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## SIGDO KOPPERS S.A. EARNINGS IN THE THIRD QUARTER OF 2008<sup>1</sup>

### HIGHLIGHTS OF THE THIRD QUARTER OF 2008

- **Consolidated sales** as of September 2008 totaled MMCH\$546,017, which represents a growth of 13.0% compared to the same period in 2007. This was the result of the combined effect of increases in sales in Sigdopack (+82.7%), Ingenieria y Construccion (+26.6%), SK Comercial (+14.8%), Enaex (+14.1%) and Puerto Ventanas (+13.6%).
- The **consolidated EBITDA** was MMCH\$83,145 as of September 2008, an increase of MMCH\$4,013 (+5.1%) compared to the same period in 2007. This rise was largely due to the increase in the Ebitdas of SK Comercial (+40.9%), Puerto Ventanas (+20.8%), Sigdopack (+9.9%) and Enaex (+4.1%). The EBITDA during 3Q08 rose 38.9% compared to 3Q07 because of the increment in the Consolidated Ebitda margin, which went from 15.9% to 17.8% in the third quarter of 2008.
- The **Net Profit** of Sigdo Koppers in 3Q08 totaled MMCH\$8,860. This is an increase of 13.7% compared to the same period in 2007. The accumulated net profit as of September 2008 therefore totaled MMCH\$22,666, an increase of 3.6% compared to the same period in 2007.
- The **Consolidated Cash and Banks** of Sigdo Koppers was MMCH\$106,168 (US\$192.6 million) at September 2008, indicating a good liquidity position. **Cash and Banks in the parent company totaled MMCH\$69,359 (US\$125.8 million) (including Inversiones SK Ltda.)**

Summary Financial Statements Sigdo Koppers	Consolidated		
	Sep-08 MM\$	Sep-07 MM\$	Var. %
Sales	546.017	483.379	13,0%
Operational Result	57.458	55.745	3,1%
EBITDA	83.145	79.132	5,1%
Net Profit	22.666	21.880	3,6%
Total Assets	1.054.069	928.132	13,6%
Equity	305.879	295.884	3,4%

<sup>1</sup> All figures are presented in Chilean pesos, adjusted in pesos through September 2008. Figures in dollars are merely referential and have been calculated using nominal pesos in each period at the observed dollar exchange rate at the close of each period (September 2008: CH\$551.31; September 2007: CH\$511.23).



## FINANCIAL STATEMENTS

### SIGDO KOPPERS S.A.

**NOTE: In order to appropriately compare the individual results of the parent company of Sigdo Koppers as compared to September 2007, we have prepared an individual (pro-forma) report, which consolidates the figures of Individual Sigdo Koppers and of Inversiones SK Limitada.**

#### **Operating Income**

As of September 2008, consolidated operating income totaled MMCH\$546,017, or a 13.0% rise compared to the same period in 2007.

Of note in the companies in the group is the growth in sales in the Services Area (21.1%). Ingenieria y Construccion recorded an increase of 26.6% and Puerto Ventanas one of 13.6%. Sales also rose in the Commercial and Automotive Areas (19.6%). The income of SK Comercial increased 14.8% compared to the same period in 2007.

Sales of companies in the Industrial Area climbed 10.4% as of September 2008, resulting from the combined effect of: a sales increase in Sigdopack (+82.7%); a sales increase in Enaex (+14.1%) because of the transfer of the ammonia cost increases to prices and a good exchange rate in the third quarter; a drop in sales in Frimetal (-17.1%) and CTI (-4.3%). The drop in Frimetal's revenues as of September 2008 continued to be the decline in productivity at the Rosario, Argentina plant in the first quarter of 2008. In CTI, sales were affected by the drop in exports and by an average exchange rate that was lower than in the same period in 2007.

#### **EBITDA**

The consolidated EBITDA was MMCH\$83,145 as of September 2008, an increase of MMCH\$4,013 (+5.1%) compared to the same period in 2007. This occurred largely because of rise in the EBITDA of SK Comercial (+40.9%), Puerto Ventanas (+20.8%), Sigdopack (+9.9%) and Enaex (+4.1%). The EBITDA during the third quarter of 2008 increased +38.9% (+MMCH\$1,067) compared to the third quarter of 2007, the product of the increase in the Consolidated EBITDA margin, from 15.9% to 17.8% in 3Q 2008.

#### **Selling, General and Administrative Expenses**

As of September 2008, Selling, General and Administrative Expenses (SGA) totaled MMCH\$55,187, an increase of 4.3% compared to the same period in 2007. This was partially the result of an increase in spending by SK Comercial (MMCH\$1,661) and Frimetal (MMCH\$528). In contrast, the expenses of Puerto Ventanas fell MCH\$262.



### **Consolidated Non-Operating Profit (Loss)**

As of September 30, 2008, the Consolidated Non-Operating Loss was MMCH\$5,624, which represented a decrease of MMCH\$3,278 compared to the same period in 2007. Notable in these results was the net increase in the profits in related companies, which rose 53.9% (+MMCH\$2,233) with respect to September 2007. This was mainly the result of better non-operating income in SK Inversiones Automotrices, which recorded a profit of MMCH\$5,933 in related companies, considerably higher than the same period in 2007 (+97.1%). This company owns 40% of the shares in SKBergé (which is not consolidated with Sigdo Koppers S.A.), which imports and distributes automobiles and has therefore benefitted from the drop in the exchange rate, especially in the first half of 2008, and the great dynamism of automobile sales. The number of units sold (both in Chile and abroad) grew 36.9% between both periods.

Moreover, there was a lower price-level restatement loss of MMCH\$2,207 with respect to September 2007. Mainly, the loss was lower in Enaex (by MMCH\$2,107). In contrast, the exchange differential losses rose by MMCH\$6,584, largely in Enaex (-MMCH\$7,281), because of the increase in its liabilities stemming from the import of ammonia and the significant rise in the exchange rate in recent months. Interest expense also rose by MMCH\$1,352, attributable to the increase in Enaex's debt for ammonia (-MMCH\$442) and SK Comercial's debt (-MMCH\$986) to increase its business, in particular the SKC Rental machinery fleet.

Finally, there was an increase in net other non-operating income/expenses amounting to MMCH\$576, a rise of 32.5% compared to September 2007.

### **Non-Operating Profit (Loss) – Parent Company**

**Interest Income:** As of September 30, 2008, the parent company had invested MMCH\$22,925 (US\$41.6 million) directly in different financial instruments that earned interest income of MMCH\$170, a reduction of MMCH\$1,488 (-89.7%) compared to September 2007. However, when considering the individual pro-forma figures that consolidate the individual figures of Sigdo Koppers S.A. and of Inversiones SK Limitada, as of September 2008, the parent company recorded total interest income of MMCH\$1,885, revealing a drop of MMCH\$412 (-17.9%) compared to the same period in the previous year. This occurred principally because of a considerable drop in real placement rates between both periods.

In July 2007, the parent company contributed US\$80 million to Inversiones SK Limitada in order to manage financial instruments in dollars. This meant that the interest earned on those securities is recorded in that company and not directly in the individual financial statements of Sigdo Koppers S.A.

**Interest Expense:** As of September 30, 2008, the parent company's Interest Expense totaled MMCH\$1,359, representing a decrease of MMCH\$178 (-11.6%) compared to 2007. Interest Expense corresponds to interest on two bank loans owed by the parent company that total MMCH\$45,334. The reduction in interest expense compared to 2007 was the result of a drop in the base bank rate between the two periods being compared.

**Income from Investments in Related Companies:** The profit on the different subsidiaries of the company is recognized in the individual income of Sigdo Koppers S.A. at the PEV (proportional equity value). At September 30, 2008, the net profit on related companies totaled MMCH\$27,354. MMCH\$26,088 of this income comes from the operating subsidiaries and MMCH\$1,266 from the recognition of the profit in Inversiones SK Limitada. The profits on operating subsidiaries increased 0.7% compared to the same period in 2007, which occurred because of the combined effect of a better performance in the Service (+6.1%), Commercial and Automotive (+62.4%) business areas and a drop of 25.3% in the income in the Industrial area.



**Price-Level Restatement:** As of September 30, 2008, price-level restatement of the parent company meant a loss of MMCH\$605, an improvement of MMCH\$858 (+58.6%) compared to the loss of MMCH\$1,463 recorded during the same period in 2007. The foregoing was the result of a better matching of the Company's assets and liabilities as of September 2008 in relation to the exposure in pesos and unidades de fomento. This was achieved despite the cumulative CPI reaching 6.9% as of September 2008. It was only 5.1% in 2007.

**Exchange Differentials:** At September 30, 2008, exchange differentials in the Parent Company entailed a profit of CH\$7 million. This contrasts significantly with the exchange differential loss of MMCH\$813 recorded in September 2007. This was due to the fact that the parent company no longer directly holds significant dollar positions that are now, instead, maintained through Inversiones SK Limitada.

Inversiones SK Limitada was created to manage the dollar financial investments kept by the Company. Assets are kept in dollars in observance of the company's policy of implementing a cash flow hedge strategy that protects foreign currency streams of the company in the future. The decision was made to create this subsidiary to manage this hedging strategy more efficiently. 99.999% is held by Sigdo Koppers S.A. and 0.001% by Málaga Asesorías y Consultorías Limitada. As of September 2008, Inversiones SK Limitada kept financial assets amounting to approximately US\$84.2 million.

### **Net Profit**

During the third quarter of 2008, the net profit rose significantly, 13.7%, to a total of MMCH\$8,860 as compared to the same quarter in 2007. As a result, the company recorded a net profit of MMCH\$22,666 as of September 2008, which represents an increase equal to 3.6% in comparison to September 2007. This result was due to the combined effect of: a higher (net) profit in Related Companies (+3.7%), lower SG&A (-7.8%), a lower price-level restatement loss (-58.6%) and better exchange differential profits (+100.8%).

The average return on equity (ROE) was 10.3%. This return is still impacted by the rise in the company's equity because of the capital increase for MMCH\$84,000 made in October 2005. That capital increase is financing part of the investment plan for more than US\$500 million presented by the company for its different related companies. These investments are now in the start-up and implementation stages and will begin to generate cash flow between 2008 and the end of 2009.

Finally, on August 14, 2008, the Company reported the material event of the agreement between Enaex and Orica for the sale of all shares held by Enaex in Dyno Nobel Samex. These shares have been appraised in the amount of US\$119.9 million. This transaction includes the cash payment of US\$58.2 million to Enaex, which will earn it an extraordinary, pre-tax profit of US\$45.8 million.

Sigdo Koppers S.A. will be recognizing a pre-tax profit of approximately US\$23.2 million on this transaction, either during the 2008 fiscal year or whenever it is materialized. This is equal to recognizing the proportional profit earned by Enaex S.A. The impact of this transaction on Sigdo Kopper's income is subject to review, so the final impacts will be determined once the transaction has been consummated.



## Sigdo Koppers S.A. Balance Sheet

BALANCE SHEET	Consolidated			Non-consolidated (Proforma)		
	Sep-08	Sep-07	Var.	Sep-08	Sep-07	Var.
	MM\$	MM\$	%	MM\$	MM\$	%
Cash	106.168	129.799	-18,2%	69.359	66.769	3,9%
Sales receivables	139.666	112.400	24,3%	0	0	
Inventories	135.413	101.652	33,2%	0	0	
Other current asstes	76.207	52.812	44,3%	19.372	21.285	-9,0%
<b>Total Current Assets</b>	<b>457.455</b>	<b>396.663</b>	<b>15,3%</b>	<b>88.731</b>	<b>88.053</b>	<b>0,8%</b>
Property, plant and equipment	829.978	751.049	10,5%	2.182	2.054	6,2%
Depreciation	-302.520	-287.356	5,3%	-1.133	-995	13,9%
<b>Total property, plant and equipment</b>	<b>527.458</b>	<b>463.693</b>	<b>13,8%</b>	<b>1.049</b>	<b>1.060</b>	<b>-1,0%</b>
<b>Total Other Assets</b>	<b>69.156</b>	<b>67.776</b>	<b>2,0%</b>	<b>263.386</b>	<b>253.086</b>	<b>4,1%</b>
<b>Total Assets</b>	<b>1.054.069</b>	<b>928.132</b>	<b>13,6%</b>	<b>353.166</b>	<b>342.199</b>	<b>3,2%</b>
Short-term bank debt	107.780	66.005	63,3%	4.454	157	2730,4%
Accounts payable	99.242	75.678	31,1%	40	52	-23,8%
Other current liabilities	85.951	53.250	61,4%	1.379	614	124,7%
<b>Total Current Liabilities</b>	<b>292.974</b>	<b>194.933</b>	<b>50,3%</b>	<b>5.872</b>	<b>823</b>	<b>613,6%</b>
Long-term bank debt	199.685	185.200	7,8%	40.881	45.070	-9,3%
Other long-term liabilities	33.778	36.466	-7,4%	535	422	26,8%
<b>Total Long-term Liabilities</b>	<b>233.463</b>	<b>221.667</b>	<b>5,3%</b>	<b>41.416</b>	<b>45.492</b>	<b>-9,0%</b>
<b>Minority Interest</b>	<b>221.754</b>	<b>215.648</b>	<b>2,8%</b>	<b>0</b>	<b>0</b>	
Retained earnings	101.311	89.019	13,8%	101.311	89.987	12,6%
Capital and reserves	204.568	206.865	-1,1%	204.568	205.897	-0,6%
<b>Total Equity</b>	<b>305.879</b>	<b>295.884</b>	<b>3,4%</b>	<b>305.879</b>	<b>295.885</b>	<b>3,4%</b>
<b>Total Liabilities and Equity</b>	<b>1.054.069</b>	<b>928.132</b>	<b>13,6%</b>	<b>353.166</b>	<b>342.199</b>	<b>3,2%</b>

As of September 30, 2008, the consolidated balance sheet of SK showed Cash and Banks (comprised of cash, time deposits and negotiable securities) for MMCH\$106,168 (US\$192.6 million), which represents a decrease of MMCH\$23,631 (-18.2%) compared to September 2007. This is the result of cash reductions in Enaex (MMCH\$25,987) due to disbursements to finance the enlargement of the Mejillones Plant (Panna 4).

The individual balance sheet of Sigdo Koppers S.A. showed Cash and Banks of MMCH\$22,925 as of September 30, 2008. However, if we include the numbers in the pro-forma individual balance sheet that consolidates the figures of Sigdo Koppers taken individually and of Inversiones SK Limitada, **the parent company reported Cash and Banks of MMCH\$69,359 (US\$125.8 million) as of September 30, 2008**, or an increase of MMCH\$2,590 (+3.9%) compared to September 2007.

As of September 30, 2008, total consolidated current assets rose 15.3% (+MMCH\$60,791) as compared to the same period in 2007. This was the product of an increase in accounts receivable and inventories consolidated partially because of the increase in the company's sales.



As of September 30, 2008, consolidated net Property, Plant and Equipment rose by MMCH\$63,765 (+13.8%). This was due principally to the increases in property, plant and equipment in Enaex (+MM\$49,913) and SK Comercial (+MM\$6,731), which are adding fixed assets under their respective investment plans.

As of September 30, 2008, Consolidated Current Liabilities and Long-Term Liabilities rose by MMCH\$109,837 compared to the same period in 2007, mainly the result of an increase of MMCH\$20,890 (78.1%) in accounts payable in Enaex because of the increase in the price of ammonia.

Moreover, as of September 30, 2008, consolidated financial liabilities totaled MMCH\$307,466, an increase of 22.4% compared to the same period in 2007. There were increases in Enaex and Sigdopack because they have been materializing their investment projects, and in SK Comercial because it has increased its activity in its different lines of business. The total financial liabilities of the parent company amounted to MMCH\$45,335, which represents a small change compared to September 2007 (+0.2%).

Of note is the conservative indebtedness position of Sigdo Koppers on a consolidated and parent company basis. The consolidated Net Financial Debt-to-EBITDA ratio was 1.87 while leverage was 1.0. Individually, Sigdo Koppers had a leverage of 0.15.

Finally, as of September 30, 2008, the company's equity totaled MMCH\$305,879, representing an increase of 3.4% compared to the same period in 2007, due mainly to the rise of MMCH\$11,131 in Retained Earnings.



## Summary Cash Flow Statement of Sigdo Koppers S.A.

CASH FLOW STATEMENT	Consolidated			Non-consolidated (Proforma)		
	Sep-08	Sep-07	Var.	Sep-08	Sep-07	Var.
	MM\$	MM\$	%	MM\$	MM\$	%
Operating income	57.458	55.745	3,1%	-2.463	-2.503	-1,6%
Depreciation plus amortization	25.687	23.387	9,8%	106	132	-19,9%
Other	-60.917	-31.496	93,4%	19.597	19.932	-1,7%
<b>Operating cash flow</b>	<b>22.228</b>	<b>47.636</b>	<b>-53,3%</b>	<b>17.028</b>	<b>17.561</b>	<b>-3,0%</b>
Net variation in financial liabilities	67.549	39.418	71,4%	0	0	
Dividends	-28.034	-30.798	-9,0%	-14.272	-13.892	
Other	1.766	714	147,3%	0	0	
<b>Finance cash flow</b>	<b>41.280</b>	<b>9.333</b>	<b>-342,3%</b>	<b>-14.272</b>	<b>-13.892</b>	<b>2,7%</b>
Addition of property, plant and equipment	-82.798	-58.764	40,9%	-124	-156	-21,0%
Other	45.077	4.821	834,9%	516	-1.222	-142,3%
<b>Investment cash flow</b>	<b>-37.721</b>	<b>-53.942</b>	<b>-30,1%</b>	<b>393</b>	<b>-1.378</b>	<b>-128,5%</b>
<b>Total net cash flow in the period</b>	<b>25.787</b>	<b>3.027</b>	<b>751,9%</b>	<b>3.149</b>	<b>2.291</b>	<b>37,5%</b>

The consolidated operating flow of the company was MMCH\$22,228, which represents a decrease of MMCH\$25,408 (-53.3%) compared to the same period in 2007. This is largely due to an increase in inventories amounting to MMCH\$16,675, mainly in Enaex (MMCH\$13,945) and SK Comercial (MMCH\$8,472); and an increase in other assets (MMCH\$15,154), largely in SK Comercial (MMCH\$8,472), Ingenieria y Construccion SK (MMCH\$4,187) and Enaex (MMCH\$4,174).

Moreover, the individual operating (pro-forma) flow of the company was MMCH\$17,028 as of September 2008. This individual operating flow came mainly from the dividends from operating subsidiaries and interest income as well as administrative and interest expenses. The individual operating flow was MMCH\$14,174 as of September 2008.

The consolidated financing flow was MMCH\$41,280 as of September 2008, a considerable increase of MMCH\$31,947 compared to the same period in 2007. The rise came from new loans to SKC (MMCH\$13,999), Sigdopack (MMCH\$9,823) and Enaex (MMCH\$8,888).

Finally, as of September 30, 2008, the consolidated investment flow was MMCH\$37,721. Disbursements dropped by MMCH\$16,221 as compared to the same period in 2007. The source was a rise of MMCH\$40,536 in sales of other investments, the product of the reclassification of some short-term financial investments.

The CAPEX was MMCH\$82,798 (US\$150.2 million) in September 2008. Of particular note are the enlargement of Enaex's ammonium nitrate plant (Panna 4) and its carbon emissions project and the addition of new machines for the rental fleet of SKC Rental.



## FINANCIAL STATEMENTS SEPARATED BY BUSINESS AREA

The table below shows the **total consolidated sales** broken down by business area:

Sales Business Areas	Sep-08	Sep-07	Var.
	MM\$	MM\$	%
<b>Services</b>	<b>124.043</b>	<b>102.412</b>	<b>21,1%</b>
Ingeniería y Construcción SK	74.795	59.063	26,6%
Puerto Ventanas	49.248	43.349	13,6%
<b>Industrial</b>	<b>319.581</b>	<b>289.474</b>	<b>10,4%</b>
Enaex	124.757	109.331	14,1%
CTI	96.816	101.184	-4,3%
Frimetal (2)	36.872	44.494	-17,1%
Sigdopack (2)	59.077	32.327	82,7%
CHBB (2)	2.059	2.138	-3,7%
<b>Commercial &amp; Automotive</b>	<b>117.960</b>	<b>102.714</b>	<b>14,8%</b>
SK Comercial	117.960	102.714	14,8%
SKIA (1)	0	0	
<b>Parent company &amp; adjustments</b>	<b>-15.566</b>	<b>-11.220</b>	<b>38,7%</b>
<b>Total Sales</b>	<b>546.017</b>	<b>483.379</b>	<b>13,0%</b>

(1) SKIA: This company records no sales nor EBITDA of SKBergé since it is not consolidated. SKIA's EBITDA in the next table corresponds to this company's overhead.

The following table shows the **total consolidated EBITDA** broken down by business area:

EBITDA Business Areas	Sep-08	Sep-07	Var.
	MM\$	MM\$	%
<b>Services</b>	<b>19.830</b>	<b>17.190</b>	<b>15,4%</b>
Ingeniería y Construcción SK	6.067	5.794	4,7%
Puerto Ventanas	13.763	11.396	20,8%
<b>Industrial</b>	<b>49.740</b>	<b>52.737</b>	<b>-5,7%</b>
Enaex	24.578	23.621	4,1%
CTI	15.609	16.979	-8,1%
Frimetal (2)	5.160	7.903	-34,7%
Sigdopack (2)	2.912	2.685	8,5%
CHBB (2)	1.482	1.549	-4,3%
<b>Commercial &amp; Automotive</b>	<b>16.264</b>	<b>11.514</b>	<b>41,3%</b>
SK Comercial	16.332	11.592	40,9%
SKIA (1)	-67	-77	-12,8%
<b>Parent company &amp; adjustments</b>	<b>-2.690</b>	<b>-2.309</b>	<b>16,5%</b>
<b>Total EBITDA</b>	<b>83.145</b>	<b>79.132</b>	<b>5,1%</b>

(2) Note: The peso figures of companies that keep their accounting in dollars have been calculated using nominal pesos in each period at the observed dollar exchange rate at the close of each period (September 2008: CH\$551.31; September 2007: CH\$511.23 per US\$1). That is why any increases in sales, EBITDA and profits in pesos do not coincide with the same increases expressed in Dollars.



The next table shows **the total cumulative profit as of September 30, 2008**, in each of the subsidiaries of Sigdo Koppers and the corresponding proportional profit attributable to each company:

Profit Business Areas	Total Companies			% SK	Utilidad SK (VPP)		
	Sep-08 MM\$	Sep-07 MM\$	Var. %		Sep-07	Sep-08	Var. %
<b>Services</b>	<b>8.419</b>	<b>7.731</b>	<b>8,9%</b>		<b>4.079</b>	<b>3.846</b>	<b>6,1%</b>
Ingeniería y Construcción SK	2.239	3.295	-32,1%	60,43%	1.353	1.991	-32,1%
Puerto Ventanas (3)	6.181	4.435	39,3%	50,01%	2.726	1.854	47,0%
<b>Industrial</b>	<b>22.664</b>	<b>30.569</b>	<b>-25,9%</b>		<b>11.755</b>	<b>15.734</b>	<b>-25,3%</b>
Enaex	10.332	14.689	-29,7%	50,62%	5.231	7.436	-29,7%
CTI	9.389	10.758	-12,7%	50,10%	4.704	5.375	-12,5%
Frimetal (2)	1.985	4.080	-51,3%	50,10%	995	2.022	-50,8%
Sigdropack (2)	270	299	-9,4%	95,12%	257	284	-9,4%
CHBB (2) (4)	686	744	-7,8%	74,59%	569	617	-7,8%
<b>Commercial &amp; Automotive</b>	<b>12.653</b>	<b>7.777</b>	<b>62,7%</b>		<b>10.254</b>	<b>6.315</b>	<b>62,4%</b>
SK Comercial	6.797	4.960	37,0%	81,79%	5.560	4.057	37,0%
SKIA (1)	5.856	2.817	107,9%	32,07%	4.694	2.258	107,9%
<b>Subsidiaries Profit</b>					<b>26.088</b>	<b>25.895</b>	<b>0,7%</b>
<b>Parent company &amp; adjustments (5)</b>					<b>-3.422</b>	<b>-4.015</b>	<b>-14,8%</b>
<b>Total Net Profit</b>					<b>22.666</b>	<b>21.880</b>	<b>3,6%</b>

(1) SKIA: This company's profit refers mainly to the recognition of 40% of the profit in SKBergé.

(2) The peso figures of companies that keep their accounting in dollars have been calculated using nominal pesos in each period at the observed dollar exchange rate at the close of each period (September 2008: CH\$551.31; September 2007: CH\$511.23 per US\$1). That is why any increases in sales, EBITDA and profits in pesos do not coincide with the same increases expressed in Dollars.

(3) The proportional profit associated with Puerto Ventanas is adjusted in SK Inversiones Portuarias S.A., through which Sigdo Koppers controls Puerto Ventanas.

(4) The proportional profit associated with CHBB is adjusted in SK Inversiones Petroquímicas S.A., through which Sigdo Koppers controls CHBB.

(5) The Parent Company and adjustments include the figures for the new subsidiary, Inversiones SK Limitada.



## ANALYSIS OF RESULTS BY COMPANY

### INGENIERÍA Y CONSTRUCCIÓN SK S.A. (60.43%)

Summary Financial Statements ING. & CONST. SK	Sep-08 MM\$	Sep-07 MM\$	Var. %
Sales	74.795	59.063	26,6%
Operational Result	4.127	4.044	2,1%
EBITDA	6.067	5.794	4,7%
Net Profit	2.239	3.295	-32,1%
Total Assets	63.518	54.799	15,9%
Equity	22.860	24.022	-4,8%

As of September 30, 2008, Ingenieria y Construccion Sigdo Koppers S.A. (ICSK) had consolidated sales of MMCH\$74,795, representing an increase of 26.6% compared to the same period in 2007. This growth in sales confirms that the company was recovering strongly since the second half of 2007. ICSK's consolidated sales are comprised of its individual sales and those of its subsidiaries, Logro S.A., SK Industrial S.A., SK Ecologia and SK Capacitacion. The works performed through the BSK Consortium, which is constructing the enlargement of the Los Bronces Mine, are recorded in Non-Operating Income, in the line Profit on Related Companies.

The EBITDA of ICSK was MMCH\$6,067, an increase of 4.7% compared to the same period in 2007. The growth in EBITDA is due to the combined effect of more activity and a less-than-proportional increase in operating costs between the two periods compared. The performance of Constructora Logro is notable, which focuses on mid-sized construction and erection projects.

As a result, the net profit was MMCH\$2,239 as of September 2008. This represents a decrease of 32.1% compared to the same period in 2007. This drop in profit was partially due to a reduction in non-operating income, mainly stemming from the recognition of the losses of Constructora Propuerto. An agreement has been reached to sell ICSK's interest of 33.3% to Constructora Desco. The sale of this affiliate has no significant economic impact on the company.

ICSK has also been awarded important mining and energy projects that ensure a significant backlog for the coming years:

- **Anglo-American: Expansion of Los Bronces Mine.** BSK, a consortium comprised of ICSK and Bechtel, will build the expansion of the Los Bronces Mine owned by Anglo-American Plc. This project will become the largest mining project implemented by BSK in Chile, involving an aggregate investment of US\$1,700 million.
- **Barrick Generation: EPC of the Punta Colorada Thermoelectric Power Plant.** This project involves 33 MW and an investment of US\$50 million.
- **Endesa Chile: EPC of the Quintero Thermoelectric Power Plant.** This project involves 240 MW and an investment of US\$128 million.
- **Posco: EPC of the Angamos Thermoelectric Power Plant.** This project consists of two plants, each for 265 MW, for an investment of US\$140 million.

**PUERTO VENTANAS S.A. (50.01%)**

<b>Summary Financial Statements</b>			
	Sep-08	Sep-07	Var.
<b>PUERTO VENTANAS Cons</b>	<b>MM\$</b>	<b>MM\$</b>	<b>%</b>
Sales	49.248	43.349	13,6%
Operational Result	8.623	6.385	35,0%
EBITDA	13.763	11.396	20,8%
Net Profit	6.181	4.435	39,3%
Total Assets	170.684	171.136	-0,3%
Equity	76.591	74.248	3,2%

As of September 2008, Puerto Ventanas transferred 3,636,446 tons, an increase of 8.6% compared to the same period in 2007. This gave Puerto Ventanas an overall market share of around 16.3% in the central zone. In solid bulk, it moved 54% of the total in the central zone. The main products moved during 2008 were landings of coal, copper concentrate and grains.

Fepasa, a subsidiary of Puerto Ventanas, moved 1,211 billion Tons/Km as of September 30, 2008, an increase of 11.1% with respect to the same period in 2007. The net sales of Fepasa in September 2008 totaled MMCH\$29,559 (US\$53.6 million), increasing 11.6% compared to the same period in 2007. The consolidated net sales of Puerto Ventanas totaled MMCH\$49,248 as of September 30, 2008, an increase of 13.6% compared to the same period in 2007.

Puerto Ventanas experienced a significant increase in its individual operating income (port business) of MMCH\$1,114 (+17.6%) by September 30, 2008, mainly the product of the increase in tons transferred (+8.6%) and a better transferred product mix. The consolidated EBITDA was MMCH\$13,763, or a rise of 20.8% compared to the same period in 2007.

The net profit of Puerto Ventanas was MMCH\$6,181 as of September 2008, or a considerable rise of 39.3% compared to the same period in 2007. The sources were the good results in the port business and the improvement in income in Fepasa, which recorded a profit of MMCH\$1,625.

On August 1, 2008, a court settlement was signed by which Fepasa and EFE put an end to the arbitration regarding contract default begun in August 2007. The compensation of UF 47,000 and lower toll costs of UF17,500 had a positive impact on income in the third quarter of 2008. Operating costs are expected to continue to fall, in the amount of UF 3,500 monthly, for the rest of 2008, according to the settlement.

Over the next few years, a significant increase is planned in cargo transfers at the port, in part because of the contracts with AES Gener S.A. to land coal for the third unit at the Ventanas Thermoelectric Power Plant; with Lafarge Chile S.A. for the unloading and stockpiling of clinker; and with Enap for the storage and loading of pet coke. The first shipments began in October from the new pet coke receiving and storage yard. New coal-fired power plant projects are also on the table, one by Southern Cross, which is being environmentally evaluated and involves two 350 MW units; and a fourth unit of AES Gener (Ventanas IV) for which environmental approval was recently granted. Also highlightable is the expansion of the Los Bronces Mine (AngloAmerican) that is estimated to begin producing in January 2011. This will significantly increase the shipments of copper concentrate through the Port.

**ENAEX S.A. (50.62%)**

Summary Financial Statements ENAEX	Sep-08 MM\$	Sep-07 MM\$	Var. %
Sales	124.757	109.331	14,1%
Operational Result	16.892	16.547	2,1%
EBITDA	24.578	23.621	4,1%
Net Profit	10.332	14.689	-29,7%
Total Assets	324.264	264.858	22,4%
Equity	179.291	173.318	3,4%

As of September 2008, sales of Enaex totaled MMCH\$124,757, an increase of 14.1% compared to the same period in 2007. Almost all of Enaex's income is indexed to the dollar. So when sales are converted at the average exchange rate between each period (CH\$483 at September 2008 and CH\$530 at September 2007), as of September 2008, they totaled US\$258.3 million, representing an increase of 25.2% in dollars compared to the same period in 2007.

The increase in income in dollars comes from three effects: the slight growth in the volume sold, which totaled 361 thousand tons as of September 2008 (+1.4%); the increment of 10.8% in the average sale price, mainly because of the transfer of the rise in the price of ammonia in previous months to contracts; and to the beginning of the carbon emission reduction operations via emission reduction certificates. The company is currently producing at its maximum capacity and is enlarging the ammonium nitrate plant in Mejillones, which is expected to begin operation in the first quarter of 2009.

As of September 2008, the price of ammonia at Tampa (USA) rose 89.2% compared to 2007, which had a material impact on the cost of sales because it is the main input in the production of ammonium nitrate. The considerable rise in the cost of electricity supplied through the SING, which started in the second half of 2007, also had a heavy impact (+88.6%) on income when comparing both periods.

The EBITDA at September 30, 2008 increased 4.1% compared to the same period in 2007. The explanation is mainly the strong recovery in operating margins during the third quarter because of the sale price adjustments in most of the contracts through indexation mechanisms, by which the increment in the cost of ammonia and other inputs is transferred to customers. Also important was the recovery of the exchange rate in recent months and the start of the sale of carbon emission reduction certificates in July 2008. **The EBITDA in the third quarter of 2008 totaled MMCH\$14,053, representing an increase of 76.4% compared to the same quarter in 2007.**

The fiscal year profit at September 30, 2008 was MMCH\$10,332, which represents a reduction of 29.7% compared to the same period in 2007. This is due to the decrease in non-operating income and taxes. There was, in particular, an Exchange Differential loss of MMCH\$6,367, mainly because of the heavy depreciation of the dollar as compared to the peso starting in September 2008, which increased the peso value of dollar trade and financial obligations associated with the import of ammonia.

On August 1, 2008, the material event was disclosed that Enaex and Orica reached an agreement to put an end to the venture between Dyno Nobel ASA and Enaex. This strategic venture, agreed in June 2003, led to the merger of the Peruvian subsidiaries of Enaex S.A. and Dyno Nobel ASA into one single company (DNS). DNS was acquired by Orica in September 2005 as part of a worldwide take-over that involved the assets of Dyno Nobel ASA in Latin America. That takeover included the DNS shares and the contracts between Dyno Nobel ASA and DNS and between Dyno Nobel ASA and Enaex.

On August 14, 2008, the Company reported the material event of the agreement reached by Enaex and Orica for the sale of all shares held by Enaex in Dyno Nobel Samex (DNS). These shares have been appraised in the amount of US\$119.9 million. This transaction includes the payment of US\$58.2 million to Enaex, which will earn it an extraordinary, pre-tax profit of US\$45.8 million.

At this time, the National Tax Administration of Peru (SUNAT) has not issued any certificate on the tax value of the transaction. As a result, the Closing Date of the transaction is estimated to be in mid-November 2008.

**COMPAÑÍA TECNO INDUSTRIAL S.A. (50.10%)**

Summary Financial Statements CTI	Sep-08 MM\$	Sep-07 MM\$	Var. %
Sales	96.816	101.184	-4,3%
Operational Result	13.477	14.825	-9,1%
EBITDA	15.609	16.979	-8,1%
Net Profit	9.389	10.758	-12,7%
Total Assets	81.685	80.702	1,2%
Equity	57.830	58.826	-1,7%

As of September 30, 2008, the sales of Fensa and Mademsa products by CTI to distributors were evolving well on the local market, having increased 3.1% in terms of sales and 8.1% in terms of units in the first nine months of 2007. This growth comes from the increase in the market share and unit sales of the leading product lines: refrigerators (+20% in units), stoves (+22% in units) and automatic washing machines (4.9%). Nonetheless, consolidated sales fell 4.3% as of September 2008 in comparison to the same period in 2007.

The main factors that have had an influence in this growth are the wide acceptance of the new product models. The acceptance of the new two-door model of refrigerators is added to the success of the new aesthetical design of the Mademsa brand. There was an increase in the sale of stoves at sale points in the distribution channel and a new line of stoves, called Fensa Titanium, was launched in June, which has an innovative design and an exclusive Top Control system (commands on top).

CTI exports fell 1.6% in dollars compared to the same period in 2007. During the third quarter of 2008, exports totaled US\$16.6 million, which represented a growth of 22.6% compared to the US\$13.6 million in exports in the third quarter of 2007. Refrigerator exports rose 28.6%, stoves 21.7% and washing machines 9.5% as compared to the third quarter of 2007.

The sales of Somela S.A. on the domestic market rose 2.7% in terms of units compared to the first nine months of 2007. Sales in pesos fell 9.3%. Exports, measured in units, dropped 2.6% as of September 2008, while real sales in pesos fell 14.8%, mainly because of the drop in the average exchange rate with respect to the same period in 2007. Total sales of Somela fell 9.3% during the first nine months of 2008 in comparison to the same period in 2007.

On a consolidated basis, CTI's operating margin dropped MMCH\$1,351 (-4.9%) with respect to the same period in 2007. The drop in the consolidated operating margin was due mainly to the fall in consolidated sales. As of September 2008, the EBITDA was MMCH\$15,609, a decrease of 8.1%, due partially to the less-than-proportional drop in SG&A as compared to the drop in consolidated sales.

Non-operating income fell MCH\$402 in comparison to the same period in 2007. The drop was due in part to decreases in interest income and non-operating income.

As of September 30, 2008, profits had fallen 12.7%, which signifies a considerable recovery compared to June 2008. The net profit in particular totaled MMCH\$2,502 during the third quarter of 2008, representing a major increase of +26.7% compared to the same quarter in 2007.

**INVERSIONES FRIMETAL S.A. (50.1%)**

<b>Summary Financial Statements</b>			
<b>FRIMETAL</b>	<b>Sep-08</b>	<b>Sep-07</b>	<b>Var.</b>
	<b>MUS\$</b>	<b>MUS\$</b>	<b>%</b>
Sales	66.880	79.628	-16,0%
Operational Result	7.996	13.226	-39,5%
EBITDA	9.359	14.144	-33,8%
Net Profit	3.601	7.301	-50,7%
Total Assets	63.655	56.672	12,3%
Equity	27.689	26.209	5,6%

As of September 2008, Frimetal's income was US\$66.9 million, a drop of 16.0% with respect to the same period in 2007. However, sales in the third quarter of 2008 recovered greatly as compared to the first and second quarters of 2008, by 39.1% and 33.1%, respectively.

The unit sales of automatic washers grew 10% in the first nine months of 2008 as compared to the same period in 2007. This was the result of the successful merchandising of this line of products, manufactured at the new Frimetal washer plant starting in April 2007. This plant has a high operating yield. The sale of refrigerators fell 35% as of September 30, 2008 when compared to the same period in 2007 while the sale of freezers fell 10% in the same period.

As of September 30, 2008, the operating income of Frimetal dropped US\$5.2 million (-39.5%) compared to the same period in 2007. This deterioration was due to the combination of several factors, including: an increase of US\$1.0 million in selling, general and administrative expenses and the deteriorating political, economic and social environment in Argentina throughout 2008, which has eroded consumer confidence. This has had a direct impact on sales volumes in the different industries, including large appliances, which is an industry very sensitive to the income level of individuals. The comparative accumulated figures continue to be impacted by the drop in production at the Rosario Plant during the first quarter, the product of some labor strife that was fully overcome by the end of March 2008.

There was a non-operating loss of US\$0.7 million by the end of the third quarter of 2008, mainly the result of increases in interest expense because of rises in interest rates and a higher level of liabilities, in addition to the exchange differential loss.

As of September 30, 2008, the net profit of Inversiones Frimetal was MUS\$3,601, a decrease of 50.7% compared to the same period in 2007. Despite this decrease, the return on equity (ROE) was 20.8% while it was 29.8% on capital employed (ROCE) in the last 12 months through September 2008.

Finally, the company has a conservative debt position, demonstrated by its Financial Debt-to-Equity Ratio of 1.59 (for the last 12 months as of September 2008).

**SIGDOPACK S.A. (95.12%)**

Summary Financial Statements SIGDOPACK	Sep-08 MUS\$	Sep-07 MUS\$	Var. %
Sales	107.157	57.853	85,2%
Operational Result	2.207	1.793	23,1%
EBITDA	5.282	4.805	9,9%
Net Profit	491	534	-8,2%
Total Assets	203.825	160.492	27,0%
Equity	69.429	68.582	1,2%

As of September 30, 2008, Sigdopack's sales totaled US\$107.2 million, or a rise of 85.2% compared to the same period in 2007. Consolidated sales in units totaled 27,876 tons of BOPP, representing a growth of 60.2% compared to September 2007.

As of September 30, 2008, the EBITDA was US\$5.3 million, an increase of 9.9% with respect to the first nine months of 2007. There has been a negative impact from the increase in the price of polypropylene that has not yet been transferred to prices and from the significant rise in the cost of electricity.

The new plant in Argentina is still in a start-up stage so the investments involved in its development will continue to be recorded as capital until the supplier achieves the milestone of final acceptance of the main DMT line. This is expected to occur in the last quarter of 2008.

There was a non-operating loss of US\$1.6 million as of September 2008 that meant a drop of US\$0.2 million compared to the same period in 2007, mainly due to the drop in interest income and the rise in other non-operating disbursements.

There was a cumulative net profit of US\$490.510 as of September 2008, representing a drop of 8.8% compared to the same period in 2007. This decrease was due mainly to the increase in the income tax provision.

In 2008, a new metallization machine will be added in Argentina through an investment of approximately US\$4.0 million (allocated to property, plant and equipment). This investment will help increase supply and service on the metalized products market where Sigdopack is known for being a leader in the region who provides high quality and is innovative.

**COMPAÑÍA DE HIDRÓGENO DEL BÍO-BÍO S.A. (74.59%)**

<b>Summary Financial Statements</b>			
	Sep-08	Sep-07	Var.
<b>SK INV. PETROQUÍMICAS</b>	<b>MUS\$</b>	<b>MUS\$</b>	<b>%</b>
Sales	3.735	3.825	-2,4%
Operational Result	2.687	2.771	-3,0%
EBITDA	2.688	2.772	-3,0%
Net Profit	1.245	1.332	-6,5%
Total Assets	27.377	28.870	-5,2%
Equity	9.132	8.756	4,3%

Compañía de Hidrogeno del Bío Bío S.A. (CHBB) is controlled by Sigdo Koppers S.A. (74.59%) through its subsidiary, SK Inversiones Petroquímicas, which holds 90% of the shares in CHBB. Sigdo Koppers S.A. owns 82.87% of the shares in SK Inversiones Petroquímicas S.A. (SKIP). CHBB engages in operating a plant that produces highly pure hydrogen to purify the oil produced by Enap's Bio Bio Refinery in the borough of Talcahuano.

As of September 30, 2008, SKIP's EBITDA amounted to MUS\$2,688 while there was a non-operating loss of MUS\$779, due mainly to interest expenses on the loan used to finance the project. The net profit in the first nine months of 2008 was MUS\$1,245.

**SK COMERCIAL S.A. (81.79%)**

<b>Summary Financial Statements</b>			
<b>SK COMERCIAL</b>	<b>Sep-08</b>	<b>Sep-07</b>	<b>Var.</b>
	<b>MM\$</b>	<b>MM\$</b>	<b>%</b>
Sales	117.960	102.714	14,8%
Operational Result	10.096	6.522	54,8%
EBITDA	16.332	11.592	40,9%
Net Profit	6.797	4.960	37,0%
Total Assets	143.521	117.826	21,8%
Equity	29.314	25.893	13,2%

SK Comercial represents prestigious world-famous machinery brands like Toyota, Volvo, Manitou, Iveco, New Holland, Texaco, Bridgestone, and others. The demand for the company's products has risen as it is in a period when fiscal spending is on the rise, as is the investment in capital goods.

The sales of SK Comercial rose 14.8% as of September 30, 2008 compared to the same period in 2007. Of note is the increase in net sales of SKC Rental, its subsidiary, which grew 17.9%. The machinery sales of SK Comercial rose 23.9% in the first nine months of 2008 as compared to the same period in 2007.

As of September 2008, the operating income of SK Comercial climbed MMCH\$3,574 (+54.8%) with respect to the same period in 2007. There was a considerable growth in the EBITDA, which totaled MMCH\$16,332 (+40.9%) and reflects the good level of activity in the company during 2008.

Finally, the net fiscal year profit totaled MMCH\$6,797 (+37.0%) at September 30, 2008. This increase came from the greater activity in SK Comercial's subsidiaries, in particular the good performance of SKC Rental (+15.3%), Sigdotek (+120.0%) and SKC Movil (+184.4%).

Assets rose 21% in comparison to September 2007. The increase in activity in the company's different businesses has led to an increase in property, plant and equipment, particularly to augment the fleet of SKC Rental.

**SK INVERSIONES AUTOMOTRICES S.A. (32.07%)**

<b>Summary Financial Statements</b>			
<b>SK INV. AUTOMOTRICES</b>	<b>Sep-08</b>	<b>Sep-07</b>	<b>Var.</b>
	<b>MM\$</b>	<b>MM\$</b>	<b>%</b>
Sales	0	0	
Operational Result	-67	-77	-12,8%
EBITDA	-67	-77	-12,8%
Net Profit	5.856	2.817	107,9%
Total Assets	17.241	12.182	41,5%
Equity	17.142	12.017	42,6%

Sigdo Koppers S.A. has control of this company through ownership of 80% of its shares. SK Inversiones Automotrices S.A. (SKIA) in turn owns 40% of the shares in SKBergé S.A., which is why it does not consolidate its financial statements. Consequently, the net profit of SKBergé S.A. in the fiscal year is recognized in the non-operating income of SKIA, in the line "profit on related companies."

SKBergé S.A. is present in Chile, Peru, Argentina and Mexico. The company represents, sells and distributes vehicles made by renowned manufacturers like Alfa Romeo, Chrysler, Chery (Chile and Peru), Dodge, Ferrari, Fiat, Jeep, Kia (Argentina and Peru), Maserati, Mitsubishi Motors, Mitsubishi Fuso, MG, Lancia, SsangYong and Tata.

At September 30, 2008, SK Inversiones Automotrices experienced a considerable increase of MMCH\$2,945 (+98.3%) in non-operating income with respect to the same period in 2007. This is due nearly entirely to higher profits in related companies. This reflects the good performance of SKBergé as of September 2008. It had a growth in unit sales of automobiles.

Nationally, the unit sales of SKBergé rose 23.8% compared to the first nine months of 2007 and unit sales abroad increased 73.1%. The brands that performed best as compared to the same period in 2007 were Mitsubishi (+19.7%), Ssangyong (+18.6%) and Chrysler (+17.8%). The success of the Chery brand is highlightable, which, by September 2008, had earned a market share of 1.4% in a bit more than a year of doing business in Chile.

SKIA's profit was MMCH\$5,856 as of September 30, 2008, constituting a significant increase of 107.9% compared to the same period in 2007. This profit increase is directly related to the improvement in SKBergé's income.

It is important to note the recent official launching of the traditional MG brand, which will be represented exclusively by SKBergé in Chile. The operations of Santander Consumer Finance in Chile were also officially launched at the Santiago 2008 Automobile Salon. Santander Consumer Finance specializes in car financing.

## EXCEPTIONAL AND SUBSEQUENT EVENTS

### **Sigdo Koppers S.A.**

- On August 14, 2008, the Company reported the material event of the agreement between Enaex and Orica for the sale of all shares held by Enaex in Dyno Nobel Samex. These shares have been appraised in the amount of US\$119.9 million. This transaction includes the payment of US\$58.2 million to Enaex, which will earn it an extraordinary, pre-tax profit of US\$45.8 million. Sigdo Koppers S.A. will be recognizing a pre-tax profit of approximately US\$23.2 million on this transaction, either during the 2008 fiscal year or when it is consummated, equal to recognizing the proportional profit earned by Enaex S.A. The impact of this transaction on Sigdo Kopper's income is subject to review, so the final impacts will be determined once the transaction has been consummated.
- On July 4, 2008, the material event was disclosed that the Board approved forming a new company under the name of "SK Converge S.A." 99.999% will be held by Sigdo Koppers S.A. and 0.001% by Malaga Asesorias y Consultorias Limitada. This company will engage in making investments in the information technology services of Sigdo Koppers S.A.
- On June 2, 2008, the Board approved payment of an interim dividend of CH\$3.7 per share for the 2008 fiscal year. The dividend was paid on June 27, 2008.
- On May 26, 2008, the SVS was sent the Manual on Handling Information of Interest to the Market. This manual can be found on the company's web site.
- The Regular Shareholders Meeting held April 25, 2008 approved a final dividend of CH\$8.5 per share on account of 2007 fiscal year profits. It was payable May 9, 2008 to shareholders registered in the Registry on May 3, 2008.
- On January 2, 2008, the Santiago Stock Exchange notified the composition of the Selective Stock Price Index (IPSA) for 2008. According to the new method for calculating which 40 stocks will be on the IPSA, Sigdo Koppers is number 39, with a weighting of 0.26%.

### **Ingenieria y Construccion SK**

- On Thursday, July 24, 2008, *El Mercurio* newspaper published the award of the civil works and erection of the Angamos thermoelectric power plant of AES Gener in Mejillones (Region of Antofagasta), which were tendered by Posco, a Korean company.

### **Puerto Ventanas S.A.**

- On August 19, 2008, payment of an interim dividend of CH\$1.45 per share was approved against the 2008 fiscal year profits. The dividend was payable starting September 11, 2008.
- On June 17, 2008, the Board of Directors agreed to pay a first interim dividend of CH\$1.0 per share for the 2008 fiscal year. The dividend was paid on July 10, 2008.
- On April 22, 2008, the Regular General Shareholders Meeting appointed the Company's directors for the next three years:

Ramon Aboitiz, Chairman  
 Juan Eduardo Errazuriz, Vice-Chairman  
 Naoshi Matsumoto  
 Alejandro Marty  
 Fernando Izquierdo  
 Oscar Guillermo Carreton  
 Georges Le Blanc



The Audit Committee will be comprised of Georges Le Blanc, Fernando Izquierdo and Naoshi Matsumoto. The Meeting also approved the payment of a final dividend of CH\$0.903353 per share on account of 2007 fiscal year profits. It was payable starting May 7, 2008 to shareholders registered on April 30, 2008.

### **Fepasa**

- On August 1, 2008, a court settlement was signed by which Fepasa and EFE put an end to the arbitration regarding contract default begun in August 2007. The effect of this agreement on Fepasa's pre-tax income may be approximately MMCH\$1,590 for the 2008 fiscal year. UF 47,000 of this sum corresponds to an indemnity and UF 3,500 monthly as of April 2008 to lower toll costs.
- On April 22, 2008, the Special Shareholders Meeting of Fepasa revoked the presiding Board of Directors and appointed a new one, comprised of:

Ramon Aboitiz  
 Juan Eduardo Errazuriz  
 Naoshi Matsumoto  
 Oscar Guillermo Carreton  
 Cristian Sallaberry Ayerza  
 Fernando Izquierdo  
 Rafael Reyes Valderrama

The Meeting approved the payment of a dividend of 30% of net profits earned in the 2007 fiscal year, equal to CH\$0.019782 per share. It was payable starting May 6, 2008 to shareholders registered on April 28, 2008.

### **Enaex S.A.**

- On August 29, 2008, the Board approved creating a wholly-owned subsidiary of Enaex S.A. that will hold investments abroad. It was incorporated with a capital of US\$1,000,000.
- On August 14, 2008, the Company reported the material event of the agreement reached by Enaex and Orica for the sale of all shares held by Enaex in Dyno Nobel Samex (DNS). These shares have been appraised in the amount of US\$119.9 million. This transaction includes the cash payment of US\$58.2 million to Enaex, which will earn it an extraordinary, pre-tax profit of US\$45.8 million.
- On August 1, 2008, a material event was published on the increase in the price of ammonia. It explained that like other world commodities, the price of ammonia had experienced a sustained increase in recent months. Nonetheless, there was an extraordinary rise recently to unprecedented values of US\$800 per ton. Although the Enaex contracts consider indexation to the price of ammonia, the indexation takes effect with a gap, which has the consequent associated cost. In order to mitigate these effects, the company has been able to reduce the gap times with some of its customers and it continues to negotiate with others. Therefore, the actual price levels of ammonia will have an impact on the company's income.
- On August 1, 2008, the material event was disclosed that Enaex and Orica reached an agreement to put an end to the venture between Dyno Nobel ASA and Enaex. This strategic venture, agreed in June 2003, led to the merger of the Peruvian subsidiaries of Enaex S.A. and Dyno Nobel ASA into one single company (DNS). DNS was acquired by Orica in September 2005 as part of a worldwide take-over that involved the assets of Dyno Nobel ASA in Latin America. That takeover included the DNS shares and the contracts between Dyno Nobel ASA and DNS and between Dyno Nobel ASA and Enaex.



- On June 20, 2008, the company disclosed that a complete agreement was reached with the union at the Mejillones plant as part of the collective bargaining for the next 36 months. The union ended the strike and resumed work on June 21<sup>st</sup>.
- On June 9, 2008, the company disclosed that one of the unions at the Mejillones plant had declared a strike starting that same day.
- On April 24, 2008, the Board approved payment of a first interim dividend of CH\$18.62 per share for the 2008 fiscal year. The dividend was paid May 19, 2008.
- At the Special Shareholders Meeting of Enaex held March 27, 2008, the office of seven of the board members was ratified for a new term, as follows:

Ramon Aboitiz, Chairman  
 Juan Eduardo Errazuriz, Vice-Chairman  
 Naoshi Matsumoto  
 Horacio Pavez  
 Norman Hansen  
 Sergio Undurraga  
 Jorge Carey.

Martin Costabal was appointed in replacement of Juan Cristobal Pavez and Max Israel in replacement of Jaime Carey. The Audit Committee was also appointed, comprised by Naoshi Matsumoto, Martin Costabal and Sergio Undurraga. The Meeting approved payment of a final dividend of CH\$19.95603 per share starting April 25, 2008 to shareholders registered on April 19, 2008.

- On February 1, 2008, the company announced the creation of a subsidiary in Colombia that will engage in better organizing service to the Colombian civil explosives market, especially in mining. The initial investment was for US\$500,000.

### ***Compañía Tecno Industrial S.A. (CTI)***

- On September 2, 2008, the Board approved paying an interim dividend of CH\$0.353 per share against 2008 fiscal year profits.
- On August 21, 2008, a Special Shareholders Meeting of Inmobiliaria VQ S.A., a subsidiary, approved its dissolution effective August 31, 2008. This will mean that CTI S.A. will receive cash of approximately CH\$21 million and will earn a profit of approximately CH\$62 million after recognizing the profit from Somela S.A., another subsidiary.
- At a meeting held August 13, 2008, the Board adopted the following resolutions:
  - to accept the resignation of Mr. Wayhi Yousef Allel from his directorship. Mr. Cirilo Cordova de Pablo was appointed in replacement for the remainder of his term.
  - to accept the resignation of Mr. Juan Eduardo Errazuriz Ossa from his position of Vice-Chairman. Mr. Cirilo Cordova de Pablo was appointed in his stead.
- On July 30<sup>th</sup>, Mr. Mario Oportus Morales, former general manager of Fanaloza, officially took office as the new General Manager of CTI.
- On July 7, 2008, the Board approved paying a first interim dividend of CH\$0.85 per share on account of 2008 fiscal year profits. This dividend was payable starting July 29, 2008.
- On June 29, 2008, CTI officially launched the new and innovative stove line called Fensa Titanium. The event was held at the Museum of Contemporary Art.



- On May 27, 2008, the Board agreed to appoint Mr. Mario Oportus Morales to the position of General Manager of the Company effective August 1, 2008. Mr. Oportus used to work as General Manager of Fanaloza S.A.
- The Regular Shareholders Meeting held April 24, 2008 approved Additional Final Dividend No. 101 on account of 2007 fiscal year profits, totaling CH\$0.55912171758794 per share. It was payable starting May 8, 2008 to shareholders registered in the Registry on May 2, 2008.
- On January 17<sup>th</sup>, the material event was disclosed that Mr. Cirilo Cordova had decided to leave his position of General Manager in the company. The Chairman informed the Board that Mr. Cordova was scheduled to remain in office until April 30<sup>th</sup> and during that period, the selection process will be conducted to hire his replacement.

### ***Inversiones Frimetal S.A.***

- At a meeting held August 13, 2008, the Board adopted the following resolutions:
  - to accept the resignation of Mr. Juan Elgueta Zunino from his directorship. Mr. Cirilo Cordova de Pablo was appointed in replacement for the remainder of his term.
  - to accept the resignation of Mr. Juan Eduardo Errazuriz Ossa from his position of Vice-Chairman. Mr. Cirilo Cordova de Pablo was appointed in his stead.
- On July 30<sup>th</sup>, Mr. Mario Oportus Morales, former general manager of Fanaloza, officially took office as the new General Manager of CTI.
- On May 27, 2008, the Board agreed to appoint Mr. Mario Oportus Morales to the position of General Manager of the Company effective August 1, 2008. Mr. Oportus used to work as General Manager of Fanaloza S.A.
- The Regular Shareholders Meeting held April 24, 2008 approved Additional Final Dividend No. 5, totaling CH\$0.00035637877051926 per share, which would complete a dividend of 70% of 2007 profits. It was payable starting May 8, 2008 to shareholders registered in the Registry on May 2, 2008.

### ***SKIA (SKBergé)***

- During the first semester of 2008, the agreement between Tata, an Indian company, and SKBergé became official. SKBergé became the official distributor and representative of this Asian brand in Chile. Vehicle imports will begin immediately under this agreement.

