73%	Quarterly	189	501	690	1,165	-	-	1,165
30-62286204-9	Tubos Argentinos SA	Argentina	97.006.030-8	Banco BCI	USA	US\$	4.81%	Fixed	4.81%	Quarterly	89	249	338	133	-	-	133
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	18.50%	Fixed	18.50%	Quarterly	3,788	-	3,788	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	18.50%	Fixed	18.50%	Quarterly	212	-	212	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000845-4	Banco Rio	Argentina	ARS	19.90%	Fixed	19.90%	Monthly	300	-	300	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-58018941-1	Banco Itau	Argentina	ARS	17.00%	Fixed	17.00%	Monthly	1,212	-	1,212	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000319-3	Banco Frances	Argentina	ARS	18.00%	Fixed	18.00%	Monthly	685	-	685	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000173-5	Banco Galicia	Argentina	ARS	16.00%	Fixed	16.00%	Monthly	601	-	601	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	16.00%	Fixed	16.00%	Monthly	3,542	-	3,542	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-60473101-8	Banco Comafi	Argentina	ARS	20.75%	Fixed	20.75%	Monthly	506	-	506	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	33-53718600-9	Banco HSBC	Argentina	ARS	16.50%	Fixed	16.50%	Monthly	808	-	808	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	ARS	16.16%	Fixed	16.16%	Monthly	1,301	-	1,301	-	-	-	-
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000319-3	Banco Frances	Argentina	ARS	17.25%	Fixed	17.25%	Monthly	42	-	42	-	-	-	-
Foreign	Tuparensa	Peru	Foreign	Banco Crédito del Perú	Peru	US\$	2.70%	Variable	Lib.6M + Spr.	Monthly	12,029	-	12,029	73	-	-	73
76.399.400-7	Cleanairtech Sudamérica S.A.	Chile	45-0566494	Credit Agricole	Francia	US\$	3.01%	Variable	Libor 180 + 0.0275	Semi annual	1,074	1,757	2,831	13,210	13,604	29,599	56,413
Total											134,416	20,012	154,428	149,004	136,934	29,599	315,537

18.5 Leasing not discounted:

As of June 30, 2013

											30.06.2013						
Tax No. debtor	Debtor	Country of origin	Tax No. Creditor	Creditor	Country of origin	Currency	Effective interest rate	Rate	Nominal interest rate	Repayments	Current			Non-current			
											Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	Total Non current
94.638.000-8	CMP	Chile	97.006.030-6	Banco de Crédito e Inversiones	Chile	USD	6.60%	Fixed	6.60%	Monthly	103	-	103	-	-	-	-
94.638.000-8	CMP	Chile	97.030.000-7	Banco Estado	Chile	USD	3.82%	Fixed	3.82%	Monthly	-	1,107	1,107	9,961	13,282	15,494	38,737
79.807.570-5	Imopac	Chile	97.006.030-6	Banco de Crédito e Inversiones	Chile	USD	5.73%	Fixed	5.73%	Monthly	125	373	498	415	-	-	415
94637000-2	CSH	Chile	97006000-6	Banco Crédito Inversiones	Chile	USF	6.35%	Fixed	6.35%	Monthly	659	1,977	2,636	5,930	-	-	5,930
94637000-2	CSH	Chile	96980910-9	Precisión S.A.	Chile	USD	11.04%	Fixed	11.04%	Monthly	1,131	3,396	4,527	4,645	-	-	4,645
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	USD	12.00%	Fixed	12.00%	Monthly	15	13	28	-	-	-	-
Foreing	Tupemesa	Perú	Foreing	Banco Crédito del Perú	Perú	USD	2.80%	Variable	2.80%	Monthly	46	138	184	111	-	-	111
Total											2,079	7,004	9,083	21,062	13,282	15,494	49,838

As of December 31, 2012

											31.12.2012						
Tax No. debtor	Debtor	Country of origin	Tax No. Creditor	Creditor	Country of origin	Currency	Effective interest rate	Rate	Nominal interest rate	Repayments	Current			Non-current			
											Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	Total Non current
94.638.000-8	CMP	Chile	97.006.030-6	Banco de Crédito e Inversiones	Chile	USD	6.60%	Fija	6.60%	Monthly	306	407	713	-	-	-	-
94.638.000-8	CMP	Chile	97.036.000-k	Banco Santander	Chile	USD	6.10%	Fija	6.10%	Monthly	8	5	13	-	-	-	-
79.807.570-5	Imopac	Chile	97.006.030-6	Banco de Crédito e Inversiones	Chile	USD	5.73%	Fija	5.73%	Monthly	125	373	498	664	-	-	664
94637000-2	CSH	Chile	97006000-6	Banco Crédito Inversiones	Chile	USF	6.35%	Fija	6.35%	Monthly	696	2,087	2,783	7,654	-	-	7,654
94637000-2	CSH	Chile	96980910-9	Precisión S.A.	Chile	US\$	11.04%	Fija	11.04%	Monthly	1,132	3,396	4,528	6,230	-	-	6,230
Foreing	Tupemesa	Perú	Foreing	Banco Crédito del Perú	Perú	USD	2.80%	Variable	2.80%	Monthly	75	-	75	42	-	-	42
30-62286204-9	Tubos Argentinos SA	Argentina	30-50000661-3	Banco Patagonia	Argentina	USD	12.00%	Fija	12.00%	Monthly	18	44	62	4	-	-	4
11.401.499/0001-65	Steel House do Brasil Comerc	Brasil	49.925.225/0001-48	Banco Itau	Brasil	Others	13.95%	Fija	13.95%	Monthly	1	-	1	-	-	-	-
Total											2,361	6,312	8,673	14,594	-	-	14,594

18.6 The maturities and currencies of bonds payable are as follows:

30.06.2013												30.06.2013						
Tax No. debtor	Debtor	Country of origin	Identification	N° of Registry	Currency	Nominal interest rate	type of rate	payment of interest	Nominal value	Amortization of capital	Term (Yars)	Current			Non-current			Total Non current
												Less than 90	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	
91.297.000-0	CAP S.A.	Chile	Bond Series F	434	US\$	Libo 180 + 2.25%	Variable	Semi-annual	171,480,000	At maturity	10	-	586	586	-	-	171,480	171,480
91.297.000-0	CAP S.A.	Chile	International bond type 144-A	External	US\$	7.375%	Fixed	Semi-annual	66,630,000	At maturity	30	-	1,488	1,488	-	-	66,630	66,630
Issue & placement costs												-	-	(1,820)	-	-	-	(8,383)
												Total						229,727

31.12.2012												31.12.2012						
Tax No. debtor	Debtor	Country of origin	Identification	N° of Registry	Currency	Nominal interest rate	type of rate	payment of interest	Nominal value	Amortization of capital	Term (Yars)	Current			Non-current			Total Non current
												Less than 90	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	
91.297.000-0	CAP S.A.	Chile	Bond Series F	434	US\$	Libo 180 + 2.25%	Variable	Semi-annual	171,480,000	At maturity	10	609	-	609	-	-	171,480	171,480
91.297.000-0	CAP S.A.	Chile	International bond type 144-A	External	US\$	7.375%	Fixed	Semi-annual	66,630,000	At maturity	30	-	1,474	1,474	-	-	66,630	66,630
Issue & placement costs												-	-	(1,820)	-	-	-	(9,293)
												Total						228,817

18.7 Detail of maturities and currencies of bonds issued (cash flows not discounted):

30.06.2013													30.06.2013						
Tax No. debtor	Debtor	Country of origin	Identification	N° of Registry	Currency	Effective interest rate	Nominal interest rate	type of rate	payment of interest	Nominal value	Amortization of capital	Term (Years)	Current			Non-current			Total Non current
													Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	
91.297.000-0	CAP S.A.	Chile	Bond Series F	434	US\$	2.250%	Libo 180 + 2.25%	Variable	Semi-annual	171.480.000	At maturity	10	-	4.761	4.761	19.044	19.044	176.241	214.329
91.297.000-0	CAP S.A.	Chile	International bond type 144-A	External	US\$	7.375%	7.375%	Fixed	Semi-annual	66.630.000	At maturity	30	-	2.512	2.512	12.450	9.966	156.389	178.805
Total													-	7.273	7.273	31.494	29.010	332.630	393.134

31.12.2012													31.12.2012						
Tax No. debtor	Debtor	Country of origin	Identification	N° of Registry	Currency	Effective interest rate	Nominal interest rate	type of rate	payment of interest	Nominal value	Amortization of capital	Term (Years)	Current			Non-current			Total Non current
													Less than 90 days	Over 90 days	Total	1 to 3 years	3 to 5 years	Over 5 years	
91.297.000-0	CAP S.A.	Chile	Bond Series E	434	US\$	2.250%	Libo 180 + 2.25%	Fixed	Semi-annual	171.480.000	At maturity	10	5.110	-	5.110	30.660	20.440	176.590	227.690
91.297.000-0	CAP S.A.	Chile	Bond Series F	External	US\$	7.375%	0,07375	Fija	Semi-annual	66.630.000	At maturity	30	-	2.512	2.512	12.450	9.966	156.389	178.805
Total													5.110	2.512	7.622	43.110	30.406	332.979	406.495

Additional information

a. Amendment agreement of CAP S.A.

On April 15, 2011, the syndicated loan agreement was amended with The Bank of Tokyo- Mitsubishi UFJ Ltd., as the agent bank. The principal modifications were the following:

- Increase in the amount of the loan from ThUS\$ 150,000 to ThUS\$ 200,000.
- Semi-annual repayments are maintained but the dates changed, the first being on October 17, 2014 and the last on April 17, 2016.
- The guarantees of the subsidiaries Compañía Siderúrgica Huachipato S.A. (CSH) and Compañía Minera del Pacifico S.A. (CMP) are released.
- The table for calculating the applicable margin was modified, increasing the margin bands and reducing the applicable spread.

b. Loan agreement (project finance) of Cleanairtech Sudamérica S.A.

The subsidiary Cleanairtech Sudamérica S.A., on April 18, 2012, signed a loan agreement with Crédit Agricole CIB (agent bank), Corpbanca and Mizuho Corporate Bank, Ltd., to provide project financing for the first phase of the seawater desalination project being developed by this company. On October 12, 2012, an amendment was signed to this loan agreement, resulting in the following conditions:

- Loan amount: Up to ThUS\$ 123,000
- Interest rate: Libor 180 days + 2.75% (years 1 to 10) and 3% (year 10 onward)
- All Cleanairtech's assets are charged in guarantee in favor of the creditor bank on receiving the first drawing.
- Any other debt acquired by the company shall be subordinated to the payment of the obligations under the project finance loan agreement
- Repayment: semi-annually from August 15, 2014.
- Final maturity: February 15, 2027.

On June 18, 2013, Banco Sumitomo Mitsui Banking Corporation bought 46% of the participation of the bank Crédit Agricole CIB (agent) under a private agreement between the parties.

Financing of Cintac S.A.

- a. In September 2008, Cintac S.A. signed two loan agreements with Banco Santander, Madrid, for ThUS\$ 30,000 for a term of 5 years, with 2 years grace, and with semi-annual repayments and interest at a rate of Libor 180 days plus a spread of 1.30% annually. Of this amount, approximately ThUS\$ 21,409 was used to prepay short-term debts related to import letters of credit. The balance remained in cash and time deposits at the closing date of the financial statements. In December 2012, the company prepaid these loans and signed a new 5-year loan with Banco Santander Chile for ThUS\$15,000, including semi-annual repayments and a rate of Libor 180 days plus 3.3% annually, used to prepay the long-term loan the company has with Banco Santander, Madrid. As of June 30, 2013 and December 31, 2012 the non-current balance outstanding amounts to ThUS\$11,667 and ThUS\$13,333 respectively. As a result, the old financial debt was written down in the books and a new financial obligation was booked in accordance with IFRS. The financial costs of the refinancing form part of the transaction cost and are taken into account in the determination of the effective rate in the statement of results.
- b. On April 9, 2009, the indirect subsidiary Cintac S.A.I.C. refinanced short-term bank loans at long term for the dollar equivalent of ThCh\$ 18,000,000 through loans obtained from Banco de Crédito e Inversiones for ThCh\$ 9,000,000 and Banco Estado for ThCh\$ 9,000,000. Both loans have a term of 5 years with 2 years grace and semi-annual repayments, with an annual interest rate of nominal TAB plus 1.65%. In December 2012, the company prepaid these loans and signed new 5-year loans with Banco BCI for ThUS\$15,000 and Banco Estado for US\$15,000 with semi-annual repayments and a rate of LIBOR 180 days plus 3.3%, both

to prepay the obligations with those banks in Chilean pesos. As of June 30, 2013 and December 31, 2012, the non-current balance outstanding amounts to ThUS\$23,334 and ThUS\$26,667 respectively. As a result of this, the old financial debt was written down in the books and a new financial obligation was booked in accordance with IFRS. The financial costs of the refinancing form part of the transaction cost and are taken into account in the determination of the effective rate in the statement of results.

- c. In May 2006, Cintac S.A. carried out a with-recourse factoring transaction with BCI Factoring for ChTh\$ 15,931,877 (historic) against invoiced receivables from customers for the same amount. The proceeds were used to finance the investment in Imsatec Chile S.A. and Latin American Enterprises S.A. (Cintac S.A.I.C). On January 5, 2013, this was repaid by a loan granted by Banco Itau at a rate of LIBOR 180 days plus a spread of 1.30% for a 5-year term with semi-annual repayments as of December 31, 2012 (ThUS\$14,462) and was repaid on January 5, 2013.

Obligations under bond issues

On September 18, 2006, the Company placed a bond issue on the international market for US\$ 200 million, at a placement rate of 99.761% and maturing in 2036. In September 15, 2011 the advance payment of this bond issue was offered, managing to liquidate only 67%.

On May 15, 2008, the Company placed bonds on the domestic market: Series E for UF 2,000,000, a term of 5 years and a placement yield of 3.75%. On May 16, 2011, the Company partially redeemed these bonds in advance, with the payment of principal of UF 1,964,000, leaving a balance of UF 36,000 of this issue outstanding. Later, on October 25, 2011, it made a further partial redemption of UF29,000, and the balance of the Series E of UF 7,000 was redeemed on June 14, 2012.

On May 15, 2008, the Company placed on the market its Series F bonds for US\$ 171,480,000, with a term of 10 years and an interest rate of 180-day Libor + 2.25%. An interest-rate swap contract was signed for this issue to fix the Libor stipulated for these bonds at 4.58%.

19. Financial instruments

19.1 Financial instruments by category, Financial Assets

The accounting policies relating to financial instruments have been applied to the following categories:

As of June 30, 2013

	Held to maturity ThUS\$	Loans and receivables ThUS\$	Hedge derivatives ThUS\$ (1)	Total ThUS\$
Trade debtors & accounts receivable	-	314,505	-	314,505
Accounts receivable related entities	-	5,409	-	5,409
Cash and cash equivalents	300,255	-	-	300,255
Other financial assets	258,023	718	2,700	261,441
Total financial assets	558,278	320,632	2,700	881,610

As of December 31, 2012

	Held to maturity ThUS\$	Loans and receivables ThUS\$	Hedge derivatives ThUS\$ (1)	Total ThUS\$
Derivative financial instruments	-	-	12,190	12,190
Trade debtors & accounts receivable	-	457,850	-	457,850
Accounts receivable related entities	-	6,509	-	6,509
Cash and cash equivalents	295,297	-	-	295,297
Other financial assets	403,846	1,567	-	405,413
Total financial assets	699,143	465,926	12,190	1,177,259

(1) As of June 30, 2013 and December 31, 2012, derivative instrument assets are shown net of liabilities for the same concept.

19.2 Financial instruments by category, Financial Debt

The accounting policies relating to financial instruments have been applied to the following categories:

As of June 30, 2013

	Loans and accounts payable ThUS\$	Fair value with changes in results ThUS\$	Hedge derivatives ThUS\$ (1)	Total ThUS\$
Interest-bearing loans	689,067	-	-	689,067
Trade creditors and payable	554,467	-	-	554,467
Accounts payable related entities	85,144	-	-	85,144
Liabilities Coverage	-	-	39,228	39,228
Other financial liabilities	51,398	-	-	51,398
Total financial liabilities	1,380,076	-	39,228	1,419,304

As of December 31, 2012	Loans and accounts payable ThUS\$	Fair value with changes in results ThUS\$	Hedge derivatives ThUS\$ (1)	Total ThUS\$
Interest-bearing loans	658.398	-	-	658.398
Trade creditors and payable	485.405	-	-	485.405
Accounts payable related entities	116.587	-	-	116.587
Liabilities Coverage	-	-	40.687	40.687
Other financial liabilities	19.600	-	-	19.600
Total financial liabilities	1.279.990	-	40.687	1.320.677

1) As of June 30, 2013 and December 31, 2012, derivative instrument liabilities are shown net of assets for the same concept

19.3 Fair value of the assets and liabilities of the Group measured at fair value recurrently

Some of the Group's financial assets and liabilities are measured at fair value at the close of each reporting period. The following table provides information on how these fair values of financial assets and liabilities are determined (in particular the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value at:		Fair value hierarchy	Technique (s) and input valuation (s)	Input (s) significant unobservable	Unobservable input ratio with fair value
	6/30/2013	12/31/2012				
1) foreign currency forward contracts (see note 10)	Assets - ThUS \$ 4, and liabilities - ThUS \$ 13,816	Assets - ThUS \$ 12,190, and liabilities for ThUS \$ 3,996	Category 2	Discounted cash flow. Future cash flows are estimated based on future exchange rates (from observable exchange rates at the end of the reporting period) and forward exchange contracts change, discounted at a rate that reflects the credit risk of various counterparties.	Not applicable	Not applicable
2) interest rate swaps (see note 10)	Assets - ThUS \$ 2,696, Liabilities (designated for hedge accounting) - ThUS \$ 25,412	Liabilities - ThUS\$ 36,691	Category 2	Discounted cash flows. The future cash flows are estimated based on future interest rates (from rate curves observable at the end of each reporting period) and interest rate contracts, discounted at a rate that reflects the credit risk of the various partners.	Not applicable	Not applicable

IFRS 13 Measurement of fair value

The Group has applied IFRS 13 for the first time in the present year. IFRS 13 establishes a sole guide source for measurements of fair value and disclosures of measurement of fair value. The scope of IFRS 13 is broad. The requirements of measurement of fair value of IFRS 13 apply both to the items of financial instruments and the non-financial, for which other IFRS require or permit measurements of fair value and disclosures about the measurement of fair value.

IFRS 13 defines fair value as the price that would be received by selling an asset or paying the transfer of a liability in an orderly transaction in the principal (or most advantageous) market on the date of measurement under prevailing market conditions. Fair value according to IFRS 13 is an exit price, regardless of whether that price is directly observable or estimated using other valuation technique.

19.4 Interest-rate and exchange risks, assets

The exposure of the Company's financial assets to interest-rate and exchange risks is as follows:

As of June 30, 2013

	Financial assets		
	Total	Fixed	
		rate	Interest free
ThUS\$	ThUS\$	ThUS\$	ThUS\$
Dollar	526,417	167,588	358,829
UF	2,696	-	2,696
Peruvian soles	314	-	314
Argentine pesos	14,447	-	14,447
Chilean pesos	337,247	63,896	273,351
Other currencies	489	-	489
Total financial assets	881,610	231,484	650,126

As of December 31, 2012

	Financial assets		
	Total	Fixed	
		rate	Interest free
ThUS\$	ThUS\$	ThUS\$	ThUS\$
Dollar	735,899	87,568	648,331
Peruvian soles	315	-	315
Argentine pesos	11,961	-	11,961
Chilean pesos	428,485	41,862	386,623
other currencies	599	-	599
Total financial assets	1,177,259	129,430	1,047,829

19.5 Interest-rate and exchange risks, Liabilities

The exposure of the Company's financial liabilities to interest-rate and exchange risks is as follows:

As of June 30, 2013

	Financial liabilities				Rate financial liabilities	
	Total	Floating	Fixed	Interest free	Average	Average
					rate	term
ThUS\$	ThUS\$	ThUS\$	ThUS\$	%	years	
Dollar	1,227,585	398,904	392,823	435,858	2.77%	12
UF	8,957	-	7,743	1,214	5.35%	5
Peruvian soles	587	-	-	587	0.00%	2
Argentine pesos	17,176	-	12,655	4,521	16.89%	1
Chilean pesos	164,938	-	-	164,938	7.52%	5
Other currencies	61	-	-	61	0.00%	1
Total financial liabilities	1,419,304	398,904	413,221	607,179		

As of December 31, 2012

	Financial liabilities			Rate financial liabilities		
	Total ThUS\$	Floating rate ThUS\$	Fixed rate ThUS\$	Interest free ThUS\$	Average rate %	Average term years
Dollar	1,085,631	188,150	501,612	395,869	3.06%	12
UF	13,174	-	1,774	-	5.35%	5
Peruvian soles	1,541	-	-	1,541	0.00%	2
Argentine pesos	16,252	-	12,736	3,516	16.89%	1
Chilean pesos	192,886	-	14,413	178,473	7.52%	5
Other currencies	11,193	-	-	11,193	0.00%	1
Total financial liabilities	1,320,677	188,150	530,535	590,592		

20. Trade creditors and other accounts payable

The detail of trade creditors, sundry creditors and other accounts payable as of June 30, 2013 and December 31, 2012 is as follows:

	Current	
	30.06.2013 ThUS\$	31.12.2012 ThUS\$
Trade creditors	367,971	355,132
Sundry creditors	5,475	5,825
Advance payment for sale of mine	45,318	11,509
Dividends payable	29,903	57,650
Withholdings	3,755	6,617
Notes payable	51,001	27,922
Other accounts payable	51,044	20,750
Total	554,467	485,405

The average term for payments to suppliers is 30 days so fair value does not differ significantly from the book value.

21. Provisions

21.1 The detail of current and non-current provisions is as follows:

	Current		Non-Current	
	30.06.2013 ThUS\$	31.12.2012 ThUS\$	30.06.2013 ThUS\$	31.12.2012 ThUS\$
Provision for lawsuits	178	251	-	-
Provision for restoration	-	-	13,696	13,280
Provision for results participation	529	2,779	-	-
Volume discounts	2,470	3,720	-	-
Other provisions	17,909	14,808	100	640
Total other provisions	21,086	21,558	13,796	13,920

21.2 The movement in provisions is as follows:

To June 30, 2013

Current	Provision for	Provision for	Volume	Other
	lawsuits	results	Discounts	provisions
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Initial balance at January 1, 2013	251	2,779	3,720	14,808
Additional provisions	51	68	-	8,561
Provisions used	(124)	(2,930)	(9,937)	(2,015)
Increase (decrease) in foreign exchange	-	-	(21)	(121)
Other increases (decreases)	-	612	8,708	(3,324)
Closing balance at June 30, 2012	178	529	2,470	17,909

Non-Current	Provision for	Other
	restoration	Provisions
	ThUS\$	ThUS\$
Initial balance at January 1, 2013	13,280	640
Additional provisions	416	2,751
Other increases (decreases)	-	(3,291)
Closing balance at June 30, 2013	13,696	100

Year 2012

Current	Provision for	Provision for	Volume	Other
	lawsuits	results	Discounts	provisions
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Initial balance at January 1, 2012	213	11,290	4,518	8,139
Additional provisions	184	81	18,021	8,864
Provisions used	(131)	(7,970)	(33,406)	(341)
Increase (decrease) in foreign exchange	(15)	378	649	335
Other increases (decreases)	-	(1,000)	13,938	(2,189)
Closing balance at December 31, 2012	251	2,779	3,720	14,808

Non-Current	Provision	Provision for	Other
	prepaid	restoration	Provisions
	ThUS\$	ThUS\$	ThUS\$
Initial balance at January 1, 2012	12,283	5,814	1,303
Additional provisions	-	7,466	-
Provisions used	(12,283)	-	(663)
Closing balance at December 31, 2012	-	13,280	640

(*) During 2012, the management of CAP S.A. decided not to continue with its program of the advanced redemption of bonds.

22. Other non-financial liabilities

The detail of other liabilities as of June 30, 2013 and December 31, 2012 is as follows:

	Current		Non-Current	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Income for sales in advance	1,098	998	-	-
Advance sales Mineral Glencore AG. (*)	-	-	59,553	-
Advance sales Mineral Deutsche Bank (*)	-	-	85,478	65,984
Mineral sale advance Pioneer Metals (*)	-	-	5,107	5,107
Advance sale mineral Prosperity Steel (*)	-	-	68,100	25,000
Others	3,858	4,775	39	4
Total	4,956	5,773	218,277	96,095

(*) These relate to mineral sales advances. The short-term portion booked in this respect amounts to ThUS\$ 45,138 (ThUS\$11,509 as of December 31, 2012), and is shown in Trade creditors and other accounts payable (Note 20).

23. Employee benefits and expenses, current and non-current

The Group has made a provision to cover severance payments and long-service awards to be paid to personnel under collective agreements.

The detail of the main concepts included in the employee benefits provision as of June 30, 2013 and December 31, 2012 is the following:

Provisions for employee benefits

Concept	Current		Non-Current	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Holiday Provision	12,405	13,375	8,197	10,728
Compensation for years of service	13,225	4,026	80,140	95,751
Seniority bonus provision	7,013	10,825	52,457	51,836
Other personnel provisions	14,456	18,158	459	485
Profit Sharing	186	253	-	-
Total personnel provisions	47,285	46,637	141,253	158,800

The provisions for severance payments and long-service awards are determined based by an actuarial calculation

The principal assumptions used for the actuarial calculation are:

Actuarial bases used	30.06.2013	31.12.2012
Discount rate	6.00%	6.00%
Expected rate of wage increases	1,00%-1,75%	1,00%-1,75%
Rotation Index	1.00%	1.00%
Rotation Index - retirement due to business needs	1.00%	1.00%
Age of retirement		
Men	65 years	65 years
Women	60 years	60 years
Mortality table	RV-2009	RV-2009

The actuarial study was prepared by the independent actuary, Raúl Benavente, based on the assumptions provided by the management.

The movement in employee-benefit provisions is as follows:

To June 30, 2013

	Holiday provision	Compensation for years of service	Seniority bonus	Other personnel provisions	Profit sharing
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current					
Initial balance at January 1, 2013	13,375	4,026	10,825	18,158	253
Additional provisions	2,888	349	1,402	6,171	287
Provisions used	(6,230)	(5,628)	(4,638)	(11,650)	(349)
Classification to short term	1,159	13,817	647	8	-
Increase (decrease) in foreign exchange rate	(500)	(209)	(576)	(29)	(14)
Other increases (decreases)	1,713	870	(647)	1,798	9
Closing balance at June 30, 2013	12,405	13,225	7,013	14,456	186
Non-current					
Initial balance at January 1, 2013	10,728	95,751	51,836	485	
Additional provisions	157	5,375	3,634	-	
Provisions used	(3)	(2,128)	(279)	-	
Classification to short term	(1,159)	(13,817)	(647)	(8)	
Reversal provision	-	-	10	-	
Increase (decrease) in foreign exchange rate	(629)	(4,778)	(2,741)	-	
Other increases (decreases)	(897)	(263)	644	(18)	
Closing balance at June 30, 2013	8,197	80,140	52,457	459	

Year 2012

	Holiday provision	Compensation for years of service	Seniority bonus	Other personnel provisions	Profit sharing
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current					
Initial balance at January 1, 2012	10,420	2,348	8,983	20,006	261
Additional provisions	5,766	436	2,155	4,954	498
Provisions used	(7,907)	(8,191)	(11,159)	(10,238)	(635)
Classification to short term	397	9,266	10,110	-	-
Reversal provision	-	-	-	(350)	-
Increase (decrease) in foreign exchange rate	602	167	736	248	85
Other increases (decreases)	4,097	-	-	3,538	44
Closing balance at december 31, 2012	13,375	4,026	10,825	18,158	253
Non-current					
Initial balance at January 1, 2012	6,597	81,304	55,045	448	
Additional provisions	4,016	18,144	2,193	-	
Provisions used	(28)	(2,335)	(878)	-	
Classification to short term	(397)	(9,266)	(10,110)	-	
Increase (decrease) in foreign exchange rate	540	7,923	5,586	37	
Other increases (decreases)	-	(19)	-	-	
Closing balance at december 31, 2012	10,728	95,751	51,836	485	

Classes of personnel expenses

Personnel expenses for the years ended June 30, 2013 and 2012 are as follows:

	Accumulated		Quarterly	
	01.01.2013	01.01.2012	01.04.2013	01.04.2012
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Wages and salaries	71,557	64,685	31,227	32,159
Short term benefits to employees	28,923	32,501	13,673	15,729
Compensation for years of service	9,171	9,568	4,591	5,008
Seniority award	4,419	5,588	(161)	2,966
Other staff costs	21,747	20,323	10,349	10,754
Total	135,817	132,665	59,679	66,616

24. Equity

24.1 Subscribed and paid capital and number of shares:

The Company's capital as of June 30, 2013 is made up as follows:

Number of shares

Series	Amount of shares subscribed	Amount of paid-in shares	Amount of shares with voting rights
Single	149,448,112	149,448,112	149,448,112

Capital

Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$
Single	379,444	379,444

24.2 Dividend policy and reserve for proposed dividends.

Under current legislation, at least 30% of the earnings for the year should be distributed as cash dividends unless unanimously agreed otherwise by all shareholders at a shareholders' meeting.

The ordinary shareholders' meeting held on April 18, 2013 agreed the following dividend policy:

1. To continue with the policy of distributing 50% of distributable earnings as the final dividend.
2. The board was also authorized to agree the distribution of interim dividends against the year 2013 provided earnings are generated during that year and there are no accumulated losses.
3. The board was also authorized to distribute eventual dividends against accumulated earnings if considered convenient.

In accordance with the dividend policy agreed by the shareholders' meeting, the Company has made a reserve of ThUS\$ 43,251 for proposed dividends as of June 30, 2013 and ThUS\$ 126,363 as of December 31, 2012, equivalent to 50% of distributable earnings.

The dividends declared during the periods 2013 and 2012 were the following:

Dividend Type	Number	Amount ThUS\$	Payment Date
Interim	108	43,176	1/11/2012
final	109	46,001	4/20/2012
Eventual final	110	44,670	7/24/2012
Eventual final	111	32,375	10/26/2012
Interim	112	15,063	10/26/2012
Interim	113	46,706	1/15/2013
final	114	47,102	4/26/2013
final	115	17,227	7/25/2013
Interim	116	12,240	7/25/2013

24.3 Other reserves

The detail of Other reserves for each period is as follows:

	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Hedge reserves	(27,626)	(18,689)
Conversion reserve	3,288	3,301
Others	342	342
Total	(23,996)	(15,046)

24.4 Distributable net earnings

As required by SVS Circular 1983 of July 30, 2010, the board on August 30, 2010, established as policy to exclude the following concepts from the result for the year for the purpose of calculating its distributable earnings:

- The results of the fair value of assets and liabilities corresponding to CAP S.A. arising from its subsidiary CMP's 50% prior shareholding in Compañía Minera Huasco S.A., that are not realized as a result of the merger with that company. These results will be reintegrated in earnings in the year in which they are realized.

The detail of distributable earnings is as follows:

	30.06.2013	30.06.2012
	ThUS\$	ThUS\$
Total Gain	81,559	175,248
Adjustment as per policy:		
Embodiment of utility from the business combination with CMP Cia Minera Huasco S.A. conducted during the year	4,942	6,021
Distributable net income	86,501	181,269

As mentioned above, the amount arising from the combination of businesses of the subsidiary CMP and Cia. Minera Huasco S.A. pending realization is as follows:

	31.12.2012	30.06.2013	
	Effects of CMP- CMH merge ThUS\$	Non- distributable earnings realized in the ThUS\$	Non- distributable earnings for realized ThUS\$
Calculation of non-distributable income of subsidiary CMP			
Gain on combination of businesses	419,716		419,716
Realization of fair value (*)	(52,151)	(8,788)	(60,939)
Deferred taxes	(30,898)	2,198	(28,700)
Non-distributable net income CMP subsidiary	336,667	(6,590)	330,077
Share non distributable net income of CAP S.A. (74,999%)	252,497	(4,942)	247,554

(*) The gain in fair value from the combination of businesses (merger) of CMP and Cia. Minera Huasco S.A. is realized by the amortization of the mining claims and the depreciation of the fixed assets revalued at fair value. In 2012 there was a realization for ThUS\$ 13,798 with respect to the greater expense for the increase in deferred tax liabilities due to the increase from 17% to 20% in the rate of corporate income tax in Chile, caused by the revaluation of these assets at fair value.

24.5 IFRS first-adoption adjustments

The Group has adopted the policy of controlling IFRS first-adoption adjustments separately from the rest of the retained results and maintaining the balance in the account Accumulated earnings (losses) in equity, controlling the part of the accumulated gain coming from first-adoption adjustments that are realized.

The following table shows the portion of the principal IFRS first-adoption adjustments that have been considered as unrealized and the evaluation of their realization as of June 30, 2013 and December 31, 2012:

	31.12.2012			30.06.2013	
	First-adoption adjustments at 01-01-2009 ThUS\$	Amount realized in year ThUS\$	Balance to be realized ThUS\$	Amount realized in year ThUS\$	Balance to be realized ThUS\$
	Appraisal as attributed cost of land	305,572	(91)	305,481	-
Property, plant & equipment at revalued cost	19,949	(3,106)	16,843	(614)	16,229
Negative goodwill	16,445	-	16,445	-	16,445
Remeasurement of fixed assets due to change in functional currency and other IFRS adjustments	11,669	(7,818)	3,851	-	3,851
Deferred taxes	(60,118)	1,857	(58,261)	104	(58,157)
Total	293,517	(9,158)	284,359	(510)	283,849

24.6 Capital management

Capital management refers to the management of the Company's equity. The Group's capital management policies have the following objectives:

- To ensure the normal functioning of its operations and long-term continuity of the business.
- To ensure the financing of new investments in order to maintain sustained growth over time.
- To maintain a suitable capital structure in line with the economic cycles that affect the business and the nature of the industry.
- To maximize the value of the Company, providing an adequate return for its shareholders.

The capital requirements are incorporated based on the Company's financing needs, taking care to maintain an adequate level of liquidity and complying with the financial covenants included in current loan agreements. The Company manages its capital structure by adjusting it to the predominant economic conditions in order to mitigate the risks associated with adverse market conditions and take advantage of opportunities that might present themselves for improving the Company's liquidity.

25. Non-controller participation

The detail by company of the effects of the participation by third parties in the equity and results of subsidiary companies in each of the years is as follows:

Company	Non-controller share		Noncontrolling interest on equity		Share in results			
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	Accumulated		Quarter	
	%	%	ThUS\$	ThUS\$	30.06.2013	30.06.2012	30.06.2013	30.06.2012
Manganeso Atacama S.A.	0.48000	1.09000	33	100	(1)	(3)	(1)	(3)
Cia. Siderúrgica Huachipato S.A.	0.0001	0.0002	1	1	-	-	-	-
Cia. Minera del Pacífico S.A.	25.0001	25.0005	1,104,261	1,097,829	43,981	59,040	23,403	31,276
Novacero S.A.	47.3200	47.3200	45,022	45,337	(320)	2,408	(940)	906
Cintac S.A.	38.0360	38.0360	67,276	67,495	(220)	4,150	(1,413)	1,477
Intasa S.A.	19.3657	38.0360	1,889	2,024	(144)	(179)	(34)	6
Puerto Las Losas S.A.	49.0000	49.0000	23,097	23,896	(800)	(557)	(386)	(260)
Cleanairtech S.A.	49.0000	5.0000	49,701	33,915	(573)	162	(564)	19
Total			1,291,280	1,270,597	41,923	65,021	20,065	33,421

26. Ordinary revenue, other revenue, expenses by function and other gains

26.1 Ordinary revenue

The detail of ordinary revenue for the periods of six and three months ended June 30, 2013 and 2012 is as follows:

	Accumulated		Quarter	
	01.01.2013 30.06.2013 ThUS\$	01.01.2012 30.06.2012 ThUS\$	01.04.2013 30.06.2013 ThUS\$	01.04.2012 30.06.2012 ThUS\$
Proceeds from sale of Mineral	609,174	726,504	344,556	405,325
Proceeds from sale of mineral	439,698	518,067	246,382	285,012
Proceeds from sale of pellets	155,434	199,447	89,467	114,561
Other mineral products	14,042	8,990	8,707	5,752
Proceeds from sale of Steel	361,170	518,458	172,122	261,536
Proceeds from sales of processed steel	354,331	511,833	169,310	257,279
Sales of services	6,839	6,625	2,812	4,257
Ingresos por venta de Procesamiento de Acero	231,484	234,380	110,211	113,105
Proceeds from resale	228,824	231,950	108,489	112,031
Proceeds from services	674	1,034	559	548
Revenue from resale	1,986	1,396	1,163	526
Products and other	593	982	396	514
(Elimination intercompany transactions)	(144,528)	(193,737)	(56,027)	(86,994)
Total	1,057,893	1,286,587	571,258	693,486

26.2 Other revenue

The detail of other revenue by function for the periods of six and three months ended June 30, 2013 and 2012 is as follows:

	Accumulated		Quarter	
	01.01.2013 30.06.2013 ThUS\$	01.01.2012 30.06.2012 ThUS\$	01.04.2013 30.06.2013 ThUS\$	01.04.2012 30.06.2012 ThUS\$
Sale of limestone	1,195	703	694	514
Customer delayed payments	100	145	100	145
Sale of services	1,706	2,606	1,078	1,763
Other income and adjustments	5,964	4,727	3,706	2,956
Total	8,965	8,181	5,578	5,378

26.3 Other expenses by function

The detail of other expenses by function for the periods of six and three months ended June 30, 2013 and 2012 is as follows:

	Accumulated		Quarter	
	01.01.2013	01.01.2012	01.04.2013	01.04.2012
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Drilling and exploration	7,986	12,237	3,771	5,321
Management non-operating expenses	14,330	13,677	5,713	8,452
Freight for steel sales	2,120	3,490	920	1,704
Impairment of fixed assets	17,000	-	17,000	-
Others	5,205	5,325	3,575	3,466
Totales	46,641	34,729	30,979	18,943

26.4 Other gains (losses)

The detail of other gains (losses) for the periods of six and three months ended June 30, 2013 and 2012 is as follows:

	Accumulated		Quarter	
	01.01.2013	01.01.2012	01.04.2013	01.04.2012
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
International Bond Reevaluación rescue (*)	-	12,113		(170)
Lower cost estimate contingent liabilities	-	3,463		463
Conducting project development results by	3,453	-		
Others	(2,818)	(665)	(3,141)	(615)
Totales	635	14,911	(3,141)	(322)

(*) As stated in Note 21, the management of CAP S.A. in 2012 decided not to continue with its bond re-purchase program, as authorized by the board on July 7, 2011, proceeding to reverse the prepayment costs provisioned as of December 31, 2011 for the eventual prepayment of the foreign bond issue.

27. Financial income

The detail of financial income for the periods of six and three months ended June 30, 2013 and 2012 is as follows:

Detail

	Accumulated		Quarter	
	01.01.2013 30.06.2013 ThUS\$	01.01.2012 30.06.2012 ThUS\$	01.04.2013 30.06.2013 ThUS\$	01.04.2012 30.06.2012 ThUS\$
Investments held to maturity	8,634	5,950	1,968	2,492
Hedge contracts	5,772	16,653	56	11,428
Others	-	127	-	127
Total	14,406	22,730	2,024	14,047

Financial income from financial assets, by category, is as follows:

Items by category

	Accumulated		Quarter	
	01.01.2013 30.06.2013 ThUS\$	01.01.2012 30.06.2012 ThUS\$	01.04.2013 30.06.2013 ThUS\$	01.04.2012 30.06.2012 ThUS\$
Investments in time deposits and mutual funds	8,343	5,707	1,885	2,424
Investments in mutual funds	291	243	83	68
Interest on hedging contracts	5,772	16,653	56	11,428
Others	-	127	-	127
Total	14,406	22,730	2,024	14,047

28. Financial costs

The detail of financial costs for the periods of six and three months ended June 30, 2013 and 2012 is as follows:

	Accumulated		Quarter	
	01.01.2013 30.06.2013 ThUS\$	01.01.2012 30.06.2012 ThUS\$	01.04.2013 30.06.2013 ThUS\$	01.04.2012 30.06.2012 ThUS\$
Interest expense, bank loans	5,826	5,954	2,994	2,919
Foreign suppliers expense	582	1,271	270	700
Interest expense, bonds	4,930	5,077	2,460	2,550
Expense/income of net financial derivatives valuation	4,189	9,020	2,082	7,242
Amortization expense activated	1,217	3,214	610	2,542
Interest on leasing	480	-	265	-
Other financial expenses	1,543	1,871	903	1,367
Total	18,767	26,407	9,584	17,320

29. Depreciation and amortization

The detail for the periods ended June 30, 2013 and 2012 is as follows:

	Accumulated		Quarter	
	01.01.2013 30.06.2013 ThUS\$	01.01.2012 30.06.2012 ThUS\$	01.04.2013 30.06.2013 ThUS\$	01.04.2012 30.06.2012 ThUS\$
Depreciation	51,501	82,331	26,825	39,440
Amortization of Intangibles	18,053	20,981	9,931	10,159
Other amortization	57	56	29	28
Total	69,611	103,368	36,785	49,627

30. Operative segments

The following analysis of business and geographic segments is required by IFRS 8 - Financial information by segments, to be shown by entities whose capital or debt instruments are traded publicly, or which are in the process of placing shares or debt instruments on the securities market. If an entity whose securities are not publicly traded decides to disclose segment information voluntarily in the financial statements complying with IFRS, the entity should comply fully with the requirements of IFRS 8.

Segments by business

For management purposes, the Group is organized into four large operative divisions - CAP Mining, CAP Steel, CAP Steel Processing and CAP Holding Company. These divisions form the basis on which the Group reports its primary information segments. The principal products and services of each of its divisions are the following:

CAP Mining - the extraction of minerals and their subsequent processing and domestic and external sale.

CAP Steel - the production of finished steel from a production of liquid steel by reduction of iron ore in blast furnaces.

CAP Steel Processing - the processing of steel through the subsidiaries Cintac S.A. and Intasa S.A. whose objects are the creation of solutions in steel mainly for the construction, industrial and infrastructure sectors in Chile and abroad.

CAP Holding Company: Corresponds to the corporate management headquarters.

Results by segments

	Accumulated											
	01.01.2013					01.01.2012						
	30.06.2013					30.06.2012						
Mining ThUS\$	Steel ThUS\$	Steel processing ThUS\$	Others (1) ThUS\$	Eliminations (1) ThUS\$	Total ThUS\$	Mining ThUS\$	Steel ThUS\$	Steel processing ThUS\$	Others (1) ThUS\$	Eliminations (1) ThUS\$	Total ThUS\$	
Operating Income	609,174	361,476	231,178	593	(144,528)	1,057,893	726,504	518,458	234,380	982	(193,737)	1,286,587
Cost of sales	(332,221)	(373,876)	(194,848)	(2,017)	142,424	(760,538)	(355,548)	(517,998)	(194,837)	(2,092)	194,707	(875,768)
Gross margin	276,953	(12,400)	36,330	(1,424)	(2,104)	297,355	370,956	460	39,543	(1,110)	970	410,819
Other revenues, by function	5,038	4,404	-	16,661	(17,138)	8,965	3,326	4,034	340	21,559	(21,078)	8,181
Distribution costs	-	-	(14,661)	-	-	(14,661)	-	-	(12,253)	-	-	(12,253)
Administrative expenses	(27,429)	(26,015)	(12,439)	(8,536)	16,905	(57,514)	(31,000)	(27,460)	(12,146)	(9,138)	20,648	(59,096)
Other expenses, by function	(26,813)	(19,815)	-	(13)	-	(46,641)	(29,797)	(4,921)	-	(11)	-	(34,729)
Other gains (losses)	-	-	(4)	639	-	635	-	-	(665)	15,576	-	14,911
Profit (loss) from operating activities	227,749	(53,826)	9,226	7,327	(2,337)	188,139	313,485	(27,887)	14,819	26,876	540	327,833
Financial income	5,340	-	291	12,455	(3,680)	14,406	5,707	-	367	19,371	(2,715)	22,730
Financial costs, net	(1,236)	(4,783)	(3,873)	(12,788)	3,913	(18,767)	(788)	(4,800)	(3,876)	(20,088)	3,145	(26,407)
Share in profit of associates accounted for using the method of participation	(93)	(58)	1	75,048	(75,272)	(374)	-	66	(1)	156,398	(156,788)	(325)
Exchange differences	2,447	711	(5,434)	(2,629)	(82)	(4,987)	(1,232)	2,545	330	(2,582)	-	(939)
Result by readjustment unit	-	99	(21)	-	-	78	-	67	53	(7)	-	113
Income (loss) before tax	234,207	(57,857)	190	79,413	(77,458)	178,495	317,172	(30,009)	11,692	179,968	(155,818)	323,005
(Expense) income for income tax	(58,286)	5,571	(1,517)	(781)	-	(55,013)	(81,016)	5,053	(1,699)	(5,074)	-	(82,736)
Income (loss) after tax	175,921	(52,286)	(1,327)	78,632	(77,458)	123,482	236,156	(24,956)	9,993	174,894	(155,818)	240,269

(1) These columns include the elimination adjustments on consolidation and the results generated by CAP S.A. and other Group companies

Assets and Liabilities by Segment

	Quarter											
	01.04.2013					01.04.2012						
	30.06.2013					30.06.2012						
Mining ThUS\$	Steel ThUS\$	Steel processing ThUS\$	Others (1) ThUS\$	Eliminations (1) ThUS\$	Total ThUS\$	Mining ThUS\$	Steel ThUS\$	Steel processing ThUS\$	Others (1) ThUS\$	Eliminations (1) ThUS\$	Total ThUS\$	
Operating revenues	344,556	172,428	110,690	(389)	(56,027)	571,258	405,325	261,536	113,105	514	(86,994)	693,486
Cost of sales	(200,634)	(177,195)	(92,928)	75	57,317	(413,365)	(207,677)	(249,949)	(93,851)	(915)	87,719	(464,673)
Gross margin	143,922	(4,767)	17,762	(314)	1,290	157,893	197,648	11,587	19,254	(401)	725	228,813
Other revenues, by function	3,449	2,227	-	(4,898)	4,800	5,578	1,628	2,944	340	11,302	(10,836)	5,378
Distribution costs	-	-	(6,277)	-	(1,942)	(8,219)	-	-	(6,081)	-	-	(6,081)
Administrative expenses	(15,284)	(12,974)	(6,612)	602	5,383	(28,885)	(15,936)	(13,972)	(6,049)	(4,443)	10,636	(29,764)
Other expenses, by function	(12,678)	(18,294)	-	(2)	(5)	(30,979)	(16,030)	(2,902)	-	(11)	-	(18,943)
Other gains (losses)	-	-	35	(14,937)	11,761	(3,141)	-	-	(618)	296	-	(322)
Profit (loss) from operating activities	119,409	(33,808)	4,908	(19,549)	21,287	92,247	167,310	(2,343)	6,846	6,743	525	179,081
Financial income	691	-	127	(6,916)	8,122	2,024	2,481	-	135	7,014	4,417	14,047
Financial costs, net	(897)	(2,386)	(2,493)	7,300	(11,108)	(9,584)	(693)	(2,377)	(1,806)	(28,225)	15,781	(17,320)
Participation in earnings of associates booked by the participation method	(62)	(46)	(1,981)	(81,350)	83,095	(344)	(66)	(28)	-	89,859	(90,049)	(284)
Exchange differences	2,989	721	1,478	(47)	(11,276)	(6,135)	1,019	(1,275)	(1,406)	(2,518)	(14)	(4,194)
Result for indexation units	-	19	14	7	(64)	(24)	-	44	(38)	(2)	(2)	2
Earnings (loss) before tax	122,130	(35,500)	2,053	(100,555)	90,056	78,184	170,051	(5,979)	3,731	72,871	(69,342)	171,332
(Charge) credit for income tax	(28,522)	4,829	(1,208)	4,293	(1,097)	(21,705)	(44,949)	515	33	(2,506)	-	(46,907)
Earnings (loss) after tax	93,608	(30,671)	845	(96,262)	88,959	56,479	125,102	(5,464)	3,764	70,365	(69,342)	124,425

(1) These columns include the elimination adjustments on consolidation and the results generated by CAP S.A. and other Group companies

As of December 31, 2012

	01.01.2012					Total ThUS\$
	31.12.2012					
	Mining ThUS\$	Steel ThUS\$	Steel processing ThUS\$	Others (1) ThUS\$	Eliminations (1) ThUS\$	
Operating Income	1,405,931	920,178	466,852	2,804	(325,762)	2,470,003
Cost of sales	(770,619)	(924,445)	(392,519)	(4,287)	329,576	(1,762,294)
Gross margin	635,312	(4,267)	74,333	(1,483)	3,814	707,709
Other revenues, by function	8,128	8,973	340	38,981	(39,749)	16,673
Distribution costs	-	-	(24,935)	-	-	(24,935)
Administrative expenses	(61,378)	(54,792)	(24,814)	(21,359)	38,783	(123,560)
Other expenses, by function	(67,368)	(10,844)	-	(16)	-	(78,228)
Other gains (losses)	-	-	(438)	15,613	-	15,175
Profit (loss) from operating activities	514,694	(60,930)	24,486	31,736	2,848	512,834
Financial income	18,395	-	572	38,090	(5,211)	51,846
Financial costs, net	(1,673)	(9,200)	(8,231)	(36,602)	6,177	(49,529)
Share in profit of associates accounted for using the method of participation	(10)	63	(1)	207,252	(207,655)	(351)
Exchange differences	(4,431)	4,221	1,426	(2,346)	2	(1,128)
Result by readjustment unit	-	87	225	21	-	333
Income (loss) before tax	526,975	(65,759)	18,477	238,151	(203,839)	514,005
(Expense) income for income tax	(172,481)	(1,092)	(5,022)	(7,904)	-	(186,499)
Income (loss) after tax	354,494	(66,851)	13,455	230,247	(203,839)	327,506

(1) These columns include the elimination adjustments on consolidation and the results generated by CAP S.A. and other Group companies

Assets and liabilities by segments

	30.06.2013					Total ThUS\$
	Mininga ThUS\$	Steel ThUS\$	Steel processing ThUS\$	Others (1) ThUS\$	Eliminations (1) ThUS\$	
Current assets	530,311	410,101	264,714	720,725	(390,538)	1,535,313
Non-current assets	2,642,852	755,841	153,750	2,781,163	(2,480,414)	3,853,192
Total Assets	3,173,163	1,165,942	418,464	3,501,888	(2,870,952)	5,388,505
Current liabilities	474,837	442,949	172,824	169,269	(384,680)	875,199
Non-current liabilities	581,427	177,682	58,926	624,394	(87,380)	1,355,049
Total Liabilities	1,056,264	620,631	231,750	793,663	(472,060)	2,230,248

	31.12.2012					Total ThUS\$
	Mininga ThUS\$	Steel ThUS\$	Steel processing ThUS\$	Others (1) ThUS\$	Eliminations (1) ThUS\$	
Current assets	686,076	401,992	272,864	797,705	(394,281)	1,764,356
Non-current assets	2,263,394	780,531	154,213	2,677,580	(2,473,448)	3,402,270
Total Assets	2,949,470	1,182,523	427,077	3,475,285	(2,867,729)	5,166,626
Current liabilities	424,868	386,402	186,372	248,861	(388,837)	857,666
Non-current liabilities	433,364	198,524	52,673	574,805	(58,816)	1,200,550
Total Liabilities	858,232	584,926	239,045	823,666	(447,653)	2,058,216

(1) These columns include the elimination adjustments on consolidation and the results generated by CAP S.A. and other Group companies.

Cash flows by segments

	Acumulated											
	01.01.2013 30.06.2013					01.01.2012 30.06.2012						
	Mininga	Steel	Steel processing	Others (1)	Eliminations (1)	Total	Mininga	Steel	Steel processing	Others (1)	Eliminations (1)	Total
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash flows from (used in) operating activities	484,613	213,205	11,480	113,939	(352,169)	471,068	344,912	374,219	3,532	150,292	(344,461)	528,494
Cash flows from (used in) investing activities	(309,626)	(21,030)	(5,953)	54,824	(84,274)	(366,059)	166,192	(9,090)	(12,176)	(177,493)	-	(32,567)
Cash flows from (used in) financing activities	(146,892)	(193,770)	(5,129)	(190,378)	436,446	(99,723)	(190,306)	(364,445)	(2,568)	(51,800)	344,466	(264,653)
	28,095	(1,595)	398	(21,615)	4	5,286	320,798	684	(11,212)	(79,001)	5	231,274

(1) These columns include the elimination adjustments on consolidation and the results generated by CAP S.A. and other Group companies

As of December 31, 2012

	01.01.2012 31.12.2012					
	Mininga	Steel	Steel processing	Others (1)	Eliminations (1)	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash flows from (used in) operating activities	700,710	661,222	2,136	355,188	(740,265)	978,991
Cash flows from (used in) investing activities	(281,149)	(20,320)	(19,334)	(186,633)	52,967	(454,469)
Cash flows from (used in) financing activities	(220,681)	(638,569)	5,567	(197,404)	687,316	(363,771)
	198,880	2,333	(11,631)	(28,849)	18	160,751

(1) These columns include the elimination adjustments on consolidation and the results generated by CAP S.A. and other Group companies

Other information by segment

Geographic segments

The four divisions of CAP S.A. operate in 3 principal geographic areas, the North, Center and South of Chile. The composition of each geographic segment is as follows:

North – Through CAP Mining, the Group operates iron-ore mines in the north of Chile (Huasco Valley, Elqui Valley and Copiapó Valley).

Center – Through CAP Holding Company and CAP Steel Processing, the group has operations in the center of Chile (Metropolitan Region).

South – Through CAP Steel, the Group operates its steel-making plant in the southern part of Chile (Talcahuano, 8th Region).

31. Guarantees to third parties

31.1 Direct guarantees

Creditor	Debtor		Committed assets		Outstanding balance		Release of security		
	Name	Relationship	Type of security	Currency	Book value	30.06.2013	31.12.2012	2013	2014 onward
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
BCI factoring	Cintac S.A.	Customer	Bank Guarantee	UF	-	-	14,413	-	-
Corporación Nacional del Cobre	Cintac SAIC	Customer	Bank Guarantee	USD	10	10	10	-	10
Corporación Nacional del Cobre	Cintac SAIC	Customer	Bank Guarantee	USD	10	10	10	-	10
Bateman Chile S.A.	Instapanel S.A.	Customer	Bank Guarantee	PESOS	24	24	24	-	24
Andriz Chile limitada	Cintac SAIC	Customer	Bank Guarantee	PESOS	31	31	31	-	31
Directemar	Puerto Las Losas S.A.	Supplier	Bank Guarantee	UF	207	207	201	-	207
Directemar	Puerto Las Losas S.A.	Supplier	Bank Guarantee	UF	134	134	132	-	134
Directemar	Puerto Las Losas S.A.	Supplier	Bank Guarantee	UF	205	205	204	-	205
Directemar	Puerto Las Losas S.A.	Supplier	Bank Guarantee	UF	1	1	1	-	1
Directemar	Puerto Las Losas S.A.	Supplier	Bank Guarantee	UF	550	550	540	-	550
Acciona Agua S.A.	Cleanairtech Sudamerica S.A.	Supplier	Bank Guarantee	USD	-	-	34,504	-	-
Ministerio de Bienes Nacionales	Cleanairtech Sudamerica S.A.	Supplier	Bank Guarantee	UF	81,108	81,108	-	-	81,108
Abengoa	Tecnocap S.A.	Supplier	Bank Guarantee	USD	3,985	3,985	7,712	-	3,985
				Total	86,265	86,265	57,782	-	86,265

As mentioned in Note 16.1, the subsidiary Cleanairtech Sudamérica S.A. signed a loan agreement on April 18, 2012 with Crédit Agricole CIB, Corpbanca and Mizuho Corporate Bank, Ltd. for the project financing of the first phase of the seawater desalination plant the company is developing. With the first drawing from the banks under this agreement, all the assets of Cleanairtech Sudamérica S.A. were charged in guarantee. As of June 30, 2013 the amount of assets charged is ThUS\$ 157,048.

31.2 Indirect guarantees

Creditor	Debtor		Committed Assets		Outstanding balance		Release of security		
	Name	Relationship	Type of security	Currency	Book value	30.06.2013	31.12.2012	2013	2013 onward
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
International bond in US\$	CAP S.A.	Parent	Solidarity	US\$	68,118	68,118	68,104	1,488	66,630
					68,118	68,118	68,104	1,488	66,630

- Compañía Siderúrgica Huachipato S.A. and Compañía Minera del Pacífico S.A. granted their joint and several guarantees for the obligations of CAP S.A. with respect to the issue and placement on the domestic market of bonds in Unidades de Fomento Series D for UF 4,000,000 and Series E for UF 2,000,000, and the international bond issue for Th\$ 200,000. The whole of Series D was prepaid on April 1, 2011 and UF 1,993,000 was prepaid of the Series E on May 15 and October 25, 2011, leaving a balance of UF 7,000 which was prepaid on June 14, 2012. On September 15, 2011, the international bond was prepaid although it was only possible to liquidate 66.685%, leaving a balance of ThUS\$ 66,630. Both companies are also joint and several guarantors of CAP S.A. for the issue of Series F US dollar bonds on the domestic market, whose total amount outstanding, including accrued interest, is ThUS\$ 172,066 as of June 30, 2013. A bondholders meeting of the Series E and F bonds held on December 22, 2011 approved the elimination and release of the guarantees of CMP and CSH in favor de CAP for these instruments, and on February 7, 2012, the Superintendency of Securities and Insurance approved these modifications.
- The subsidiary Compañía Siderúrgica Huachipato S.A. signed a leasing agreement with Banco de Crédito e Inversiones to finance the construction of the corporate building for a sum of ThUS\$ 14,232, whose first installment was paid in September 2008 and the last is payable in 2016.
- The indirect subsidiaries Cintac S.A.I.C. and Instapanel S.A. (through Cintac S.A.I.C.) are joint and several guarantors of loans contracted by their parent company with Banco de Crédito e Inversiones and Banco Estado.

- On July 1, 2011, the board of the Company agreed to authorize the granting of the guarantee of CAP S.A. to cover contracts signed with customers of CAP Mining for the future production of the Cerro Negro Norte project and increased production from Los Colorados Mine and Pellets Plant in Huasco Valley, which could include in certain cases, the advance payment of US\$75 per ton annually of purchase commitments, plus other conditions, for up to 10 years. As of June 30, 2013, the amounts guaranteed and received for this concept are ThUS\$ 108,277.

31.3 Collateral received from third parties

As of June 30, 2013, insurance policies contracted and guarantees received are as follows:

The Company and its subsidiaries have insurance policies covering their fixed assets and civil liability for a total amount of approximately ThUS\$ 3,284,896 and other business risks for the projects of the subsidiary Cía. Minera del Pacífico like Cerro Negro Norte, expansion of Huasco Valley, electricity transmission line and desalination plant amounting to a total of ThUS\$1,542,877. The maximum annual claim varies according to the policy and company affected by the claim.

The following are the guarantees received from third parties:

	<u>Accumulated</u> <u>30.06.2013</u> <u>ThUS\$</u>	<u>Accumulated</u> <u>31.12.2012</u> <u>ThUS\$</u>
Securities & notes received from suppliers & contractors to guarantee work & advances	249,148	219,154
Worker's mortgage guarantees for mortgage loans and others	1,445	2,259
Values in guarantee for sales	12,005	26,776
Collateral received for contracts (bank ballots and other)	29,092	18,314
Total	<u>291,690</u>	<u>266,503</u>

The indirect subsidiary Instapanel S.A. has received performance bonds, guarantees, pledges and mortgages from customers for ThUS\$ 1,129.

The indirect subsidiary Cintac S.A.I.C. has received mortgages from customers amounting to ThUS\$ 560.

31.4 Commitments

Direct commitments

	<u>Accumulated</u>	
	<u>30.06.2013</u> <u>ThUS\$</u>	<u>31.12.2012</u> <u>ThUS\$</u>
Commitments to one year	1,257,486	1,403,865
Commitments over a year	4,273,612	4,952,660
Total	<u>5,531,098</u>	<u>6,356,525</u>

These commitments refer mainly to iron-ore sales under contracts with domestic and foreign customers, valued at the sales prices prevailing at the end of each period. These prices are agreed on FOB or CIF terms and are negotiated annually. The average contract term is three years and there are no fines for default as the contracts provide options regarding the volumes actually delivered each year.

Other commitments

1) Purchase orders and consignments

	Accumulated	
	Accumulated	Accumulated
	30.06.2013	31.12.2012
	ThUS\$	ThUS\$
Purchase orders placed	919,519	1,287,486
Consignment stock	2,107	2,089
Total	921,626	1,289,575

2) Others

The foreign subsidiary Tubos Argentinos S.A. has granted a floating pledge over its inventories in favor of Siderar S.A.I.C. to guarantee commercial operations up to a total of ThUS\$2.150.

The board of Intasa S.A. on April 25, 2012 authorized the renewal of the line of credit for ThUS\$4,000 for the issue of 1-year stand-by letters of credit. The renewal includes the guarantee of Intasa S.A. and an ownership comfort letter from Invercap S.A.

On June 22, 2011, Intasa S.A. was authorized to refinance for a 3-year term the line of credit for ThUS\$ 1,000 used for the acquisition of machinery for the San Luis plant. The board also authorized an increase in the revolving line of credit from ThUS\$ 1,000 used for working capital to support Steel House do Brasil, to ThUS\$ 2,000. As for the initial credit line, this increase involves the guarantee of Intasa S.A. and an ownership comfort letter from Invercap S.A.

As of June 30, 2013, Intasa S.A. guarantees Tubos Argentinos S.A. with respect to its obligations with Banco Patagonia Sudameris for a period of ten years up to a maximum of ThUS\$ 4,000 and with Bci Miami for ThUS\$3,000.

In August 2005, Tubos Argentinos S.A. gave its guarantee in favor of Banco Patagonia S.A. to cover for 10 years all the obligations with that bank up to a maximum sum of ThUS\$ 3,000.

On September 9, 2008, a request was made to the Chilean Superintendency of Securities and Insurance to register a line of bonds for Cintac S.A. in the Securities Register, as required by Law 18,045 and Section IV of the general regulations of that authority.

On November 4, 2008, the SVS registered a line of bonds of Cintac S.A. in the Securities Register, under No.556 of that date, for a maximum amount of UF 1,500,000, with a 10-year term as from September 3, 2008.

As of June 30, 2013, Cintac S.A. has not placed any of these bonds.

Association agreement

On September 5, 2005, the subsidiary Compañía Minera del Pacífico S.A. (CMP) signed a tailings purchase agreement with Compañía Contractual Minera Candelaria (CCMC) relating to the Candelaria copper mine located in the district of Tierra Amarilla in Chile's 3rd Region. Under this agreement, CCMC commits to sell to CMP fresh tailings sufficient to reach an estimated annual production of 3,000,000 tons of iron concentrates. The agreement runs until December 31, 2022.

This contract was amended on March 9, 2011 to authorize CMP to process iron-ore fines at the Magnetite Plant.

Minera Hierro Antofagasta Project

Under a share subscription agreement signed in February 4, 2010, the subsidiary CMP subscribed for shares representing a 37.5% holding in Minera Hierro Antofagasta S.A., the remaining 62.5% belonging to SBX.

Payments for the shares subscribed were to be made on the following dates and in the following amounts:

- a) Within 10 days of the date of the share subscription agreement, CMP would pay the sum of ThUS\$ 5,000, corresponding to 212,766 shares equivalent to 17.54% of the capital.
- b) Within 30 days from the date on which CMP decides, at its discretion, to continue the exploration of its stage 2, CMP would pay the sum of ThUS\$ 2,500, corresponding to 100,000 shares. Should CMP decide not to continue such exploration, it will not be obliged to make the above payment, without any further liability.
- c) Within 30 days from the date on which CMP decides, at its discretion, to continue the exploration of its stage 3, CMP would pay the sum of ThUS\$ 7,511.2 corresponding to 287,234 shares. Should CMP decide not to continue such exploration, it will not be obliged to make the above payment, without any further liability.

On May 3, 2011 CMP announced its decision not to continue with that company's mine exploration stages 2 and 3, thus being released from payment of the share subscription price mentioned in the above paragraphs.

Purchase option contract for mining rights with Sociedad Minera el Aguila Limitada.

The subsidiary CMP has signed a contract granting Sociedad Minera el Aguila Limitada the option to buy, and offering irrevocably to sell, assign and transfer to the latter, a quota equal to 65% of each of the mining rights detailed in the contract, plus a quota equal to 65% of the manifestations and exploitation concessions detailed in the contract. The detail of the exploitation concessions is the following: Basin A, 1 to 51; Basin B, 1 to 28; Basin C, 1 to 51; Basin D, Basin E; Choapa, 1 to 10; Elqui, 1 to 14; Limarí, 1 to 15; Loa, 1 to 6; Maipo, 1 to 10; Toltén, 1 to 14. The details of the exploration concessions are as follows: Cachiyuyito 1; Cachiyuyito 2 and Cachiyuyito 3. The quota price offered is the equivalent in Chilean pesos of US\$ 100,000.

Should Sociedad Minera el Aguila Limitada accept the sale offer, the mining rights plus the manifestations and exploitation concessions will be acquired by a legal mining company in which the subsidiary CMP will hold 35% of the shares and at the same time the subsidiary CMP and Sociedad Minera el Aguila Limitada will be obliged to transform that legal mining company into a mining contractual company.

The rights and obligations of the shareholders in the mining contractual company referred to shall be governed by a shareholders' agreement, legalized as an appendix to the mining rights quota option contract. The company has committed not to sell, encumbrance, dispose, commit to sell, mortgage, grant options or commit acts or sign contracts of any kind over the mining rights, or over the minerals contained therein while the term for Minera el Aguila Limitada to exercise the option remains open.

Projects in progress in the subsidiary Cía. Minera del Pacífico S.A.

- In August 2010, the company's board approved the Cerro Negro Norte project, consisting of the exploitation of the Cerro Negro Norte mine located in the district of Copiapó, in Chile's 3rd Region. An initial investment is estimated at ThUS\$574.500. The project has its environmental approval, dated October 7, 2009. In December 2011, the company informed the SVS that the amount of this investment had risen to approximately ThUS\$800,000 and, in May 2013, that the investment had increased to approximately ThUS\$ 959,000.

The total booked as of June 30, 2013 is ThUS\$ 653,800, of which ThUS\$ 257,500 corresponds to the year 2013.

- In August 2010, the company's board approved the Huasco Valley increased production project which consists of increasing the annual production capacity at the Huasco Pellets Plant by 2,000,000 tons of pellet feed annually, with 68% iron content. According to the basic engineering studies, the total investment in the project amounts to ThUS\$413,000. Total disbursements to June 30, 2013 were ThUS\$ 448,500 of which ThUS\$ 109,500 relates to the year 2013.

Sales Advances

The following long-term sales contracts were signed by the subsidiary CMP during 2011 which include sales advances:

- Contract with Prosperity Steel United Singapore Pte. Ltd., Singapore, for the sale of 500,000 tons annually of pellets feed, for a 10-year term from April 1, 2013. The buyer commits to pay CMP an amount of ThUS\$ 37,500 as an advance against sales. As of June 30, 2013 the whole advance has been paid, of which ThUS\$ 12,500 was received in 2013 and the rest in previous years.
- In September 2012, a contract was signed with Deutsche Bank AG, Germany, for the sale of 560,000 tons of pellets feed during 2013 and 960,000 tons of pellet feed annually between 2014 and 2017 inclusive. The buyer commits to pay the company the sum of ThUS\$ 75,000 as an advance, which was received in full on September 21, 2012.
- In November 2012 a contract was signed with Glencore A.G., Switzerland, for the sale of 1,000,000 tons of pellets feed annually between 2013 and 2019 inclusive. The buyer commits to pay the company the sum of ThUS\$ 75,000 as an advance, which was received in full on February 27, 2013.
- In February 2013, a contract was signed with Prosperity Steel United Singapore Pte. Ltd., Singapore, for the sale of 500,000 tons of pellets feed annually over 10 years from April 1, 2014. The buyer commits to pay the company the sum of ThUS\$ 37,500 as an advance, which was received in full on June 10, 2013.
- In June 2013, a contract was signed with Deutsche Bank AG, Germany, for the sale of 500,000 tons of pellets feed annually between 2013 and 2018 inclusive. The buyer commits to pay the company the sum of ThUS\$ 37,500 as an advance, which was received in full on June 24, 2013.

Mineral transportation contract from Los Colorados to the Pellets Plant

In October 2011, the subsidiary CMP formalized the renewal of its contract with Empresa de Transportes Ferroviario S.A. for the transportation of minerals from Los Colorados mines to the pellets plant. The term of the contract is from July 1, 2011 to December 31, 2029. The provider of the service commits to sell to the company the transport equipment and other assets related to the provision of the service should the contract be terminated before December 2028 for any reason imputable to this supplier.

Port services contracts

- In April 2011, the subsidiary CMP signed a services contract with the company Santa Fe Mining by which CMP receives, warehouses or stockpiles temporarily, handles and ships iron ore produced by Santa Fe Mining from its own deposits or over which it has exploitation rights, to be shipped from the Punta Totoralillo mechanized port owned by CMP. This contract is operative from April 2012.
- In March 2012, the subsidiary CMP signed a services contract with the company Hierro Taltal S.C.M. by which CMP receives, warehouses or stockpiles temporarily, handles and ships iron ore produced by Hierro Taltal S.C.M. from its own deposits or over which it has exploitation rights, to be shipped from the Punta Totoralillo mechanized port owned by CMP.

- In April 2013, the subsidiary CMP signed a services contract with the company Compañía Minera Don Daniel S.C.M. by which CMP receives, warehouses or stockpiles temporarily, handles and ships iron ore produced by Compañía Minera Don Daniel S.C.M. from its own deposits or over which it has exploitation rights, to be shipped from the Punta Totoralillo mechanized port owned by CMP.

Equipment leasing agreement for El Romeral mines

- In November 2012, the subsidiary CMP signed a leasing agreement with Banco del Estado de Chile for equipment for the continuation of El Romeral mines project. The equipment will be delivered at the end of 2013 and early 2014. The estimated total cost of the equipment is ThUS\$130,000.

Electricity supply contract with Guacolda S.A.

- In September 2012, the subsidiary CMP signed an electricity supply contract with Guacolda S.A. whereby the latter supplies the subsidiary with the electricity it needs at its mining installations located primarily in the regions of Atacama and Coquimbo. Supplies will be made from January 1, 2016 to December 31, 2027.

Electricity supply contract with Endesa

- In February 2009, CAP S.A. signed a contract for the sale to Endesa S.A. of various studies of the technical, environmental and economic viability of a thermal-electric project in Huasco, region of Atacama, on land owned by the Group. Endesa intends to develop a thermal-generation project on this land which initially contemplates a gross 370 MW, expandable to other generating units in the future. In June 2013, Endesa paid to CAP the sum of US\$ 4,800,000 for having obtained a favorable environmental qualification of the studies for the installation of the project. Future payments are subject to the capacity to be installed in the following phases, being US\$45,000 for each gross MW of the initial installed phase and ThUS\$ 25,000 for each additional gross MW in the additional phases.

Desalination plant contracts

On March 3, 2011, the subsidiary Cleanairtech Sudamerica S.A. signed an engineering, supply and construction contract with Acciona Agua S.A.U. Agency in Chile, which includes the design, supply and construction of the project called "Copiapó Valley seawater desalination plant". The base project price is ThUS\$ 81,949 and the term for execution is 24 months.

On the same date, the subsidiary Cleanairtech Sudamerica S.A. signed a contract with Acciona Agua S.A.U. Agency in Chile, for the operation and maintenance of the desalination plant for a period of 20 years. The contract price is a fixed monthly charge based on the base guaranteed minimum capacity of the plant.

In October 2012, the subsidiary CMP signed a desalinated water sale contract with the subsidiary of CAP, Cleanairtech Sudamérica S.A., whereby the latter is obliged to produce, sell and deliver to the Cerro Negro Norte project a maximum volume of 200 liters per second of desalinated water. The term of the contract is 20 years from the start-up of the service, although this term may be extended according to the needs of both parties. This contract becomes effective in 2013.

On October 4, 2012, a transmission (Cerro Negro Norte Mine and Punta Totoralillo Desalination Plant Electricity Transmission Line) service contract was signed between Cleanairtech Sudamérica S.A., CAP S.A., Cía.Minera del Pacífico S.A. and Tecnocap S.A. The purpose of the contract is:

- The provision of transmission services by Tecnocap to Cleanairtech S.A. from the Cardones substation to the Totoralillo substation;
- The operation, maintenance and administration of the transmission line by Tecnocap.
- Payment for the services by Cleanairtech to Tecnocap.

On January 3, 2013 a contract was signed between Cleanairtech Sudamérica S.A. and SCM Minera Lumina Copper Chile, whereby Cleanairtech is committed to meet the needs of the mine called Proyecto Minero Caserones, and other projects of third parties.

The customer has the right to a maximum of 170 liters per second of desalinated water in accordance with a weekly program of daily deliveries. Of this volume, 50 liters are for delivery in Caldera and 120 liters in Canal Mal Paso.

The company will use of its best efforts to begin the supply of water to the customer by January 1, 2014.

Following the start-up of the service, the supplier must be in a position to supply up to 100% of the customer's requirements according to a weekly program, otherwise fines are charged for non-compliance.

The customer will pay monthly in US dollars for cost of the production and delivery of desalinated water.

On January 25, 2013 a contract was signed between Cleanairtech Sudamérica S.A. and Acciona Agua S.A.U. Agency in Chile, for the expansion of the desalination plant from 200 liters per second to an effective production of 400 liters per second.

Aqueduct-Concentrates Duct contracts

On March 14, 2012, Cleanairtech Sudamérica S.A. signed an engineering, supply and construction contract with Acciona Cerro Negro S.A., which includes the design, supply and construction of the project called "Cerro Negro Norte-Totalillo Plant Aqueduct". The base project's price is ThUS\$ 80,740 and the term for execution is 16 months.

On March 14, 2012, the subsidiary CMP signed a contract with Acciona Cerro Negro Norte S.A. for the construction of a CNN-Planta Totalillo concentrates duct between the Cerro Negro Norte mine and the desalination plant located in the coastal sector of Totalillo port. The construction contract began to operate on November 30, 2012.

On January 4, 2013, the Tierra Amarilla aqueduct and branch to Caldera contract was signed between Cleanairtech Sudamerica S.A. and Abengoa Chile S.A. to take desalinated water from the desalination plant, located in the Totalillo port sector to the north of Caldera, to a distribution site located in the Cardones sector, near to Tierra Amarilla. The contract also covers the design and construction of a branch of approximately 4 km to Caldera, which has its connection point approximately at kilometer 28.7 of the principal line.

Electricity Transmission Line Contract

The subsidiary Tecnocap S.A. signed a contract with Abengoa Chile for the execution of the electricity transmission line project at Punta Totalillo. According to the administrative bases to the contract, Abengoa Chile has provided performance bonds which total ThUS\$ 3,985 as of June 30, 2013.

Electricity sale and NCRE credits contracts with the companies Amanecer Solar SPA and Sunedison Chile Construction Limitada.

On January 28, 2013, the subsidiary CMP signed a 20-year contract with the companies Amanecer Solar SPA and Sunedison Chile Construction Limitada for the purchase of photovoltaic-sourced electricity. The energy will be generated at a plant with a capacity of 100 MW annually. This will permit compliance with the law which requires the subsidiary CMP from the year 2016 to accredit the use of a percentage of non-conventional renewable energies (NCRE). This energy will be used for the operations of Cerro Negro Norte from 2015.

31.5 Contingencies that could result in losses for the Group

(i) There are nine tax assessments brought by the Internal Revenue Service, all regarding stamp taxes, of which five are subject to appeals to the appeals court and three awaiting appeal to the Supreme Court, which have still not been heard. The remaining six are pending before the Santiago tax tribunals. The remaining claim is pending the resolution of the Santiago taxation tribunals. There are also five tax claims, again with respect to stamp taxes,

pending resolution. As of June 30, 2013, this contingency is ThUS\$ 2,550 plus indexation and any fines that might be applied.

No provision has been made in view of the opinions of the Company's legal and taxation advisers that it is reasonable to believe that no contingency is likely to result.

(ii) The subsidiary CMP is sued by Gladys Barraza Galleguillos, before the Freirina civil court, for the payment of damages totaling Ch\$4,290,000,000 for non-contractual civil liability for the occupation of land for the water catchment, storage and pumping installations to supply the Huasco Pellets Plant, the same as referred to previously. Sentence has been given in the first instance partially accepting the demand, ordering the subsidiary to pay the sum of Ch\$80,000,000. Appeals have been made by both parties and the case has been submitted to the Copiapó Court of Appeal. Due to the judgment in the first instance and as a mine-occupation easement has already been legally constituted over the land, no losses for the company are expected from these proceedings.

(iii) The subsidiary CMP is being sued by Agrícola Konavle Ltda. before the Freirina civil court in order to annul the settlement signed by the company with third parties which allegedly would alter the western border of the Estancia Higuera de Las Minillas property, superposing on an area of approximately 9,470 hectares of another property of the plaintiff, land which it therefore requests be returned. The proceedings are still in the discussion stage, but no losses are expected to result.

(iv) The former indirect subsidiary Varco Pruden S.A. (now merged with Instapanel) has a civil lawsuit amounting to approximately ThUS\$ 26. The legal advisers of the company cannot determine the result of this litigation.

(v) As of June 30, 2013, Compañía Siderúrgica Huachipato S.A. has received lawsuits against it relating to civil causes. In the opinion of its legal advisers, it is believed that these could affect the company's results by ThUS\$ 274.

31.6 Liens of any kind that could affect the Group's assets.

On April 18, 2012, the subsidiary Cleanairtech Sudamérica S.A. signed a loan agreement with Crédit Agricole CIB, Corpbanca and Mizuho Corporate Bank Ltd. for the project financing of the first phase of the seawater desalination plant that the company is developing. On the first drawing from the banks under this agreement, all the assets of Cleanairtech Sudamérica S.A. were charged in favor of the bank creditors. As of June 30, 2013 the amount of the assets charged is ThUS\$ 160,519.

31.7 Management restrictions and financial covenants

The two loan agreements signed between the subsidiary CMP and Deutsche Bank AG for the sale of pellet feed, which involved advances of ThUS\$ 75,000 and ThUS\$ 37,500, which were paid in September 2012 and June 2013 respectively, require the subsidiary to meet the following consolidated financial covenants, calculated on the basis of rolling twelve-month periods:

- i) Financial expense coverage - The ratio of EBITDA to net financial expenses should be at least 2.5:1. EBITDA is defined as the gross margin less administrative and distribution expenses and plus the charge for depreciation and amortization.
- ii) Equity – The minimum level should be ThUS\$ 550,000.
- iii) Leverage Ratio – net financial debt to EBITDA should be no higher than 4.0:1. Net financial debt is the total of financial obligations less cash balances, time deposits and marketable securities for an amount exceeding ThUS\$ 5,000.

The company has fully complied with all the limitations, restrictions and obligations imposed by the above agreement.

The loan agreements signed between CAP S.A. with local and foreign banks and for the bond issues placed on the domestic market, require the Company to meet the following consolidated financial covenants, calculated on the basis of rolling twelve-month periods:

- i) Financial expense coverage – The ratio of EBITDA to net financial expenses should be at least 2.5:1.
- ii) EBITDA is defined as the gross margin less administrative and distribution expenses and plus the charge for depreciation and amortization.
- iii) Net Financial Debt to Equity - The net financial debt (NFD) to equity ratio must not exceed 1.2:1. NFD refers to all consolidated financial debt less cash balances, time deposits and marketable securities.
- iv) Equity – The minimum level of equity must be ThUS\$ 550,000.
- v) Leverage Ratio – Since January 2011, net financial debt to EBITDA should be no higher than 4.0:1.

Net financial debt is the total of financial obligations less cash balances, time deposits and marketable securities for an amount exceeding ThUS\$ 5,000.

The above ratios were the following as at the closing of these interim consolidated financial statements:

Indicator	Description	Unit	Values	
			30.06.2013	31.12.2012
Net Interest Expense Coverage	EBITDA last 12 months / (expense last 12 months - Financial revenue last 12 months)	Times (*)	(376.89)	(329.53)
Net Financial Debt to Equity	Net financial debt / Equity	Times	0.07	-
EBITDA (Leverage Ratio)	Net financial debt / EBITDA last 12 months	Times	0.37	0.01
Equity	Equity Total	THUSS	3,158,257	3,108,410

(*) Negative figure indicates that CAP net positive financial results (income) in the period.

CAP S.A. is also subject to the following other restrictions and limits:

- a) Limitations on being able to dispose of or sell all or a substantial part of its assets.
- b) Limitations on granting collateral over assets. For the bonds Series F, CAP S.A. has agreed to maintain assets free of encumbrances, guarantees, charges, restrictions or any kind of privilege (called negative covenants) to an amount equivalent to at least 0.5 times the amount of its total liabilities, as of the closing of its interim consolidated financial statements. This indicator is currently as follows:

Indicator	Description	Unit	Values	
			30.06.2013	31.12.2012
Liens restricted	(Assets at book value - assets with liens) / current liabilities	Times (*)	2.35	2.45

- c) Obligation to provide quarterly financial information
- d) Obligation to remain current under its commitments with third parties.

The indirect subsidiary Cintac S.A. is committed under loan agreements signed during 2012 to provide periodic financial information and comply with financial ratios related to net financial debt to equity, financial expense coverage and net financial debt to EBITDA. These agreements state that the financial indicators should be complied with from the financial statements as of 31.12.2013.

In addition, Novacero S.A. is committed to maintain at least a 51% shareholding in Cintac S.A.

The bank loan granted in 2008 to the indirect subsidiary Puerto Las Losas S.A. by Banco de Crédito e Inversiones requires this subsidiary to meet certain obligations, mainly referring to the provision of periodic financial information, not agreeing to capital reductions without the bank's prior consent, not distributing earnings if it is not current with the payment of its obligations, and not modifying or changing its business, except for extensions of it that might be agreed without the written consent of the bank.

The Company and its subsidiaries have complied and are fully in compliance with all the limitations, restrictions and obligations imposed by the loan agreements and bond issue indentures mentioned above.

32. The environment

The detail of disbursements related to the environment in the periods of three and six months ended June 30, 2013 and 2012 is as follows:

Concept	Accumulated		Quarter	
	01.01.2013	01.01.2012	01.04.2013	01.04.2012
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Monitoring of air quality	-	15	4	15
Monitoring and analysis	177	715	158	348
Advising and improvement projects	7,452	3,323	3,809	1,124
Waste Management	19	28	14	12
Wastewater treatment	46	86	52	41
Others	27	69	46	21
Total	7,721	4,236	4,083	1,561

The detail of funds to be disbursed after June 30, 2013 is as follows:

Concept	30.06.2013
	ThUS\$
Monitoring and analysis	150
Advising and improvement projects	4,719
Waste management	12
EOR Plant Redesign	297
Secondary capture steel powders	200
Waste management area	281
Others	450
Total	6,109

33. Assets and liabilities by currency

Assets

IFRS Heading	Currency	30.06.2013 ThUS\$	31.12.2012 ThUS\$
Cash and cash equivalents	Non-indexed Arg \$	10	15
	Non-indexed Ch\$	127,902	101,977
	US\$	172,121	193,026
	Peruvian soles	185	253
	Others	37	26
Other financial assets current	Non-indexed Ch\$	2,995	97,431
	US\$	247,921	318,605
	UF	2,696	-
Other non-financial assets, current	Non-indexed Arg \$	82	36
	Non-indexed Ch\$	12,509	23,225
	US\$	14,162	15,520
	UF	3,784	-
	Peruvian soles	17	-
	Others	3	4,250
Trade and other receivables, net, current	Non-indexed Arg \$	14,437	11,928
	Non-indexed Ch\$	200,785	222,726
	US\$	92,825	215,318
	Peruvian soles	129	62
	Others	452	573
	US\$	5,409	6,509
	US\$	530,684	474,222
Current tax assets	Non-indexed Arg \$	1,104	2,043
	Non-indexed Ch\$	67,512	72,984
	US\$	36,054	2,910
	Peruvian soles	1,405	551
	Others	93	166
Other financial assets, non-current	Non-indexed Ch\$	714	647
	US\$	7,115	920
Other non-financial assets, non-current	Non-indexed Ch\$	3,322	4,817
	US\$	2,255	2,249
Rights receivable, non-current	Non-indexed Arg \$	12	18
	Non-indexed Ch\$	4,851	5,704
	US\$	1,014	1,521
Investments accounted for using the equity method	US\$	10,449	11,401
Intangible assets other than goodwill	US\$	836,895	855,005
Property, plant and equipment, net	US\$	2,970,847	2,502,198
Capital gain	US\$	1,767	1,767
Deferred tax assets	Non-indexed Arg \$	518	212
	Non-indexed Ch\$	5,268	6,354
	US\$	8,165	9,457
Total		5,388,505	5,166,626

Liabilities, as of June 30, 2013

Liabilities

IFRS Heading	Currency	Up to 90 days	90 days to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years
Other financial liabilities, current	Non-indexed Arg \$	12,655	-	-	-	-	-
	Non-indexed Ch\$	4,158	-	-	-	-	-
	US\$	99,084	39,986	-	-	-	-
	UF	542	1,677	-	-	-	-
Trade accounts payable and other payables	Non-indexed Arg \$	4,521	-	-	-	-	-
	Non-indexed Ch\$	68,474	83,442	-	-	-	-
	US\$	181,788	214,380	-	-	-	-
	UF	1,214	-	-	-	-	-
	Peruvian soles	587	-	-	-	-	-
	Others	61	-	-	-	-	-
Accounts payable to related entities, current	Non-indexed Ch\$	8,864	-	-	-	-	-
	US\$	76,280	-	-	-	-	-
Other short-term provisions	Non-indexed Arg \$	178	-	-	-	-	-
	Non-indexed Ch\$	2,981	1,219	-	-	-	-
	US\$	9,881	6,783	-	-	-	-
	Peruvian soles	40	-	-	-	-	-
	Others	4	-	-	-	-	-
Current tax liabilities	Non-indexed Arg \$	610	-	-	-	-	-
	Non-indexed Ch\$	2,793	1	-	-	-	-
	US\$	-	755	-	-	-	-
Current provisions for employee benefits	Non-indexed Arg \$	-	198	-	-	-	-
	Non-indexed Ch\$	21,417	24,769	-	-	-	-
	US\$	-	139	-	-	-	-
	Peruvian soles	754	-	-	-	-	-
Other current non-financial liabilities	Others	-	8	-	-	-	-
	Non-indexed Ch\$	3,632	-	-	-	-	-
	US\$	1,104	220	-	-	-	-
	US\$	-	-	215,653	81,827	240,304	78,283
	UF	-	-	5,524	-	-	-
Other Long Term Provisions	US\$	-	-	3,034	1,956	4,890	3,916
Deferred tax liabilities	Non-indexed Ch\$	-	-	-	-	-	6,456
	US\$	-	-	62,361	44,784	114,014	132,517
Non-current provisions for employee benefits	Non-indexed Ch\$	-	-	40,802	22,786	48,831	28,834
	Non-indexed Ch\$	-	-	39	-	-	-
Deferred tax liabilities	US\$	-	-	116,226	79,912	22,100	-
Total		501,622	373,577	443,639	231,265	430,139	250,006

Liabilities, as of December 31, 2012

IFRS Heading	Currency	Up to 90 days	90 days to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years
Other financial liabilities, current	Non-indexed Arg \$	12,736	-	-	-	-	-
	Non-indexed Ch\$	14,591	533	-	-	-	-
	US\$	101,769	22,803	-	-	-	-
	UF	1,774	-	-	-	-	-
	Others	556	1,718	-	-	-	-
Trade accounts payable and other payables	Non-indexed Arg \$	3,516	-	-	-	-	-
	Non-indexed Ch\$	87,625	77,459	-	-	-	-
	US\$	153,239	160,130	-	-	-	-
	Peruvian soles	1,541	-	-	-	-	-
	Others	1,895	-	-	-	-	-
Accounts payable to related entities, current	Non-indexed Ch\$	12,678	-	-	-	-	-
	US\$	103,909	-	-	-	-	-
Other short-term provisions	Non-indexed Arg \$	251	-	-	-	-	-
	Non-indexed Ch\$	3,227	2,572	-	-	-	-
	US\$	9,206	5,949	-	-	-	-
	Peruvian soles	341	-	-	-	-	-
	Others	12	-	-	-	-	-
Current tax liabilities	\$ Arg no reajutable	296	-	-	-	-	-
	Non-indexed \$	3,538	464	-	-	-	-
	US\$	3,987	16,941	-	-	-	-
Current provisions for employee benefits	Non-indexed Arg \$	358	-	-	-	-	-
	Non-indexed Ch\$	14,231	30,974	-	-	-	-
	US\$	-	139	-	-	-	-
	Peruvian soles	913	-	-	-	-	-
	Others	22	-	-	-	-	-
Other current non-financial liabilities	Non-indexed Ch\$	4,399	-	-	-	-	-
	US\$	1,174	200	-	-	-	-
	US\$	-	-	223,600	69,524	197,041	65,016
	Others	-	-	7,024	-	-	-
Other Long Term Provisions	US\$	-	-	2,089	966	2,415	8,450
Deferred tax liabilities	Non-indexed \$	-	-	-	-	-	6,218
	US\$	-	-	67,904	45,594	116,119	133,695
Non-current provisions for employee benefits	Non-indexed \$	-	-	45,180	25,653	55,869	32,098
Other non-financial liabilities, non-current	Non-indexed Ch\$	-	-	4	-	-	-
	US\$	-	-	60,159	35,932	-	-
Total		537,784	319,882	405,960	177,669	371,444	245,477

34. Exchange differences and indexation adjustments

The following details the effects of exchange differences and indexation adjustments booked in the results for the period:

34.1 Exchange differences

Heading	Currency	Accumulated		Quarter	
		01.01.2013	01.01.2012	01.04.2013	01.04.2012
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current Assets	Non-indexed Arg \$	(1.663)	(1.326)	(990)	(959)
	Non-indexed \$	(70.411)	31.243	(81.500)	(9.221)
	Others	-	(29)	26	57
Non-Current Assets	Non-indexed Arg \$	(51)	(18)	(42)	(11)
	Non-indexed \$	(4.662)	3.823	(5.045)	2.030
	Others	(81)	-	-	-
Total Assets		(76.868)	33.693	(87.551)	(8.104)
Current Liabilities	Non-indexed Arg \$	1.736	425	970	277
	Non-indexed \$	55.376	(26.596)	61.680	4.228
	Others	(1)	6	(6)	(180)
Non-Current Liabilities	Non-indexed \$	14.770	(8.467)	18.820	(416)
	Others	-	-	48	-
Total Liabilities		71.881	(34.632)	81.416	3.910
Total Exchange differences		(4.987)	(939)	(6.135)	(4.194)

Note 33 provides a detail of the assets and liabilities that generate the exchange differences shown above.

34.2 Indexation adjustments

Heading	Currency	Accumulated		Quarter	
		01.01.2013	01.01.2012	01.04.2013	01.06.2012
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current Assets	Chilean pesos	82	341	(36)	121
Non-Current Assets	Chilean pesos	(2)	8	-	2
Total Assets		80	349	(36)	123
Current Liabilities	Chilean pesos	1	(11)	2	-
	Others	(1)	(30)	1	(85)
Non-Current Liabilities	Chilean pesos	3	(61)	5	-
	Others	(5)	(134)	4	(36)
Total Liabilities		(2)	(236)	12	(121)
Total Exchange differences		78	113	(24)	2

Note 33 provides a detail of the assets and liabilities that generate the indexation adjustments shown above.

35. Subsequent events

The final dividend No.115 was paid on July 25, 2013, of Ch\$58.46 per share, against the earnings for the year 2012, as agreed by the ordinary shareholders' meeting held on April 18, 2013. Interim dividend No.116 was also paid for a sum of Ch\$ 41.54 per share, as agreed by the board on June 27, 2013.

No other significant events have occurred between July 1 and August 2, 2013, the date of issue of these interim consolidated financial statements, that might affect them.

**MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2013**

1. Report under International Financial Reporting Standards (IFRS)

The year 2013 is the fourth in which the company's accounts and financial statements are prepared and reported to the SVS, stock exchanges and public in general under IFRS (International Financial Reporting Standards). The Group adopted these standards on January 1, 2010.

2. Comparative analysis and principal trends noted

Ratios and other indicators are shown in the attached appendix.

Revenue and EBITDA

The revenue and EBITDA of the CAP Group for the first half of 2013 were ThUS\$ 1,057,893 and ThUS\$ 294,734 respectively, representing decreases of 17.8% and 33.4% compared to ThUS\$ 1,286,587 and ThUS\$ 442,782 obtained in the same period of 2012.

The respective revenue and EBITDA of CMP for 1H13 were ThUS\$ 609,174 and ThUS\$ 290,331, being falls of 16.1% and 30.0% compared to ThUS\$ 726,504 and ThUS\$ 414,836 in 1H12.

CAP Steel and the steel processing group (STG) together produced revenue and EBITDA of ThUS\$ 592,654 and ThUS\$ (1,755), being reductions of ThUS\$ 160,184 and ThUS\$ 16,969 compared to ThUS\$ 752,838 and ThUS\$ 15,214 in 1H12.

Earnings

The earnings of iron-ore mining in 1H13 were ThUS\$ 175,921, 25.5% down on the ThUS\$ 236,156 reported for 1H12.

The steel activities produced a loss in 1H13 of ThUS\$ (53,613) which included a provision of ThUS\$ (13,600) net of deferred taxes, but with no cash-flow effect, reflecting the economic impact of the temporary suspension of operating activities following the adoption of various measures to enable CAP Steel to return soon to profitability, and also a loss of ThUS\$ 1,327 in the steel-processing business.

As a consequence, the consolidated earnings of the CAP Group, after deducting the minority interest in the mining subsidiary and the losses referred to in the steel business, were ThUS\$ 81,559, representing a reduction of 53.5% with respect to the ThUS\$ 175,248 obtained in 1H12.

Analysis of the businesses:

Our subsidiary CMP (CAP Mining) produced revenue in 1H13 of ThUS\$ 609,174, 16.2% less than in 1H12, as a result of a 12.0% reduction in deliveries to 4,987 ThMT and a 5.7% fall to US\$ 119.3 in the average price for ton of the shipments.

The reduced volume delivered in 1H13 reflects the postponement of shipments which will be recovered in 2H13.

The mining figures for 1Q13 show that, compared to 2Q13, revenue fell as a consequence of lower physical shipments which fell by 2.7% to 3,132 ThMT and a 13.6% reduction in the average price of the products shipped, to US\$ 107.2 per MT, following the price adjustments produced in the global iron market.

In steel-making, the revenue of our subsidiary CSH (CAP Steel) of ThUS\$ 361,476 in 1H13 reflects a fall of 30.3% with respect to 1H12, due to a 23.2% fall in the tonnage delivered, to 468,576 MT due to the large volumes of

imports, mainly of flat products, and a 9.9% reduction, to US\$ 756.2 per MT, in the average price of the shipments, in line with variations in the international prices of steel products.

The corresponding figures for 2Q13 of CAP Steel also show falls, of 26.9% in the tonnage dispatched to 224,697 MT, and of 10.0%, to US\$ 753.5 per MT, in the average prices of these deliveries, compared to those of 2Q12.

In the steel-processing business, 1H13 shows a fall in revenue of ThUS\$ 231,178, 1.3% less than in 1H12, due to the combined effect of a 6.3% increase in physical deliveries, to 205 thousand tons, and a 6.0% reduction in the average price per ton, to US\$ 1,125.2.

Comparing 2Q13 with 2Q12, there was an 8.7% increase in revenue to ThUS\$ 119,866 due to a 13.6% rise in physical sales to 107 thousand tons and a 4.3% fall in the average price per ton to US\$ 1,118.9.

The Group's gross financial debt amounted to ThUS\$ 779,693 as of June 30, 2013, 8.5% higher than the ThUS\$ 718,685 as of December 31, 2012, reflecting (1) progress in the construction of the desalination plant in the region of Atacama, whose financing comes 66.7% from bank loans according to the project financing structure followed, and (2) the purchase of mine equipment for the works to extend the useful life, by 14 years, of the El Romeral Mine, financed by a leasing operation.

As of June 30, 2013, the CAP Group has a cash position of ThUS\$ 553,867, 22.1% lower than the sum of ThUS\$ 711,333 at the end of 2012, reflecting the progress of the company's investments which are mainly financed from own resources.

The amount of cash available enables the CAP Group to continue showing a net financial debt level of less than 0.5 times consolidated EBITDA.

3. Summary of the period January-June 2013

With half of the year 2013 now passed, it can be seen more clearly that the American economy is following a recovery trend, showing better activity figures and declining levels of unemployment. In the euro zone, the hard process of adjustment continues to move forward although it is still too early to anticipate an early recovery from recession in various of its member countries. In Asia, Japan is beginning to show a certain dynamism thanks to the liquidity injected into the economy, and China is focused now on reducing the intensity of its investments in physical infrastructure and is proceeding to seek an increase in domestic consumption for the benefit of its population.

Regarding Chile, while activity shows some signs of deceleration, employment and consumption continue to push the economy strongly.

Reviewing the businesses of the CAP Group, a stable demand remains for iron products especially by the Chinese steel producers, but also by buyers in Japan and the Middle East, in a pricing scenario that today continues to be higher than projected for this year. CAP Mining is now in the final stage of its investment program which seeks to complete (1) in August the start-up of the expansion of production in Huasco Valley (of an additional 2 million tons annually) and (2) early next year, the start-up of the Cerro Negro Norte mine (of 4 million tons annually of capacity), to raise the annual sales tonnage to 16 million tons of iron in 2014 and 18 million tons in 2015.

In steel production, CAP Steel is showing the effects of the difficult moment that the global steel industry is passing through, caused by excess steel production capacity in China which has generated a deterioration in margins and a loss of profitability in all markets, including China.

During 2Q13 the steel-making subsidiary finalized re-lining work on the No.1 blast furnace and began a deep reorganization, directing production to the manufacture of long products for the crushing of minerals and construction, and temporarily discontinuing the manufacture of flat products. This necessarily leads to a reduced annual production volume, forcing the operation with just one blast furnace and adapting executive and worker teams to the reduced level of activity. The implementation of these measures will enable the development of profitable operations.

Sales of the steel-processing business will have to adjust to the rate of growth of the Chilean economy and the competitiveness of the Cintac group in the construction business and infrastructure development, although with margins that have fallen in line with what is occurring with the price of its raw material.

4. Market analysis

Iron:

The average price to June 30, 2013 declined by 5.7% to US\$ 119.3 per MT, compared to the average for 1H12 of US\$ 126.6.

In terms of volumes dispatched, these in 1H13 reached 4,987 ThMT, 12.0% less than the 5,670 ThMT in 1H12, with export shipments of 4,177 ThMT, 12.2% less than the 4,757 ThMT of the year before, and deliveries to the domestic market of 810 ThMT, a reduction of 11.3% with respect to the 913 ThMT delivered in 1H12.

With respect to the product mix, the proportion of pellet feed rose from 46.9% to 56.4%, reducing that of pellets from 22.4% to 21.7% of deliveries, with the consequent reduction in the average iron-products price.

As a result, the sales of CAP Mining to June 30, 2013 were ThUS\$ 609,174, 16.2% down on those to June 30, 2012.

Steel:

The average price in 1H13 was US\$ 756.2, 9.9% lower than US\$ 839.1 per ton in 1H12.

Deliveries reached 468,576 MT in 1H13, 23.2% lower than in 1H12. This time, all these deliveries were to the domestic market, and were 23.0% down on those to this market in 1H12.

Regarding the product mix, CSH has reoriented its production by increasing the proportion of long products to whose margins have been seen to be greater than for flat products.

As a result, the revenues of CAP Steel reached ThUS\$ 361,476 to June 30, 2013, a reduction of 30.3% compared to 1H12.

Steel processing:

The average price per ton in 1H13 was US\$ 1,125.2, 6.0% lower than the average of US\$ 1,197.5 in 1H12.

Delivers amounted to 205 thousand tons, 6.3% higher than the 193 thousand tons in 1H12.

The revenues of Novacero S.A., the company that consolidates the steel-processing business, including the subsidiary Argentina Intasa S.A., amounted to ThUS\$ 231,178 in 1H13, 1.3% less than the ThUS\$ 234,380 in 1H12.

Cost of Sales

Comparing consolidated costs (measured as a percentage of revenue), there was an increase from 68.1% in 1H12 to 71.9% in 1H13. This increase reflects the reduced average prices of the three businesses of the CAP Group.

Administrative and selling expenses

Administrative and selling expenses as a percentage of sales were 6.8% and 5.5% in 1H13 and 1H12 respectively. These costs in absolute terms amounted to ThUS\$ 72,175 and ThUS\$ 71,239 in the respective half-years, with

increases only in the steel-processing business. Overall, and considering the reduction in consolidated revenue in the 2013 period, it was not possible to maintain the percentage level of 1H12.

Financial expenses and exchange differences

CAP's consolidated financial expenses declined from ThUS\$ (26,407) in 1H12 to ThUS\$ (18,767) in 1H13.

Financial income also declined, from ThUS\$ 22,730 in 1H12 to ThUS\$ 14,406 in 1H13.

Both the financial expenses and income in 1H12 included the booking of investments in time deposits with derivatives which, booked in accordance with IFRS, have to be made separately, i.e. the result of the derivative as financial expenses and the result of the time deposit as financial income. Therefore, in the financial expenses and income in 1H12 there is ThUS\$ 5,641 which should be deducted in making a correct comparison with the figures for 1H13.

With respect to net financial expenses, these rose from ThUS\$ (3,677) to ThUS\$ (4,361) in the respective periods 1H12 and 1H13.

Exchange rate fluctuations produced a negative result of ThUS\$ (4,987) in 1H13, compared to ThUS\$ (939) in 1H12. In both cases, this exchange difference is produced by variations in the value of the dollar applied to temporary mismatches in asset and liability accounts in pesos, which on this occasion mainly affected the steel-processing companies.

Business trends

The perception of a relatively stable international economic scenario due to the incipient improvement in the performance of the United States has not helped to reduce volatility in the global markets because of doubts about China's economic development. Greater global connectivity and the speed with which news spreads mean that if activity figures differ from analysts' expectations (also variables), their reactions impact almost simultaneously on the prices of commodities, currencies, shares and securities in general on the exchanges of Asia, Europe and America. Despite these factors, our mining subsidiary has programmed an increase in its deliveries for 2H13 to reach an annual tonnage of over 12 million tons, as occurred in the two previous years.

Weaknesses still persist in the international steel market, in a sector that is using around 70% of its installed capacity. While Chinese production is for internal consumption, there have been growing exports over the years whose magnitude has seriously affected the international steel price.

The slower growth of the Chilean economy, together with high levels of stocks in the sector, should result in a fall in apparent consumption over the rest of the year. However, the focus of the production efforts of our subsidiary toward long products and the consequent reorganization of its operative, labor and commercial structure will permit a reduction in the level of losses seen recently and create the conditions for returning to profitability within the next twelve months.

5. Analysis of the statement of cash flows and liquidity

Operating activities

In operating activities, the positive balance of ThUS\$ 471,068 was the result of goods and services sales proceeds of ThUS\$ 1,385,511 plus other receipts of ThUS\$ 10,038, partially compensated by payments to suppliers of ThUS\$ (686,290), personnel of ThUS\$ (136,662), tax payments of ThUS\$ (83,114) and other payments of ThUS\$ (18,415).

Investment activities

Investment activities generated a negative flow of ThUS\$ (366,059), produced by the incorporation of property, plant and equipment of ThUS\$ (507,442), (80.6% corresponding to investments of CAP Mining, 4.1% to CAP Steel, 1.2% to the steel-processing business and 14.1% to investments in the desalination plant, the electricity transmission line to connect the Cerro Negro Norte Mine and Magnetite Plant in the 3rd Region and the corresponding aqueducts) plus other payments of ThUS\$(3,035), partially offset by the receipt in cash of maturing time deposits for ThUS\$ 144,418.

Financing activities

Cash flow from financing activities shows a negative balance of ThUS\$ (99,723) due to loan repayments ThUS\$ (98,638), dividend payments of ThUS\$ (133,367) and other cash outflows of ThUS\$ (741), partially compensated by the drawing of loans for ThUS\$ 133,023.

This all resulted in a net total cash flow for the period of ThUS\$ 5,286.

The Company's current ratio is 1.75:1 as of June 30, 2013, which compares with 2.06:1 at the end of December 2012.

6. Book and economic values of the principal assets

Regarding the market or economic value of the assets of the CAP Group, inventories are valued by including the direct acquisition costs, total fixed or variable direct production costs and the corresponding depreciation of the property, plant and equipment used in processing, plus other indirect production costs.

Under the IFRS convergence process, the land of the CAP Group was valued at its fair value according to an appraisal booked at January 1, 2009 for the determination of its attributed cost at that date.

7. Market risks

Accounting in dollars and exchange rate

CAP S.A. and its Chilean subsidiaries have the dollar as their functional currency. They therefore keep their books in that currency which enables them to value a large part of their assets, liabilities and equity in that currency.

The same occurs with the results accounts, where revenue and expenses are credited and charged respectively in that currency when they accrue or occur.

This frees these companies from carrying out monetary correction, as occurs with entities that keep their accounts in pesos, thus avoiding the distortions this creates, while allowing a comparison of figures from one year to another without having to make restatements in line with changes in the consumer price index.

In CAP therefore, assets and liabilities booked and controlled in pesos and currencies other than the US dollar generate an exchange difference at the date of the statement of financial position if the value of the US dollar (the exchange rate) changes with respect to those currencies. This exchange difference is credited/charged to the result for the period.

The Company therefore aims to maintain its assets and liabilities in different currencies matched or satisfactorily balanced according to the state of international and domestic foreign exchange markets and thus prevent its results from being adversely affected for this reason. It therefore occasionally carries out currency swap transactions or purchases of currency futures contracts.

Commodities

CAP's businesses, all traded internationally, reflect in their prices the cyclical variations in global and domestic supply and demand.

However, neither iron nor steel are commodities, except in a very restricted sense, as the specific chemical composition of each kind of iron or steel, an essential element in the buying decisions of a large number of customers, generates a wide variety of types. This is why, even though there has recently been a growing importance in iron futures trading, there are no exchanges with sufficient liquidity for trading these products and there are only some markets with little depth where futures are traded in limited types of products.

Debt in other currencies and interest rates

In addition to the cyclical nature of its revenues, CAP's statement of results is exposed to the effects of its financial policies which determine the proportion of debt to be held in different currencies and the applicable fixed or floating interest rates.

CAP has historically preferred to borrow in US dollars, with the exception of its bond placements in UF on the domestic market. These instruments are covered by cross-currency swaps to dollars preferably from the same date as their placement.

Assets and liabilities under hedge transactions are shown at their fair value on the respective dates of the financial statements.

CAP S.A. and subsidiaries
Financial indicators
Appendix to management's analysis as of 30.06.2013

		<u>As of 30.06.2013</u>	<u>As of 31.12.2012</u>	<u>As of 30.06.2012</u>
Solvency				
Current ratio	times	1,75	2,06	2,59
Current assets/Current liabilities				
Acid test	times	0,63	0,83	1,25
(Cash & cash equivalents + Other current financial assets)/Current liabilities				
Cash Generation				
EBITDA last 12 months	ThUS\$	615.468	763.516	1.094.329
Gross earnings – Administrative Expenses + Depreciation – Distribution expenses+ Amortization				
Debt				
Total Financial Debt	ThUS\$	779.693	718.685	646.987
Other current financial liabilities + Other non-current financial liabilities				
Net Financial Debt	ThUS\$	225.826	7.352	(259.475)
Total Financial Debt - (Cash & cash equivalents + Other current financial assets)				
Net Financial Debt to EBITDA	times	0,37	0,01	0,24
Net Financial Debt/EBITDA last 12 months				
Net Financial Debt to Equity	times	0,07	-	0,08
Net Financial Debt /Equity				
Net Financial Expense Coverage	times	376,89	-329,53	31,68
EBITDA last 12 months/(Financial expenses last 12 months – Financial income last 12 months)				
Short-Term to Total Debt	%	39	42	42
Current liabilities/Total liabilities				
Long-Term to Total Debt	%	61	58	58
Non-current liabilities/Total liabilities				
Activity				
Inventory Turnover	times	1,52	3,55	1,64
Cost of sales/Inventories				
Permanence of Inventories	days	126	98	98
(Inventories/Cost of sales)*days of the period				
Profitability				
Return on Equity	%	3,91	10,54	7,80
Earnings (Loss) / Equity				
Return on Assets	%	2,29	6,34	4,99
Earnings (Loss)/ Total assets				
Earnings per Share	US\$	0,55	1,54	1,17
Earnings (Loss) attributable to owners of the controller/Number of issued shares				
Dividend Yield*	%	4,45	3,63	3,28
Dividends last 12 months / closing share price				

* Considers only dividends distributed by CAP S.A.

(**) Negative value of the index is that CAP has positive net financial results in the period.

CAP S.A. AND SUBSIDIARIES

MATERIAL INFORMATION TO JUNE 30, 2013

The material information of CAP S.A. and subsidiaries reported the following material information to the SVS during the period January - June 2013:

15.01.2013

Interim dividend No.113 for Ch\$ 150 per share was paid as a charge to earnings of 2012, as agreed at the board meeting of December 20, 2012.

18.04.2013

The ordinary shareholders' meeting of CAP approved the annual report and financial statements for 2012, the dividend policy and distribution, the appointment of Deloitte as the external auditors, the remuneration of the board, the annual report on the actions of the Directors' Committee, the remuneration of its members and the Committee's expense budget, the appointment of credit-rating agencies, and report on transactions with related parties.

According to the approved dividend policy, of the distributable earnings for 2012 amounting to US\$252,724,021.21, a final dividend is distributed of 50% of these, i.e. US\$126,362,010.61 from which US\$61,769,129.88 is deducted, being the amount of interim dividends Nos.112 and 113 for 2012 paid in October 2012 and January 2013 against the earnings for 2012, thus leaving a balance of US\$64,592,880.73. This amount was paid as final dividend No.114 of Ch\$150 per share on April 26 and an additional dividend will be paid in July 2013 for the remainder of the distributable earnings.

26.04.2013

Final dividend No.114 for Ch\$ 150 per share was paid as a charge to earnings of 2012, as agreed at the ordinary shareholders meeting held on April 18, 2013.

28.06.2013

a) The board at its meetings held on June 7 and June 27, 2013 analyzed the situation faced by Compañía Siderúrgica Huachipato S.A. (CSH) as a consequence of the over-production of steel that has affected the global steel market in recent years, for which CSH has had to suffer successive losses since 2009.

After analyzing different alternatives, it was agreed that the subsidiary should focus its activities on the production of long products, i.e. bars for mining and construction, which are the segments of greatest potential in the market given the characteristics of domestic demand for steel.

This decision is the unavoidable consequence of the conditions in which the steel business must be carried out and compete in Chile, which has facilitated a strong increase in imports of flat products without restriction, at prices that make their local production increasingly less profitable.

Complementing the above, the CAP Group will continue to strengthen its steel-processing activities, mainly through Cintac S.A., in Chile and abroad.

b) The resignation was noted of the general manager of CSH, Ivan Flores Klesse, effective from August 1, 2013, and

c) The appointment was approved of Ernesto Escobar Elissetche, the present manager of corporate affairs of CAP S.A., as the new general manager of CSH, who will have to implement the new strategic definition and the policies and adjustments resulting from this.

In addition, on June 26, 2013, Sven von Appen B. presented his resignation as a director of CAP S.A. and as a member of the Directors' Committee. The board on June 28, 2013 accepted the resignation and expressed its thanks and recognized his always important contribution in this position over 18 years. The appointment of his replacement was postponed.

25.07.2013

Final dividend No.115 for Ch\$ 58.46 per share was paid as a charge to earnings of 2012, as agreed at the ordinary shareholders meeting held on April 18, 2013. Interim dividend No.116 was also paid, against the earnings for 2013, for Ch\$ 41.54 per share, as agreed by the board on June 27, 2013.

DECLARACIÓN JURADA DE RESPONSABILIDAD

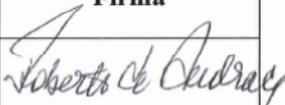
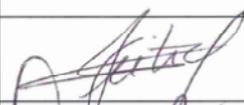
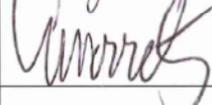
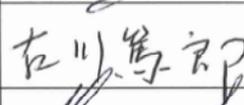
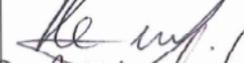
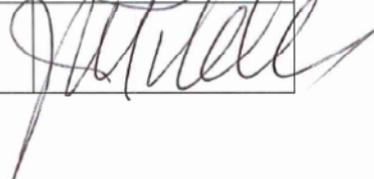
RUT : 91.297.000-0

RAZON SOCIAL : CAP S.A.

En Sesión de Directorio celebrada el 02 de Agosto de 2013, los abajo individualizados se declaran responsables respecto de la veracidad de la información incorporada en el presente informe referido al 30 de Junio de 2013, de acuerdo al siguiente detalle:

Estados financieros de acuerdo a IFRS, según se indica:

- Estado de Situación Financiera
- Estado de Resultados Integrales
- Estado de Flujo de Efectivo
- Estado de Cambios en el Patrimonio Neto
- Notas Explicativas a los Estados Financieros

Nombre	RUT	Cargo	Firma
Roberto de Andraca Barbás	3.011.487-6	Presidente del Directorio	
Fernando Reitich Sloer	48.106.405-8	Director	
Eddie Navarrete Cerda	2.598.242-8	Director	
Osamu Sasaki	P. TZ0770690	Director	
Tokuro Furukawa Yamada	22.464.577-5	Director	
Hernán Orellana Hurtado	8.818.570-6	Director	
Jaime Charles Coddou	5.812.044-8	Gerente General	

Santiago, 02 de Agosto de 2013