

Interim Review



Arauco

Q2 2007 Results

August 10th, 2007



Jaguaçuva MDF Mill, Brazil

Celulosa Arauco y Constitución S.A. in brief

Arauco is a group of industrial, forestry and commercial companies owned by the Chilean corporation Celulosa Arauco y Constitución S.A.

In Chile, Arauco owns the country's largest area of forest plantations, mostly of radiata pine and eucalyptus. It also owns forest plantations in Argentina, Brazil and Uruguay.

Arauco has an annual production capacity of 3 million tonnes of Kraft pulp, 2.3 million m³ of wood panels, 3.8 million m³ of sawn timber and 514 thousand m³ of remanufactured wood products.

Its wide international reach is the result of sustained industrial growth and a significant increase in its product lines which has been the hallmark of Arauco's growth in recent years.

KEY FIGURES

US\$ Million	Q2 2006	Q1 2007	Q2 2007	Q2/07 vs Q2/06	Q2/07 vs Q1/07	As of June 2006	As of June 2007	2007 vs 2006
Sales	689	804	885	28,5%	10,1%	1.329	1.689	27,1%
Gross Margin	342	385	414	21,1%	7,5%	639	799	25,0%
Operating income	213	245	266	25,0%	8,6%	382	510	33,6%
EBITDA ⁽¹⁾	271	328	352	29,5%	7,0%	506	680	34,4%
Net income	155	165	181	16,8%	10,0%	268	346	29,3%
CAPEX	261	189	131	-49,7%	-30,9%	413	320	-22,4%
Net Financial Debt	2.195	2.167	2.216	0,9%	2,2%	2.195	2.216	0,9%
Capitalization ⁽²⁾	6.728	7.272	7.328	8,9%	0,8%	6.728	7.328	8,9%
EBITDA Margin	39,4%	40,9%	39,7%			38,1%	40,3%	
ROCE	10,1%	10,8%	11,5%			9,1%	11,1%	

(1) EBITDA = Operating Income + Depreciation + Stumpage

(2) Capitalization = Financial Debt + Equity (includes Forestry Reserve)

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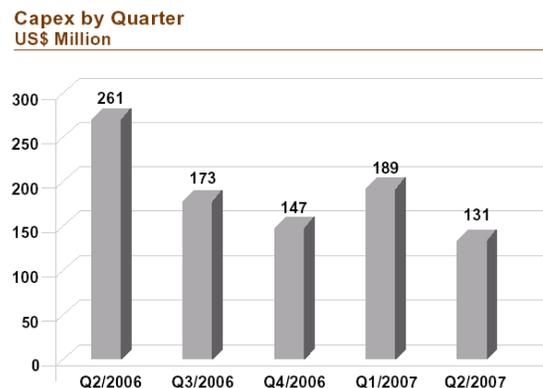
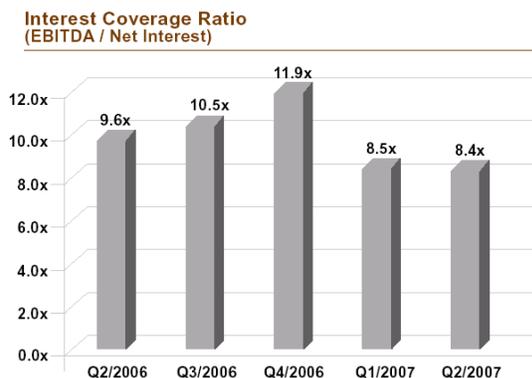
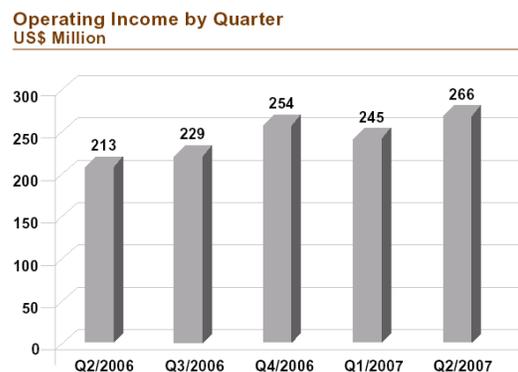
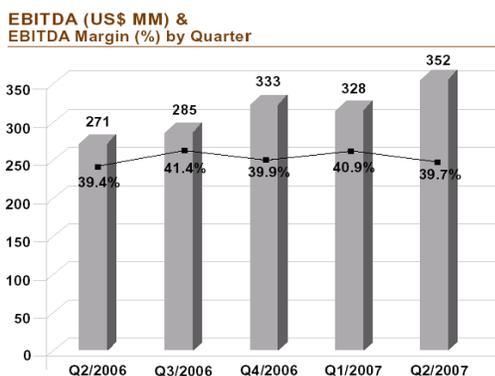
Summary of Second Quarter Results

Q2 2007 vs Q2 2006 review:

- Arauco’s consolidated sales reached U.S.\$885 million during the second quarter of 2007, an increase of 28.5% over the U.S.\$689 million obtained in the second quarter of 2006. The increase in consolidated sales is the result of a strong increase in sales of pulp explained by higher sales volume coming from the start-up of the Nueva Aldea Pulp Mill, and by a better market pulp price scenario. This increase in sales of market pulp was followed by higher sales of energy, panels and sawn timber respectively.
- During the second quarter of 2007 consolidated EBITDA reached U.S.\$352 million, an increase of 29.5% compared to the U.S.\$271 million EBITDA reached during the same period in 2006. This growth is mainly due to an improvement in the Pulp Division’s EBITDA, partially offset by a lower EBITDA coming from the the Sawntimber Division.
- Arauco’s net consolidated income for the second quarter of 2007 reached U.S.\$181 million, an increase of 16.8% compared to the U.S.\$155 million obtained during the second quarter of 2006. This increase in consolidated net income is mainly explained by a growth in operating income, partially offset by higher interest expenses due to a lower capitalization of interests.
- Capital expenditures during the second quarter of 2007 reached U.S.\$131 million, a 49.7% lower compared to the U.S.\$261 million expended during the second quarter of 2006. This decrease in Capex is mainly due to the end of construction of the Nueva Aldea Pulp Mill, together with a lower Capex incurred by the forestry division during the second quarter of 2007 in contrast with the same quarter of 2006, when Arauco acquired the forestry assets of CBB S.A.

Q2 2007 vs Q1 2007 review:

- Arauco’s consolidated sales were 10.1% higher during the second quarter of 2007 compared to the U.S.\$804 million reached in the first quarter of 2007. This increase in sales is the result of stronger sales volume and prices of pulp, followed by higher sales of energy and sawn timber respectively.
- Arauco’s consolidated EBITDA grew 7.0% from the U.S.\$328 reached during the first quarter of 2007. This increase in EBITDA is mainly explained by a higher EBITDA in the Pulp Division. This higher Pulp Division’s EBITDA is the result of higher prices, in addition to stronger sales volume, after the completion of the start-up process of the Nueva Aldea Pulp Mill in May.
- Net consolidated income for the second quarter of 2007 increased 10.0% compared to the US\$165 million obtained during the first quarter of 2007. The higher net income for the second quarter of 2007 is the result of an increase in operating income due to higher consolidated sales, followed by a decrease of Other Non Operating expenses. This positive effect was partially offset by higher interest expenses.
- Capital expenditures during the second quarter of 2007 reached U.S.\$131 million, a 30.9% lower than in the first quarter of 2007. The decrease in CAPEX is mainly explained by the exceptional CAPEX incurred by the Forestry division during the first quarter of 2007, when Arauco acquired pine plantations from Forestal Anchile Ltda., for approximately U.S.\$43.6 million.



CONSOLIDATED INCOME STATEMENT ANALYSIS

Arauco revenue summary, Q2 2006 – Q2 2007

Arauco Quarterly Sales (U.S.\$ million)	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07
Pulp Division	289	299	409	386	440
Sawn Timber Division	179	178	196	174	184
Panels Division	183	179	191	195	193
Forestry Division	20	18	24	17	21
Other	18	14	14	33	47
Total	689	687	834	804	885

Arauco’s consolidated sales for the second quarter of 2007 reached U.S.\$885 million, an increase of 28.5% over the U.S.\$689 million obtained in the second quarter of 2006 (Figure 1). The growth in consolidated sales is explained by a strong increase in sales of pulp, followed by higher sales of energy (others), panels and sawn timber respectively.

Compared to the U.S.\$804 million obtained in the first quarter of 2007, consolidated sales were 10.1% higher during the second quarter of 2007, as result of higher sales of pulp, followed by higher sales of energy (other) and sawn timber respectively. (Figure 2).

The breakdown of sales by product of the second quarter is presented in Figure 3.

Pulp Division Sales

Pulp sales reached U.S.\$440 million during the second quarter of 2007, a 52.2% increase compared with the same quarter of the previous year. This growth is explained by the addition of 147,000 tons sold, which mainly came from the inaugurated Nueva Aldea Mill, together with an increase of 18.9% in average prices with respect to the second quarter of 2006.

Compared with the U.S.\$386 million sold during the first quarter of 2007, pulp sales grew 14.0% in the second quarter of the year. The main drivers for this growth were the additional 64,000 tons sold during the quarter, which mainly came from the Nueva Aldea Mill, together with an increase of 3.1% in average prices.

The higher price prevailing in the second quarter of 2007 can be explained by a relatively strong demand for pulp as well as for other commodities during this period. Besides, in the case of wood pulp, supply problems affecting some relevant producers of the Northern Hemisphere also contributed to a sustained increment of prices during the quarter.

FIG. 1
Sales by Product Q2/2006 - Q2/2007
US\$ Million

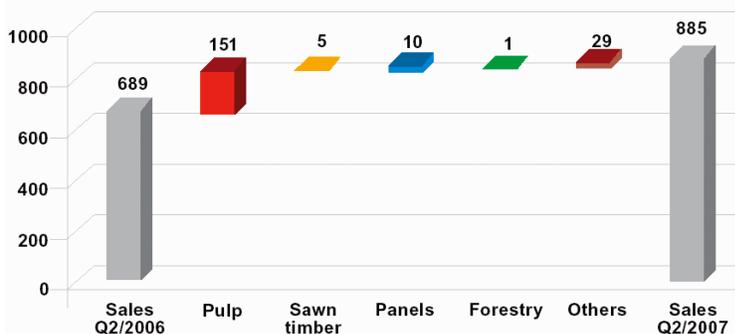
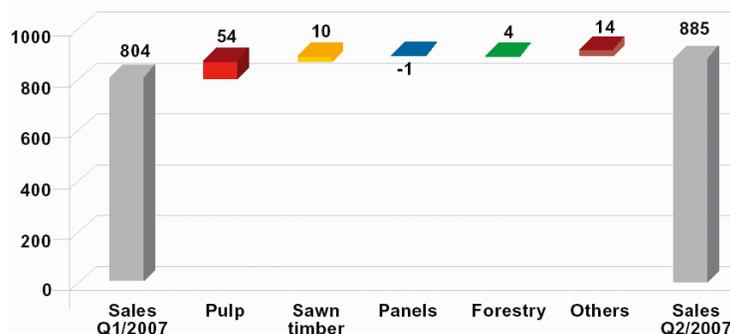


FIG. 2
Sales by Product Q1/2007 - Q2/2007
US\$ Million



CONSOLIDATED INCOME STATEMENT ANALYSIS

Sawn Timber Division Sales

Sales of sawn timber reached U.S.\$184 million, a growth of 2.7% when compared with the same period of 2006. This positive effect is mainly due to an increase in sales volume of 11.0%, partially offset by lower average prices of 7.5%. The increase in physical volume sold can be explained to better conditions in the Asian, Middle Eastern, and Latin-American wood markets. As a consequence of the contraction of the US Housing market, average prices have been affected during this quarter when compared to the second quarter of 2006, specially remanufactured wood products sold in the US.

Compared with the U.S.\$174 million sold during the first quarter of 2007, sawn timber sales increased by 5.8%. This increase was principally due to higher sales volume and average prices of 3.8% and 2.0% respectively. The growth in sales volume and average prices is driven by a better demand coming from the Asian, Middle Eastern, and Latin-American markets, partially offset by a weaker wood market in the US, which has continued its adjusting process during the past months.

Panels Division Sales

During the second quarter of 2007, sales of panels reached U.S.\$193 million, experimenting a growth of 5.5% compared with the second quarter of 2006. This increase in sales is mainly due to higher average prices of 7.9%, partially offset by lower sales volume of 2.2%. The increase in average prices is explained by better prices of MDF, PBO, and HB, due to a good demand coming from the Americas. Prices for plywood have been recovering in the North American market during the past months. The lower sales volume is the result of a decrease in physical sales of PBO coming from our Brazilian operations, due to low levels of inventories reached at the beginning of the quarter, together with a lower volume sold by the Faplac Mill explained by a maintenance stoppage during June of 2007.

Panel sales decreased by 0.8% in the second quarter of this year compared to the U.S.\$195 million obtained in the first quarter of 2007. This is mainly explained by lower sales volume of 2.1%, partially offset by an increase in average prices of 1.4%. The lower volume sold during this quarter, compared with the previous quarter, is mainly explained by a decrease in sales volume of PBO from the Curitiba Mill (Brazil), as a result of low levels of inventories reached at the beginning of the quarter. The decrease in sales volume was partially offset by higher average prices due to an improvement in prices of Plywood, PBO and HB.

Other Sales

During the second quarter of 2007, sales of other products and services experimented an increase of 162.4%, when compared with the second quarter of 2006. This growth is mainly explained by higher sales of energy (electricity) of 167.6%, reaching U.S.\$38 million. This increase in sales of energy is the result of higher sales volume, due to higher sales to third parties (mainly to the electricity national grid) and to higher prices of energy prevailing in the market.

Other sales increased by 43.5% in the second quarter of this year compared to the U.S.\$33 million reached during the first quarter of 2007. This increased is the result of higher sales of energy of 63.7%, when compared with the U.S.\$23 million sold during the first quarter. This growth is mainly due to an increase in market prices of energy, followed by an increase in sales volume sold to third parties (mainly to the electricity national grid).

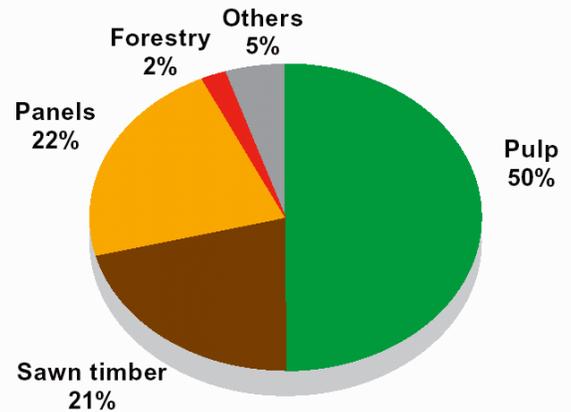
Operating Income

Arauco's Operating Income for the second quarter of 2007 reached U.S.\$ 266 million, growing a 25.0% from to the U.S.\$ 213 million obtained in the second quarter of 2006. This positive effect is mainly explained by a 28.5% increase in consolidated sales, driven by the stronger sales of pulp. This positive impact was partially offset by a 35.8% increase in cost of sales, mainly explained by an increase in sales volume of pulp and sawn timber (28.1% in pulp, and 12.0 % in sawn timber), followed by an increase in depreciation due to the start of operations of the Nueva Aldea Pulp Mill, and to higher forestry costs.

Compared to the U.S.\$ 245 million obtained in the first quarter of 2007, Operating Income experimented a growth of 8.6% during the second quarter of 2007. This increase in costs follows higher consolidated sales of 10.1%

FIG. 3

Sales by Product
Second Quarter 2007



CONSOLIDATED INCOME STATEMENT ANALYSIS

Net Income

Net Income for the second quarter of 2007 reached U.S.\$ 181 million (Figure 4), an increase of 16.8% compared to the U.S.\$ 155 million of net income obtained in the second quarter of the previous year. This increase is mainly due to a 25.0% increase in operating income, partially offset by higher interest expenses, which grew because of a lower capitalization of interest, as a consequence of the end of construction of the Nueva Aldea Pulp Mill.

Compared to the U.S.\$ 165 million obtained in the first quarter of 2007, Consolidated Net Income increased by 10.0% (Figure 5). This increase in consolidated net income is mainly explained by a higher Operating Income of 8.6%, followed by a decrease of 75.0% in Other Non Operating Expenses. This positive effect was partially offset by an increase of 6.8% in interest expenses, explained by an increase in the level of both, short-term debt (pre-export financing) and long-term debt. Long-term debt increased after the issuance of the "Alto Paraná Bond" in June 2007.

EBITDA

Consolidated EBITDA for the second quarter of 2007 reached U.S.\$352 million, an increase of 29.5% compared to the U.S.\$271 million for the same period of 2006 (Figure 6). This increase in consolidated EBITDA is principally due to a growth in operating income of 25.0%. The main contributions for this increase in EBITDA came from the Pulp Division which grew 81.2%, followed by the Panels Division with a growth of 3.4%. This increase in consolidated EBITDA was partially offset by a decrease in sawn timber and forestry divisions' EBITDA of 42.8% and 9.8% respectively.

Consolidated EBITDA for this quarter was 7.0% higher than the U.S.\$328 million EBITDA for the previous quarter (Figure 7). The explanation for this positive effect was an increase of 8.6% in operating income. The main contribution to the increase of consolidated EBITDA came from the Pulp (11.9%), Panel (7.2%), and Sawn Timber (20.5%) Divisions, partially offset by a lower EBITDA of 12.5% coming from the Forestry Division.

FIG. 4
Net Income Q2/2006 - Q2/2007
US\$ Million

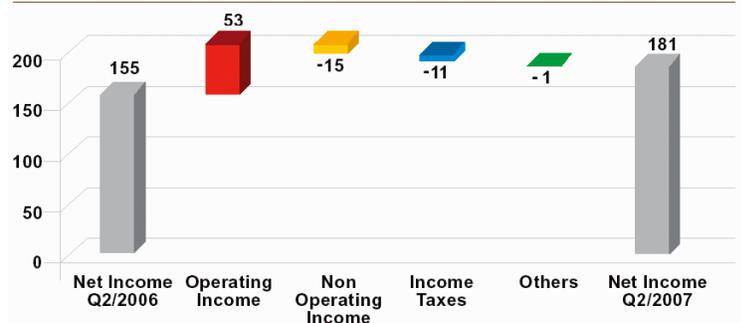


FIG. 5
Net Income Q1/2007 - Q2/2007
US\$ Million

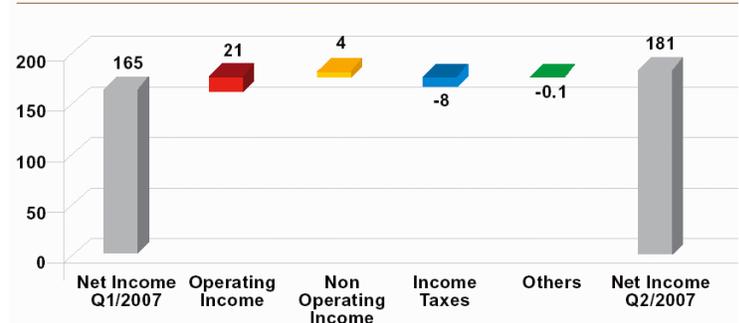


FIG. 6
EBITDA by Division Q2/2006 - Q2/2007
US\$ Million

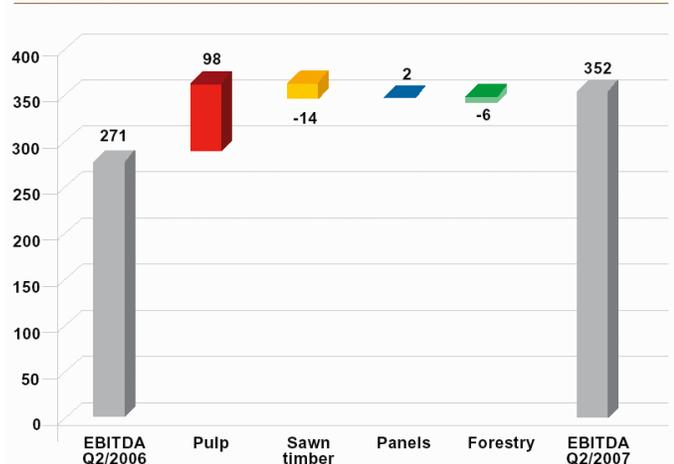
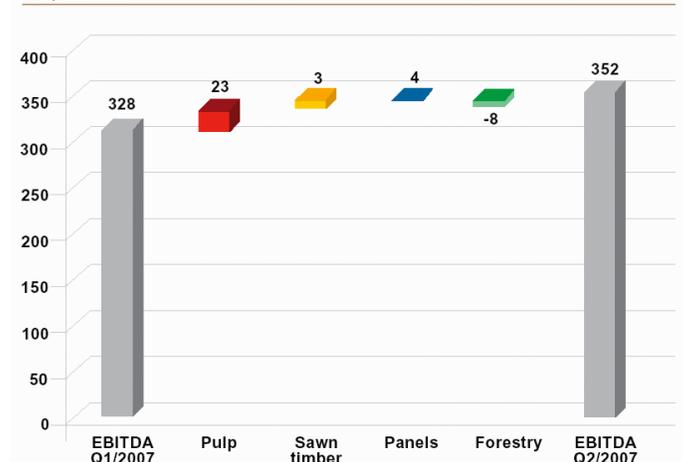


FIG. 7
EBITDA by Division Q1/2007 - Q2/2007
US\$ Million



CONSOLIDATED INCOME STATEMENT ANALYSIS

Production

Compared to the second quarter of 2006, production volume during this quarter increased 30.0% in pulp, and 8.4% in sawn timber, and decreased 5.2% in panels (Figure 8).

The growth in pulp production is the result of the start-up process of the Nueva Aldea Pulp Mill.

The higher sawn timber production is mainly explained by the addition of capacity after the purchase of the Lomas Coloradas and Coronel Sawmills in June and October 2006, respectively.

Panel production decreased principally due to an annual maintenance stoppage at the Faplac Mill.

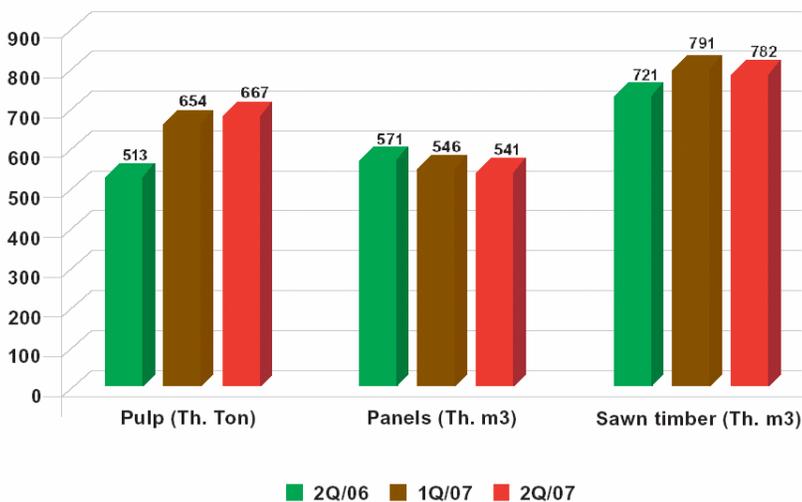
Compared to the previous quarter, production increased 2.1% in pulp, and decreased 1.1% and 0.9% in sawn timber and panels respectively. The higher pulp production during this quarter is explained by the end of the starting-up process of the Nueva Aldea Pulp Mill, which reached full capacity in May. This increase was partially offset by a lower production coming from the Licancel and the Constitución Mills, due to the annual maintenance stoppage in May.

The decrease in sawn timber production was mainly because of a decrease in the production of sawn timber at the Piray Sawmill in Argentina due to a lower production of kiln dry sawn timber.

Panel production decreased due to the schedule maintenance stoppage at the Puerto Piray Mill (MDF) and Faplac Mill (PBO) in Argentina during May and June 2007, respectively.

FIG. 8

Production Volume



CONSOLIDATED BALANCE SHEET ANALYSIS

Assets

Current Assets reached U.S.\$ 1,730 million as of June 30, 2007, a 24.0% increase compared to the second quarter of 2006, as result of a growth in Account Receivables and Inventories.

Compared to the U.S.\$ 1,678 million for the first quarter of 2007, Current Assets increased by 3.1%. This effect on current assets is mainly explained by an increase in Marketable Securities and Account Receivables, partially offset by a decrease in Recoverable Taxes.

Fixed assets reached U.S.\$6,139 million as of June 30, 2007, a 7.5% increase compared to the second quarter of 2006. This increase in fixed assets was the result of an increase in Machinery and Equipment, mainly because of the construction of Nueva Aldea Pulp Mill and Pipeline, and an increase in Forest, explained by the acquisition of forestry assets from Forestal Anchile Ltda. in January 2007, and by the forestry valuation that is adjusted at the end of every year.

Fixed assets decreased 0.1% compared to the first quarter of 2007. This decrease is mainly explained by a growth in the Accumulated Depreciation, partially offset by an increase in Other Fixed Assets due to the ongoing construction of the Nueva Aldea Pipeline and the second line of plywood in the Nueva Aldea Industrial Complex.

FINANCIAL DEBT			
US\$ million	Q2 2006	Q1 2007	Q2 2007
Short term Debt	130,2	126,8	153,0
Short-term portion of long-term debt	157,8	268,0	164,8
Long term financial debt	2.113,4	1.945,3	2.112,3
TOTAL FINANCIAL DEBT	2.401,4	2.340,1	2.430,0
Cash & equivalent	206,7	173,2	214,4
NET FINANCIAL DEBT	2.194,8	2.166,9	2.215,6

Liabilities

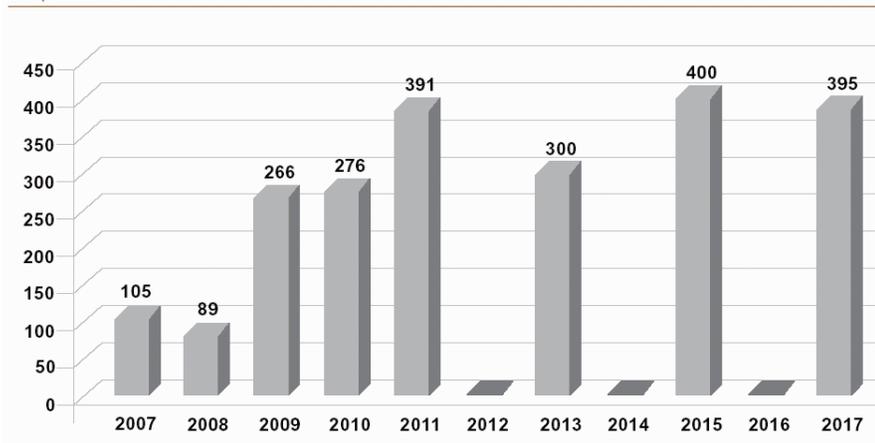
Total Current Liabilities reached U.S.\$695 million during the second quarter of 2007, an increase of 25.9% compared to the U.S.\$ 552 million for the second quarter of 2006. This increase is mainly because of an increase in Accounts Payable, the movement to Current portion of bonds payable of U.S.\$100 million of the Yankee Bond due in December of 2007, and to an increase in pre-export financing.

Compared to the U.S.\$789 million in the first quarter of 2007, current liabilities decreased 11.9%. This decrease is mainly explained to the payment of the APSA Notes in June, 2007.

Long Term Liabilities reached U.S.\$2,357 million at the end of the second quarter of 2007, an increase of 3.2% compared to the U.S.\$2,283 million for the second quarter of 2006. This growth in Long Term Liabilities was due to an increase in Long-term Bonds after the issuance of the US\$ 270 million "Alto Paraná" Bond due 2017, and to a growth in Long-term deferred taxes. This growth was partially offset by the decrease in Long-term bank borrowings because of the payment of the US\$200 million APSA Notes.

FIG. 9

Long Term Debt Amortization US\$ Million



Compared to the previous quarter, Long Term Liabilities increased by 8.3%, due to the issuance of the "Alto Paraná" Bond, partially offset by the payment of the US\$200 million APSA Notes.

Shareholders Equity

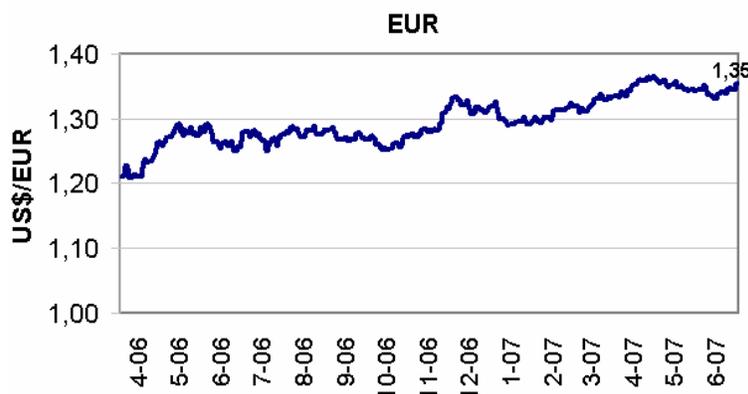
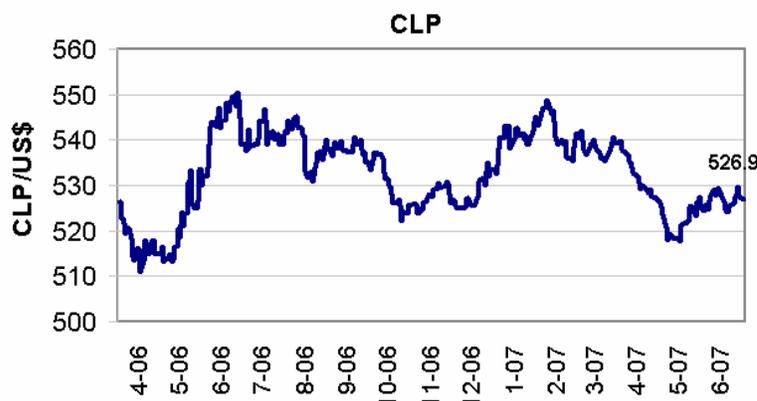
Arauco's Shareholders' Equity grew 13.2% from U.S.\$4.3 billion at the end of the second quarter of 2006 to U.S.\$4.9 billion during the second quarter of 2007. This increase is the result of an increase in Retained Earnings, together with a growth in Other Reserves due to the forestry valuation that is adjusted at the end of every year.

Compared to the first quarter of 2007, Shareholders' Equity decreased by 0.7%.

Main Financial Ratios of Arauco:

FINANCIAL RATIOS			
	Q2/06	Q1/07	Q2/07
Profitability			
Gross margin	49,6%	47,9%	46,8%
Operating margin	30,9%	30,4%	30,0%
EBITDA margin	39,4%	40,9%	39,7%
ROA (EBIT / Average Total Assets)	11,9%	12,4%	13,4%
ROCE (EBIT (1 - tax rate) / Average Total Capitalization)	10,1%	10,8%	11,5%
ROE (Net Income / Average Equity)	14,4%	13,5%	14,8%
Leverage			
Interest Coverage Ratio (EBITDA / Net Interest)	9,6x	8,5x	8,4x
Interest Coverage Ratio (EBITDA / Gross Interest)	7,7x	7,4x	7,4x
Average Net Financial Debt / EBITDA	2,0x	1,7x	1,6x
Total financial debt / Total Capitalization	35,7%	32,2%	33,2%
Net financial debt / Total Capitalization	32,6%	29,8%	30,2%
Total financial debt / Equity	55,5%	47,4%	49,6%
Net financial debt / Equity	50,7%	43,9%	45,2%

Key Exchange Rates for the U.S. Dollar (closing rate)					
	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07
One U.S. Dollar is					
CLP	539,4	537,0	532,4	539,2	526,9
ARS	3,09	3,10	3,06	3,10	3,09
BRL	2,17	2,17	2,14	2,06	1,93
EUR	1,28	1,27	1,32	1,34	1,35



Second Quarter Events

In June, 2007, Alto Paraná S.A., an Argentinean subsidiary of Celulosa Arauco y Constitución S.A., successfully executed a US\$270 million 144A/Reg S ten-year bond, fully guaranteed by Arauco.

On June 7th, 2007, Alto Paraná S.A., an Argentine subsidiary of Celulosa Arauco y Constitución S.A., successfully executed a US\$270 million 144A/Reg S ten-year bond fully guaranteed by Arauco, with a coupon of 6.375%, payable semi-annually. The bond was rated Baa2, BBB+ and BBB+ from Moody's, S&P and Fitch, respectively.

The issue was Alto Paraná's return to the international capital market after 6 years and offers the Company a long term financing at very attractive terms.

The transaction was oversubscribed by high quality institutional investors in the United States and Latin America, most of which participated in the roadshow.

In June, 2007, Arauco decided to indefinitely stop its operations at the Licancel Pulp Mill.

On June 5th, 2007, and after a 20 days maintenance stoppage, the Licancel Pulp Mill management was informed that dead fish had been found in the Mataquito River, 15 kilometres downstream from the mill's effluent discharge. At that time, the Company decided to stop the start up process, and begin both an internal and external exhaustive investigation regarding the causes of the event.

After the internal investigation, the Company found certain irregularities in the operations at the mill, and resolved to dismiss the Manager and the Production and Environment Sub-Managers. At the same time, the company made a public commitment to assist the Mataquito River fishermen, while the fishing ban imposed by the authorities stayed in place. Dialogue instances with the rest of the neighbouring communities were also opened in order to collaborate with the solution to the difficulties that they might face because of these events.

On June 18th, 2007, while the mill was stopped, and as a consequence of a pipe breakage, treated effluent from the Licancel Mill reached the Mataquito River. According to the investigation made by the company, the estimated maximum volume of discharged effluents was 200 m³. However, only a maximum of 50 m³ reached the Mataquito River. The other 150 cubic meters were contained inside the mill.

The effluents corresponded to the mill's treated liquid residues that were accumulated in the treatment pools before the mill stopped its operations last June 5, 2007, and were in their final stage of its environmental treatment.

Due to this event, Celulosa Arauco y Constitución S.A. decided to close the mill indefinitely. The Licancel mill will only restart its operations once the existing environmental treatment system is replaced by a new one complying fully with all normative requirements.

The Licancel Mill represents 5% of pulp capacity 3% of annual sales.

Second Quarter Events

In June, 2007, Arauco signed with the Japanese company TOKIO ELECTRIC POWER COMPANY (TEPCO), the sale of its first Carbon Credits.

With the sale of 482,129 Certified Emission Reduction (CERs) corresponding to the same number of dejected tonnes of CO₂, Arauco became the first Chilean forestry company in using the Clean Development Mechanism (CDM) of the Kyoto Protocol in order to issue "Carbon Bonds".

Arauco registered three electricity co-generation power plants, Trupán (29 MW), Nueva Aldea Phase 1 (29 MW) and Nueva Aldea Phase 2 (37 MW), as projects of the Clean Development Mechanism of the Kyoto Protocol.

The sale of CERs correspond to the first two units: Trupán and Nueva Aldea Phase 1, for the CO₂ and methane dejected between years 2003 and 2006.

These power plants generate electricity through forestry biomass, which is a renewable source, and displaces fossil fuel energy from the grid. With this action, Arauco contributes to reduce greenhouse gas emissions in order to fight global warming.

FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

US\$ Million	06/30/2006	06/30/2007
Net Sales	1.328,7	1.688,7
Cost of sales	-689,5	-889,8
Gross profit	639,3	799,0
Selling and administrative expenses	-257,1	-288,5
Operating income	382,2	510,4
Interest Income	14,7	11,5
Income on investments in related companies	3,5	5,2
Other non operating income	5,1	9,1
Loss on investments in related companies	-0,1	0,0
Goodwill Amortization	-1,4	-1,5
Interest expense	-72,1	-92,1
Other non operating expenses	-6,4	-12,1
Price-level restatement	-0,0	-0,3
Foreign exchange gains (losses)	7,4	2,3
Non-operating income	-49,4	-77,8
Income before taxes and extraordinarad items	332,7	432,7
Income taxes	-67,8	-88,7
Extraordinary Items	0,0	0,0
Income before minority interest and negative goodwill amortization	264,9	344,0
Minority interest	0,0	0,2
Net income after minority interest	264,9	344,2
Negative goodwill amortization	2,9	2,0
Net income for the period	267,9	346,3

For more details on the Financial Statements, please refer to www.svs.cl or www.arauco.cl

FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

US\$ Million	06/30/2006	06/30/2007
Cash & cash equivalents	206,7	214,4
Account receivables	405,8	523,9
Inventories	577,6	680,0
Other current assets	204,7	311,7
Total Current Assets	1.394,7	1.730,0
Land	476,0	529,6
Forest	2.301,0	2.567,5
Buildings and other infrastructure	1.862,4	1.993,6
Machinery and equipment	2.016,6	2.843,0
Other Fixed Assets	1.219,4	590,7
Accumulated Depreciation	-2.165,6	-2.384,8
Total Fixed Assets	5.709,8	6.139,5
Total Other Assets	70,7	92,7
TOTAL ASSETS	7.175,3	7.962,2
Short-term debt	288,1	317,7
Accounts payable	144,6	250,8
Other current liabilities	119,8	126,7
Total Current Liabilities	552,4	695,2
Long-term bank borrowings	430,9	259,8
Long-term bonds	1.682,5	1.852,5
Other long term liabilities	169,9	244,3
Total Long Term Liabilities	2.283,3	2.356,6
Minority Interest	13,1	11,9
Total Shareholder's Equity	4.326,5	4.898,4
TOTAL LIABILITES & SHAREHOLDER`S EQUITY	7.175,3	7.962,2

For more details on the Financial Statements, please refer to www.svs.cl or www.arauco.cl

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS

US\$ Million	06/30/2006	06/30/2007
Net income (loss) for the period	267,9	346,3
Results on sales of assets	-0,2	0,1
Depreciation	86,1	119,7
Charges (credits) to income not affecting cash flow	18,4	40,1
Changes in assets, affecting cash flow	-51,7	-50,7
Changes in liabilities, affecting cash flow	69,0	66,1
Profit (loss) of minority interest	-0,0	-0,2
Net cash provided by (used in) operating activities	389,5	521,4
Debt issuance	431,7	834,1
Debt repayment	-426,0	-832,1
Dividends Paid	-102,9	-172,5
Others	-0,2	-5,2
Net cash provided by (used in) financing activities	-97,4	-175,6
Capital Expenditures	-412,8	-320,4
Other investment cash flow	-16,1	-0,3
Net cash provided by (used in) investing activities	-428,9	-320,8
Total positive (negative) cash flow of the period	-136,8	25,0
Effect of inflation on cash and cash equivalents	5,0	5,2
Net increase (decrease) in cash and cash equivalents	-131,9	30,1
Cash and cash equivalents at beginning of the period	338,5	184,3
Cash and cash equivalents at end of the period	206,7	214,4

For more details on the Financial Statements, please refer to www.svs.cl or www.arauco.cl

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DISCLAIMER

Figures for the Arauco's operations in Chile and its consolidated international operations were prepared in accordance with Chilean generally accepted accounting principles (Chilean GAAP).

This news release may contain forward-looking statements concerning Arauco's future performance and should be considered as good faith estimates by Arauco. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Arauco's control, which could materially impact Arauco's actual performance. Readers are referred to the documents filed by Arauco with the United States Securities and Exchange Commission, specifically the most recent filing on Form 20-F which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to Arauco on the date hereof, and the Arauco assumes no obligation to update such statements.

References herein to "U.S.\$" are to United States dollars.

Discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

This report is unaudited.