

**COMPAÑÍA SUD AMERICANA DE VAPORES
S.A. AND SUBSIDIARIES**

Consolidated Financial Statements
As of December 31, 2012 and 2011

COMPAÑÍA SUD AMERICANA DE VAPORES S.A. AND SUBSIDIARIES

CONTENTS

External Auditors' Report

Classified Consolidated Statement of Financial Position

Consolidated Statement of Income by Function

Consolidated Statement of Comprehensive Income

Statement of Changes in Net Equity

Consolidated Statement of Cash Flows (Indirect)

Notes to the Consolidated Financial Statements

ThUS\$: Figures expressed in thousands of US dollars



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Independent Auditors' Report

To the Shareholders and Directors
Compañía Sud Americana de Vapores S.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Compañía Sud Americana de Vapores S.A. and its subsidiaries, which comprise the consolidated statements of financial position as of December, 31, 2012 and 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. We did not audit the financial statements of certain indirect subsidiaries which statements reflect total assets constituting 0.17 percent and 1.56 percent, respectively, of consolidated total assets at December 31, 2012 and 2011, respectively, and total revenues constituting 0.21 percent and 0.89 percent, respectively, of consolidated total revenues for the years then ended. In addition, we did not audit the financial statements of certain associates, accounted for under the equity method, which statements reflect a total investment of ThUS\$7,467 and ThUS\$34,457 as of December 31, 2012 and 2011, respectively, and total net equity in earnings of (ThUS\$1,224) and ThUS\$14,696 respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those indirect subsidiaries and associates, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.



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

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

Opinion

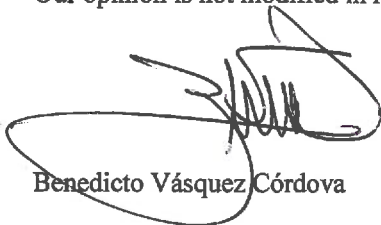
In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Compañía Sud Americana de Vapores S.A. and its subsidiaries as at December, 31, 2012 and 2011, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

As of December 31, 2012 and for the year ended as of that date, the Company incurred in a loss from operating activities, a loss for the period and a negative net cash flows used in operating activities of ThUS\$191,296, ThUS\$309,468 and ThUS\$ 454,638, respectively. As it is described in notes 5, 33 and 41 to the consolidated financial statements, the management and its main shareholders are performing several actions in order to strengthen the commercial, operational and financial position of Compañía Sud American de Vapores S.A. and its subsidiaries. The improvements of the aforementioned indicators depend on the effectiveness of the implemented plans done by the Company.

As discussed in note 29 to the consolidated financial statements, on February 15, 2012 the subsidiary Sudamericana Agencias Aéreas y Marítimas S.A. was divested from the Company, as part of the restructuring plan executed during 2012. The consolidated statement of comprehensive income as of December 31, 2011, was restated to reflect discontinued operations of such divestiture. The effects of this restatement are shown in note 33 to the consolidated financial statements.

Our opinion is not modified in respect to these matters.



Benedicto Vásquez Córdova

Santiago, March 1, 2013

KPMG Ltda.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Classified Consolidated Statement of Financial Position

ASSETS		As of December	As of December
		31, 2012	31, 2011
	Note	ThUS\$	ThUS\$
CURRENT ASSETS			
Cash and cash equivalents	7	212.000	173.016
Other current financial assets	8	14.500	20.055
Other current non-financial assets	13	22.431	51.615
Current trade and other receivables	9	304.579	429.677
Current receivables from related parties	10	3.501	10.587
Inventory	11	82.495	129.822
Current tax assets	21	13.875	39.711
		<hr/>	<hr/>
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners		653.381	854.483
		<hr/>	<hr/>
Non-current assets or disposal groups classified as held for sale	14	-	76
		<hr/>	<hr/>
Total current assets		653.381	854.559
		<hr/>	<hr/>
NON-CURRENT ASSETS			
Other non-current financial assets	8	84.575	138.392
Other non-current non-financial assets	13	10.086	8.965
Non-current trade and other receivables	9	89	27.277
Equity method investments	16	11.734	160.249
Intangible assets other than goodwill	17	666	63.945
Goodwill	18	102.744	117.608
Property, plant and equipment	19	1.307.804	1.579.425
Investment property	20	-	3.536
Deferred tax assets	22	311.571	225.553
		<hr/>	<hr/>
Total non-current assets		1.829.269	2.324.950
		<hr/>	<hr/>
TOTAL ASSETS		2.482.650	3.179.509
		<hr/> <hr/>	<hr/> <hr/>

The attached notes 1 to 43 are an integral part of these consolidated financial statements.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Classified Consolidated Statement of Financial Position

LIABILITIES AND NET EQUITY

		As of December 31, 2012	As of December 31, 2011
	Note	ThUS\$	ThUS\$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	23	75.106	199.938
Current trade and other payables	24	468.144	598.778
Current payables to related parties	10	22.805	368.383
Other current provisions	25	105.298	307.609
Current tax liabilities	21	8.661	14.003
Current provisions for employee benefits	27	12.024	13.295
Other current non-financial liabilities	26	57.143	44.970
Total current liabilities		<u>749.181</u>	<u>1.546.976</u>
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	23	862.782	968.822
Non-current payables to related parties	10	-	26
Other non-current provisions	25	-	2.256
Deferred tax liabilities	22	819	23.244
Non-current provisions for employee benefits	27	837	12.680
Other non-current non-financial liabilities	26	3.512	21.210
Total non-current liabilities		<u>867.950</u>	<u>1.028.238</u>
TOTAL LIABILITIES		<u>1.617.131</u>	<u>2.575.214</u>
NET EQUITY			
Issued capital	29	2.305.309	1.691.993
Retained earnings (accumulated deficit)	29	(1.442.255)	(1.136.638)
Other reserves	29	(7.617)	30.117
Equity attributable to the owners of the parent company		<u>855.437</u>	<u>585.472</u>
Non-controlling interest		<u>10.082</u>	<u>18.823</u>
TOTAL NET EQUITY		<u>865.519</u>	<u>604.295</u>
TOTAL LIABILITIES AND NET EQUITY		<u><u>2.482.650</u></u>	<u><u>3.179.509</u></u>

The attached notes 1 to 43 are an integral part of these consolidated financial statements.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Consolidated Statement of Income by Function

INCOME STATEMENT	For the years ended December 31,		
	Restated		
	2012	2011	
Profit (loss) for the period	Note	ThUS\$	ThUS\$
Operating revenue	30	3.431.782	4.795.916
Cost of sales	30	(3.388.411)	(5.630.540)
Gross margin		43.371	(834.624)
Other income, by function	-	4.607	823
Administrative expenses	30	(245.844)	(262.920)
Other expenses by function	-	(2.577)	(1.681)
Other gains (losses)	-	9.147	(8.865)
Profit (loss) from operating activities		(191.296)	(1.107.267)
Financial income	31	1.761	2.505
Financial costs	31	(44.078)	(36.268)
Net profit (loss) from associates and joint ventures accounted using equity method	16	5.029	14.025
Exchange rate differences	32	(10.471)	10.967
Gain (loss) from readjustment	-	(1.662)	(2.399)
Profit (loss) before income tax		(240.717)	(1.118.437)
Income tax expense from continuing operations	22	57.430	95.149
Profit (loss) from continuing operations		(183.287)	(1.023.288)
Profit (loss) from discontinued operations	33	(126.181)	(216.195)
Profit (loss) for the period		(309.468)	(1.239.483)
Profit (loss) attributable to:			
Profit (loss) attributable to owners of the parent company		(313.611)	(1.249.775)
Profit (loss) attributable to non-controlling interests		4.143	10.292
Profit (loss) for the period		(309.468)	(1.239.483)
Basic earnings (loss) per share			
Basic earnings (loss) per share in continuing operations	35	(0,02)	(0,39)
Basic earnings (loss) per share in discontinued operations	35	(0,02)	(0,11)
Basic earnings (loss) per share	35	(0,04)	(0,50)

The attached notes 1 to 43 are an integral part of these consolidated financial statements.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	For the years ended December 31,	
	2012	2011
	ThUS\$	ThUS\$
Profit (loss) for the period	(309.468)	(1.239.483)
Components of other comprehensive income, before taxes		
Currency translation adjustment		
Gain (loss) from currency exchange rate, before taxes	(436)	(18.438)
Other comprehensive income, before taxes, currency exchange rate	(436)	(18.438)
Cash flow hedges		
Gain (loss) from cash flow hedges, before taxes	(1.428)	1.229
Other comprehensive income from cash flow hedges, before taxes	(1.428)	1.229
Other comprehensive income, before taxes, actuarial gains (losses) on defined benefit plans	-	(155)
Other components of other comprehensive income, before taxes	(1.864)	(17.364)
Income taxes related to components of other comprehensive income		
Income taxes related to currency translation adjustment of other comprehensive income	-	3.656
Income taxes related to cash flow hedges of other comprehensive income	272	(193)
Income taxes related to defined benefit plans of other comprehensive income	-	18
Total income taxes related to components of other comprehensive income	272	3.481
Other comprehensive income	(1.592)	(13.883)
Total comprehensive income (loss)	(311.060)	(1.253.366)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(315.145)	(1.262.920)
Comprehensive income attributable to non-controlling interests	4.085	9.554
Total comprehensive income (loss)	(311.060)	(1.253.366)

The attached notes 1 to 43 are an integral part of these consolidated financial statements.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Consolidated Statement of Changes in Net Equity

	Reserves					Retained earnings (accumulated deficit)	Equity attributable to owners of parent	Non-controlling interests	Total net equity	
	Issued capital	Translation adjustment reserves	Cash flow hedge reserves	Reserves for gains (losses) on defined benefit plans	Other miscellaneous reserves					Total other reserves
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Opening balance as of January 1, 2012	1.691.993	29.810	(116)	365	58	30.117	(1.136.638)	585.472	18.823	604.295
Changes in equity										
Comprehensive income										
Profit (loss) for the period	-	-	-	-	-	-	(313.611)	(313.611)	4.143	(309.468)
Other comprehensive income	-	(378)	(1.156)	-	-	(1.534)	-	(1.534)	(58)	(1.592)
Total comprehensive income (loss)	-	(378)	(1.156)	-	-	(1.534)	(313.611)	(315.145)	4.085	(311.060)
Share issuance	1.199.822	-	-	-	-	-	-	1.199.822	-	1.199.822
Increase (decrease) for transfers and other changes	(586.506)	(32.490)	856	(365)	(4.201)	(36.200)	15.206	(607.500)	(12.826)	(620.326)
Increase (decrease) for changes in ownership of subsidiaries that do not result in loss of control	-	-	-	-	-	-	(7.212)	(7.212)	-	(7.212)
Total changes in equity	613.316	(32.868)	(300)	(365)	(4.201)	(37.734)	(305.617)	269.965	(8.741)	261.224
Closing balance for current period (December 31, 2012)	2.305.309	(3.058)	(416)	-	(4.143)	(7.617)	(1.442.255)	855.437	10.082	865.519
Note	29	29	29	29	29					

The attached notes 1 to 43 are an integral part of these consolidated financial statements.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Consolidated Statement of Changes in Net Equity

	Reserves										Total net equity
	Issued capital	Share premium	Translation adjustment reserves	Cash flow hedge reserves	Reserves for gains (losses) on defined benefit plans	Other miscellaneous reserves	Total other reserves	Retained earnings (accumulated deficit)	Equity attributable to owners of parent	Non-controlling interests	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2011	1.171.704	23.783	44.520	(1.750)	434	90	43.294	125.261	1.364.042	23.430	1.387.472
Changes in equity											
Comprehensive income											
Profit (loss) for the period	-	-	-	-	-	-	-	(1.249.775)	(1.249.775)	10.292	(1.239.483)
Other comprehensive income	-	-	(14.710)	1.634	(69)	-	(13.145)	-	(13.145)	(738)	(13.883)
Total comprehensive income	-	-	(14.710)	1.634	(69)	-	(13.145)	(1.249.775)	(1.262.920)	9.554	(1.253.366)
Share issuance	498.480	-	-	-	-	-	-	-	498.480	-	498.480
Increase (decrease) for transfers and other changes	21.809	(23.783)	-	-	-	(32)	(32)	-	(2.006)	(14.161)	(16.167)
Increase (decrease) for changes in ownership of subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	(12.124)	(12.124)	-	(12.124)
Total changes in equity	520.289	(23.783)	(14.710)	1.634	(69)	(32)	(13.177)	(1.261.899)	(778.570)	(4.607)	(783.177)
Closing balance for prior period (December 31, 2011)	1.691.993	-	29.810	(116)	365	58	30.117	(1.136.638)	585.472	18.823	604.295
Note	29	29	29	29	29	29					

The attached notes 1 to 43 are an integral part of these consolidated financial statements.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Consolidated Statement of Cash Flows (Indirect)

STATEMENT OF CASH FLOWS	For the years ended December 31,		
Cash flows provided by (used in) operating activities	Note	2012 ThUS\$	2011 ThUS\$
Profit (loss) for the period		(309.468)	(1.239.483)
Reconciliation adjustments of gains (losses)			
Adjustments for income tax expense	22	(75.144)	(107.873)
Adjustments for financial costs		38.617	37.454
Adjustments for decreases (increases) in inventory		47.327	56.398
Adjustments for decreases (increases) in trade receivables		159.140	117.195
Adjustments for decreases (increases) in other receivables related to operating activities		24.750	4.235
Adjustments for increases (decreases) in trade payables		(106.251)	20.149
Adjustments for depreciation and amortization expenses	17 & 19	59.350	83.069
Adjustments for impairment (reversals of impairment losses) recognized in profit (loss) for the period		-	3.057
Adjustments for provisions		(216.003)	215.195
Adjustments for unrealized foreign exchange losses (gains)	32	10.471	(7.981)
Adjustments for non-controlling interests		(4.143)	(10.292)
Adjustments for losses (gains) in fair value		-	(75)
Adjustments for non-distributed profits of associates	16	(5.029)	(39.678)
Other non-cash adjustments		(27.957)	(34.847)
Adjustments for losses (gains) for disposal of non-current assets		(3.686)	(1.319)
Other adjustments affecting cash flows from investing or financing activities		3.893	(6.507)
Other adjustments to reconcile profit (loss) for the period		3.108	2.404
Total reconciliation adjustments of gains (losses)		(91.557)	330.584
Income taxes paid (refunded)		(13.213)	(32.960)
Other cash inflows (outflows)		(40.400)	(17.387)
Net cash flows provided by (used in) operating activities		(454.638)	(959.246)

The attached notes 1 to 43 are an integral part of these consolidated financial statements.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Consolidated Statement of Cash Flows (Indirect)

Cash flows provided by (used in) investing activities

For the years ended December 31,

	Note	2012	2011
		ThUS\$	ThUS\$
Cash flows provided by (used in) investing activities			
Cash flows used to purchase non-controlling interests	15	(6.800)	(17.713)
Proceeds from sale of property, plant and equipment	19	5.369	104.199
Purchases of property, plant and equipment	19	(208.206)	(528.011)
Purchases of intangible assets		(345)	(6.498)
Purchases of other long-term assets		-	(61)
Dividends received	16	8.147	16.230
Interest received		91	288
Other cash inflows (outflows)	15	(43.770)	809
Net cash flows provided by (used in) investing activities		(245.514)	(430.757)

Cash flows provided by (used in) financing activities

Proceeds from issuance of shares	29	1.195.672	496.474
Proceeds from long-term loans		126.453	367.343
Loans to related parties	10	-	369.950
Loan repayments		(164.504)	(100.511)
Payments on finance leases		-	(1.115)
Loan payments to related parties	10	(367.500)	(20.080)
Dividends paid		(4.476)	(43.729)
Interest paid		(39.561)	(27.371)
Other cash inflows (outflows)		(5.216)	314
Net cash flows provided by (used in) financing activities		740.868	1.041.275
Net increase (decrease) in cash and cash equivalents, before the effects of changes in foreign exchange rates		40.716	(348.728)
Effects of changes in foreign exchange rates on cash and cash equivalents		(1.732)	(1.788)
Net increase (decrease) in cash and cash equivalents		38.984	(350.516)
Cash and cash equivalents, opening balance	7	173.016	523.532
Cash and cash equivalents, closing balance	7	212.000	173.016

The attached notes 1 to 43 are an integral part of these consolidated financial statements.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

CONSOLIDATED FINANCIAL STATEMENTS
TABLE OF CONTENTS

Note 1	General Information	11
Note 2	Basis of Presentation of the Consolidated Financial Statements	12
Note 3	Summary of Significant Accounting Principles	14
Note 4	Changes in Accounting Policies and Estimates	34
Note 5	Financial Risk Management	34
Note 6	Segment Reporting	47
Note 7	Cash and Cash Equivalents	51
Note 8	Other Financial Assets	52
Note 9	Trade and Other Receivables	53
Note 10	Balances and Transactions with Related Parties	55
Note 11	Inventory	64
Note 12	Hedge Assets and Liabilities	65
Note 13	Other Non-financial Assets	67
Note 14	Non-current Assets Held for Sale	67
Note 15	Investments in Subsidiaries	68
Note 16	Equity Method Investments	74
Note 17	Intangible Assets Other than Goodwill	80
Note 18	Goodwill	82
Note 19	Property, Plant and Equipment	83
Note 20	Investment Property	87
Note 21	Current Taxes Receivable and Payable	88
Note 22	Deferred Taxes and Income Taxes	89
Note 23	Other Financial Liabilities	95
Note 24	Trade and Other Payables	103
Note 25	Provisions	104
Note 26	Other Non-financial Liabilities	105
Note 27	Employee Benefits Obligations	106
Note 28	Classes of Financial Assets and Liabilities	109
Note 29	Equity and Reserves	110
Note 30	Operating Revenues, Cost of Sales and Administrative Expenses	123
Note 31	Finance Income and Expenses	124
Note 32	Exchange Differences	125
Note 33	Discontinued Operations and Restructuring of Shipping Services	126
Note 34	Chilean and Foreign Currency	129
Note 35	Earnings (Loss) per Share	135
Note 36	Contingencies and Commitments	135
Note 37	Operating Lease Commitments	141
Note 38	Service Concession Agreements	142
Note 39	Environment	145
Note 40	Sanctions	145
Note 41	Financial Strengthening Plan	145
Note 42	Pro Forma Consolidated Statement of Cash Flows—Direct Method	146
Note 43	Subsequent Events	146

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 1 General Information

Compañía Sud Americana de Vapores S.A. and subsidiaries (hereinafter “the Company”, “CSAV” or “the CSAV Group”) is a publicly-held corporation domiciled at Plaza Sotomayor No. 50, Valparaíso, Chile. It is registered with the Securities Registry (number 76) and is subject to the oversight of the Chilean Securities & Insurance supervisor (SVS).

CSAV is a holding company of companies engaged primarily in the maritime cargo transport business.

CSAV is controlled by the Quiñenco group, detailed as follows:

Company Name	Ownership Interest	No. of Shares
Quiñenco S.A.	2.3277%	202,926,403
Inversiones Rio Bravo S.A.	33.2506%	2,898,773,217
Inmobiliaria Norte Verde S.A.	1.8622%	162,341,611
	<u>37.4405%</u>	<u>3,264,041,231</u>

As of December 31, 2012, CSAV has 3,573 shareholders in its shareholders’ registry.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 2 Presentation basis of the Consolidated Financial Statements

The significant accounting policies adopted for the preparation of these consolidated financial statements are described below.

(a) Statement of Compliance

The consolidated financial statements of CSAV and its subsidiaries, contained herein for the years ended December 31, 2012 and 2011, were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC).

The consolidated financial statements were approved by the Board of Directors on March 1, 2013.

In preparing these consolidated financial statements as of December 31, 2012, management has utilized its information and understanding with respect to the standards and interpretations applied and the current facts and circumstances to the best of its knowledge.

(b) Basis of Preparation of the Consolidated Financial Statements

As indicated in note 29, the Company divested a subsidiary, SM SAAM during the first quarter of 2012. As a result, the Company no longer has a shareholding in SAAM and the financial statements as of December 31, 2012 do not include the assets, liabilities, results and cash flows of that company.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of the entries that are recognized at fair value and the entries for which deemed cost is permitted, in accordance with IFRS 1. The carrying amount of assets and liabilities hedged by operations that qualify for the use of hedge accounting are adjusted to reflect changes in fair value in relation to the hedged risks.

The consolidated financial statements are expressed in United States dollars, which is the functional currency of the CSAV Group. The amounts in the consolidated financial statements have been rounded to thousands of dollars (ThUS\$).

The policies defined by CSAV and adopted by all consolidated subsidiaries have been used in the preparation of the consolidated financial statements.

In preparing these consolidated financial statements, certain critical accounting estimates have been used to quantify certain assets, liabilities, income, expenses and commitments.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 2 Presentation basis of the Consolidated Financial Statements (continued)

(b) Basis of Preparation of the Consolidated Financial Statements (continued)

The areas that involve a greater degree of judgment or complexity, or the areas in which the assumptions and estimates are significant for the consolidated financial statements are detailed as follows :

1. The evaluation of possible impairment losses on certain assets.
2. The assumptions used in the actuarial calculation of employee benefits liabilities (Note 27).
3. The useful life of material and intangible assets (Notes 19 and 17).
4. The criteria used in the valuation of certain assets.
5. The probability that certain liabilities and contingencies (provisions) will materialize and their valuations (Note 25).
6. The market value of certain financial instruments (Note 28).
7. The probability of recovery of deferred tax assets (Note 22).

These estimates are made on the basis of the best available information about the matters being analyzed.

In any event, it is possible that future events may make it necessary to modify such estimates in future periods. If necessary, such modifications would be made prospectively, such that the effects of the change would be recognized in future financial statements.

(c) Reclassification for Accounting Change

Minor reclassifications have been made for comparison purposes.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles

3.1 Consolidation Basis

(a) Subsidiaries

Subsidiaries are defined as all of the entities over which CSAV has the power to determine financial and business operations policies. Such power is generally associated with an ownership interest of more than half of the voting rights. In determining whether CSAV controls an entity, the existence and the effect of the potential voting rights that are currently exercised or converted are taken into consideration. Subsidiaries are consolidated from on the date on which control is transferred to the CSAV Group, and they are excluded from consolidation from on the date on which such control ceases.

To account for the acquisition of subsidiaries by the CSAV Group, the acquisition method is used. The acquisition cost is the fair value of the assets received, equity instruments issued and liabilities incurred or assumed at the date of exchange. The identifiable assets acquired and the identifiable liabilities and contingencies assumed in a business combination are initially valued at fair value as of the date of acquisition. The excess of the acquisition cost over the fair value of the CSAV Group's share in the identifiable net assets acquired is recognized as goodwill. If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary, the identification and measurement of the acquiring company's identifiable assets, liabilities and contingent liabilities, as well as the measurement of the acquisition cost, shall be reconsidered. Any remaining difference will be recognized directly in the statement of comprehensive income.

Subsidiaries are consolidated using the line-by-line method for all of their assets, liabilities, income, expenses and cash flows.

Non-controlling interests in subsidiaries are included in the net equity of the parent company (in this case CSAV).

Intercompany transactions, balances and unrealized gains on transactions between entities of the CSAV Group are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of loss due to the impairment of the asset that was transferred. When necessary in order to ensure consistency with the policies adopted by the CSAV Group, the accounting policies of the subsidiaries are modified.

(b) Joint Ventures

CSAV uses the equity method to account for investments in joint ventures. The investments that CSAV identifies as joint ventures are, for commercial and operating purposes not jointly managed, by the partners of the joint venture.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.1 Consolidation basis (continued)

(c) Associates

Associates are defined as all entities over which the CSAV Group exercises significant influence but does not have control. Such influence is generally the result of an ownership interest between 20% and 50% in the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. The CSAV Group's investments in associates include purchased goodwill identified in the acquisition, net of any accumulated impairment loss identified in the acquisition.

The CSAV Group's share in the losses or gains subsequent to the acquisition of its associates is recognized in comprehensive income, and its share in movements of reserves subsequent to the acquisition in reserves. Accumulated movements subsequent to the acquisition are adjusted against the carrying amount of the investment. When the CSAV Group's share in the losses of an associate is greater than or equal to its ownership interest in that associate, including any other uninsured receivable, the Company does not recognize additional losses, unless it has incurred obligations or made payments on behalf of the associate in which it holds an ownership interest.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.2 Entities Included in Consolidation

These consolidated financial statements include the assets, liabilities, results and cash flows of the parent company and its subsidiaries, which are listed in the table below. Significant transactions between group companies that are included in consolidation have been eliminated.

Taxpayer ID Number	Company	Ownership Interest as of December 31,					
		2012			2011		
		Direct	Indirect	Total	Direct	Indirect	Total
Foreign	Compañía Sud Americana de Vapores GmbH	100.0000	-	100.0000	100.0000	-	100.0000
Foreign	Corvina Shipping Co. S.A. and Subsidiaries	100.0000	-	100.0000	99.9980	0.0020	100.0000
Foreign	CSAV Agency, LLC. and Subsidiary	100.0000	-	100.0000	100.0000	-	100.0000
Foreign	CSAV Group (China) Shipping Co. Limited	99.0000	1.0000	100.0000	99.0000	1.0000	100.0000
99.588.400-3	CSAV Inversiones Navieras S.A. and Subsidiaries	99.9970	0.0030	100.0000	99.9970	0.0030	100.0000
89.602.300-4	Empresa de Transporte Sudamericana Austral Ltda. and Subsidiaries	99.0000	1.0000	100.0000	99.0000	1.0000	100.0000
Foreign	Inversiones Nuevo Tiempo S.A. (**)	-	-	-	99.0000	1.0000	100.0000
Foreign	Inversiones Plan Futuro S.A. (**)	-	-	-	99.9900	0.0100	100.0000
Foreign	Norgistics (China) Limited	99.0000	1.0000	100.0000	99.0000	1.0000	100.0000
96.840.950-6	Odfjell y Vapores S.A.	51.0000	-	51.0000	51.0000	-	51.0000
Foreign	Tollo Shipping Co. S.A. and Subsidiaries	99.9990	0.0010	100.0000	99.9990	0.0010	100.0000
76.028.729-6	Norgistics Holding S.A. and Subsidiaries	99.0000	1.0000	100.0000	99.0000	1.0000	100.0000
92.048.000-4	Sudamericana, Agencias Aéreas y Marítimas S.A. and Subsidiaries (*)	-	-	-	99.9995	0.0005	100.0000

(*) As a result of the spin-off (Note 29), this company is not included in the consolidated financial statements as of December 31, 2012.

(**) Companies absorbed by Tollo Shipping Co. S.A., during the first half of 2012.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.3 Segment Reporting

An operating segment is defined as a component of an entity for which discrete financial information is available and is reviewed regularly by senior management.

Segment information based on the Company's main business lines, which have been identified as:

Starting from 2012, the Company has identified a sole business segment: maritime cargo transport.

Until December 31, 2011, before the Company was spun off, it reported using the following two segments:

- Maritime cargo transport
- Maritime vessel and cargo services

3.4 Transactions in a Foreign Currency

(a) Presentation and Functional Currency

The items included in the financial statements of each of the entities of the CSAV Group are valued using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are expressed in US dollars, which is the functional and presentation currency of the CSAV Group.

(b) Transactions and Balances

Transactions in foreign currency are converted to the functional currency using the exchange rate in force as of the date of the transaction. Losses and gains in foreign currency that are generated by the settlement of these transactions and by the currency exchange of foreign currency-denominated monetary assets and liabilities at the closing exchange rates are recognized in the statement of comprehensive income, unless they are deferred in net equity, as is the case for losses and gains arising from cash flow hedges.

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

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.4 Transactions in Foreign Currency (continued)

(c) Conversion of CSAV Group Entities to Presentation Currency

The results and the financial situation of all CSAV Group entities (none of which used the currency of a hyperinflationary economy) that use a functional currency other than the presentation currency are converted to the presentation currency as follows:

- (i) The assets and liabilities of each statement of financial position presented are converted at the closing exchange rate as of the reporting date.
- (ii) The income and expenses of each income statement account are converted at the average exchange rate, unless the average is not a reasonable approximation of the cumulative effect of the exchange rates in force on the transaction dates, in which case income and expenses are converted on the dates of the transactions.
- (iii) Cash flows are translated in accordance with point (ii) above.
- (iv) All resulting translation differences are recognized as a separate component of net equity.

In consolidation, currency exchange differences arising from the conversion of a net investment in foreign entities (or Chilean entities with a functional currency other than the functional currency of the parent company), and of loans and other instruments in foreign currency that are designated as hedges for those investments, are recorded in the statement of comprehensive income. When an investment is sold or disposed of, these currency exchange differences are recognized in the statement of income as part of the loss or gain on the sale or disposal.

Adjustments to purchased goodwill and to fair value that arise in the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the year- or period-end exchange rate, accordingly.

3.5 Property, Plant and Equipment

Property, plant and equipment are measured at acquisition cost, less accumulated depreciation and impairment losses, where applicable.

In addition, the acquisition cost must include financial expenses that are directly attributable to the acquisition, and they shall be recorded until the asset in question is operating normally.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.5 Property, Plant and Equipment (continued)

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

When significant parts of an item of property, plant and equipment have different useful lives among themselves, these parts shall be recorded as separate components.

Depreciation is recognized in profit or loss, using the straight-line method based on the estimated economic useful life of each component of an item of property, plant and equipment, starting from the date on which the asset becomes available for use.

The estimated useful lives for assets are as follows:

Buildings	40 to 100 years
Machinery and operating equipment	5 to 14 years
Containers	13 to 14 years
Vessels	16 to 25 years
Tugboats (belonged to SAAM in 2011)	10 to 25 years
Leasehold facilities and improvements	Term of lease
Furniture and fixtures	3 to 10 years
Vehicles	5 to 10 years
Computers	3 years

At each consolidated financial statement period-end the residual value and useful life of the assets are reviewed, and adjusted where necessary.

When the value of an asset is greater than its estimated recoverable amount, its value is immediately lowered to its recoverable amount.

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

3.6 Investment Property

Investment property is property held to obtain rental income, to achieve the appreciation of the invested capital, or both, but not for sale in the normal course of business, use in production or supply of goods or services, or for administrative purposes. Investment properties are valued at historical cost. When the use of a property changes, it is reclassified as property, plant and equipment or available for sale.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.7 Intangible Assets

Intangible assets include other identifiable non-monetary assets, without physical substance, that are generated by commercial transactions.

Only those intangible assets whose costs can be reasonably objectively estimated and those assets from which it is likely that economic benefits will be obtained in the future are recognized for accounting purposes. Such intangible assets shall be initially recognized at acquisition or development cost, and they shall be valued at cost less the corresponding accumulated amortization and any impairment losses incurred, for those intangibles with a finite useful life.

For intangible assets with a finite useful life, amortization is recognized in profit or loss, using the straight-line method based on the estimated useful life of the intangible assets, starting from on the date on which the asset is available for use or on a different date that better represents its use.

Intangibles with an indefinite useful life and goodwill are not amortized and impairment analyses are performed on an annual basis.

The classes of intangible assets held by the CSAV Group and the corresponding periods of amortization are summarized as follows:

Class	Minimum	Maximum
Purchased goodwill	Indefinite	
Development costs	3 years	4 years
Patents, trademarks and other rights	Indefinite	
Software	3 years	4 years
Port and tugboat concessions	Concession term	

(a) Software

Acquired software licenses are capitalized on the basis of costs incurred to acquire them and prepare them for use. These intangible assets are amortized over their estimated useful lives.

(b) Patents, Trademarks and Other Rights

These assets are presented at historical cost. The use of these rights does not have a finite useful life, and therefore they are not subject to amortization. However, the indefinite useful life is subject to periodic review in order to determine whether the indefinite useful life is still applicable.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.7 Intangible Assets (continued)

(c) Port and Tugboat Concessions

Port concessions are covered by IFRIC 12. The assets are recognized as intangible assets, as the CSAV Group holds the right to charge income based on usage. The cost of these intangible assets includes mandatory infrastructure works defined in the concession contract and the present value of all of the contract's minimum payments. Therefore, a financial liability equivalent to the value of the recognized intangible asset is recorded at present value.

Amortization is recognized in profit or loss, using the straight-line method, starting from the date on which the asset becomes available for use.

Until December 31, 2011, these consolidated financial statements contained concession agreements registered by companies that were part of the CSAV Group until to that date, and which correspond to Iquique Terminal Internacional S.A. Tugboat concessions correspond to partial assignment of rights and obligations contracts for the provision of port and off-shore tugboat services, that are free of obligations and limitations for their duration and that the subsidiary SAAM Remolques S.A. de C.V. holds with the Integral Port Authorities at the ports of Veracruz, Lázaro Cárdenas, Tampico and Altamira (Mexico).

3.8 Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the CSAV Group's share in the subsidiary or associate's identifiable net assets and liabilities assumed, measured as of the acquisition date. Purchased goodwill is presented separately in the financial statements as goodwill and is tested for impairment on an annual basis and valued at cost less accumulated impairment losses. Purchased goodwill related to acquisitions of associates is included in investments in associates and tested for impairment of fair value along with the total balance of the associate. Gains and losses on the sale of an entity include the carrying amount of purchased goodwill related to the entity that was sold.

Goodwill is allocated to cash-generating units for purposes of performing impairment tests. The allocation is made for those cash-generating units that are expected to benefit from the business combination in which such purchased goodwill was generated.

Negative goodwill arising from the acquisition of an investment or business combination is recorded in accordance with Note 3.1.(a).

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.9 Interest Expenses

Interest expenses incurred for the construction of any qualified asset are capitalized over the period of time needed to complete and prepare the asset for its intended use. Other interest expenses are recorded in profit or loss.

3.10 Impairment Losses

(a) Non-financial Assets

Assets that have an indefinite useful life (e.g. goodwill and intangible assets with indefinite useful lives) are not amortized and are tested for impairment on an annual basis.

Assets subject to amortization are tested for impairment when an event or change in circumstances suggests that the carrying amount may not be recoverable.

Impairment losses are recognized for the excess of the asset's carrying amount over its recoverable amount.

The recoverable amount is the fair value of an asset less costs to sell or value in use, whichever is greater.

In order to evaluate impairment losses, assets are grouped at the lowest levels at which there are separately-identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill for which an impairment loss has been recorded are reviewed at each period-end in case the loss has been reversed, in which case the reversal cannot be greater than the original impairment amount.

Impairment of goodwill is not reversed.

(b) Financial Assets

A financial asset that is not recorded at fair value through profit and loss is evaluated at each period-end in order to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that this loss event has had a negative effect on the asset's future cash flows that can be reliably estimated.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.10 Impairment Losses (continued)

(b) Financial Assets (continued)

The objective evidence that financial assets are impaired may include delay or default by a debtor or issuer, restructuring of an amount owed to CSAV in terms that would not be considered in other circumstances, indications that a debtor or issuer will declare bankruptcy, or the disappearance of an active market for an instrument. In addition, for an investment in an equity instrument, a significant or prolonged decrease in the fair value of the asset, below its cost, is objective evidence of impairment.

In evaluating impairment, CSAV uses historical trends of probability of noncompliance, the timing of recoveries and the amount of the loss incurred, all adjusted according to management's judgment as to whether under the prevailing economic and credit conditions it is likely that the actual losses will be greater or lesser than the losses indicated by historical trends.

Impairment losses related to trade and other receivables, which are valued at deemed cost, are calculated as the difference between the assets' book value and the estimated recoverable amount for those assets. This estimate is determined based on the age of the receivables as indicated in Note 9. Losses are recognized in income and are reflected in a provision against accounts receivable. When a subsequent event causes the amount of the impairment loss to decrease, such decrease is reversed through profit or loss.

3.11 Financial Instruments

Financial instruments are classified and valued according to the following categories:

(i) Non-derivative Financial Assets

The CSAV Group classifies its non-derivative financial assets into the categories listed below, according to the purpose for which such assets were acquired. Management determines the classification of financial assets upon initial recognition.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.11 Financial Instruments (continued)

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

Financial assets at fair value through profit and loss are financial assets held for trading purposes or are designated as such upon recognition. A financial asset is classified in this category if it is acquired primarily in order to be sold in the short term.

Assets in this category are classified as current assets. This category also includes investments in shares, debt instruments, time deposits, derivatives not designated as hedges and other financial investments.

(b) *Trade and other receivables*

Trade accounts receivable are initially recognized at fair value and subsequently at amortized cost, less impairment losses. Impairment of trade accounts receivable is recorded when there is objective evidence that the CSAV Group will not be able to collect all of the amounts owed to it in accordance with the original terms of the accounts receivable, as described in Note 3.10. b).

In the statement of income, the subsequent recovery of previously recognized amounts are re-recognized as a cost of sales credit.

(c) *Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity date that the Group's management intends to and is capable of holding to maturity. If the CSAV Group were to sell more than an insignificant amount of held-to-maturity financial assets, the entire category would be reclassified as available for sale. These available-for-sale financial assets are included in non-current assets, except those assets maturing in less than 12 months from the reporting date, which are classified as current assets.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.11 Financial Instruments (continued)

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

Available-for-sale financial assets are non-derivative assets that are classified in this category or are not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment in the 12 months following the reporting date, and they are recorded at fair value through equity.

(e) *Cash and cash equivalents*

Cash and cash equivalents include cash held internally and in banks; time deposits in credit entities; other highly liquid, short-term investments with an original term of three months or less; and bank overdrafts. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

(ii) Non-derivative Financial Liabilities

(a) *Trade and other payables*

Accounts payable to suppliers are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

(b) *Interest-bearing loans and other financial liabilities*

Loans, bonds payable and other financial liabilities of a similar nature are initially recognized at fair value, net of the costs incurred in the transaction. Subsequently, they are valued at amortized cost, and any difference between the funds obtained (net of the costs incurred to obtain them) and the repayment value is recognized in income over the life of the obligation, using the effective interest method.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.11 Financial Instruments (continued)

(iii) Issued Capital

Ordinary shares are classified as net equity.

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

(iv) Derivative Financial Instruments and Hedging Activities

Derivative financial instruments used to hedge risk exposure in foreign currency, fuel purchases and interest rates are initially recognized at fair value. Attributable transaction costs are recognized in income when they are incurred.

After initial recognition, derivative financial instruments are measured at fair value, and any changes are recorded as described below:

Hedge Accounting

At the beginning of the transaction, CSAV documents the relationship between hedging instruments and the hedged items, as well as the risk management objectives and the strategy for carrying out different hedging operations. The Company also documents its evaluation, both initially and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective at offsetting changes in fair value or in the cash flows from the hedged items.

Derivative financial instruments that satisfy hedge accounting criteria are initially recognized at fair value plus (less) the transaction costs that are directly attributable to the contracting or issuance of the same, as appropriate.

Changes in the fair value of these instruments shall be recognized directly in equity, to the extent that the hedge is effective. When it is not effective, changes in fair value shall be recognized in income.

If the instrument no longer satisfies hedge accounting criteria, the hedge shall be discontinued prospectively. Any accumulated gains or losses that were previously recognized in equity will remain until the forecasted transactions occur.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.11 Financial Instruments (continued)

Economic Hedges

Derivative financial instruments that do not satisfy hedge accounting criteria are classified and valued as financial assets or liabilities at fair value through profit and loss.

The fair value of several derivative instruments used for hedging purposes is shown in Note 12. Movements in the hedging reserve within own funds are shown in Note 28. The total fair value of hedging derivatives is classified as a non-current asset or liability if the remaining term of the hedged item is greater than 12 months and as a current asset or liability if the remaining term of the hedged item is less than 12 months.

3.12 Inventory

Inventory is valued at the lower of cost or net realizable value. The cost is determined by the “first-in-first-out,” or FIFO, method and includes the acquisition cost and other costs incurred in bringing it to its place and conditions of use.

The net realizable value is the estimated sales value in the normal course of business, less estimated selling expenses.

3.13 Income and Deferred Taxes

Income taxes for the period include current income taxes and deferred income taxes. Taxes are recognized in the statement of comprehensive income, unless they are related to entries that are recognized directly in equity, in which case the taxes are also recognized in equity.

Current income taxes are calculated based on the tax laws enacted as of the reporting date in each country.

Deferred taxes are calculated in accordance with the liability method over the differences that arise between the tax basis of assets and liabilities and their carrying amount in the financial statements. However, if the deferred taxes arise from the initial recognition of a liability or an asset in a transaction other than a business combination, where at the time of the transaction such asset or liability did not affect the accounting result or the tax gain or loss, it is not accounted for. Deferred taxes are determined using tax rates (and laws) that have been enacted or that are substantially enacted as of the reporting date and that are expected to be applied when the corresponding deferred tax asset is realized or when the corresponding deferred tax liability is settled.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.13 Income and Deferred Taxes (continued)

Deferred tax assets are recognized to the extent that it is likely that there will be future tax benefits with which to offset such differences.

Deferred income taxes for temporary differences arising from investments in subsidiaries and associates are provisioned for, unless the timing of the reversal of the temporary differences is controlled by the Company and it is likely that the temporary difference will not be reversed in the foreseeable future.

3.14 Employee Benefits

(a) Post-employment and other long-term benefits

For the CSAV Group, staff severance indemnities are classified in this category. This benefit determines the amount of the future benefit that employees have accrued in exchange for their services in the current and previous periods.

In order to determine the present value of such benefit, a risk-free interest rate is used. The calculation is performed by a qualified mathematician using the projected unit credit method.

All actuarial gains and losses arising from defined-benefit plans are recognized directly in equity, as other reserves.

(b) Contract termination indemnity

Commitments undertaken in a formal detailed plan, either in order to terminate the contract of an employee before normal retirement age or to provide termination benefits, shall be recognized directly in income.

(c) Short-term benefits and incentives

CSAV recognizes a provision for short-term benefits and incentives when it is contractually obligated to do so or when past practice has created an implicit obligation.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.15 Provisions

CSAV recognizes provisions when the following requirements are satisfied:

- there is a current obligation, whether legal or implicit, as a result of past events;
- it is likely that an outflow of resources will be needed to settle the obligation; and
- the amount has been reliably estimated.

In the case of a service contract that is considered onerous, a provision will be recognized and charged to income for the period, for an amount equal to the lesser of the cost of settling the contract and the net cost of continuing it.

Provisions for restructuring are recognized to the extent that the CSAV Group has approved a formal detailed plan, and that such restructuring has been publicly reported or has already begun.

Provisions are not recorded for future operating losses except for the onerous contracts mentioned above.

Provisions are valued at the present value of the disbursements that are expected to be necessary in order to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the specific risks of the obligation.

3.16 Other Non-financial Liabilities

This item includes liabilities that are not of a financial nature and do not qualify as any other type of liability.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.17 *Operating Revenues and Cost of Sales*

Operating revenues and cost of sales derived from the provision of maritime transport services are recognized in income considering the percentage of completion as of the reporting date, as long as the result can be reliably estimated.

The provision of services can be reliably measured as long as the following conditions are met:

- The amount of the revenues can be reliably measured;
- It is likely that the economic benefits associated with the transaction will flow to the entity;
- The percentage of completion of the transaction as of the reporting date can be reliably measured; and
- The costs incurred by the transaction and the costs to complete it can be reliably measured.

When the results of services provided cannot be sufficiently reliably estimated, in accordance with the requirements established by precedent, the revenues are recognized only to the extent that the expenses incurred can be recovered.

Revenues and costs related to subletting vessels are recognized in income on an accrual basis.

Operating revenues and cost of sales from other services related to the maritime business are recognized in income on an accrual basis.

Operating revenues are recognized net of standard discounts and incentives.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.18 Discontinued Operations

The Company records income and losses from discontinued operations, net of taxes, for restructured services that, in the short or medium-term, are not expected to be provided or will be provided but on a much lesser scale than before.

3.19 Finance Income and Expenses

Finance income is accounted for on an accrual basis.

Finance expenses are generally recognized in income when incurred, except for expenses to finance the construction or development of qualified assets.

Finance expenses are capitalized beginning on the date on which knowledge about the asset to be constructed is obtained. The amount of the capitalized finance expenses (before taxes) for the period is determined by applying the effective interest rate of the loans in force during the period in which finance expenses were capitalized to the qualified assets.

3.20 Leases

Leases in which substantially all risks and rewards of ownership of the leased assets are transferred to the companies of the CSAV Group are classified as finance leases. All other leases are classified as operating leases.

For finance leases, at the start of the contract an asset is recognized in property, plant and equipment, and a financial liability is recognized for the lesser between the fair value of the leased asset and the present value of the minimum lease payments.

For operating leases, payments are recognized as expenses during the term of the lease.

3.21 Determination of Fair Value

Some of the CSAV Group's accounting policies and disclosures require that the fair value of certain financial assets be determined according to the following:

Financial assets

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined at market value.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.21 Determination of Fair Value (continued)

Trade and other receivables

Considering that trade receivables have a term of less than 90 days, their fair value is not estimated to differ significantly from their book value.

Derivatives

The fair value of derivative contracts is based on their quoted price.

3.22 Earnings (Loss) per Share

The ratio of basic earnings (loss) per share is calculated by dividing net income (loss) for the period by the weighted average number of ordinary shares outstanding during the period.

3.23 Distribution of Dividends

Dividends distributed to the Company's shareholders are recognized as a liability in CSAV's annual consolidated accounts in the period in which they are accrued. The Company's policy is to distribute 30% of distributable net income.

3.24 Environment

Disbursements related to environmental protection are charged to income when they are incurred.

3.25 New Standards and Interpretations Issued but Not Yet in Force

(a) Standards adopted in advance by the Group

The CSAV Group has not adopted or applied any standards issued by the International Accounting Standards Board (hereinafter "IASB") in advance.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 3 Summary of Significant Accounting Principles (continued)

3.25 New Standards and Interpretations Issued but Not Yet in Force (continued)

(b) Standards and amendments to and interpretations of the existing standards that are not yet in force and that the Group has not adopted in advance:

Standard and/or Amendment	Mandatory application for:
IFRS 9: Financial Instruments: Classification and Measurement	Annual periods starting on or after January 1, 2013
IFRS 10: Consolidated Financial Statements	Annual periods starting on or after January 1, 2013
IFRS 11: Joint Arrangements	Annual periods starting on or after January 1, 2013
IFRS 12: Disclosure of Interests in Other Entities	Annual periods starting on or after January 1, 2013
IFRS 13: Fair Value Measurement	Annual periods starting on or after January 1, 2013
IAS 19: Employee Benefits	Annual periods starting on or after January 1, 2013
Amendment to IAS 27: Separate Financial Statements	Annual periods starting on or after January 1, 2013
Amendment to IAS 28: Investments in Associates and Joint Ventures	Annual periods starting on or after January 1, 2013
Amendment to IFRS 7 Disclosures--Offsetting Financial Assets and Financial Liabilities	Annual periods starting on or after January 1, 2013
Amendment to IFRS 1 First-time Adoption	Annual periods starting on or after January 1, 2013
Amendment to IFRS 7 Disclosures--Offsetting Financial Assets and Financial Liabilities	Annual periods starting on or after January 1, 2013
IFRIC 20	Annual periods starting on or after January 1, 2013
Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities	Annual periods starting on or after January 1, 2014
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date and Transition Disclosures	Annual periods starting on or after January 1, 2015

The Company's management estimates that the adoption of the standards, amendments and interpretations described above will not have a significant impact on the financial statements of the CSAV Group.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 4 Changes in Accounting Policies and Estimates

In 2012, in accordance with International Accounting Standard No. 16, the Company reassessed the useful lives of its vessels and containers, extending their depreciation period to reflect a real useful life in line with shipping industry standards.

This change in accounting estimates arose during the Company's process of renewing and expanding its own fleet, which involved reviewing and adjusting the useful life of its vessels and containers based on standards established by the new units, which mostly comprise its current fleet.

The effect of this change meant recognizing a lower depreciation expense during the current period of ThUS\$ 31,132.

The financial statements as of December 31, 2012 do not present any other changes in policies or accounting estimates that may affect their comparability with the prior year.

Note 5 Financial Risk Management

The Company's activities are exposed to different financial risks: (a) Credit Risk, (b) Liquidity Risk and (c) Market Risk. The Company seeks to minimize the potential effects of these risks through the use of financial derivatives or by establishing internal financial risk management policies.

(a) Credit Risk

Credit risk is derived from the CSAV Group's exposure to (i) potential losses resulting mainly from customers, third-party agencies and carriers with which the Company has signed vessel lease and/or slot sale agreements failing to fulfill their obligations and (ii) counterparty risk in the case of financial assets maintained with banks.

(i) Accounts receivable

The Company has a strict credit policy for managing its portfolio of accounts receivable. The policy is based on the determination of lines of credit to direct customers and to non-related agencies. In order to determine the lines of credit granted to direct customers, the Company performs an individual analysis of solvency, payment capacity, bank and commercial references, and historical payment behavior of the customer with the Company. For non-related agencies, the process is similar, although there are contracts and guarantees that mitigate credit risk.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(a) Credit Risk (continued)

These lines of credit are reviewed on an annual basis, and special care is taken so that the conditions offered, with respect to both amounts and terms, are appropriate given market conditions. Payment behavior and the percentage of utilization of such lines are monitored on an ongoing basis. In addition, there is a rigorous policy for uncollectible accounts receivable, which is based on the provisioning of any significant deviation with respect to payment behavior.

Regarding vessel and slot leases to third parties, the Company supports its agreements using Charter Party and Slot Charter Agreements drafted using industry standard models that appropriately cover our interests. CSAV only leases vessels and/or slots to other shipping companies, always taking into consideration the counterparty's creditworthiness. In the case of slot charters, CSAV often leases slots from the same shipping companies to which it leases its own slots on other vessels and provides services, which reduces the risk of default.

The Company's maximum credit risk exposure from accounts receivable corresponds to the total of these accounts net of impairment, detailed below:

		As of December 31, 2012	As of December 31, 2011
	Note	ThUS\$	ThUS\$
Trade receivables		318,018	437,846
Impairment of trade receivables	9	<u>(16,809)</u>	<u>(19,795)</u>
Trade receivables, net		<u>301,209</u>	<u>418,051</u>
Other receivables		3,999	39,232
Impairment of other receivables	9	<u>(540)</u>	<u>(329)</u>
Other receivables, net		<u>3,459</u>	<u>38,903</u>
Total receivables	9	<u>304,668</u>	<u>456,954</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(a) Credit Risk (continued)

The Company records provisions when there is evidence of impairment of trade receivables, based on the following guidelines:

Provisioning Criteria for Receivables	Factor
Age of Receivable	
Over 180 days	100%
Receivables from agencies over 21 days	100%
Legal collections, checks issued with insufficient funds and other similar concepts	100%
High-risk customers, based on each case and market conditions	100%

During the period, the impairment provision for accounts receivable has reported the following movements:

	12.31.2012	12.31.2011
	ThUS\$	ThUS\$
Beginning balance	20,124	19,349
Increase (decrease) in impairment for the period	1,425	775
Other variations *	(4,200)	-
Ending balance (Note 9)	<u>17,349</u>	<u>20,124</u>

*Variations generated from spin-off of subsidiary Sudamericana, Agencias Aéreas y Marítimas S.A. (SAAM).

(ii) Financial Assets

The Company has a policy for investing in financial assets (e.g. time deposits and repurchase agreements) and for carrying balances in current accounts at financial institutions with “investment grade” risk ratings.

The book value of these financial assets represents the maximum exposure to counterparty risk, detailed as follows:

	12.31.2012	12.31.2011
	ThUS\$	ThUS\$
Cash and cash equivalents (Note 7)	212,000	173,016
Other financial assets (Note 8)	<u>99,075</u>	<u>158,447</u>
Total	<u>311,075</u>	<u>331,463</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(b) Liquidity Risk

Liquidity risk arises from the Company's exposure to factors that can severely affect its income generating capacity and, as a result, its working capital and liquidity. These factors can include:

(a) the negative global economic scenario in terms of demand growth, (b) oversupply of cargo transport capacity on containerships, (c) strong competition prevailing in the industry and (d) high fuel costs. (See section on Market Situation in Reasoned Analysis, which complements these financial statements).

Accordingly, CSAV has taken the measures necessary to ensure its short, medium and long-term financial stability. On February 15, 2012, CSAV successfully completed a capital increase of US\$1.2 billion that was approved by shareholders on October 5, 2011, thus enabling CSAV to spin off the vessel and cargo services business provided by SM-SAAM in late February. As of that date, SM-SAAM became a publicly-traded corporation independent from CSAV.

The funding obtained from this capital increase allowed the Company to pay its bridge credit facilities of US\$ 450 million secured during the second half of 2011.

In addition, the Company is carrying out a series of other measures to protect its liquidity, including:

- (i) reducing CSAV's exposure to shipping industry volatility, particularly for routes and services where the Company has fewer competitive advantages.
- (ii) increasing the Company's efficiency by operating larger vessels along each of its routes and services through strategic alliances with industry leading companies. This new strategic definition has led the Company to increase its volume of joint operations from close to 30% in mid-2011 to nearly 100% as of year-end.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(b) Liquidity Risk (continued)

- (iii) increasing the proportion of its own fleet by reducing its operating capacity and with support from the vessel investment plan, financed in part with capital increases. This initiative enabled CSAV to expand the transportation capacity of its proprietary fleet from 8% as of year-end 2010 to 37% in December 2012.
- (iv) substantially improving the Company's organizational structure and implementing processes and information systems that improve visibility, increase the degree of responsibility and decentralize the structure, as well as the Company's decision-making capacity and ability to integrate with clients. This plan has resulted in the elimination of hierarchical levels, reductions in global administrative expenses and boosts to IT projects and important processes such as the contribution and pricing systems.
- (v) increasing its sources of liquidity using, if necessary, a committed line of credit, contracted in December 2012 for Ch\$76,396,800,000.
- (vi) not ruling out new capital contributions in the future to support current operations or growth. In the past, the Company financed its capital needs by generating revenue and issuing debt or shares. The inability to obtain or restrictions on obtaining this capital may limit the Company's chance of developing or expanding its current business and may eventually cause adverse material damage to its results and financial soundness.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(b) Liquidity Risk (continued)

As a reference of the Company's liquidity risk, the contractual maturities of its financial liabilities, including estimated interest payments, are detailed below:

December 31, 2012	Note	Book value	Contractual	6 months or	6 – 12 months	1 – 2 years	2 – 5 years	More than 5
		ThUS\$	cash flows	less	ThUS\$	ThUS\$	ThUS\$	years
Non-derivative financial liabilities								
	23	(589,345)	(741,925)	(39,713)	(38,769)	(76,430)	(224,241)	(362,772)
	23	(348,023)	(557,108)	(11,761)	(11,656)	(22,999)	(66,492)	(444,200)
	10 & 24	(490,949)	(490,951)	(490,951)	-	-	-	-
Derivative financial liabilities								
	12	(520)	(520)	(511)	(9)	-	-	-
Total		(1,428,837)	(1,790,504)	(542,936)	(50,434)	(99,429)	(290,733)	(806,972)

The cash flows included in the maturity analysis are not expected to occur significantly before or after the maturity date.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(b) Liquidity Risk (continued)

December 31, 2011	Note	Book value ThUS\$	Contractual cash flows ThUS\$	6 months or less ThUS\$	6 – 12 months ThUS\$	1 – 2 years ThUS\$	2 – 5 years ThUS\$	More than 5 years ThUS\$
Non-derivative financial liabilities								
Guaranteed bank loans	23	(693,942)	(860,604)	(138,296)	(43,901)	(99,609)	(167,703)	(411,095)
Finance lease liabilities	23	(7,790)	(7,736)	(1,788)	(1,730)	(2,441)	(1,777)	-
Bank instruments without guarantee	23	(466,123)	(767,949)	(20,177)	(23,494)	(41,421)	(84,708)	(598,149)
Trade and other payables and payables to related parties	10 & 24	(967,187)	(967,187)	(941,825)	(25,336)	-	-	(26)
Other financial liabilities	23	(2)	(2)	(2)	-	-	-	-
Derivative financial assets								
Hedging assets	12	908	-	-	-	-	-	-
Derivative financial liabilities								
Hedging liabilities	12	(903)	(903)	(268)	-	(635)	-	-

The cash flows included in the maturity analysis are not expected to occur significantly before or after the maturity date.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(c) Market Risk

Market risk, as analyzed in this section, is the risk that the value of an asset or liability continuously fluctuates over time as the result of a change in key economic variables such as: (i) interest rates, (ii) exchange rates, and (iii) fuel prices.

The Company uses cash flow hedges to mitigate changes in these variables. Variations in these hedges, in accordance with IFRS accounting criteria, impact the consolidated statement of changes in net equity.

The details of the derivatives held by the Company, including their fair value, are presented in Note 12.

(i) Exposure to interest rate fluctuations

Interest rate fluctuations impact the Company's floating rate obligations. Given that a considerable portion of the Company's debt structure has floating interest rates (mainly LIBOR), the Company has benefitted in recent years from drops in these rates.

As of December 31, 2012 and December 31, 2011, the Group's net asset and liability position in interest-bearing financial instruments, by type of interest, is detailed as follows:

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Exposure to interest rate fluctuations (continued)

	12.31.2012	12.31.2011
	ThUS\$	ThUS\$
Financial assets at fixed rates:		
Cash and cash equivalents	140,363	128,987
Other financial assets	91,428	137,742
Total financial assets at fixed rates	<u>231,791</u>	<u>266,729</u>
Financial assets at variable rates:		
Cash and cash equivalents	71,637	44,029
Other financial assets	7,647	20,705
Total financial assets at variable rates	<u>79,284</u>	<u>64,734</u>
 Total financial assets	<u>311,075</u>	<u>331,463</u>
Financial liabilities at fixed rates:		
Other financial liabilities	-	(2)
Finance leases	-	(4,039)
Bank loans	(282,129)	(443,221)
Other	(65,894)	(65,244)
Total financial liabilities at fixed rates	<u>(348,023)</u>	<u>(512,506)</u>
Financial liabilities at variable rates:		
Finance leases	-	(3,751)
Bank loans	(589,345)	(651,600)
Other	(520)	(903)
Total financial liabilities at variable rates	<u>(589,865)</u>	<u>(656,254)</u>
 Total financial liabilities	<u>(937,888)</u>	<u>(1,168,760)</u>
 Net fixed-rate position	<u>(116,232)</u>	<u>(245,777)</u>
Net variable-rate position	<u>(510,581)</u>	<u>(591,520)</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Exposure to interest rate fluctuations (continued)

The potential effect of interest rate fluctuations on variable-rate financial instruments (assets and liabilities) held by CSAV that are not hedged is shown in the following table. The variation considers an increase of 1% in the 6-month Libor rate, which is used mainly for variable-rate financial liabilities, and an increase of 1% in the overnight Libor rate, which is primarily used to invest cash surpluses. These variations are considered reasonably possible, based on market conditions and to the best of our knowledge and understanding:

Effect on Equity of 1% Increase in Six-Month and Overnight Libor

	For the years ended December 31,	
	2012 ThUS\$	2011 ThUS\$
Effect on equity		
Increase of 100 basis points in 6 month LIBOR and overnight LIBOR	(4,913)	(4,022)

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(c) Market Risk (continued)

(ii) Exchange rate fluctuations

The Company's functional currency is the US dollar, which is the currency in which most of its operating income and expenses are denominated as well as the currency used by most of the global shipping industry. The Company also has income and expenses in Chilean pesos, Brazilian real, and euros, among other currencies.

The Company's assets and liabilities are generally expressed in US dollars. However, the Company has assets and liabilities in other currencies, detailed in Note 34, Chilean and Foreign Currencies.

The Company reduces its risk from exchange rates variations by periodically converting balances in local currency that exceed payment requirements in that currency into dollars. When necessary, the Company has contracted derivatives to eliminate the identified exposure.

The Company has financial debt with the Japanese agency of American Family Life Assurance Company of Columbus (AFLAC) for JPY 24,000,000,000, equivalent to US\$201,850,294, net of exchange risk insurance (Note 8). The 30-year obligation, taken out in 2003, will be fully paid upon maturity in yen with interest being paid in US dollars on a semi-annual basis, calculated on the initial fixed amount in US dollars. The loan can be paid in advance, either fully or in part, starting in the fifteenth year, at each date on which interest payments are due.

The Company holds exchange risk insurance to cover fluctuations in the exchange rate between the yen and the dollar, during the term of the loan described in the preceding paragraph (Note 8).

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(c) Market Risk (continued)

(ii) Exchange rate fluctuations (continued)

The following table shows the maximum exposure to fluctuations in foreign currency of the Company's non-U.S. dollar-denominated financial assets and liabilities as of December 31, 2012 and December 31, 2011 (see Note 12 Hedge Assets and Liabilities):

As of December 31, 2012	Euro ThUS\$	Real ThUS\$	Peso/UF ThUS\$	Other ThUS\$	Total ThUS\$
Cash and cash equivalents	19,744	8,812	6,078	21,374	56,008
Other financial assets (current and non-current)	178	409	246	228	1,061
Trade and other receivables (current and non-current)	28,787	10,770	8,597	18,709	66,863
Bank instruments without guarantee	-	-	(65,894)	-	(65,894)
Trade payables and other non-financial liabilities (current and non-current)	(43,396)	(28,648)	(19,883)	(66,934)	(158,861)
Net exposure as of December 31, 2012	5,313	(8,657)	(70,856)	(26,623)	(100,823)

As of December 31, 2011	Euro ThUS\$	Real ThUS\$	Peso/UF ThUS\$	Other ThUS\$	Total ThUS\$
Cash and cash equivalents	10,277	6,979	8,171	23,325	48,752
Other financial assets (current and non-current)	21	448	128	559	1,156
Trade and other receivables (current and non-current)	23,801	20,119	48,052	29,381	121,353
Guaranteed bank loans (current and non-current)	-	(533)	(1,104)	(1,040)	(2,677)
Finance lease liabilities	-	-	-	(713)	(713)
Bank instruments without guarantee	-	-	(65,244)	-	(65,244)
Trade payables and other non-financial liabilities (current and non-current)	(47,286)	(37,249)	(40,987)	(76,001)	(201,523)
Net exposure as of December 31, 2011	(13,187)	(10,236)	(50,984)	(24,489)	(98,896)

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 5 Financial Risk Management (continued)

(c) Market Risk (continued)

(ii) Exchange rate fluctuations (continued)

The potential effect of a 10% depreciation in the US dollar with respect to other important currencies to which the Company is exposed would result in a greater charge of US\$ 7.4 million on the Company's results for the year 2012, keeping all other variables constant.

(iii) Changes in fuel prices

A portion of the Company's operating expenses corresponds to the consumption of fuel (referred to as "bunker"). The Company primarily consumes IFO 180, IFO 380, IFO 500 and MDO/MGO as fuel for the vessels it operates. The Company's diverse business lines purchase fuel through a centralized tender process with duly authorized counterparties based on a strict protocol.

This risk of variations in the price of fuel is reduced substantially by transferring variations to customers through a "bunker adjustment factor" ("BAF") surcharge, which is applied by most cargo transport carriers. However, beginning in late 2010 and due to significant industry-wide deterioration, this surcharge has not been fully transferred to customers, thus preventing the Company from mitigating the risk of fuel costs. This phenomenon has occurred throughout the container transport industry.

In some transport contracts, the customer is charged a fixed rate for a certain amount of time. In such cases, the Company enters into fuel derivatives adjusted to the term of the corresponding contract, thus achieving the desired match between total contract duration and the fuel hedge for that transaction.

For example, an increase in fuel prices of US\$10 per metric ton would have had a negative impact of around US\$ 10.6 million on the Company's results for the year 2012, based on fuel volumes consumed during that period and maintaining all other variables constant. The Company cannot pass on such an increase in the cost of fuel to its customers.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 6 Segment Reporting

Segmentation Criteria

In accordance with the definitions established in IFRS 8 “Operating Segments,” the CSAV Group segments its business according to the type of services provided and, accordingly, has defined one sole segment: maritime cargo transport.

Until December 31, 2011, the Company had identified the following reporting segments:

- (a) Maritime cargo transport
- (b) Maritime vessel and cargo services (discontinued)



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 6 Segment Reporting (continued)

	Maritime Cargo Transport		Maritime Vessel and Cargo Services (discontinued)		Total	
	For the years ended December 31,		For the years ended December 31,		For the years ended December 31,	
	2012 ThUS\$	2011 ThUS\$	2012 ThUS\$	2011 ThUS\$	2012 ThUS\$	2011 ThUS\$
Operating revenues	3,431,782	4,803,199	-	361,255	3,431,782	5,164,454
Cost of sales	(3,388,411)	(5,621,272)	-	(268,412)	(3,388,411)	(5,889,684)
Gross margin	43,371	(818,073)	-	92,843	43,371	(725,230)
Other income by function	4,607	823	-	2,588	4,607	3,411
Administrative expenses	(245,844)	(270,557)	-	(44,073)	(245,844)	(314,630)
Other miscellaneous expenses by function	(2,577)	(1,769)	-	(2,368)	(2,577)	(4,137)
Other gains (losses)	9,147	(8,865)	-	(619)	9,147	(9,484)
Profit (loss) from operating activities	(191,296)	(1,098,441)	-	48,371	(191,296)	(1,050,070)
Finance income	1,761	2,659	-	7,575	1,761	10,234
Finance expenses	(44,078)	(38,833)	-	(9,537)	(44,078)	(48,370)
Share in profits of associates	5,029	14,025	-	25,653	5,029	39,678
Exchange differences	(10,471)	10,967	-	(3,149)	(10,471)	7,818
Gain (loss) from indexation	(1,662)	167	-	(4)	(1,662)	163
Profit (loss) before taxes	(240,717)	(1,109,456)	-	68,909	(240,717)	(1,040,547)
Income tax expense	57,430	95,149	-	(14,126)	57,430	81,023
Profit (loss) from continuing operations	(183,287)	(1,014,307)	-	54,783	(183,287)	(959,524)
Profit (loss) from discontinued operations	(126,181)	(279,959)	-	-	(126,181)	(279,959)
Profit (loss) for the period	(309,468)	(1,294,266)	-	54,783	(309,468)	(1,239,483)
Profit (loss) attributable to non-controlling interest	4,143	6,770	-	3,522	4,143	10,292
Profit (loss) attributable to owners of parent	(313,611)	(1,301,036)	-	51,261	(313,611)	(1,249,775)

Figures without eliminating the maritime vessel and cargo services segment are presented in Note 15.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 6 Segment Reporting (continued)

Assets and liabilities by segment as of December 31 of each year are summarized as follows:

	Maritime Cargo Transport		Maritime Vessel and Cargo Services		Total	
	2012	2011	2012	2011	2012	2011
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Assets per segment	2,470,916	2,307,626	-	711,634	2,470,916	3,019,260
Proceeds from associates	11,734	14,019	-	146,230	11,734	160,249
Liabilities per segment	1,617,131	2,296,409	-	278,805	1,617,131	2,575,214

Income by geographic region is summarized as follows:

	Maritime Cargo Transport		Maritime Vessel and Cargo Services (discontinued)		Total	
	For the years ended December 31,		For the years ended December 31,		For the years ended December 31,	
	2012	2011	2012	2011	2012	2011
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Asia	1,438,888	2,422,813	-	-	1,438,888	2,422,813
Europe	424,738	482,055	-	-	424,738	482,055
Americas	1,522,151	1,762,620	-	361,255	1,522,151	2,123,875
Africa	46,005	135,711	-	-	46,005	135,711
	3,431,782	4,803,199	-	361,255	3,431,782	5,164,454

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 6 Segment Reporting (continued)

The main services of the maritime cargo transport segment are primarily related to the transport of cargo in containers and, to a lesser extent, the transport of bulk products and automobiles.

The main services of the maritime vessel and cargo services segment include port services such as loading and discharging, operation of terminals under concession, tugboat services, warehouse services, and container repairs, among others.

The Company does not have any customers that are significant on an individual basis.

The Company used the following criteria to measure net income, assets and liabilities within each reporting segment:

Net income for each segment is composed of revenue and expenses related to operations that are directly attributable to each segment, measured as follows: a) for the maritime cargo transport segment, revenue and cost of sales are measured based on degree of completion (Note 3.17); b) for the maritime vessel and cargo services segment, revenue and expenses are measured on an accrual basis. There are no results that cannot be categorized into one of these segments.

The assets and liabilities reported for each operating segment consist of those assets and liabilities that directly partake in services or operations directly attributable to each segment. There are no assets or liabilities that cannot be categorized into one of these segments.

Transactions between segments are not material and have been eliminated in segment reporting.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 7 Cash and Cash Equivalents

Cash and cash equivalents are detailed in the following table:

	As of December 31, 2012	As of December 31, 2011
	ThUS\$	ThUS\$
Cash on hand	304	739
Bank balances	140,225	123,181
Time deposits	70,095	44,030
Repurchase and sellback agreements	1,376	5,066
Total	212,000	173,016

As of December 31, 2012, the Company has funds classified as cash and cash equivalents that are not freely available, totaling ThUS\$ 32,700. This amount is reserved to guarantee principal and interest payments on the vessel financing agreements that the Company has with HSH Nordbank, BNP Paribas and DVB Bank America NY.

Cash and cash equivalents during 2012 and 2011, detailed by currency, are as follows:

	As of December 31, 2012	As of December 31, 2011
Currency	ThUS\$	ThUS\$
US dollar	155,992	124,264
Chilean peso	6,078	8,171
Euro	19,744	10,277
Pound sterling	2,544	1,413
Real	8,812	6,979
Yuan	1,742	890
Hong Kong dollar	538	459
Mexican peso	203	1,990
Yen	181	234
Other currencies	16,166	18,339
Total	212,000	173,016

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 8 Other Financial Assets

Other financial assets are detailed as follows:

	Current		Non-current	
	12.31.2012 ThUS\$	12.31.2011 ThUS\$	12.31.2012 ThUS\$	12.31.2011 ThUS\$
Funds held in trust with third parties (b)	-	-	-	19,773
Options contracts	-	6	-	-
Exchange rate insurance (a)	-	-	76,928	109,757
Hedging derivative contracts (Note 12)	-	908	-	-
Collateral guarantees (c)	14,425	17,404	-	-
Other financial instruments	75	1,737	7,647	8,862
Total other financial assets	14,500	20,055	84,575	138,392

Changes in the fair value of the assets classified in this category are recorded under “other gains/losses” in the statement of comprehensive income.

Explanatory notes for the table above:

- (a) This entry includes an insurance policy contracted by the Company that covers a broad range of foreign currency fluctuations for a period of approximately 30 years. The underlying liability is JPY 24,000,000,000, a loan subscribed with American Family Life Assurance Company of Columbus (AFLAC) payable in one installment in 2033.

The following table details the valuation of this loan agreement:

Valuation of Yen/USD Exchange Risk Insurance

	As of December 31, 2012 ThUS\$	As of December 31, 2011 ThUS\$
Dollar equivalent	278,778	311,607
Dollars according to contract	(201,850)	(201,850)
Value of insurance	76,928	109,757

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 8 Other Financial Assets (continued)

- (b) As of December 31, 2012, no amount is presented within funds held in trusts with third parties since this concept corresponds to funds in investment trusts held by the subsidiary Sudamericana Agencias Aéreas y Marítimas S.A. that have been consolidated in these financial statements until December 2011.
- (c) Collateral guarantees correspond to non-cash deposits to guarantee fluctuations in the market value of the insurance indicated in letter a), as well as fuel hedge derivatives.

Note 9 Trade and Other Receivables

Trade and other receivables are detailed in the following table:

	Current		Non-current	
	12.31.2012 ThUS\$	12.31.2011 ThUS\$	12.31.2012 ThUS\$	12.31.2011 ThUS\$
Trade receivables	318,018	437,846	-	-
Impairment of trade receivables	(16,809)	(19,795)	-	-
Trade receivables, net	301,209	418,051	-	-
Other receivables	3,545	11,899	454	27,333
Impairment of other receivables	(175)	(273)	(365)	(56)
Other receivables, net	3,370	11,626	89	27,277
Total receivables	304,579	429,677	89	27,277

Trade receivables are derived from operations generated by providing services related to the maritime business and other similar receivables.

Most current trade receivables are due within three months after the reporting date.

Other receivables primarily include prepayments to suppliers and agents, receivables from personnel, recoverable expenses, and receivables from ship owners, among others.

The balance of long-term receivables primarily includes long-term loans to entities outside of Chile with different interest rates and with no defined payment term.

The fair value of trade and other receivables does not differ significantly from their book value.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 9 Trade and Other Receivables (continued)

The CSAV Group records provisions when there is evidence of impairment of trade receivables, based on the criteria described in Note 3.11 and the following guidelines:

Age of Receivable	Factor
Over 180 days	100%
Receivables from agencies over 21 days	100%
Legal collections, checks issued with insufficient funds and other similar concepts	100%
High-risk customers, based on each case and market conditions	100%

Trade and other receivables are detailed by maturity in the following table:

	12.31.2012		12.31.2011	
	No. of Clients	ThUS\$	No. of Clients	ThUS\$
Current	12,302	216,396	15,414	332,255
1 - 30 days past due	5,469	69,991	6,058	66,298
31 - 61 days past due	1,341	10,300	1,611	13,231
61 - 90 days past due	721	2,955	996	5,638
91 - 120 days past due	625	2,346	920	4,116
121 - 150 days past due	490	1,099	1,049	5,213
151 - 180 days past due	1,091	1,492	869	2,926
Ending balance		304,579		429,677

Changes in impairment losses from accounts receivable are detailed as follows:

	12.31.2012	12.31.2011
	ThUS\$	ThUS\$
Beginning balance	20,124	19,349
(Reversal) increase of impairment provision	1,425	775
Other variations *	(4,200)	-
Ending balance	17,349	20,124

*Variations from spin-off of Sudamericana, Agencias Aéreas y Marítimas S.A.

Once the legal collections process has been exhausted, the assets are written off against the provision that was recorded. The CSAV Group only uses the allowance method and not the direct write-off method in order to better control these accounts.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 10 Balances and Transactions with Related Parties

The net balance of accounts receivable from and payable to non-consolidated related entities is detailed in the following table:

	<u>As of December 31, 2012</u>		<u>As of December 31, 2011</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
Receivables from related parties	3,501	-	10,587	-
Payables to related parties	(22,805)	-	(368,383)	(26)
Total	(19,304)	-	(357,796)	(26)

Current balances with related companies are related to business operations and are carried out at market conditions, with respect to price and payment conditions.

Accounts receivable

Receivables from Dry Bulk Handy Holding Inc. corresponds to remittances for working capital.

As of December 31, 2011, there was a receivable for ThUS\$ 3,500 that corresponds to dividends receivable from Trabajos Maritimos S.A., an affiliate of the subsidiary Sudamericana, Agencias Aéreas y Marítimas S.A.

Accounts payable

In 2012, the Company paid the following accounts payable: ThUS\$ 250,000 (principal) and ThUS\$ 100,000 for the loan agreements entered into in 2011 with Quiñenco S.A. and Marítima de Inversiones S.A., respectively.

The average interest rate on the loan is 3.5% (Libor + 3%). They have been guaranteed with 35% and 14%, respectively, of the shares that the Company has in the subsidiary Sudamericana, Agencias Aéreas y Marítimas S.A.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 10 Balances and Transactions with Related Parties (continued)

Receivables from related parties are summarized as follows:

Taxpayer ID	Country	Company	Transaction	Relationship	Currency	12.31.2012	12.31.2011
						ThUS\$	ThUS\$
96.566.940-K	Chile	Agencias Universales S.A.	Services	Common shareholder and/or dir	USD	-	58
99.511.240-K	Chile	Antofagasta Terminal Internacional S.A.	Dividend	Common shareholder and/or dir	USD	-	800
90.596.000-8	Chile	Cía. Chilena de Navegación Interoceánica S.A.	Services	Common shareholder and/or dir	USD	-	595
86.712.100-5	Chile	Cosem S.A.	Services	Common shareholder and/or dir	USD	11	-
90.331.000-6	Chile	Cristalerías de Chile S.A.	Services	Common shareholder and/or dir	USD	-	519
76.344.250-0	Chile	Distribuidora Santa Rita Ltda.	Services	Common shareholder and/or dir	USD	33	40
Foreign	Monaco	Dry Bulk Handy Holding Inc.	Current account	Associate	USD	3,369	3,305
Foreign	Colombia	Equimac S.A.	Current account	Common shareholder and/or dir	USD	-	2
76.140.270-6	Chile	Inmobiliaria Carriel Ltda.	Services	Common shareholder and/or dir	USD	-	102
76.140.270-6	Chile	Inmobiliaria Carriel Ltda.	Other	Common shareholder and/or dir	USD	-	47
Foreign	Mexico	Jalipa Contenedores S.R.L. De C.V.	Services	Common shareholder and/or dir	USD	-	11
Foreign	Mexico	Jalipa Contenedores S.R.L. De C.V.	Other	Common shareholder and/or dir	USD	-	35
76.028.651-6	Chile	Lng Tugs Chile S.A.	Current account	Common shareholder and/or dir	USD	-	75
94.660.000-8	Chile	Marítima de Inversiones S.A.	Services	Common shareholder and/or dir	USD	1	-
Foreign	Germany	Peter Dohle (IOM) Ltd.	Services	Common shareholder and/or dir	USD	80	113
Foreign	Germany	Peter Dohle Schiffharts – KG	Services	Common shareholder and/or dir	USD	-	36
96.610.780-4	Chile	Portuaria Corral S.A.	Current account	Common shareholder and/or dir	USD	-	40
96.610.780-4	Chile	Puerto Panul S.A.	Current account	Common shareholder and/or dir	USD	-	1
96.610.780-4	Chile	Puerto Panul S.A.	Dividend	Common shareholder and/or dir	USD	-	99
90.556.920-0	Chile	Sepsa S.A.	Services	Common shareholder and/or dir	USD	6	-
94.058.000-5	Chile	Servicios Aeroportuarios Aerosán S.A.	Current account	Common shareholder and/or dir	USD	-	2
96.721.040-4	Chile	Servicios Marítimos Patillos S.A.	Dividend	Common shareholder and/or dir	USD	-	662
86.547.900-K	Chile	Sociedad Anónima Viña Santa Rita	Other	Common shareholder and/or dir	USD	-	203
99.567.620-6	Chile	Terminal Puerto Arica S.A.	Dividend	Common shareholder and/or dir	USD	-	241
Foreign	Peru	Trabajos Marítimos S.A.	Dividend	Common shareholder and/or dir	USD	-	3,500
96.657.210-8	Chile	Transportes Fluviales Corral S.A.	Current account	Common shareholder and/or dir	USD	-	98
Foreign	Hong Kong	Walem Shipmanagement Ltd.	Services	Common shareholder and/or dir	USD	1	-
92.236.000-6	Chile	Watt's S.A.	Services	Common shareholder and/or dir	USD	-	3
TOTAL						3,501	10,587

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 10 Balances and Transactions with Related Parties (continued)

Payables to related parties are summarized as follows:

Taxpayer ID	Country	Company	Transaction	Relationship	Currency	12.31.2012	12.31.2011
						ThUS\$	ThUS\$
99.511.240-K	Chile	Antofagasta Terminal Internacional S.A.	Services	Common shareholder and/or dir	USD	2,390	3,621
99.511.240-K	Chile	Antofagasta Terminal Internacional S.A.	Current account	Common shareholder and/or dir	USD	-	125
99.520.000-7	Chile	Compañía de Petróleos de Chile Copec S.A.	Current account	Common shareholder and/or dir	USD	-	289
Foreign	Peru	Consorcio Naviero Peruano S.A.	Services	Associate	USD	880	2,457
Foreign	Peru	Consorcio Naviero Peruano S.A.	Current account	Associate	USD	19	14
Foreign	Peru	Consorcio Naviero Peruano S.A.	Other	Associate	USD	-	1
Foreign	Ecuador	Ecuasitbas S.A.	Services	Common shareholder and/or dir	USD	223	-
Foreign	Ecuador	Ecuasitbas S.A.	Current account	Common shareholder and/or dir	USD	142	-
95.134.000-6	Chile	Empresas Navieras S.A.	Dividend	Common shareholder and/or dir	USD	-	275
Foreign	United States	Florida International Terminal, LLC	Services	Common shareholder and/or dir	USD	1,412	-
Foreign	United States	Florida International Terminal, LLC	Current account	Common shareholder and/or dir	USD	16	-
Foreign	Ecuador	Inarpi S.A.	Services	Common shareholder and/or dir	USD	439	-
Foreign	Ecuador	Inarpi S.A.	Current account	Common shareholder and/or dir	USD	61	-
96.915.330-0	Chile	Iquique Terminal Internacional S.A.	Services	Common shareholder and/or dir	USD	790	-
94.660.000-8	Chile	Marítima de Inversiones S.A.	Loan	Common shareholder and/or dir	USD	-	101,024
99.506.030-2	Chile	Muellaje del Maipo S.A.	Services	Common shareholder and/or dir	USD	-	11
Foreign	Germany	Peter Dohle Schiffharts – KG	Services	Common shareholder and/or dir	USD	1,296	-
91.705.000-7	Chile	Quiñenco S.A.	Loan	Majority shareholder	USD	-	251,993
Foreign	Brazil	SAAM Do Brasil Ltda.	Services	Common shareholder and/or dir	USD	1,755	-
Foreign	Brazil	SAAM Do Brasil Ltda.	Current account	Common shareholder and/or dir	USD	346	-
Foreign	Brazil	SAAM Do Brasil Ltda.	Other	Common shareholder and/or dir	USD	5	-
96.798.520-1	Chile	Saam Extraportuarios S.A.	Services	Common shareholder and/or dir	USD	21	-
96.908.970-K	Chile	San Antonio Terminal Internacional S.A.	Services	Common shareholder and/or dir	USD	3,152	3,441
96.908.970-K	Chile	San Antonio Terminal Internacional S.A.	Current account	Common shareholder and/or dir	USD	-	477
96.908.930-0	Chile	San Vicente Terminal Internacional S.A.	Services	Common shareholder and/or dir	USD	1,641	1,740
96.908.930-0	Chile	San Vicente Terminal Internacional S.A.	Current account	Common shareholder and/or dir	USD	-	65
96.908.930-0	Chile	San Vicente Terminal Internacional S.A.	Other	Common shareholder and/or dir	USD	-	20
96.721.040-4	Chile	Servicios Marítimos Patillos S.A.	Services	Common shareholder and/or dir	USD	-	283
78.353.000-7	Chile	Servicios Portuarios Reloncaví Ltda.	Current account	Common shareholder and/or dir	USD	-	174
92.048.000-4	Chile	Sudamericana, Agencias Aéreas y Marítimas S.A.	Services	Common shareholder and/or dir	USD	5,060	-
92.048.000-4	Chile	Sudamericana, Agencias Aéreas y Marítimas S.A.	Current account	Common shareholder and/or dir	USD	346	-
99.567.620-6	Chile	Terminal Puerto Arica S.A.	Services	Common shareholder and/or dir	USD	132	86
99.567.620-6	Chile	Terminal Puerto Arica S.A.	Current account	Common shareholder and/or dir	USD	-	120
Foreign	Peru	Trabajos Marítimos S.A.	Services	Common shareholder and/or dir	USD	2,235	2,048
Foreign	Peru	Trabajos Marítimos S.A.	Current account	Common shareholder and/or dir	USD	22	67
82.074.900-6	Chile	Transbordadora Austral Broom S.A.	Services	Common shareholder and/or dir	USD	13	15
82.074.900-6	Chile	Transbordadora Austral Broom S.A.	Current account	Common shareholder and/or dir	USD	-	37
Foreign	Brazil	Tug Brasil Apoio Marítimo Portuario S.A.	Current account	Common shareholder and/or dir	USD	24	-
Foreign	Brazil	Tug Brasil Apoio Marítimo Portuario S.A.	Other	Common shareholder and/or dir	USD	385	-
TOTAL						22,805	368,383

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 10 Balances and Transactions with Related Parties (continued)

The Company has no non-current receivables from related companies.

Non-current payables from related parties are summarized as follows:

Taxpayer ID	Country	Company	Transaction	Relationship	Currency	12.31.2012	12.31.2011
						ThUS\$	ThUS\$
96.908.970-K	Chile	San Antonio Terminal Internacional S.A.	Other	Associate	USD	-	23
96.908.930-0	Chile	San Vicente Terminal Internacional S.A.	Other	Associate	USD	-	3
TOTAL						-	26

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 10 Balances and Transactions with Related Parties (continued)

Transactions with related parties are detailed as follows:

Company	Taxpayer ID	Country	Relationship	Transaction	For the years ended December	
					31,	
					12.31.2012	12.31.2011
					ThUS\$	ThUS\$
Antofagasta Terminal Internacional S.A.	99511240-K	Chile	Common shareholder and/or dir	Maritime transport services	-	8
Antofagasta Terminal Internacional S.A.	99511240-K	Chile	Common shareholder and/or dir	Port services received	(7,792)	(9,266)
Cerámicas Cordillera S.A.	96573780-4	Chile	Common shareholder and/or dir	Maritime transport services	-	138
Cervecera Chile CCU Ltda.	96989120-4	Chile	Common shareholder and/or dir	Maritime transport services	154	241
Compañía Electrometalúrgica S.A.	90320000-6	Chile	Common shareholder and/or dir	Maritime transport services	1,830	712
Compañía Pisquera de Chile S.A.	99586280-8	Chile	Common shareholder and/or dir	Maritime transport services	3	6
Consorcio Naviero Peruano S.A.	Foreign	Peru	Associate	Maritime transport services	296	170
Consorcio Naviero Peruano S.A.	Foreign	Peru	Associate	Agencying services received	(9,929)	(14,038)
Cristalerías de Chile S.A.	90331000-6	Chile	Common shareholder and/or dir	Maritime transport services	243	526
Cristalerías de Chile S.A.	90331000-6	Chile	Common shareholder and/or dir	Parking rental	(21)	(164)
Distribuidora Santa Rita Ltda	76344250-0	Chile	Common shareholder and/or dir	Maritime transport services	207	252
Ediciones Financieras S.A.	96539380-3	Chile	Common shareholder and/or dir	Advertising services	(31)	(42)
Embotelladoras Chilenas Unidas S.A.	99501760-1	Chile	Common shareholder and/or dir	Purchase of products	(4)	-
Empresa Nacional de Energia Enx S.A.	90266000-3	Chile	Common shareholder and/or dir	Maritime transport services	262	218
Etersol S.A.	86474100-2	Chile	Common shareholder and/or dir	Maritime transport services	152	169
Falabella Retail S.A.	77261280-K	Chile	Common shareholder and/or dir	Maritime transport services	4,623	3,033
Indalum S.A.	91524000-3	Chile	Common shareholder and/or dir	Maritime transport services	13	4
Ingenieria y Construccion Sigdo Koppers S.A.	91915000-9	Chile	Common shareholder and/or dir	Maritime transport services	3	-
Madeco Mills S.A.	76009053-0	Chile	Common shareholder and/or dir	Maritime transport services	6	8
Marítima de Inversiones S.A.	94660000-8	Chile	Common shareholder and/or dir	Administrative services provided	92	111
Marítima de Inversiones S.A.	94660000-8	Chile	Common shareholder and/or dir	Loans received	-	119,975
Marítima de Inversiones S.A.	94660000-8	Chile	Common shareholder and/or dir	Loans paid	(100,000)	(9,975)
Marítima de Inversiones S.A.	94660000-8	Chile	Common shareholder and/or dir	Interest paid	(1,024)	(59)
Marítima de Inversiones S.A.	94660000-8	Chile	Common shareholder and/or dir	Dividends payable	-	12,593
Marítima de Inversiones S.A.	94660000-8	Chile	Common shareholder and/or dir	Dividends paid	-	(12,593)
Minera el Tesoro	78896610-5	Chile	Common shareholder and/or dir	Maritime transport services	2,960	3,012
Minera los Pelambres	96790240-3	Chile	Common shareholder and/or dir	Maritime transport services	398	6,338

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 10 Balances and Transactions with Related Parties (continued)

Transactions with related parties are detailed as follows:

Company	Taxpayer ID	Country	Relationship	Transaction	For the years ended	
					12.31.2012	12.31.2011
					ThUS\$	ThUS\$
Orizon S.A.	96929960-7	Chile	Common shareholder and/or dir	Maritime transport services	37	19
Quimetal Industrial S.A.	87001500-3	Chile	Common shareholder and/or dir	Maritime transport services	165	477
Quiñenco S.A.	91705000-7	Chile	Majority shareholder	Loans received	-	269,975
Quiñenco S.A.	91705000-7	Chile	Majority shareholder	Loans paid	(250,000)	(9,975)
Quiñenco S.A.	91705000-7	Chile	Majority shareholder	Interest paid	(1,993)	(59)
S.A.C.I. Falabella	90749000-9	Chile	Common shareholder and/or dir	Services provided	203	558
San Antonio Terminal Internacional S.A.	96908970-K	Chile	Common shareholder and/or dir	Port services provided	8	22
San Antonio Terminal Internacional S.A.	96908970-K	Chile	Common shareholder and/or dir	Port services received	(15,591)	(21,123)
San Vicente Terminal Internacional S.A.	96908930-0	Chile	Common shareholder and/or dir	Port services provided	9	9
San Vicente Terminal Internacional S.A.	96908930-0	Chile	Common shareholder and/or dir	Port services received	(7,752)	(7,617)
Sigdopack S.A.	96777170-8	Chile	Common shareholder and/or dir	Maritime services provided	80	181
Sociedad Quimica Minera Chile S.A.	93007000-9	Chile	Common shareholder and/or dir	Services provided	95	71
Sudamericana Agencias Aereas y Maritimas S.A.	92048000-4	Chile	Common shareholder and/or dir	Services provided	5,584	7,555
Sudamericana Agencias Aereas y Maritimas S.A.	92048000-4	Chile	Common shareholder and/or dir	Services received	(21,754)	(25,637)
Sudamericana Agencias Aereas y Maritimas S.A.	92048000-4	Chile	Common shareholder and/or dir	Loans paid	(17,500)	-
Sudamericana Agencias Aereas y Maritimas S.A.	92048000-4	Chile	Common shareholder and/or dir	Interest paid	(223)	-
Terminal Portuario de Arica S.A.	99567620-6	Chile	Common shareholder and/or dir	Port services received	(429)	(993)
Trabajos Marítimos S.A.	Foreign	Peru	Common shareholder and/or dir	Services provided	18	462
Trabajos Marítimos S.A.	Foreign	Peru	Common shareholder and/or dir	Agencying services	(9,327)	(8,502)
Transbordadora Austral Broom S.A.	82074900-6	Chile	Common shareholder and/or dir	Port services received	(106)	(98)
Viña Carmen S.A.	87941700-7	Chile	Common shareholder and/or dir	Services provided	1	-
Viña San Pedro de Tarapaca S.A.	91041000-8	Chile	Common shareholder and/or dir	Services received	(10)	-
Viña San Pedro de Tarapaca S.A.	91041000-8	Chile	Common shareholder and/or dir	Services provided	70	-
Viña Santa Carolina S.A.	90929000-7	Chile	Common shareholder and/or dir	Services provided	6	-
Vinilit S.A.	87006000-9	Chile	Common shareholder and/or dir	Maritime services provided	13	17
Watt's S.A.	92236000-6	Chile	Common shareholder and/or dir	Maritime services provided	84	276

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 10 Balances and Transactions with Related Parties (continued)

Compensation of Board of Directors and Key Personnel

A. Compensation of Key Personnel

Key personnel include executives who define the CSAV Group's strategic policies and have a direct impact on business results. This group includes the Chief Executive Officer of CSAV and the following managers:

Name	Position
Oscar Hasbún Martínez	Chief Executive Officer
Héctor Arancibia Sánchez	Chief Engineering Officer (Shipbuilding)
Enrique Arteaga Correa	East Coast South America Route Manager
Gonzalo Baeza Solsona	West Coast South America Route Manager
Claudio Barroilhet Acevedo	Legal Manager
Santiago Bielenberg Vásquez	Special Services Manager
Nicolás Burr García de la Huerta	Chief Financial Officer
Mauricio Carrasco Medina	Development Manager
Arturo Castro Miranda	Area Sales Manager
Gabriel Escobar Pablo	Controller
Rafael Ferrada Moreira	Development and Strategic Planning Manager
Andres Kulka Kupermann	Marketing and Sales Manager
Alejandro Pattillo Moreira	Route Planning Manager
José Miguel Respaldiza Chicharro	Cargo Services Manager
Hans Christian Seydewitz Munizaga	Operations and Development Manager
Vivien Swett Brown	Investor Relations
Fernando Valenzuela Diez	IT Manager
Juan Carlos Valenzuela Aguirre	Human Resources Manager

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 10 Balances and Transactions with Related Parties (continued)

Compensation of the parent company's key management personnel amounts to ThUS\$ 5,589 for the period ended December 31, 2012 (ThUS\$ 7,742 for the period ended December 31, 2011).

	For the years ended December 31,	
	2012 ThUS\$	2011 ThUS\$
Short-term employee benefits	5,426	7,507
Other benefits	163	235
Total	5,589	7,742

- Guarantees Granted by the Company in Favor of Key Management Personnel

The Company has not granted any guarantees in favor of key management personnel.

- Share-Based Payment Plans

The Company does not have any compensation plans for key management personnel based on share price.

B. Director Compensation

Profit Sharing

2012

During 2012, no compensation in the form of profit sharing was given due to the losses incurred during 2011.

2011

The amounts paid to Directors from 2010 net income are summarized as follows: ThUS\$567.84 to Mr. Jaime Claro V.; ThUS\$283.92 to Mr. Luis Alvarez M.; ThUS\$91.79 to Mr. Juan Andrés Camus C.; ThUS\$283.92 to Mr. Canio Corbo L.; ThUS\$283.92 to Mr. Baltazar Sánchez G.; ThUS\$283.92 to Mr. Patricio Valdés P.; ThUS\$283.92 to Mr. Arturo Claro F.; ThUS\$283.92 to Mr. Joaquín Barros F.; ThUS\$283.92 to Mr. Patricio García D.; ThUS\$283.92 to Mr. Víctor Pino T.; ThUS\$283.92 to Mr. Christoph Schiess S. and ThUS\$192.13 to Mr. Andrew Robinson B.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

B. Director Compensation (continued)

Meeting attendance allowance

2012

ThUS\$13.73 to Mr. Luis Alvarez M.; ThUS\$60.57 to Mr. Canio Corbo L.; ThUS\$9.14 to Mr. Baltazar Sánchez G.; ThUS\$56.01 to Mr. Arturo Claro F.; ThUS\$32.72 to Mr. José De Gregorio; ThUS\$56.01 to Mr. Juan Antonio Alvarez; ThUS\$32.85 Juan Francisco Gutiérrez I.; ThUS\$51.43 to Mr. Christoph Schiess S.; ThUS\$83.99 to Mr. Guillermo Luksic C.; ThUS\$51.43 to Mr. Francisco Pérez Mackenna; ThUS\$60.39 to Mr. Víctor Toledo S.; ThUS\$37.67 to Mr. Hernán Buchi B.; and ThUS\$55.57 to Mr. Gonzalo Menéndez D.

2011

ThUS\$0.7 to Mr. Jaime Claro V.; ThUS\$1.43 to Mr. Luis Alvarez M.; ThUS\$1.43 to Mr. Canio Corbo L.; ThUS\$1.79 to Mr. Baltazar Sánchez G.; ThUS\$1.79 to Mr. Patricio Valdés P.; ThUS\$1.79 to Mr. Arturo Claro F.; ThUS\$1.43 to Mr. Joaquín Barros F.; ThUS\$1.79 to Mr. Patricio García D.; ThUS\$1.43 to Mr. Víctor Pino T.; ThUS\$1.79 to Mr. Christoph Schiess S.; ThUS\$0.35 to Mr. Andrew Robinson B. and ThUS\$1.13 to Mr. Domingo Cruzat A.

Committee attendance allowance

2012

The following amounts were paid to each director: Gonzalo Menéndez D. ThUS\$ 13.97; Canio Corbo L. ThUS\$15.56 and Víctor Toledo S. ThUS\$ 15.53.

2011

The following amounts were paid to each director: Luis Alvarez M. ThUS\$ 0.71; Canio Corbo L. ThUS\$ 7.03; Patricio Valdés P. ThUS\$ 1.07 and Víctor Toledo S. ThUS\$ 2.26.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 11 Inventory

	As of December 31, 2012	As of December 31, 2011
	ThUS\$	ThUS\$
Fuel	77,530	119,396
Lubricant	2,975	2,501
Spare parts	38	4,755
Consummables	-	1,080
Other inventory	1,952	2,090
Total	82,495	129,822

The entries included under fuel correspond to fuel found on vessels (as of December 31, 2011, it also included fuel found on tugboats belonging to SAAM S.A.) in operation that will be consumed in the normal course of services provided. These entries are valued in accordance with Note 3.12.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 12 Hedge Assets and Liabilities

Hedging assets and liabilities are summarized as follows:

	As of December 31, 2012		As of December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current				
Fuel swaps (a)	-	520	908	-
Interest rate swaps (b)	-	-	-	250
Total current	-	520	908	250
Non-current				
Interest rate swaps (b)	-	-	-	653
Total non-current	-	-	-	653
Total	-	520	908	903

Explanatory notes for the table above:

(a) Fuel price hedging contracts.

As of December 31, 2012 and 2011, the Company holds the following fuel price hedge contracts:

As of December 31, 2012						As of December 31, 2011			
Derivative	Institution	Date of agreement	Expiration date	Fair value	Recognized in equity	Expiration date	Fair value	Recognized in equity	
Swap	Morgan Stanley	Oct-10	III - IV - 2012	-	-	III - IV - 2012	2,560	370	
Swap	Morgan Stanley	Mar-12	I - 2013	60	(13)	-	-	-	
Swap	Barclays	Nov-09	I - IV - 2012	-	-	I - IV - 2012	3,178	478	
Swap	Barclays	May-11	I - 2012	-	-	I - 2012	6,044	79	
Swap	Barclays	Nov-11	IV - 2012	-	-	IV - 2012	3,159	(9)	
Swap	Barclays	Nov-11	I - II - 2012	-	-	I - II - 2012	756	(15)	
Swap	Barclays	Dec-11	I - II - 2012	-	-	I - II - 2012	252	(3)	
Swap	Barclays	Dec-11	I - IV - 2012	-	-	I - IV - 2012	636	8	
Swap	Barclays	Feb-12	I - 2013	390	(50)				
Swap	Barclays	Mar-12	I - 2013	1,428	(251)				
Swap	Barclays	Apr-12	I - 2013	416	(59)				
Swap	Barclays	Apr-12	II - 2013	1,122	(151)				
Swap	Barclays	May-12	II - 2013	599	(40)				
Swap	Barclays	Jul-12	III - 2013	1,261	68				
Swap	Koch	Aug-12	I - 2013	146	(14)				
Swap	Koch	Dec-12	II - 2013	256	(1)				
Swap	Koch	Dec-12	IV - 2013	280	(9)				
					<u>(520)</u>			<u>908</u>	

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 12 Hedge Assets and Liabilities (continued)

(b) Interest rate hedges.

In 2012, no interest rate hedges have been entered into. As of December 31, 2011, the subsidiary Sudamericana Agencias Aéreas y Marítimas S.A. contracted hedges for loans to purchase operating plant, property and equipment, detailed as follows:

Derivative	Institution	Date of agreement	Expiration date	Currency	12/31/2011
					Recognized in equity
Swap	Corpbanca	Dec-08	IV - 2014	US\$	341
Swap	BCI	Jun-09	IV - 2014	US\$	161
Swap	BCI	Jan-09	III- 2012	US\$	22
Swap	BCI	Jul-08	I - 2012	US\$	15
Swap	Santander	Sep-08	III - 2013	US\$	31
Swap	Santander	Sep-08	III - 2013	US\$	19
Swap	Santander	Oct-08	IV - 2013	US\$	20
Swap	Santander	Sep-08	IV - 2013	US\$	34
Swap	BCI	Nov-08	IV - 2012	US\$	64
Swap	BCI	Aug-11	IV - 2015	US\$	196
Total (Effective Hedge)					903

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 13 Other Non-financial Assets

Other non-financial assets are detailed below:

	As of December 31, 2012		As of December 31, 2011	
	Current	Non-current	Current	Non-current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Insurance	2,816	-	7,336	-
Prepaid leases	11,370	-	6,639	1,124
Lighthouses and buoys	2,550	-	2,373	-
Container positioning	622	1,385	863	1,947
Expenses for vessels in transit	-	-	30,343	-
Other	5,073	8,701	4,061	5,894
Total	22,431	10,086	51,615	8,965

Insurance corresponds to insurance premiums for real estate property and vessels.

Current prepaid leases correspond primarily to lease prepayments on vessels operated by CSAV, which will be applied to leases of vessels in the future. The lease agreement that is presented as “non-current” corresponds to leases to be consumed in more than one year.

Expenses for vessels in transit correspond to the balance of expenses recorded as of the reporting date for vessels in transit as of that date.

Positioning of lighthouses and buoys corresponds to normal payments for providing maritime transport services.

Note 14 Non-current Assets Held for Sale

As of December 31, 2011, a portion of property, plant and equipment is presented as groups of assets held for sale, in accordance with the commitment assumed by Administración de Servicios de Aviación y Terminales S.A., a subsidiary of SAAM, in December 2008, relating to a plan to sell these assets as a result of the closing of airport service operations. Efforts to sell this disposal group have already begun. As of December 31, 2011, the disposal group contained assets totaling ThUS\$ 76.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 15 Investments in Subsidiaries

a) Consolidated Subsidiaries:

The CSAV Group holds investments in subsidiaries, as detailed in Note 3, which have been consolidated in these financial statements.

Taxpayer ID	Name of Subsidiary	Functional currency	Country of incorporation	% Direct or Indirect Ownership	
				2012	2011
Foreign	Compañía Sud Americana de Vapores GmbH	EURO	Germany	100%	100%
Foreign	Corvina Shipping Co. S.A. and Subsidiaries	USD	Panama	100%	100%
Foreign	CSAV Agency, LLC. and Subsidiary	USD	United States	100%	100%
Foreign	CSAV Group (China) Shipping Co. Limited	USD	China	100%	100%
99.588.400-3	CSAV Inversiones Navieras S.A. and Subsidiaries	USD	Chile	100%	100%
89.602.300-4	Empresa de Transporte Sudamericana Austral Ltda. and Subsidiaries	USD	Chile	100%	100%
Foreign	Inversiones Nuevo Tiempo S.A.	USD	Panama	0%	100%
Foreign	Inversiones Plan Futuro S.A.	USD	Panama	0%	100%
Foreign	Norgistics (China) Limited	YUAN	China	100%	100%
76.028.729-6	Norgistics Holding S.A. and Subsidiaries	USD	Chile	100%	100%
96.840.950-6	Odfjell y Vapores S.A.	USD	Chile	51%	51%
92.048.000-4	Sudamericana, Agencias Aéreas y Marítimas S.A. and Subsidiaries	USD	Chile	0%	100%
Foreign	Tollo Shipping Co. S.A. and Subsidiaries	USD	Panama	100%	100%

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 15 Investments in Subsidiaries (continued)

b) Summarized financial information:

The summarized financial information of such investments as of December 31, 2012 and 2011, is detailed as follows:

As of December 31, 2012

Company	Assets ThUS\$	Liabilities ThUS\$	Equity ThUS\$	Operating revenue ThUS\$	Operating expenses ThUS\$	Profit (loss) ThUS\$
Tollo Shipping Co. S.A. and Subsidiaries	1,926,263	2,786,901	(860,638)	1,097,823	(1,123,685)	(118,246)
Corvina Shipping Co. S.A. and Subsidiaries	1,807,248	479,333	1,327,915	134,235	(134,224)	(1,887)
Odfjell y Vapores S.A.	21,005	2,229	18,776	11,133	(10,432)	3,027
Empresa de Transportes Sudamericana Austral Ltda. and Subsidiaries	1,339	3,128	(1,789)	-	(41)	109
CSAV Inversiones Navieras S.A. and Subsidiaries	136,875	68,175	68,700	138,584	(107,597)	20,250
Compañía Sudamericana de Vapores GMBH	1,930	607	1,323	10,172	(10,022)	38
CSAV Agency LLC and Subsidiary	15,529	3,969	11,560	27,519	(22,827)	4,731
CSAV Group (China) Shipping Co. Ltd.	30,065	22,827	7,238	23,733	(18,946)	3,345
Norgistics (China) Ltd.	2,532	734	1,798	449	(270)	138
Norgistics Holding S.A. and Subsidiaries	10,392	5,103	5,289	22,743	(22,641)	189

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 15 Investments in Subsidiaries (continued)

As of December 31, 2011

Company	Assets ThUS\$	Liabilities ThUS\$	Equity ThUS\$	Operating revenue ThUS\$	Operating expenses ThUS\$	Profit (loss) ThUS\$
Tollo Shipping Co. S.A. and Subsidiaries	1,425,538	2,156,196	(730,658)	1,841,351	(2,300,763)	(642,835)
Corvina Shipping Co. S.A. and Subsidiaries	544,563	253,190	291,373	83,362	(79,996)	11,987
Odfjell y Vapores S.A.	16,893	1,144	15,749	11,330	(9,299)	1,724
Empresa de Transportes Sudamericana Austral Ltda. and Subsidiaries	1,365	3,263	(1,898)	-	(39)	(677)
CSAV Inversiones Navieras S.A. and Subsidiaries	146,348	83,168	63,180	180,741	(136,592)	27,479
Compañía Sudamericana de Vapores GMBH	1,938	678	1,260	10,504	(10,297)	154
CSAV Agency LLC and Subsidiary	11,061	4,232	6,829	38,911	(26,802)	11,882
CSAV Group (China) Shipping Co. Ltd.	41,521	30,462	11,059	34,674	(22,885)	7,842
Norgistics (China) Ltd.	2,671	1,029	1,642	361	(188)	99
Inversiones Nuevo Tiempo S.A. (**)	4,039	9,270	(5,230)	-	(2)	(5)
Inversiones Plan Futuro S.A. (**)	41,556	1	41,555	-	(2)	(5)
Norgistics Holding S.A. and Subsidiaries	10,289	5,381	5,101	16,089	(16,459)	(293)
Sudamericana. Agencias Aéreas y Marítimas S.A. and Subsidiaries (*)	894,855	283,066	611,789	425,841	(316,446)	63,764

(*) As a result of the spin-off (note 29), this company is not included in the consolidated financial statements as of December 31, 2012.

(**) Companies absorbed as of June 30, 2012 by Tollo Shipping Co. S.A.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 15 Investments in Subsidiaries (continued)

c) Movements in investments:

c.1) During the period ended December 31, 2012, the following significant purchases or sales of investments have taken place:

c.1.1) Divestment:

During the first half of 2012, in compliance with the share issuance agreed upon in an extraordinary shareholders' meeting on October 5, 2011, the company divested all shares of the subsidiary Sudamericana, Agencias Aéreas y Marítimas S.A, to a new company, Sociedad Matriz SAAM S.A., created for such a purpose"

The effect of the divestment is reflected as a decrease in the statement of financial position, detailed as follows:

	ThUS\$
Current assets	191,230
Non-current assets	703,625
Current liabilities	94,867
Non-current liabilities	188,199
Net equity	611,789

The divestment is also reflected as a decrease in investing activities of ThUS\$ 43,770 within the account other cash inflows (outflows) in the statement of cash flows for the year ended December 31, 2012.

c.1.2) Acquisition of shareholdings:

On May 31, 2012, the group, through its subsidiaries Tollo Shipping Co. S.A. (Panama) and CSAV Inversiones Navieras S.A. (Chile) acquired the Panamanian company Invermar Managements S. de RL, which holds 50% of the shares of the subsidiary CSAV Group Agency Colombia Ltd. It was purchased from Allerton Investments Limited, Minimax Investment LLC and Neo-Ventura Investments, LLC.

The acquisition totaled ThUS\$ 8,450, which was paid as follows: ThUS\$ 4,000 upon signing (which has been paid to date) and two promissory notes for ThUS\$ 2,800 and ThUS\$ 1,650 maturing December 17, 2012 (which was paid on that date) and March 29, 2013, respectively.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 15 Investments in Subsidiaries (continued)

The book value of the acquired shares is ThUS\$ 1,236. In accordance with the CSAV Group's accounting policies, it recognized a charge to retained earnings of ThUS\$ 7,214.

c.1.3) Other movements in subsidiaries:

During the first half of 2012, the companies Inversiones Plan Futuro S.A. and Inversiones Nuevo Tiempo S.A. were absorbed by the subsidiary Tollo Shipping Co. S.A.

In October 2012, the subsidiary Corvina Shipping Co S.A. increased its capital by ThUS\$ 1,000,000, by capitalizing the debt it had with its parent company (CSAV).

c.2) During the period ended December 31, 2011, the following significant purchases or sales of investments have taken place:

c.2.1) On February 03, 2011, the Company acquired the remaining 30% of CSAV Group Agencies Uruguay S.A. through its subsidiary CSAV Inversiones Navieras S.A. for ThUS\$ 148.

c.2.2) On March 31, 2011, Inversiones San Marco Ltda. carried out a capital increase of ThUS\$ 9,175, which was subscribed and paid by its partners SAAM and CSAV prorated based on their ownership interests. SAAM subscribed and paid ThUS\$ 9,083, equivalent to 99% of the capital increase by contributing shares in fourteen corporations and rights in one limited liability company. CSAV subscribed and paid ThUS\$ 92 in cash, equivalent to 1% of the capital increase.

This corporate reorganization of the SAAM group generated an effect in the equity account other reserves of ThUS\$ 50.

c.2.3) On May 09, 2011, the Company acquired the remaining 10% of CSAV Group Agencies Korea Co. Ltd. through its subsidiary CSAV Inversiones Navieras S.A. for ThUS\$ 23.

c.2.4) On June 16, 2011, the subsidiary SAAM S.A., through its subsidiary Saam Puertos S.A., exercised its preferential option to acquire all non-controlling interests in Iquique Terminal Internacional S.A., which comprised a 40% interest, and simultaneously transferred 15% of its interest to Empresas Navieras S.A. for the same purchase price by virtue of the share purchase agreement signed on May 18, 2011.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 15 Investments in Subsidiaries (continued)

As a result, the Company acquired 25% of the non-controlling interests in Iquique Terminal Internacional S.A. for ThUS\$ 17,713, paid in cash, thus increasing its shareholding from 60% to 85%.

The book value of the additional interest acquired in Iquique Terminal Internacional S.A. as of the purchase date is ThUS\$ 5,688. The Company recognized a decrease in non-controlling interests for that amount and credited in net equity the difference of ThUS\$ 12,025 between that book value and the fair value of the consideration given.

The effects of the changes in the Company's interest in Iquique Terminal Internacional S.A. are summarized below:

	ThUS\$	
Ownership interest before additional acquisition	60%	13,651
Increase in ownership interest	25%	5,688
Share of reserves and comprehensive income	85%	<u>255</u>
Ownership interest after additional acquisition	85%	19,594

c.2.5) On August 4, 2011, in an extraordinary shareholders' meeting of the affiliate Equiyard S.A., its final liquidation was approved, prorating that company's capital amongst shareholders based on their ownership interests. Inversiones Habsburgo S.A. received ThUS\$ 809, which is included within investing cash flows as "other cash inflows".

c.2.6) On November 2, 2011, the partners of the indirect subsidiary Inmobiliaria Marítima Portuaria Limitada (IMPISA), Inmobiliaria San Marco Ltda. (99.695%) and Inversiones San Marco Ltda. (0.305%), decided to spin off the company into two companies, one of which could be the legal successor company with the same legal identity and taxpayer ID number while the other would be called Inmobiliaria Malvilla Ltda. The partners of this new company would be the same partners in IMPISA with identical ownership interests as in the spun-off company. The assets transferred from the spun-off company represent 3.08% of equity prior to the spin-off.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 16 Equity Method Investments

Movements in these investments as of December 31, 2012 are detailed as follows:

Associate	Country	Currency	Direct and indirect ownership interest	Beginning balance ThUS\$	Share of profit (loss) ThUS\$	Dividends received ThUS\$	Other variations (**) ThUS\$	Balance as of 12.31.2012 ThUS\$
Consorcio Naviero Peruano S.A.	Peru	US\$	47.97%	5,494	4,953	(4,065)	884	7,266
Vogt & Maguire Shipbroking Ltd.	England	Pound	50.00%	531	1,202	(1,582)	(11)	140
Globe II Holding Schiaffahrts & Co. KG (*)	Germany	US\$	50.00%	229	-	-	-	229
Dry Bulk Handy Holding Inc.	Monaco	US\$	50.00%	7,732	(1,116)	(2,500)	(42)	4,074
Odfjell & Vapores Ltd. (Bermudas)	Bermuda	US\$	50.00%	35	(10)	-	-	25
Aerosán Airport Services S.A.	Chile	Peso	50.00%	3,802	-	-	(3,802)	-
Antofagasta Terminal Internacional S.A.	Chile	US\$	35.00%	7,674	-	-	(7,674)	-
Cargo Park S.A.	Chile	Peso	50.00%	9,516	-	-	(9,516)	-
Empresa de Servicios Marítimos Hualpén Ltda.	Chile	Peso	50.00%	221	-	-	(221)	-
Inmobiliaria Carriel Ltda.	Chile	Peso	50.00%	459	-	-	(459)	-
LNG Tugs Chile S.A.	Chile	Peso	40.00%	331	-	-	(331)	-
Portuaria Corral S.A.	Chile	Peso	50.00%	5,834	-	-	(5,834)	-
Puerto Panul S.A.	Chile	US\$	14.40%	2,769	-	-	(2,769)	-
San Antonio Terminal Internacional S.A.	Chile	US\$	50.00%	38,516	-	-	(38,516)	-
San Vicente Terminal Internacional S.A.	Chile	US\$	50.00%	27,222	-	-	(27,222)	-
Servicios Aeroportuarios Aerosán S.A.	Chile	Peso	50.00%	2,578	-	-	(2,578)	-
Servicios Marítimos Patillos S.A.	Chile	Peso	50.00%	103	-	-	(103)	-
Servicios Portuarios Reloncaví Ltda.	Chile	Peso	50.00%	7,527	-	-	(7,527)	-
Tecnologías Industriales Buildtek S.A.	Chile	Peso	50.00%	1,143	-	-	(1,143)	-
Terminal Puerto Arica S.A.	Chile	US\$	15.00%	2,714	-	-	(2,714)	-
Subtotal				124,430	5,029	(8,147)	(109,578)	11,734

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 16 Equity Method Investments (continued)

Associate	Country	Currency	Direct and indirect ownership interest	Beginning balance ThUS\$	Share of profit (loss) ThUS\$	Dividends received ThUS\$	Other variations (**) ThUS\$	Balance as of 12.31.2012 ThUS\$
Subtotal from previous table				124,430	5,029	(8,147)	(109,578)	11,734
Transbordadora Austral Broom S.A.	Chile	Peso	25.00%	9,121	-	-	(9,121)	-
Transportes Fluviales Corral S.A.	Chile	Peso	50.00%	1,402	-	-	(1,402)	-
Elequip S.A.	Colombia	US\$	49.80%	3,006	-	-	(3,006)	-
Equimac S.A.	Colombia	US\$	49.00%	1,402	-	-	(1,402)	-
G-Star Capital, Inc. Holding	Panama	US\$	50.00%	1,609	-	-	(1,609)	-
Tramarsa S.A.	Peru	US\$	50.00%	14,521	-	-	(14,521)	-
Gertil S.A.	Uruguay	US\$	49.00%	4,294	-	-	(4,294)	-
Other minor investments				464	-	-	(464)	-
Total				160,249	5,029	(8,147)	(145,397)	11,734

(*) The investments in these companies accounted for using the equity method are joint ventures in which the CSAV Group participates, as described in Note 3.1(b).

(**) This group includes mainly the balances of investments maintained by Sudamericana, Agencias Aéreas y Marítimas, which are deducted as a result of the spin-off, as mentioned in note 29.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 16 Equity Method Investments (continued)

Movements in these investments as of December 31, 2011 are detailed as follows:

Associate	Country	Currency	Direct and indirect ownership interest	Beginning balance ThUS\$	Additions/D isposals ThUS\$	Share of profit (loss) ThUS\$	Dividends received ThUS\$	Translation adjustment ThUS\$	Other variations ThUS\$	Balance as of 12.31.2011 ThUS\$
Consorcio Naviero Peruano S.A.	Peru	US\$	38.00%	3,531	-	2,656	-	-	(693)	5,494
Vogt & Maguire Shipbroking Ltd.	England	Pound	50.00%	415	-	2,052	(1,936)	-	-	531
Globe II Holding Schiaffahrts & Co. KG (*)	Germany	US\$	50.00%	1,729	-	-	(1,500)	-	-	229
Dry Bulk Handy Holding Inc.	Monaco	US\$	50.00%	3,375	-	9,314	(5,000)	43	-	7,732
Odfjell & Vapores Ltd. (Bermudas)	Bermudas	US\$	50.00%	32	-	3	-	-	-	35
Aerosán Airport Services S.A.	Chile	Peso	50.00%	3,624	-	645	-	(261)	(206)	3,802
Antofagasta Terminal Internacional S.A.	Chile	US\$	35.00%	6,303	-	2,648	(1,350)	-	73	7,674
Cargo Park S.A.	Chile	Peso	50.00%	12,455	-	1,274	(3,209)	(1,004)	-	9,516
Empresa de Servicios Marítimos Hualpén Ltda.	Chile	Peso	50.00%	247	-	(3)	-	(23)	-	221
Inmobiliaria Carriel Ltda.	Chile	Peso	50.00%	553	-	(43)	-	(51)	-	459
LNG Tugs Chile S.A.	Chile	Peso	40.00%	296	-	35	-	-	-	331
Portuaria Corral S.A.	Chile	Peso	50.00%	6,013	-	414	-	(593)	-	5,834
Puerto Panul S.A.	Chile	US\$	14.40%	2,601	-	272	(99)	(5)	-	2,769
San Antonio Terminal Internacional S.A.	Chile	US\$	50.00%	34,547	-	3,869	-	100	-	38,516
San Vicente Terminal Internacional S.A.	Chile	US\$	50.00%	23,058	-	4,040	-	26	98	27,222
Servicios Aeroportuarios Aerosán S.A.	Chile	Peso	50.00%	1,144	-	1,632	-	(118)	(80)	2,578
Servicios Marítimos Patillos S.A.	Chile	Peso	50.00%	925	-	662	(1,484)	-	-	103
Servicios Portuarios Reloncaví Ltda.	Chile	Peso	50.00%	7,838	-	607	-	(918)	-	7,527
Tecnologías Industriales Buildtek S.A.	Chile	Peso	50.00%	1,343	-	(67)	-	(105)	(28)	1,143
Terminal Puerto Arica S.A.	Chile	US\$	15.00%	2,436	-	803	(241)	-	(284)	2,714
Subtotal				112,465	-	30,813	(14,819)	(2,909)	(1,120)	124,430

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 16 Equity Method Investments (continued)

Associate	Country	Currency	Direct and indirect ownership interest	Beginning balance ThUS\$	Additions/D isposals ThUS\$	Share of profit (loss) ThUS\$	Dividends received ThUS\$	Translation adjustment ThUS\$	Other variations ThUS\$	Balance as of 12.31.2011 ThUS\$
Subtotal from previous table				112,465	-	30,813	(14,819)	(2,909)	(1,120)	124,430
Transbordadora Austral Broom S.A.	Chile	Peso	25.00%	8,427	-	2,162	(694)	(774)	-	9,121
Transportes Fluviales Corral S.A.	Chile	Peso	50.00%	1,583	-	46	-	(107)	(120)	1,402
Elequip S.A.	Colombia	US\$	49.80%	3,018	-	1,269	(1,281)	-	-	3,006
Equimac S.A.	Colombia	US\$	49.00%	1,331	-	71	-	-	-	1,402
Equiyard S.A.	Colombia	US\$	49.80%	834	(809)	93	(120)	-	2	-
G-Star Capital, Inc. Holding	Panama	US\$	50.00%	1,448	-	161	-	-	-	1,609
Tramarsa S.A.	Peru	US\$	50.00%	10,402	(279)	4,398	-	-	-	14,521
Gertil S.A.	Uruguay	US\$	49.00%	3,546	-	748	-	-	-	4,294
Other minor investments				353	-	(83)	-	194	-	464
Total				143,407	(1,088)	39,678	(16,914)	(3,596)	(1,238)	160,249

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 16 Equity Method Investments (continued)

(a) Investments in which the direct ownership interest is less than 20% that are included in equity method investments:

a.1 This category includes investments in Terminal Portuario Arica S.A. and Puerto Panul S.A., as the Company is represented on the Board of Directors of these companies.

a.2 The following companies are included in this category, as the total ownership interest in the investment is greater than 20%.

Company	As of December 31, 2011		
	Direct	Indirect	Total
	investment	investment	investment
	%	%	%
Muellaje ATI S.A.	-	35,32%	35,32%
Muellaje STI S.A. (*)	-	50,25%	50,25%
Muellaje SVTI S.A. (*)	-	50,25%	50,25%
Serviair Ltda.	1,00%	49,00%	50,00%
Reenwood Investment Inc.	0,02%	49,99%	50,01%
Servicios Logísticos Ltda.	1,00%	49,00%	50,00%
Construcciones Modulares S.A.	9,97%	40,02%	49,99%

(*) These companies are consolidated by their parent companies, STI S.A. and SVTI S.A., respectively.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements as of December 31, 2012

Note 16 Equity Method Investments (continued)

Summary of information about associates as of December 31, 2012:

Associate	Ownership interest	Assets	Liabilities	Revenue	Expenses	Profit (loss) for the period
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Consorcio Naviero Peruano S.A.	47.97%	20,951	5,803	32,713	(22,884)	9,250
Vogt & Maguire Shipbroking Ltd. (UK)	50.00%	1,497	1,222	6,274	(1,204)	2,404
Globe II Holding Schiaffahrts & Co. KG	50.00%	3,515	3,495	10,513	(7,823)	-
Dry Bulk Handy Holding Inc.	50.00%	20,267	5,382	79,547	(82,349)	(2,232)
Odfjell & Vapores Ltd. (Bermudas)	50.00%	49	37	-	(20)	(20)

Summary of information about associates as of December 31, 2011:

Associate	Ownership interest	Assets	Liabilities	Revenue	Expenses	Profit (loss) for the period
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Consorcio Naviero Peruano S.A.	38.00%	21,324	6,868	34,481	(27,493)	6,988
Vogt & Maguire Shipbroking Ltd. (UK)	50.00%	2,515	1,454	8,808	(4,703)	4,105
Globe II Holding Schiaffahrts & Co. KG	50.00%	3,515	3,495	10,513	(7,823)	-
Dry Bulk Handy Holding Inc.	50.00%	31,936	10,032	78,433	(76,535)	18,627
Odfjell & Vapores Ltd. (Bermudas)	50.00%	69	-	-	(12)	(12)
Aerosán Airport Services S.A.	50.00%	9,913	2,309	5,027	(3,951)	1,289
Antofagasta Terminal Internacional S.A. Holding	35.00%	78,097	55,979	42,792	(28,867)	7,614
Cargo Park S.A.	50.00%	36,750	17,718	5,043	(1,997)	2,548
Elequip S.A.	49.80%	7,566	1,529	2,316	(1,287)	2,549
Empresa de Servicios Marítimos Hualpén Ltda.	50.00%	723	281	522	(364)	(60)
Equimac S.A.	49.00%	6,810	3,949	334	(552)	145
Gertil S.A.	49.00%	14,037	5,273	11,225	(8,661)	1,505
G-Star Capital, Inc. Holding	50.00%	7,586	4,358	5,194	(4,155)	331
Inmobiliaria Carriel Ltda.	50.00%	2,084	1,166	14	(86)	(86)
LNG Tugs Chile S.A.	40.00%	1,274	445	5,463	(5,140)	88
Portuaria Corral S.A.	50.00%	18,204	6,535	4,307	(3,098)	949
Puerto Panul S.A.	14.40%	18,740	7,268	8,042	(4,421)	2,290
San Antonio Terminal Internacional S.A.	50.00%	209,349	134,320	84,686	(63,645)	8,002
San Vicente Terminal Internacional S.A.	50.00%	147,008	92,564	62,629	(50,382)	8,078
Servicios Aeroportuarios Aerosan S.A.	50.00%	9,528	4,373	13,424	(8,619)	3,261
Servicios Marítimos Patillos S.A.	50.00%	1,553	1,347	3,830	(2,056)	1,324
Servicios Portuarios Reloncaví Ltda.	50.00%	21,502	6,448	22,727	(19,692)	1,399
Tecnologías Industriales Buildteck S.A.	50.00%	8,167	6,095	10,459	(7,625)	(134)
Terminal Puerto Arica S.A.	15.00%	108,807	90,716	35,547	(27,252)	5,355
Tramarsa S.A.	50.00%	87,872	58,238	104,195	(80,157)	8,829
Transbordadora Austral Broom S.A.	25.00%	46,839	10,355	23,770	(9,830)	8,649
Transportes Fluviales Corral S.A.	50.00%	4,759	1,714	2,150	(1,705)	92
Other minor investments		30,081	16,496	46,104	(41,778)	1,378

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 17 Intangible Assets Other than Goodwill

Classes of net intangible assets:

	As of December 31, 2012			As of December 31, 2011		
	Gross ThUS\$	Accumulated amortization ThUS\$	Net ThUS\$	Gross ThUS\$	Accumulated amortization ThUS\$	Net ThUS\$
Development costs	-	-	-	519	(53)	466
Patents, trademarks and other rights, net	110	(66)	44	717	(75)	642
Software	4,799	(4,177)	622	7,642	(2,066)	5,576
Port, tugboat and other concessions	-	-	-	66,979	(9,718)	57,261
Total intangible assets	4,909	(4,243)	666	75,857	(11,912)	63,945

The detail and movements of the main classes of intangible assets, separated into internally generated intangible assets and other intangible assets, are provided below:

Movement in 2012	Development Costs ThUS\$	Patents, trademarks and other rights ThUS\$	Software ThUS\$	Port, tugboat and other concessions ThUS\$	Total intangible assets ThUS\$
Net balance as of January 1, 2012	466	642	5,576	57,261	63,945
Additions	-	111	231	-	342
Amortization for the period	-	(65)	(392)	-	(457)
Increase (decrease) in changes in foreign exchange rates	-	(2)	(7)	-	(9)
Other increases (decreases)*	(466)	(642)	(4,786)	(57,261)	(63,155)
Net balance as of December 31, 2012	-	44	622	-	666

* Includes ThUS\$ 63,064 for the balances of Sudamericana, Agencias Aéreas y Marítimas S.A. that were deducted as a result of the spin-off detailed in Note 29.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 17 Intangible Assets Other than Goodwill (continued)

Movement in 2011	Development	Patents, trademarks and	Software	Port, tugboat and	Total intangible assets
	Costs	other rights		other concessions	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Net balance as of January 1, 2011	448	550	928	56,627	58,553
Additions	46	2	3,920	3,500	7,468
Amortization for the period	(28)	(75)	(1,002)	(2,557)	(3,662)
Increase (decrease) in changes in foreign exchange rates	-	(50)	(12)	-	(62)
Other increases (decreases)	-	215	1,742	(309)	1,648
Net balance as of December 31, 2011	466	642	5,576	57,261	63,945

Investments in software are amortized over a maximum period of 4 years. Other rights correspond to water rights that have an indefinite useful life and therefore do not have an amortization period, belonging to Sudamericana Agencias Aéreas y Marítimas S.A.

The concessions correspond to investments held by Sudamericana, Agencias Aéreas y Marítimas S.A., detailed as follows:

	As of December 31, 2011	
	ThUS\$	Useful life
Port concession, Iquique Terminal Internacional S.A.	48,682	20 years
Port concession, Florida Terminal Internacional, LLC	1,683	20 years
Tugboat concession, Concesionaria SAAM Costa Rica S.A.	2,983	19 years
Tugboat concession, SAAM Remolques S.A. de C.V.	3,913	3 - 6 years
Total intangible assets for port and tugboat concessions	57,261	

(*) In the process of extending the concession period.

Port concessions include the present value of the initial concession payment and the minimum mandatory payments, as well as financing costs, when applicable, plus the value of mandatory works controlled by the entity granting the concession, in accordance with the concession contract.

As of December 31, 2011, capitalized finance expenses totaled ThUS\$ 76 during the period. The rate used for capitalizing interest is 3.6175% and corresponds to financing to construct an earthquake resistant docking site at the port of Iquique.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 18 Goodwill

Goodwill is detailed as follows:

	As of December 31, 2012 ThUS\$	As of December 31, 2011 ThUS\$
SAAM Remolques S.A de C.V.	-	36
Tug Brasil Apoio Portuario S.A.	-	15,070
Compañía Libra de Navegación (Uruguay) S.A.	8,379	8,379
Compañía Libra de Navegacao S.A.	5,143	5,143
CSAV Agency Italy S.P.A.	2,328	2,283
Agencias Grupo CSAV (México) S.A. de C.V.	268	268
Wellington Holding Group S.A.	45,003	45,003
Norasia Container Lines Ltd.	21,300	21,300
CSAV North & Central Europe GmbH	1,893	1,856
CSAV North & Central Europe N.V.	681	668
CSAV North & Central Europe B.V.	4,158	4,076
CSAV Agencia Maritima SL.	3,314	3,249
CSAV Group Agency (Hong Kong) Ltd.	52	52
CSAV UK & Ireland Limited	1,990	1,990
CSAV Denizcilik Acentasi A.S	8,235	8,235
Total	102,744	117,608

Movements in goodwill are shown in the table below:

	As of December 31, 2012 ThUS\$	As of December 31, 2011 ThUS\$
Beginning balance as of January 1	117,608	117,804
Variation due to exchange differences	242	(196)
Variation for spin-off of Sudamericana, Agencias Aéreas y Marítimas S.A.	(15,106)	-
Total	102,744	117,608

The goodwill acquired by the Company in the various deals has allowed it to operate locally, regionally and globally. In management's opinion, despite the current adverse market conditions, their fair values are greater than their book values. Nevertheless, as of each annual reporting date, the Company performs an evaluation that allows it to validate the value of this goodwill by estimating and sensitizing the long-term future cash flows from the deals discounted to a cost-of-capital rate (currently close to 12%).

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 19 Property, Plant and Equipment

Property, plant and equipment (deemed cost) are summarized as follows:

	As of December 31, 2012			As of December 31, 2011		
	Gross PP&E ThUS\$	Accumulated	Net PP&E ThUS\$	Gross PP&E ThUS\$	Accumulated	Net PP&E ThUS\$
		depreciation ThUS\$			depreciation ThUS\$	
Construction in progress	-	-	-	150,663	-	150,663
Land	2,142	-	2,142	70,382	-	70,382
Buildings	19,982	(3,449)	16,533	92,448	(29,836)	62,612
Machinery and equipment	77,075	(32,509)	44,566	242,287	(140,689)	101,598
Office equipment	28,543	(22,073)	6,470	30,076	(16,846)	13,230
Vessels	1,433,602	(199,507)	1,234,095	1,346,885	(174,029)	1,172,856
Transportation equipment	848	(614)	234	7,682	(5,309)	2,373
Other	11,856	(8,092)	3,764	9,904	(4,193)	5,711
Total	1,574,048	(266,244)	1,307,804	1,950,327	(370,902)	1,579,425

Construction in progress includes disbursements for construction contracts for the Company's fleet of vessels, and until December 31, 2011 also included disbursements for tugboat construction and mandatory works for the concession contract of the subsidiary Iquique Terminal Internacional S.A. (ITI).

Buildings include buildings (facilities) belonging to the CSAV Group that are used for its normal operations.

Machinery includes machinery acquired by the Group that is used to provide services. Spare parts and specific components with low rotation that will be used to provide services in the future are also presented here.

No finance costs have been capitalized during 2012. In 2011, ThUS\$ 83,429 in costs were capitalized.

As of the end of this reporting period, the Company and its subsidiaries do not show any signs of impairment. For certain operating assets, primarily vessels, whose useful life is very long term and for which the Company uses the present value cash flow method, short-term negative market conditions do not significantly affect the value of these assets.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 19 Property, Plant and Equipment (continued)

The details and movements of the different classes of property, plant and equipment as of December 31, 2012 are provided in the following table:

As of December 31, 2012	Construction in progress ThUS\$	Land ThUS\$	Buildings, net ThUS\$	Machinery and equipment, net ThUS\$	Office equipment, net ThUS\$	Vessels, net ThUS\$	Transportation equipment, net ThUS\$	Other property, plant and equipment, net ThUS\$	Total property, plant and equipment, net ThUS\$
Beginning balance	150,663	70,382	62,612	101,598	13,230	1,172,856	2,373	5,711	1,579,425
Additions	1,420	-	-	-	1,602	204,721	62	401	208,206
Disposals (sale of assets)	-	-	-	(17)	(183)	(1,353)	(86)	(43)	(1,682)
Depreciation expense	-	-	(207)	(2,867)	(2,844)	(51,917)	(133)	(1,006)	(58,974)
Increases (decreases) in changes in foreign exchange rates	-	-	-	-	(37)	-	-	10	(27)
Other increases (decreases)*	(152,083)	(68,240)	(45,872)	(54,148)	(5,298)	(90,212)	(1,982)	(1,309)	(419,144)
Total changes	(150,663)	(68,240)	(46,079)	(57,032)	(6,760)	61,239	(2,139)	(1,947)	(271,621)
Ending balance	-	2,142	16,533	44,566	6,470	1,234,095	234	3,764	1,307,804

* Includes ThUS\$ 418,934 in balances of Sudamericana, Agencias Aéreas y Marítimas S.A. that were deducted as a result of the spin-off, detailed in Note 29.
The decrease in vessels corresponds to tugboats.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 19 Property, Plant and Equipment (continued)

The details and movements of the different classes of property, plant and equipment as of December 31, 2011 are provided in the following table:

As of December 31, 2011	Construction in progress ThUS\$	Land ThUS\$	Buildings, net ThUS\$	Machinery and equipment, net ThUS\$	Office equipment, net ThUS\$	Vessels, net ThUS\$	Transportation equipment, net ThUS\$	Other property, plant and equipment, net ThUS\$	Total property, plant and equipment, net ThUS\$
Beginning balance	393,172	76,650	67,491	153,178	15,719	523,211	2,228	9,078	1,240,727
Additions	166,647	-	876	17,762	5,436	334,158	880	6,139	531,898
Disposals (sale of assets)	-	-	-	(98,781)	(89)	(3,717)	(174)	(274)	(103,035)
Transfers to (from) investment property	(52)	531	-	(42)	-	-	-	-	437
Depreciation expense	-	-	(1,968)	(16,651)	(3,090)	(55,627)	(753)	(1,318)	(79,407)
Increases (decreases) in changes in foreign exchange rates	(9)	(6,938)	(4,280)	(131)	(221)	-	(1)	(89)	(11,669)
Other increases (decreases)	(409,095)	139	493	46,263	(4,525)	374,831	193	(7,825)	474
Total changes	(242,509)	(6,268)	(4,879)	(51,580)	(2,489)	649,645	145	(3,367)	338,698
Ending balance	150,663	70,382	62,612	101,598	13,230	1,172,856	2,373	5,711	1,579,425

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 19 Property, Plant and Equipment (continued)

(1) Commitments for the purchase and construction of vessels and other property, plant and equipment:

1.1) Vessels under construction

As of December 31, 2012, the Company has no contracts with shipyards to build vessels.

(2) Additional information on property, plant and equipment.

Certain assets pertaining to property, plant and equipment are pledged in guarantee of certain financial obligations, as described in Note 36 below.

As of 31 December 2012 and 31 December 2011, the Company held assets within property, plant and equipment that are fully depreciated yet still in use. In both cases the amounts of assets, if restated, are not significant.

The Company continues to depreciate assets that are temporarily out of operation and estimates that no impairment adjustments are needed.

The fair value of the CSAV Group's operating assets does not differ significantly from their book values.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 19 Property, Plant and Equipment (continued)

As of December 31, 2012 and 2011, the Company has transferred the vessels for which construction has been completed and that have begun operating from the account construction in progress to the account vessels. These movements are detailed as follows:

	12.31.2012	12.31.2011
	ThUS\$	ThUS\$
Tugboats and cranes	-	(43,924)
Vessels	(126,335)	(359,476)
Other works and port machinery	-	(5,695)
Decrease from spin-off	<u>(25,748)</u>	<u>-</u>
Total other increases (decreases) in construction in progress	<u>(152,083)</u>	<u>(409,095)</u>

Note 20 Investment Property

As of December 31, 2012, this account does not include any items as it previously contained land owned by Sudamericana Agencias Aéreas y Marítimas S.A. that was consolidated in the financial statements in 2011. These assets were held for capital appreciation.

The fair value of the Company's investment properties as of December 31, 2011 amounted to ThUS\$ 5,497.

	As of December 31, 2011 ThUS\$
Investment property, beginning balance	4,409
Transfer to property, plant and equipment	(437)
Increase (decrease) in changes in foreign exchange rates	<u>(436)</u>
Changes in investment property	<u>(873)</u>
Ending balance	<u>3,536</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 21 Current Taxes Receivable and Payable

The balance of current taxes receivable and payable is detailed as follows:

Current Taxes Receivable

	As of December 31, 2012	As of December 31, 2011
	ThUS\$	ThUS\$
Current taxes receivable		
Recoverable VAT	9,159	28,301
Monthly provisional tax payments	910	3,368
Recoverable income taxes	3,165	4,185
Other recoverable income taxes	641	3,857
	<hr/>	<hr/>
Total current taxes receivable	13,875	39,711

Current Taxes Payable

	As of December 31, 2012	As of December 31, 2011
	ThUS\$	ThUS\$
Current taxes payable		
Income taxes payable	8,075	11,281
VAT payable	586	2,722
	<hr/>	<hr/>
Total current taxes payable	8,661	14,003

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 22 Deferred Taxes and Income Taxes

(a) In Chile, profits from investments in foreign companies are levied with first category income tax in the year in which profits are recorded. Although the Company's direct foreign subsidiaries have distributed dividends of ThUS\$ 6,385 during the current period, since the Company has tax losses as of December 31, 2012, it has not established an income tax provision.

(b) The following section provides details on the Company's lawsuits that are pending final ruling:

ii) Tax assessments 168 – 174, totaling Ch\$ 8,040,916,137 (historic). On November 25, 2009, the SII Tax Court rejected the claim presented against these assessments.

On December 04, 2009, CSAV filed a motion of appeal, as the verdict is detrimental to the Company's interests.

On December 15, 2010, the Court of Appeals accepted the motion for appeal, rendering null and void assessments No. 168 to 174.

On January 4, 2011, the Chilean government filed a motion for cassation, which is pending in the Supreme Court.

On April 18, 2006, assessments 121 and 122 amounting to Ch\$ 62,744,890 (historic) were received from the SII and were protested by the Company within the allowed term.

On November 26, 2009, the SII Tax Court of Valparaíso rejected the Company's claims for the aforementioned tax assessments.

On December 3, 2009, CSAV filed a motion of appeal, as the verdict is detrimental to the Company's interests.

On August 25, 2010, the Court of Appeals accepted the motion for appeal, rendering null and void assessments No. 121 and 122.

On September 13, 2010, the Chilean government filed a motion for cassation, which was admitted to be heard on September 15 and is pending in the Supreme Court.

(c) As of December 31, 2012, the Company has not established an income tax provision because it has tax losses of ThUS\$ 1,449,400 (ThUS\$ 1,082,664 as of December 2011).

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 22 Deferred Taxes and Income Taxes (continued)

(d) The Company has not recorded any accumulated earnings and profits or any retained non-taxable earnings as of December 31, 2012 and 2011. However, it did record a provision of ThUS\$ 248 (ThUS\$ 150 in 2011) for article 21 sole tax (rejected expenses).

(e) **Deferred taxes**

Deferred tax assets and liabilities are offset if the right to offset current tax assets and liabilities has been legally recognized and if the deferred taxes are associated with the same tax authority. The offset amounts are as follows:

Types of temporary differences	Deferred Tax Asset		Deferred Tax Liability	
	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Vacation accrual	221	1,073	-	-
Tax losses	288,889	185,775	-	-
Provisions	18,863	30,314	-	(279)
Post-employment obligations	66	264	(4)	(879)
Revaluation of financial instruments	93	149	-	(2)
Revaluation of intangible assets	-	15	-	(798)
Revaluation of PP&E	-	158	(131)	(4,981)
Depreciation	282	396	(241)	(13,638)
Leased assets	-	59	-	(530)
Tax credits	133	224	-	-
Amortization	42	42	-	(74)
Accruals	277	1,496	-	(221)
Other	2,705	5,588	(443)	(1,842)
Total	311,571	225,553	(819)	(23,244)

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 22 Deferred Taxes and Income Taxes (continued)

Movements of deferred tax assets and liabilities recorded during the period:

Types of temporary differences	Balance as of January 1, 2012	Recorded in income	Recorded in equity	Other variations (*)	Balance as of December 31, 2012
Vacation accrual	1,073	(368)	-	(484)	221
Tax losses	185,775	103,772	-	(658)	288,889
Provisions	30,314	(10,847)	-	(604)	18,863
Post-employment obligations	264	35	-	(233)	66
Revaluation of financial instruments	149	93	-	(149)	93
Revaluation of intangible assets	15	-	-	(15)	-
Revaluation of PP&E	158	-	-	(158)	-
Depreciation	396	(114)	-	-	282
Leased assets	35	-	-	(35)	-
Tax credits	224	(91)	-	-	133
Amortization	42	2	-	(2)	42
Accruals	1,496	207	-	(1,426)	277
Other deferred taxes	5,612	(775)	-	(2,132)	2,705
Total deferred tax assets	225,553	91,914	-	(5,896)	311,571

Types of temporary differences	Balance as of January 1, 2012	Recorded in income	Recorded in equity	Other variations (*)	Balance as of December 31, 2012
Provisions	279	-	-	(279)	-
Post-employment obligations	879	(3)	-	(872)	4
Revaluation of PP&E	4,981	131	-	(4,981)	131
Revaluation of financial instruments	2	-	-	(2)	-
Revaluation of intangible assets	798	-	-	(798)	-
Depreciation	13,638	(184)	-	(13,213)	241
Leased assets	530	-	-	(530)	-
Amortization	74	-	-	(74)	-
Accruals	221	-	-	(221)	-
Other	1,842	308	272	(1,979)	443
Total deferred tax liabilities	23,244	252	272	(22,949)	819

(*) Corresponds to the variation arising from the spin-off of the Company.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 22 Deferred Taxes and Income Taxes (continued)

Types of temporary differences	Balance as of January 1, 2011	Recorded in income	Recorded in equity	Balance as of December 31, 2011
Vacation accrual	1,192	(119)	-	1,073
Tax losses	59,707	126,068	-	185,775
Provisions	15,049	15,265	-	30,314
Post-employment obligations	124	140	-	264
Revaluation of financial instruments	114	(563)	598	149
Revaluation of intangible assets	-	16	(1)	15
Revaluation of PP&E	42	116	-	158
Depreciation	724	(291)	(37)	396
Leased assets	-	59	-	59
Tax credits	815	(591)	-	224
Amortization	28	14	-	42
Accruals	1,487	9	-	1,496
Other deferred taxes	3,396	2,192	-	5,588
Total deferred tax assets	82,678	142,315	560	225,553

Types of temporary differences	Balance as of January 1, 2011	Recorded in income	Recorded in equity	Balance as of December 31, 2011
Provisions	376	(97)	-	279
Post-employment obligations	157	669	53	879
Revaluation of PP&E	6,543	(1,562)	-	4,981
Revaluation of financial instruments	-	2	-	2
Revaluation of intangible assets	-	4,706	(3,908)	798
Depreciation	14,088	(441)	(9)	13,638
Leased assets	551	(21)	-	530
Amortization	86	(12)	-	74
Accruals	163	58	-	221
Other	3,724	(1,870)	(12)	1,842
Total deferred tax liabilities	25,688	1,432	(3,876)	23,244

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 22 Deferred Taxes and Income Taxes (continued)

(f) Effect of deferred taxes and income taxes on income

	For the years ended December 31,	
	2012	2011
	ThUS\$	ThUS\$
Current income tax expenses		
Current tax expense	(14,215)	(32,119)
Expense for ITL Art. 21 tax (*)	(256)	(458)
Prior period tax adjustments	(428)	(743)
Other tax expenses	(1,619)	310
Total current tax expense, net	(16,518)	(33,010)
Deferred tax expense		
Origin and reversal of temporary differences	91,687	140,990
Other deferred tax expenses	(25)	(107)
Total deferred tax income (expense), net	91,662	140,883
Tax (expense) income	75,144	107,873
Tax (expense) income for continuing activities	57,430	95,149
Tax (expense) income for discontinued activities	17,714	12,724

(*) ITL: Income tax law

(g) Taxes recognized in income by foreign and Chilean entities:

	For the years ended December 31,	
	2012	2011
	ThUS\$	ThUS\$
Current tax expense:		
Current tax expense, net, foreign	(15,085)	(26,650)
Current tax expense, net, Chilean	(1,433)	(6,360)
Total current tax expense, net	(16,518)	(33,010)
Deferred tax expense:		
Deferred tax expense, foreign	(285)	(1,365)
Deferred tax expense, Chilean	91,947	142,248
Total deferred tax expense, net	91,662	140,883
Tax income (expense), net	75,144	107,873

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 22 Deferred Taxes and Income Taxes (continued)

(h) An analysis and reconciliation of the income tax rate calculated in accordance with Chilean tax legislation and of the effective tax rate are detailed below, as recognized in income by foreign and Chilean entities:

	As of December 31,		As of December 31,	
	2012		2011	
	ThUS\$		ThUS\$	
Profit (loss) for the period	<u>(309,468)</u>		<u>(1,239,483)</u>	
Total income tax expense	75,144		107,873	
Profit (loss) before income taxes	<u>(384,612)</u>		<u>(1,347,356)</u>	
Reconciliation of effective tax rate	20.0%	<u>76,922</u>	20.0%	<u>269,471</u>
Tax effect of rates in other jurisdictions	(1.52%)	(5,832)	(0.34%)	(4,541)
Tax effect of non-taxable operating revenues	(3.51%)	(13,496)	(0.51%)	(6,857)
Tax effect of non-deductible expenses	10.10%	38,828	(9.80%)	(132,098)
Other increases (decreases) in charge for legal taxes	(5.53%)	<u>(21,278)</u>	(1.34%)	<u>(18,102)</u>
Total adjustments to tax expense using legal rate	(0.46%)	<u>(1,778)</u>	(11.99%)	<u>(161,598)</u>
Income tax using effective rate	19.54%	<u>75,144</u>	8.0%	<u>107,873</u>

Law No. 20,630, passed on September 27, 2012, modified the corporate tax rate on profits obtained in 2012 and subsequent years, increasing the rate at 20%. As a result, the Company recognized a net credit to income of ThUS\$ 44,381 as of December 31, 2012.

(i) Recovery of deferred tax assets

The CSAV Group has recognized a deferred tax asset related to the tax loss of the parent company, considering that the analysis of flows prepared by management demonstrates that the Company expects to generate positive flows and, consequently, sufficient tax income that would allow the Company to charge the deductible differences resulting from the tax losses.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 23 Other Financial Liabilities

Other financial liabilities are detailed as follows:

	As of December 31, 2012		As of December 31, 2011	
	Current	Non-current	Current	Non-current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bank loans (a)	67,064	804,410	189,264	905,557
Bonds payable (b)	7,522	58,372	6,867	58,377
Finance lease (c)	-	-	3,555	4,235
Hedging liabilities (note 12)	520	-	250	653
Other financial liabilities	-	-	2	-
Total	75,106	862,782	199,938	968,822



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements as of December 31, 2012

Note 23 Other Financial Liabilities (continued)

(a) Bank loans:

As of December 31, 2012

Taxpayer ID of debtor	Name of debtor	Country of debtor	Taxpayer ID of creditor	Bank or financial institution	Country of creditor	Currency	Type of amortization	More than										Average annual interest rate	
								Up to 90 days	90 days up to 1 year	Short-term portion	From 1 to 2 years	From 2 to 3 years	From 3 to 5 years	From 5 to 10 years	10 years or more	Long-term portion	Total debt	Nominal	Effective
0-E	HULL 898 Maipo	Bahamas	0-E	BNP Paribas	France	USD	Semi-annual	-	3,442	3,442	2,975	2,975	5,950	23,445	-	35,345	38,787	4.1370%	4.1370%
0-E	Hull 1794 Teno	Panama	0-E	BNP Paribas	France	USD	Semi-annual	-	5,292	5,292	4,538	4,538	9,076	22,690	17,841	58,683	63,975	4.0493%	4.0493%
0-E	Hull 1796 Tubul	Panama	0-E	BNP Paribas	France	USD	Semi-annual	5,277	-	5,277	4,527	4,527	9,054	22,635	17,711	58,454	63,731	4.0307%	4.0307%
0-E	Hull 1798 Tempanos	Panama	0-E	BNP Paribas	France	USD	Semi-annual	5,215	-	5,215	4,468	4,468	8,936	22,340	18,000	58,212	63,427	4.0286%	4.0286%
0-E	Hull 1800 Torrente	Panama	0-E	BNP Paribas	France	USD	Semi-annual	5,152	-	5,152	4,410	4,410	8,820	22,050	18,191	57,881	63,033	4.0299%	4.0299%
0-E	Hull 1906 Tucapel	Panama	0-E	BNP Paribas	France	USD	Semi-annual	-	4,862	4,862	4,153	4,153	8,306	20,765	18,001	55,378	60,240	3.9946%	3.9946%
0-E	Hull 1975 Tolten	Panama	0-E	DVB Bank America NV	United States	USD	Quarterly	3,834	-	3,834	3,750	3,750	7,500	18,750	5,625	39,375	43,209	3.5910%	3.5910%
0-E	Hull 1976 Tirua	Panama	0-E	DVB Bank America NV	United States	USD	Quarterly	4,111	-	4,111	3,750	3,750	7,500	18,750	6,563	40,313	44,424	3.6054%	3.6054%
0-E	Tollo Shipping Co.	Panama	0-E	American Family Life Assurance Company Of Columbus (Aflac)	United States	JPY	Semi-annual	3,351	-	3,351	-	-	-	-	278,778	278,778	282,129	4.1600%	4.1600%
0-E	Limari Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	-	3,159	3,159	3,139	3,139	4,708	-	-	10,986	14,145	1.8904%	1.8904%
0-E	Longavi Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	-	3,177	3,177	3,139	3,139	6,278	1,568	-	14,124	17,301	1.8838%	1.8838%
0-E	Chacabuco Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	4,103	-	4,103	3,893	3,893	7,786	3,891	-	19,463	23,566	1.9226%	1.9226%
0-E	Paine Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	5,561	-	5,561	5,156	5,156	10,312	5,157	-	25,781	31,342	2.2402%	2.2402%
0-E	Puelo Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	-	5,312	5,312	5,156	5,156	10,312	5,157	-	25,781	31,093	1.9332%	1.9332%
0-E	Palena Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	-	5,216	5,216	5,171	5,171	10,342	5,172	-	25,856	31,072	2.2406%	2.2406%
Total								36,604	30,460	67,064	58,225	58,225	114,880	192,370	380,710	804,410	871,474		

(*) This loan was prepaid in December 2012.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements as of December 31, 2012

Note 23 Other Financial Liabilities (continued)

a) Bank loans (continued):

As of December 31, 2011

Taxpayer ID of debtor	Name of debtor	Country of debtor	Taxpayer ID of creditor	Bank or financial institution	Country of creditor	Currency	Type of amortization	More than										Total debt	Average annual interest rate	
								Up to 90 days	90 days up to 1 year	Short-term portion	From 1 to 2 years	From 2 to 3 years	From 3 to 5 years	From 5 to 10 years	10 years or more	Long-term portion	ThUS\$		Nominal	Effective
90160000-7	Compania sudamericana de vapores S.A.	Chile	0-E	Deutsche Schiffsbank	Germany	USD	Semi-annual	588	560	1,148	4,975	-	-	-	-	-	4,975	6,123	2.24%	2.24%
90160000-7	Compañía Sudamericana de Vapores S.A.	Chile	0-E	Banco Latinoamericano de Comercio Exterior S.A. (*)	Panama	USD	At maturity	100,310	-	100,310	-	-	-	-	-	-	-	100,310	3.60%	3.60%
0-E	Hull 1794	Panama	0-E	BNP Paribas	France	USD	Semi-annual	3,625	2,836	6,461	5,673	5,673	11,346	28,364	11,031	62,087	68,548	3.87%	3.87%	
0-E	Hull 1796	Panama	0-E	BNP Paribas	France	USD	Semi-annual	3,342	2,829	6,171	5,658	5,658	11,316	28,292	11,490	62,414	68,585	3.87%	3.87%	
0-E	Hull 1798	Panama	0-E	BNP Paribas	France	USD	Semi-annual	2,549	2,793	5,342	5,585	5,585	11,171	27,927	11,853	62,121	67,463	3.86%	3.86%	
0-E	Hull 1800	Panama	0-E	BNP Paribas	France	USD	Semi-annual	2,597	2,756	5,353	5,513	5,513	11,025	27,563	11,405	61,019	66,372	3.87%	3.87%	
0-E	Hull 1906	Panama	0-E	BNP Paribas	France	USD	Semi-annual	50	-	50	-	-	-	-	-	25,900	25,900	1.91%	1.91%	
0-E	CSBS HULL 898	Bahamas	0-E	BNP Paribas	France	USD	Semi-annual	1,977	1,487	3,464	2,975	2,975	5,950	11,900	14,520	38,320	41,784	3.97%	4.08%	
0-E	Tollo Shipping Co.	Panama	0-E	American Family Life Assurance Company Of Columbus (Aflac)	United States	JPY	Semi-annual	-	3,328	3,328	-	-	-	-	311,607	311,607	314,935	4.16%	4.16%	
0-E	Limari Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	-	3,175	3,175	3,139	3,139	6,278	1,569	-	14,125	17,300	1.62%	1.62%	
0-E	Longavi Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	-	3,171	3,171	3,139	3,139	6,278	4,708	-	17,264	20,435	1.62%	1.62%	
0-E	Chacabuco Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	2,169	1,947	4,116	3,892	3,892	7,784	7,785	-	23,353	27,469	1.63%	1.63%	
0-E	Paine Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	2,854	2,578	5,432	5,156	5,156	10,312	10,306	-	30,930	36,362	1.71%	1.71%	
0-E	Puelo Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	-	5,263	5,263	5,156	5,156	10,312	10,305	-	30,929	36,192	1.66%	1.66%	
0-E	Palena Shipping Ltd.	Panama	0-E	HSH Nordbank Ag	Germany	USD	Semi-annual	-	5,209	5,209	5,172	5,172	10,343	10,358	-	31,045	36,254	1.69%	1.69%	
				Subtotal				120,061	37,932	157,993	56,033	51,058	102,115	169,077	397,806	776,089	934,082			

(*) Banking entity related to controlling shareholders.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements as of December 31, 2012

Note 23 Other Financial Liabilities (continued)

a) Bank loans (continued):

As of December 31, 2011 (continued)

Taxpayer ID of debtor	Name of debtor	Country of debtor	Taxpayer ID of creditor	Bank or financial institution	Country of creditor	Currency	Type of amortization	More than												Total debt	Average annual interest rate	
								Up to 90 days	90 days up to 1 year	Short-term portion	From 1 to 2 years	From 2 to 3 years	From 3 to 5 years	From 5 to 10 years	10 years or more	Long-term portion	Nominal	Effective				
Subtotal from previous table								120,061	37,932	157,993	56,033	51,058	102,115	169,077	397,806	776,089	934,082					
92048000-4	Sudamericana, Agencias Aéreas y Marítimas S.A.	Chile	97036000-K	Banco de Crédito e Inversiones	Chile	USD	At maturity	-	9,665	9,665	9,739	9,740	10,136	-	-	29,615	39,280	4.47%	4.00%			
92048000-4	Sudamericana, Agencias Aéreas y Marítimas S.A.	Chile	97036000-K	Banco Santander Chile	Chile	USD	At maturity	2,495	2,114	4,609	4,235	4,236	4,236	-	-	12,707	17,316	4.68%	4.68%			
77628160-3	Aquasaam S.A.	Chile	97004000-5	Banco de Chile (*)	Chile	U.F.	Monthly	22	66	88	-	-	-	-	-	-	88	6.10%	6.10%			
77628160-3	Aquasaam S.A.	Chile	97004000-5	Banco de Chile (*)	Chile	U.F.	Monthly	46	77	123	-	-	-	-	-	-	123	4.80%	4.80%			
96696270-4	Inmobiliaria Marítima Portuaria Ltda.	Chile	97030000-7	Banco Estado Banco Santander Central Hispano	Chile	U.F.	Monthly	30	93	123	128	134	288	220	-	770	893	4.50%	4.50%			
0-E	SAAM Remolques S.A. de C.V.	Mexico	0-E	S.A. NY	Mexico	USD	Semi-annual	1,060	-	1,060	-	-	-	-	-	-	1,060	1.39%	1.37%			
0-E	SAAM Remolques S.A. de C.V.	Mexico	0-E	Banco Santander S.A. Madrid	Mexico	USD	Semi-annual	948	875	1,823	1,750	1,750	-	-	-	3,500	5,323	4.26%	4.31%			
0-E	SAAM Remolques S.A. de C.V.	Mexico	0-E	Banco del Bajío	Mexico	MXP	Monthly	171	489	660	380	-	-	-	-	380	1,040	8.40%	8.41%			
0-E	Florida Terminal Internacional	United States	0-E	Banco Santander Overseas Banco Nacional do Desenvolvimento	United States	USD	Semi-annual	400	400	800	-	-	-	-	-	-	800	Libor + 0.7%	1.28			
0-E	Tug Brasil Apoio Marítimo	Brazil	0-E	BNDES	Brazil	USD	Monthly	558	1,546	2,104	2,062	2,062	4,124	7,154	712	16,114	18,218	5.50%	5.50%			
0-E	Tug Brasil Apoio Marítimo	Brazil	0-E	Banco Santander Chile	Chile	USD	Semi-annual	92	-	92	-	9,000	-	-	-	9,000	9,092	4.20%	4.20%			
0-E	Tug Brasil Apoio Marítimo	Brazil	0-E	Banco do Brasil	Brazil	USD	Monthly	274	821	1,095	2,502	2,593	5,187	12,967	6,776	30,025	31,120	3.75%	3.75%			
0-E	Tug Brasil Apoio Marítimo	Brazil	0-E	Banco Santander Brasil	Brazil	BRL	Monthly	533	-	533	-	-	-	-	-	-	533	5.00%	5.00%			
96915330-0	Iquique Terminal Internacional S.A.	Chile	97023000-9	Banco Corpbanca	Chile	USD	Semi-annual	-	2,176	2,176	2,107	2,107	-	-	-	4,214	6,390	1.58%	1.58%			
96915330-0	Iquique Terminal Internacional S.A.	Chile	97023000-9	Banco Corpbanca	Chile	USD	Semi-annual	-	2,504	2,504	2,424	2,425	-	-	-	4,849	7,353	1.58%	1.58%			
96915330-0	Iquique Terminal Internacional S.A.	Chile	97023000-9	Banco Estado	Chile	USD	Semi-annual	41	-	41	-	2,973	5,946	5,946	-	14,865	14,906	2.99%	3.24%			
0-E	Kios S.A.	Uruguay	0-E	Banco Santander	Uruguay	USD	At maturity	700	-	700	-	-	-	-	-	-	700	4.00%	4.58%			
0-E	Kios S.A.	Uruguay	0-E	Citibank Uruguay	Uruguay	USD	Monthly	-	571	571	1,143	1,143	1,143	-	-	3,429	4,000	5.00%	5.00%			
0-E	Inversiones Habsburgo S.A.	Panama	0-E	Banco Santander Overseas	Panama	USD	Semi-annual	2,504	-	2,504	-	-	-	-	-	-	2,504	Libor + 180+0.5%	4.56%			
Total								129,935	59,329	189,264	82,503	89,221	133,175	195,364	405,294	905,557	1,094,821					

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 23 Other Financial Liabilities (continued)

Certain financial obligations place restrictions on management or on the fulfillment of certain financial indicators, as described in Note 36.

As of December 31, 2012, the Company is in compliance with all covenants stipulated by its financial obligations except for the AFLAC financial expense coverage ratio, which remains at negative 6.54. The contract establishes a cure period of 24 months for re-establish compliance with these covenants. During the cure process, once 6 months have passed, CSAV shall provide a guarantee equivalent to the following 3 interest periods in order to extend the cure period by 12 months. Should non-compliance continue after those 12 months have passed, CSAV shall provide an additional guarantee equivalent to one additional interest period, totaling 4 periods. If CSAV restores compliance within the subsequent 6 months, the guarantees shall be returned in full.

Financial Entity	Covenant	Condition	Dec-12	Dec-11
AFLAC	Leverage Ratio (Consolidated)	Leverage Ratio not greater than 1 (1)	0.99	1.83
	Interest Coverage Ratio (ICR)	Minimum 2.5 (1)	(6.54)	(30.68)
	Minimum Cash	Minimum ThUS\$ 50,000 (1)	ThUS\$ 212,000	ThUS\$ 173,016
Indexed bonds payable	Indebtedness Ratio (Individual)	Not greater than 1	N/A	N/A
	Indebtedness Ratio (Consolidated)	Not greater than 1.2	1.09	2.39
	Unencumbered assets (Individual)	Greater than 1.3	34.91	13.59
	Equity (Net)	Minimum ThUS\$ 350,000	ThUS\$ 865,519	ThUS\$ 604,295
BNP Paribas S.A. (Mandated Lead Arranger) and Crédit Industriel et Commercial (Co-Arrangers)	Equity / Asset Ratio	Minimum 30%	35%	19%
	Debt Service Coverage Ratio	Minimum 1.35	2.05	1.53
	Minimum Cash	Minimum ThUS\$ 150,000	ThUS\$ 212,000	ThUS\$ 173,016
DVB Bank	Minimum cash	Minimum ThUS\$ 150,000	ThUS\$ 212,000	-
	Debt service coverage ratio	Minimum 1.35	2.05	-
	Equity (net)	Minimum ThUS\$ 800,000	ThUS\$ 865,519	-

(1) The condition must be met as of December 31 of each year.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 23 Other Financial Liabilities (continued)

(b) Bonds payable

Refers to bonds denominated in UF and placed in Chile.

	<u>Series A 1</u>	<u>Series A 2</u>
Number of bonds issued	190	100
Face value of each bond	UF 5,000	UF 10,000
Face value of the series	UF 950,000	UF 1,000,000
Placement value (100% of issuance)	UF 908,096	UF 955,891

The interest rate and maturity conditions are as follows:

As of December 31, 2012

Registry number	Series	Currency	Nominal amount placed	Contractual interest rate	Type of amortization	Issuer	Country of issuer	Up to 90 days	More than 90 days	Total current	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 5 years	More than 5 up to 10 years	More than 10 years	Total non-current
274	A-1	U.F.	950,000	0.06	Semi-annual	Compañía Sud Americana de Vapores S.A.	Chile	611	3,054	3,665	2,866	2,866	5,732	14,329	2,646	28,439
274	A-2	U.F.	1,000,000	0.06	Semi-annual	Compañía Sud Americana de Vapores S.A.	Chile	643	3,214	3,857	3,016	3,016	6,033	15,083	2,785	29,933

As of December 31, 2011

Registry number	Series	Currency	Nominal amount placed	Contractual interest rate	Type of amortization	Issuer	Country of issuer	Up to 90 days	More than 90 days	Total current	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 5 years	More than 5 up to 10 years	More than 10 years	Total non-current
274	A-1	U.F.	950,000	0.06	Semi-annual	Compañía Sud Americana de Vapores S.A.	Chile	-	3,346	3,346	2,624	2,624	5,247	13,117	4,830	28,442
274	A-2	U.F.	1,000,000	0.06	Semi-annual	Compañía Sud Americana de Vapores S.A.	Chile	-	3,521	3,521	2,761	2,761	5,522	13,807	5,084	29,935



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 23 Other Financial Liabilities (continued)

(c) Finance leases

Finance leases payable are detailed as follows:

As of December 31, 2011

Taxpayer ID of creditor	Bank or financial institution	Taxpayer ID of debtor	Debtor	Country of debtor	Currency	Type of amortization	Interest rate		Up to 90 days	More than 90 days	Total current	More than 1 up to 2	More than 2 up to 3	More than 3 up to 5	More than 5 up to 10	More than 10 years	Total non-current	
							Nominal	Effective										
97036000-K	Banco Santander	92048000-4	Sudamericana, Agencias Aéreas y Marítimas S.A.	Chile	US\$	At maturity	6.10%	6.10%	54	147	201	-	-	-	-	-	-	
0-E	Banco Santander Mexicano	0-E	SAAM Remolques S.A. de C.V.	Mexico	US\$	Quarterly	1.78%	1.60%	394	1,167	1,561	1,476	-	-	-	-	1,476	
0-E	Banco Santander Mexicano	0-E	SAAM Remolques S.A. de C.V.	Mexico	Mexican peso	Quarterly	8.25%	8.24%	184	529	713	-	-	-	-	-	-	
0-E	NMHG Financial Services	0-E	Florida Terminal International	United States	US\$	Monthly	8.87%	8.87%	31	-	31	-	-	-	-	-	-	
0-E	NMHG Financial Services	0-E	Florida Terminal International	United States	US\$	Monthly	10.35%	10.35%	21	-	21	-	-	-	-	-	-	
0-E	NMHG Financial Services	0-E	Florida Terminal International	United States	US\$	Monthly	10.19%	10.19%	9	-	9	-	-	-	-	-	-	
0-E	NMHG Financial Services	0-E	Florida Terminal International	United States	US\$	Monthly	8.18%	8.18%	22	67	89	55	-	-	-	-	55	
0-E	NMHG Financial Services	0-E	Florida Terminal International	United States	US\$	Monthly	5.29%	5.29%	27	85	112	98	-	-	-	-	98	
97030000-7	Banco del Estado de Chile	96915330-0	Iquique Terminal Internacional S.A.	Chile	US\$	Monthly	3.00%	3.00%	202	616	818	843	868	895	-	-	2,606	
TOTAL											3,555							4,235

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 23 Other Financial Liabilities (continued)

(c) Finance leases (continued)

As of December 31, 2011

	Minimum future lease payments ThUS\$	Interest ThUS\$	Present value of minimum future lease payments ThUS\$
Less than one year	3,806	(251)	3,555
One to five years	4,378	(143)	4,235
Total	8,184	(394)	7,790

As of December 31, 2011, SAAM entered into a finance lease agreement with Banco Santander Chile for the lease of two Linde-brand container handlers. The contract expired in November 2012. The total value of the original contract was ThUS\$ 524.

SAAM Remolques holds finance lease agreements for 6 tugboats (RAM Huasteca, Tacuate, Totonaca, Mexica, Jarocho and Purepecha), which expire in 2012 and 2013. The total value of the original agreement is ThUS\$ 18,114.

Iquique Terminal Internacional holds finance lease agreements with variable installments for 1 Gottwald crane, which expire in 2012 and 2013. The total value of the original agreement is ThUS\$ 4,219.

Florida Terminal Internacional held finance lease agreements with variable installments for 5 container cranes that expire in 2012. The total value of the agreement was ThUS\$ 1,933.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 24 Trade and Other Payables

Accounts payable are summarized as follows:

Accounts payable primarily represent amounts owed to regular service providers in the Group's normal course of business, detailed as follows:

	As of December 31, 2012 ThUS\$	As of December 31, 2011 ThUS\$
Consortia and other	28,519	35,218
Operating expenses	331,673	454,715
Containers	64,087	64,270
Financial services	132	2,840
Administrative services	21,847	25,867
Dividends	183	214
Other payables	<u>21,703</u>	<u>15,654</u>
Total	<u>468,144</u>	<u>598,778</u>

Other payables include withholding and other miscellaneous payables.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 25 Provisions

Provisions are detailed as follows:

Current	Restructuring	Legal Claims	Onerous Contracts	Other Provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Balance as of January 1, 2012	204,632	19,004	73,145	10,828	307,609
Provisions during the period	184,402	14,493	5,151	2,672	206,718
Provisions used	(320,517)	(12,106)	(73,145)	(2,680)	(408,448)
Reversal of unused provisions	-	(305)	-	(127)	(432)
Increase (decrease) in changes in foreign exchange rates	-	(8)	-	3	(5)
Other increase (decrease)*	-	-	-	(144)	(144)
Current ending balance as of December 31, 2012	68,517	21,078	5,151	10,552	105,298
Non-current					
Balance as of January 1, 2012	-	1,882	-	374	2,256
Other increase (decrease)*	-	(1,882)	-	(374)	(2,256)
Non-current ending balance as of December 31, 2012	-	-	-	-	-

* Includes ThUS\$ 134 as current and ThUS\$ 2,256 as non-current for balances of Sudamericana, Agencias Aéreas y Marítimas S.A. that were deducted as a result of the divestment, detailed in Note 29.

Current	Restructuring	Legal Claims	Onerous Contracts	Other Provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Balance as of January 1, 2011	-	15,931	66,514	13,694	96,139
Provisions during the period	204,632	10,839	73,145	2,472	291,088
Provisions used	-	(7,748)	(66,514)	(5,339)	(79,601)
Increase (decrease) in changes in foreign exchange rates	-	(15)	-	19	4
Other increase (decrease)	-	(3)	-	(18)	(21)
Current ending balance as of December 31, 2011	204,632	19,004	73,145	10,828	307,609
Non-current					
Balance as of January 1, 2011	-	779	-	383	1,162
Increase (decrease) in existing provisions	-	1,103	-	297	1,400
Provisions used	-	-	-	(306)	(306)
Non-current ending balance as of December 31, 2011	-	1,882	-	374	2,256

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 25 Provisions (continued)

The provision for legal claims corresponds to estimates of disbursements for losses and damages to cargo being transported. These are expected to be used within a year.

Onerous contracts refer to estimates of services (in-transit voyages) for which there is reasonable certainty that the revenues obtained will not cover the costs incurred at the end of the voyage and, therefore, the voyages are expected to end with operating losses. These are expected to be used within the next two months based on the Company's business cycle.

Provisions for restructuring include estimated costs of discontinued activities, as described in Note 33 Discontinued Operations and Restructuring of Shipping Services. These are expected to be used within a year.

Other provisions primarily include the estimated loss for containers not returned by clients and other parties. These are expected to be used within the next two months based on the Company's business cycle.

Note 26 Other Non-financial Liabilities

Other non-financial liabilities are detailed as follows:

	As of December 31, 2012		As of December 31, 2011	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Operating revenues in transit	55,311	-	43,639	-
Concession contract obligations	-	-	500	16,925
Other	1,832	3,512	831	4,285
Total	57,143	3,512	44,970	21,210

In-transit operating income corresponds to the balance of income recorded as of the reporting date for vessels in transit as of that date.

The concession contract obligation corresponds to the annual fee installments established in the concession contract entered into by the subsidiary Iquique Terminal Internacional S.A. with Empresa Portuaria de Iquique. This obligation has been recorded at current value using an estimated annual discount rate of 6.38%.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 27 Employee Benefits Obligations

a) Benefits expense for the period:

	For the years ended	
	December 31,	
	2012	2011
	ThUS\$	ThUS\$
Salaries and wages	122,433	135,150
Short-term employee benefits	17,779	18,690
Post-employment benefits obligation	3,942	4,440
Other personnel expenses	7,865	8,168
Total benefits expense	152,019	166,448

b) Employee benefits provision

	As of December 31, 2012		As of December 31, 2011	
	Current	Non-current	Current	Non-current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Vacations payable	6,645	-	9,712	-
Accrued shares	5,082	-	1,274	-
Post-employment benefits	297	837	2,309	12,680
Total	12,024	837	13,295	12,680

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 27 Employee Benefits Obligations (continued)

The Group's liability with respect to the obligations for post-employment benefits of some subsidiaries is determined using the criteria established in IAS 19.

The actuarial evaluation of post-employment benefits was performed by an independent actuary. The post-employment benefit consists of staff severance indemnities that will be paid to all employees who have signed the collective agreements between the Company and its workers. The obligations that Iquique Terminal Internacional S.A. recognizes for the legal indemnity that it will have to pay to all of its employees at the end of the concession, as well as the obligation of the Mexican subsidiaries where workers are legally entitled to such indemnity, have also been included.

The actuarial valuation is based on the following percentages:

- Discount rate used: 5.75%
- Rate of salary increase: 2%
- Average rotation for group: 4.65% (4.05% dismissed)
- Mortality table rv-2009 with an adjustment of 30% for purposes of disability
- Expected return on plan assets: 5% (corresponds to unemployment insurance)

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 27 Employee Benefits Obligations (continued)

The changes in the obligation payable to staff for post-employment benefits are detailed in the following table:

	As of December 31, 2012 ThUS\$	As of December 31, 2011 ThUS\$
Present value of defined-benefit plan obligations		
Balance as of January 1 of each year	15,808	12,947
Service expense	-	4,192
Interest expense	-	524
Actuarial gains (losses)	-	50
Effect of change in foreign exchange rate	-	(720)
Paid contributions obligation	-	(19)
Reductions (*)	(14,546)	-
Termination settlements	-	(1,166)
Total obligation	<u>1,262</u>	<u>15,808</u>
 Plan assets		
Balance as of January 1 of each year	(819)	(659)
Expected return on defined-benefit plan assets	-	(193)
 Decrease from effect of changes in foreign exchange rates on defined-benefit plan assets	(128)	43
Participant contributions to defined-benefit plan assets	-	(136)
Benefits paid from defined-benefit plan assets	-	63
Settlements from defined-benefit plan assets	819	63
Total plan assets	<u>(128)</u>	<u>(819)</u>
 Total net obligation	<u>1,134</u>	<u>14,989</u>
 Current obligation	297	2,309
Non-current obligation	837	12,680

(*) This amount consists of balances maintained by Sudamericana, Agencias Aéreas y Marítimas, which are deducted as a result of the divestment, as mentioned in note 29.



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 28 Classes of Financial Assets and Liabilities

Specific description of financial asset or liability	Note	Current		Non-current		Fair value	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	7	212,000	173,016	-	-	212,000	173,016
Funds held in trust with third parties	8	-	-	-	19,773	-	19,773
Options contracts	8	-	6	-	-	-	6
Exchange rate insurance	8	-	-	-	109,757	-	109,757
Hedging derivative contracts	8 & 12	-	908	-	-	-	908
Derivative margin guarantees	8	14,425	17,404	-	-	14,425	17,404
Other financial instruments	8	75	1,737	-	8,862	75	10,599
Trade and other receivables	9	304,579	429,677	89	27,277	304,668	456,954
Receivables from related parties	10	3,501	10,587	-	-	3,501	10,587
		<u>534,580</u>	<u>633,335</u>	<u>89</u>	<u>165,669</u>	<u>534,669</u>	<u>799,004</u>
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bank loans	23	67,064	189,264	804,410	905,557	873,063	1,098,059
Bonds payable	23	7,522	6,867	58,372	58,377	67,372	66,506
Finance leases	23	-	3,555	-	4,235	-	7,790
Hedge liabilities	23	520	250	-	653	520	903
Other financial liabilities	23	-	2	-	-	-	2
Trade and other payables	24	468,144	598,778	-	-	468,144	598,778
Payables to related companies	10	22,805	368,383	-	26	22,805	368,409
		<u>566,055</u>	<u>1,167,099</u>	<u>862,782</u>	<u>968,848</u>	<u>1,431,904</u>	<u>2,140,447</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 28 Classes of Financial Assets and Liabilities (continued)

Interest rates used to determine fair value

The average interest rates used to determine the fair value of financial liabilities as of December 31, 2012 and 2011 are summarized below:

	December 31, 2012	December 31, 2011
Variable rate financial liabilities	Libor + 3.12%	Libor + 2.67%
Fixed rate financial liabilities	6.16%	6.34%

Other financial assets and liabilities are recorded at fair value or their carrying amount is a reasonable approximation of their fair value.

Bank loans have been valued in accordance with IFRS 7 using level 2 inputs (i.e. market interest rates for similar transactions).

All other financial assets and liabilities have been valued in accordance with IFRS 7 using level 1 inputs (i.e. market value).

Note 29 Equity and Reserves

A) 2012

(a) Capital

Paid-in capital amounts to US\$ 2,305,309,024.91, equivalent to 8,717,953,531 subscribed and paid shares.

(b) Issuance of Shares

During the first quarter of 2012, the Company completed the second share issuance, initiated in 2011 (see note 29, B (2011) (d), (II)).

The ordinary period for exercising the right of first refusal on these shares was from December 19, 2011 to January 17, 2012, during which 3,222,357,834 shares were placed, equivalent to US\$ 658,972,177.

On January 25, 2012, CSAV placed 630,000,000 shares to third parties through an auction on the Santiago Stock Exchange, raising US\$ 128,835,000.00 in this stage.

The shares that were either not subscribed and paid during this period or resulted from fractions of shares remaining after prorating shares among shareholders, were offered in a second round between February 10 and 15, 2012, placing 2,015,612,826 shares, equivalent to US\$ 412,192,823.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

(b) Issuance of Shares (continued)

At the end of these periods, 5,867,970,660 shares (100%) have been subscribed and paid, equivalent to US\$ 1,200,000,000.00.

(c) Divestment of Compañía Sud Americana de Vapores S.A.:

In an extraordinary general shareholders' meeting held on October 5, 2011, shareholders approved the spin-off of the Company through the formation of a new publicly-held corporation called Sociedad Matriz SAAM S.A., subject to the following conditions.

- (i) that at least US\$ 1,100,000,000 is subscribed and paid (i.e. collected) as part of the capital increase indicated in point A) (b) (II) above; and
- (ii) that consent is obtained from third parties that, given the contractual obligations assumed by the Company or Sudamericana, Agencias Aéreas y Marítimas S.A., must consent to the divestment or to which some right is granted under the respective contracts.

On February 15, 2012, as both conditions had been met, the Company was divested. (See Note 29, B (2011) (c)).

This divestment resulted in a capital reduction of Compañía SudAmericana de Vapores S.A. of ThUS\$ 603,349 (the same as SM-SAAM's capital), leaving the Company's equity as follows after the capital increase and first quarter results:

Issued capital	2,305,309
Retained earnings (accumulated losses)	(1,474,106)
Other reserves	<u>(12,323)</u>
Equity attributable to owners of parent	818,880

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

B) 2011

(a) Capital

Paid-in capital as of December 31, 2011 amounts to US\$ 1,691,993,302.37, equivalent to 2,850,852,624 subscribed and paid shares.

(b) Capital Increase Agreements

(I) In an Extraordinary General Shareholders' Meeting held April 08, 2011, shareholders agreed to the following:

- a. To nullify the 212,687,896 outstanding shares that were part of the capital increase approved in the Extraordinary General Shareholders' Meeting held August 27, 2010, thus leaving the Company's capital at the amount effectively subscribed and paid of US\$ 1,171,704,224.84, divided into 2,029,258,896 single-series shares with no par value;
- b. To capitalize the equity account share premium for US\$ 23,782,642.90 reflected in the Company's statement of financial position as of December 31, 2010, resulting in paid-in capital of US\$ 1,195,486,867.74, divided into 2,029,258,896 single-series shares with no par value, fully subscribed and paid;
- c. Increase capital from US\$ 1,195,486,867.74, divided into 2,029,258,896 single-series shares with no par value, fully subscribed and paid, to US\$ 2,195,486,867.74, divided into 3,561,290,615 single-series shares with no par value;

The Company will increase capital by US\$ 1,000,000,000 by issuing 1,532,031,719 shares. These shares must be issued, subscribed and paid by April 8, 2014;

- d. To adopt the reforms to the Company's by-laws and any other agreements that are necessary or appropriate in order to carry out any of the decisions made by shareholders.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

(b) Capital Increase Agreements (continued)

(II) In an Extraordinary General Shareholders' Meeting held October 5, 2011, shareholders agreed to the following:

- a. To recognize the capital reduction, in conformity with article 26 of the Corporations Law, of the goodwill of US\$ 37,407,574.86 resulting from placing 820,723,975 shares, issued as part of the capital increase approved by shareholders at the Extraordinary Shareholders' Meeting held April 8, 2011, leaving paid-in capital at US\$ 2,158,079,292.88, divided into 3,561,290,615 single-series shares with no par value;
- b. To nullify the 711,307,744 outstanding shares that were part of the capital increase approved in the Extraordinary General Shareholders' Meeting held April 8, 2011, thus leaving the Company's capital at the amount effectively subscribed and paid of US\$ 1,693,788,811.63, divided into 2,849,982,871 single-series shares with no par value;
- c. To subtract US\$ 1,973,373.72 from paid-in capital for share issue and placement expenses so that the balance of this account is US\$ 1,691,815,437.91, divided into 2,849,982,871 single-series shares with no par value;
- d. To increase capital from US\$ 1,691,815,437.91, divided into 2,849,982,871 single-series shares with no par value, fully subscribed and paid, to US\$ 2,891,815,437.91, divided into 9,736,791,983 single-series shares with no par value;

The Company will increase capital by US\$ 1,200,000,000 by issuing 6,886,809 shares. They must be issued, subscribed and paid by October 5, 2014.

- e. To adopt the reforms to the Company's by-laws and any other agreements that are necessary or appropriate in order to carry out any of the decisions made by shareholders.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)**(c) Agreements to Spin off Compañía Sud Americana de Vapores S.A.:**

In an Extraordinary General Shareholders' Meeting held October 5, 2011, shareholders agreed to the following:

Subject to compliance of the conditions precedent and the other terms indicated below, the spin-off of the Company is approved. A new publicly-held corporation called Sociedad Matriz SAAM S.A. will be created. It will be domiciled in Santiago and its by-laws are contained in a separate deed. Nevertheless, the current company Compañía Sud Americana de Vapores S.A. will continue as a going concern.

As a result of and for the purposes of the spin-off, and also subject to the same conditions and other indicated terms, a capital reduction of US\$ 586,506,413 was approved (from US\$ 2,891,815,437.91 to US\$ 2,305,309,024.91), maintaining the same number and type of shares issued after the capital increase indicated in number (II) of section (I) above; the portion of paid-in capital corresponding to the same capital increase will also be wholly maintained.

As a result of that capital reduction, paid-in capital will be as follows: US\$ 2,305,309,024.91, divided into 9,736,791,983 single-series shares with no par value, of which (a) US\$ 1,105,309,024.91, corresponding to 2,849,982,871 shares, have been fully subscribed and paid and (b) US\$ 1,200,000,000, corresponding to 6,886,809,112 shares, must be subscribed and paid by October 5, 2014.

The amount and shares referred to in the preceding paragraph correspond to the capital increase indicated in point A) (b) (II) of this same note. Likewise, and consequently, the corporate by-laws were once again adjusted based on paid-in capital.

The spin-off, capital reduction and adjustment to the corporate by-laws referred to in this section shall take effect once the following conditions precedent are fulfilled:

(i) that at least US\$ 1,100,000,000 is subscribed and collected as part of the capital increase indicated in point A) (b) (II) above; and

(ii) that consent is obtained from third parties that, given the contractual obligations assumed by the Company or Sudamericana, Agencias Aéreas y Marítimas S.A., must consent to the spin-off or to which some right is granted under the respective contracts.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

(d) Issuance of Shares.

(I) First share issuance

On May 24, 2011, the issuance of 834,684,211 single-series shares with no par value was registered in the SVS Securities Registry (No. 926) for US\$ 544,821,755.68 with a charge to the aforementioned capital increase.

The term for issuing, subscribing and paying these shares is three years from April 8, 2011.

The funds obtained from this share issuance will be used to strengthen the Company's capital structure and may be used to purchase vessels and for the Company's general operations.

This issuance was offered to the Company's shareholders, who had the right to subscribe 0 new shares for each share registered in the Shareholders' Registry as of May 26, 2011. These shares were offered for Ch\$285 per share and fully paid upon subscription in cash, cashier's check, electronic transfer or any other such instrument payable on demand.

That share price (Ch\$285 per share) is the weighted average price of transactions registered in the Santiago Stock Exchange during the months of March and April 2011 (Ch\$333.49 per share), less a discount of approximately 14.5% as a special incentive to participate in the capital increase.

The ordinary period for exercising the right of first refusal on these shares was from June 1, 2011 to June 30, 2011.

All shares not subscribed and paid during this period and fractions of shares remaining after prorating shares among shareholders were offered only to those shareholders who had previously expressed their desire to subscribe additional shares. The additional periods were from July 6, 2011 to July 12, 2011 and July 19, 2011 to July 25, 2011.

At the end of these additional periods, 820,723,975 shares (of a total of 834,684,211 shares issued), or 98.33%, had been subscribed and paid, equivalent to US\$ 498,301,943.89.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)**(d) Issuance of Shares (continued)****(II) Second share issuance**

At an Extraordinary Shareholders' Meeting held October 5, 2011, shareholders of Compañía Sud Americana de Vapores S.A. agreed to increase the Company's capital by US\$ 1,200,000,000 by issuing 6,886,809,112 single-series shares with no par value.

On December 9, 2011, the issuance of 5,867,970,660 single-series shares with no par value was registered in the SVS Securities Registry (No. 943) for US\$ 1,022,493,887.50 with a charge to the aforementioned capital increase.

The term for issuing, subscribing and paying these shares is three years from October 5, 2011.

This issuance is offered preferentially to the Company's shareholders, who have the right to subscribe 2.0589494483 new shares for each share registered in the Shareholders' Registry as of December 13, 2011. These shares were offered for US\$ 0.2045 per share and must be fully paid upon subscription in US dollars, either in cash or by cashier's check, check or electronic transfer available immediately; or in pesos, legal tender in Chile, using the "observed dollar" exchange rate published by the Chilean Central Bank in the Official Gazette on the respective date of payment, either in cash or by cashier's check, check or electronic transfer or any other such instrument payable on demand.

That share price (US\$ 0.2045 per share) is the weighted average price of transactions registered in the Santiago Stock Exchange during the month of October 2011 of Ch\$ 129.78 per share (equivalent to US\$ 0.25361 per share) using the average "observed dollar" exchange rate published in October, less a discount of approximately 19.4% as a special incentive to participate in the capital increase.

The ordinary period for exercising the right of first refusal on these shares was from December 19, 2011 to January 17, 2012.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

(d) Issuance of Shares (continued)

Once the legal, 30-day period for the right of first refusal has elapsed, any shares not subscribed and not paid by shareholders or their assignees and those resulting from fractions of shares remaining after prorating shares may be offered to third parties using one of the share placement systems set forth in the Santiago Stock Exchange's Operations Manual, based on the timeline and amounts deemed reasonable by the Board of Directors, which is broadly authorized to determine such procedures (the "Third-Party Placement").

Once the Third-Party Placement has been completed, any shares not subscribed and not paid during that third-party placement may be offered in a Second Round for Shareholders, but only to those shareholders that expressed an interest in subscribing additional shares and that subscribed all of the shares to which they were entitled during the right of first refusal period. This additional period will last six calendar days, which will be communicated in a timely fashion.

Once the 6-day Second Round for Shareholders has been completed, any shares not subscribed and not paid during that period and those resulting from fractions of shares remaining after prorating shares may be offered in a Third Round for Shareholders, but only to those shareholders that expressed an interest in subscribing additional shares and that subscribed all of the shares to which they were entitled during the Second Round for Shareholders. This additional period will last six calendar days, which will be communicated in a timely fashion.

If necessary, the Board of Directors may conduct additional rounds in the terms indicated above, until the anticipated objective is reached.

If after applying the procedures above for a given share issuance any unplaced shares remain from that issuance, they may be offered freely to shareholders and/or third parties based on the timeline and amounts deemed reasonable by the Board of Directors, which is broadly authorized to determine such procedures. In any event, shares may not be sold to third parties at values and conditions that are more favorable than the preferential offer to shareholders with the right of first refusal, notwithstanding the last paragraph of article 29 of the Corporations Regulations.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

(d) Issuance of Shares (continued)

If the Board of Directors deems it necessary to place shares through the Second Round and/or Third Round placements described above, they are broadly authorized to freely offer and place remaining shares to shareholders and/or third parties under the terms indicated above, as applicable.

As of December 31, 2011, 869,753 shares have been subscribed and paid, equivalent to US\$ 177,864.46. Therefore, paid-in capital amounts to 2,850,852,624 subscribed and paid shares, equivalent to US\$ 1,691,993,302.37.

C) The movement in shares is detailed as follows:

Series	Number of subscribed shares	Number of paid shares	Number of shares with voting rights
	8,717,953,531	8,717,953,531	8,717,953,531
	2012		2011
In number of shares	Common shares		Common shares
Issued as of January 1	2,850,852,624		2,029,258,896
Issued for cash	<u>5,867,100,907</u>		<u>821,593,728</u>
Issued as of December 31	<u>8,717,953,531</u>		<u>2,850,852,624</u>

D) Share issuance costs

As of December 31, 2012, share issuance costs include ThUS\$ 4,150 for legal advisory services and expenses, presented within the equity account “other reserves”. As of December 31, 2011, share issuance costs include ThUS\$ 32 for legal advisory services and expenses, presented within the equity account “other reserves”.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

E) Other Reserves

Reserves are detailed as follows:

	As of December 31, 2012	As of December 31, 2011
	ThUS\$	ThUS\$
Translation adjustment reserve	(3,058)	29,810
Hedge reserve	(416)	(116)
Reserve for gains and losses on defined benefit plan	-	365
Other reserves	(4,143)	58
Total reserves	(7,617)	30,117

Explanation of movements:

Translation Adjustment Reserve

The translation adjustment reserve includes all exchange differences that arise from the translation of the financial statements of foreign operations from functional currency to reporting currency.

The balance and movement of the translation adjustment reserve are explained as follows:

	As of December 31, 2012 ThUS\$	As of December 31, 2011 ThUS\$
Beginning balance	29,810	44,520
Variation in associates (Note 16)	(53)	(3,596)
Sudamericana Agencias Aéreas y Marítimas S.A. and Subsidiaries	-	(9,724)
Other investments	(325)	(1,390)
Other changes (*)	(32,490)	-
Total	(3,058)	29,810

(*) Other changes in the translation reserve correspond almost entirely to balances of Sudamericana, Agencias Aéreas y Marítimas, which are deducted as a result of the aforementioned spin-off.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

E) Other Reserves (continued)

Cash Flow Hedge Reserve

The hedge reserve includes the effective portion of the net accumulated effect on fair value of cash flow hedging instruments related to hedged transactions that have not yet taken place. The movement during the period is explained by the realization of accounting hedges recognized in equity at the beginning of the period.

The balance and movement of this reserve are explained as follows:

	As of December 31, 2012	As of December 31, 2011
	ThUS\$	ThUS\$
	<u> </u>	<u> </u>
Beginning balance	(116)	(1,750)
Amount realized during the period	(740)	1,382
Increase from cash flow hedge derivatives	(416)	252
Other changes	856	-
	<u> </u>	<u> </u>
Total	<u> (416)</u>	<u> (116)</u>

Reserve for Actuarial Gains and Losses on Post-Employment Benefits

The reserve for actuarial gains on post-employment benefits consists of the variation in the actuarial values of the post-employment benefits provision.

The balance and movement of this reserve are explained as follows:

	As of December 31, 2012	As of December 31, 2011
	ThUS\$	ThUS\$
	<u> </u>	<u> </u>
Beginning balance	365	434
Increase from variations in values of post-employment provision	-	(69)
Other changes	(365)	-
	<u> </u>	<u> </u>
Total	<u> -</u>	<u> 365</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

F) Dividends and Retained Earnings (Accumulated Losses)

The dividend policy is described in Note 3.23. Profits to be distributed will be determined in accordance with SVS Ruling 1945 and are detailed as follows: As of December 31, 2012 and 2011, the Company has not recorded a provision for the minimum mandatory dividend because of the losses recorded for the period.

On April 28, 2011, final dividend No. 321 was paid, amounting to Ch\$ 7.69228122 per share, totaling US\$ 32,983,908.52 charged to net income for 2010.

Net distributable income is determined on the basis of “net income attributable to equity holders of parent” presented in the Statement of Income by Function for each reporting period. This profit shall be adjusted to reflect all gains generated from variations in the fair value of certain assets and liabilities that have not been realized or accrued as of year-end. Thus, these gains will be incorporated into the determination of net distributable income in the year in which they are realized or accrued.

The Company also maintains records of those gains described above that, as of each year or quarter end, have not been realized or accrued.

The Company has decided to maintain adjustments from first-time adoption of IFRS, included in retained earnings as of December 31, 2009, as non-distributable profits or gains. For the purpose of determining the balance of distributable retained earnings or accumulated deficit, separate records are kept for these first-time adoption adjustments and they are not considered in determining that balance. Nevertheless, when any of the amounts considered in the first-time adjustments are realized or accrued, as indicated above, they are included in the determination of net distributable income for the respective year.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 29 Equity and Reserves (continued)

F) Dividends (continued)

The following table details how distributable income is determined:

	As of December 31, 2012	As of December 31, 2011
	ThUS\$	ThUS\$
Initial distributable net profit	(1,184,936)	109,947
Distributed dividends	-	(32,984)
Profit (loss) attributable to owners of parent	(313,611)	(1,249,775)
Other adjustments to retained earnings for the period	-	(12,124)
Adjusted distributable profit (loss)	<u>(1,498,547)</u>	<u>(1,184,936)</u>
Retained earnings (accumulated deficit)	<u>(1,442,255)</u>	<u>(1,136,638)</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 30 Operating Revenues, Cost of Sales and Administrative Expenses

Operating revenues are detailed in the following table:

	For the years ended	
	December 31,	
	2012	2011
	ThUS\$	ThUS\$
Maritime cargo transport	3,431,782	4,795,916
Total	3,431,782	4,795,916

Cost of sales is detailed in the following table:

	For the years ended December 31,	
	2012	2011
	ThUS\$	ThUS\$
Operating costs	(3,332,262)	(5,582,456)
Operating depreciation and amortization	(54,747)	(46,598)
Other	(1,402)	(1,486)
Total	(3,388,411)	(5,630,540)

As indicated in note 3.17, upon the implementation of International Financial Reporting Standards (IFRS), revenue and cost of sales for maritime services in-transit are recognized in the statement of income based on the degree of completion.

For vessels not considered onerous contracts, income is recognized only to the extent that the related costs (incurred) can be recovered, and as a result the Company conservatively recognizes income and expenses for the same amount.

These changes required the recognition of income and expenses of ThUS\$ 8,102 for the year ended December 31, 2012, and income and expenses of ThUS\$ 20,644 for the year ended December 31, 2011, which form part of revenue and cost of sales, as indicated above.

Should the Company determine that a service will produce a loss, it shall be provisioned in cost of sales (onerous contract) without recording its income and expense separately.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 30 Operating Revenues, Cost of Sales and Administrative Expenses (continued)

Administrative expenses are detailed as follows:

	For the years ended December 31,	
	2012	2011
	ThUS\$	ThUS\$
Staff payroll expenses	(157,080)	(166,447)
Administrative advisory services expenses	(18,101)	(11,951)
Communications and reporting expenses	(23,575)	(24,479)
Depreciation and amortization	(4,603)	(4,685)
Other	(42,485)	(55,358)
Total	(245,844)	(262,920)

Note 31 Finance Income and Expenses

Finance income and expenses are detailed in the following table:

	For the years ended December 31,	
	2012	2011
	ThUS\$	ThUS\$
Finance income		
Interest income from time deposits	673	1,765
Other finance income	1,088	740
Total	1,761	2,505
Finance costs		
Interest costs on financial obligations	(37,937)	(28,772)
Interest costs on other financial instruments	(1,007)	(4,067)
Other finance costs	(5,134)	(3,429)
Total	(44,078)	(36,268)

As of December 31, 2012, the Group does not recognize any finance income or expenses in equity.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 32 Exchange Differences

Exchange differences generated by items in foreign currency, other than differences generated by financial investments at fair value through profit and loss, were credited (charged) to income for the period according to the following table:

	For the years ended December 31,	
	2012	2011
	ThUS\$	ThUS\$
Cash and cash equivalents	(2,541)	(1,397)
Trade and other receivables, net	(12)	5,334
Receivables from related parties	1,314	(1,499)
Current tax receivables	(1,086)	(2,395)
Other assets	40	(27)
Other financial assets	(37)	(1)
Other equity method investments	-	(9)
Investments in equity method associates	-	(123)
	<u>(2,322)</u>	<u>(117)</u>
Total Assets		
Interest-bearing loans	(5,368)	7,294
Trade and other payables	(2,519)	2,969
Payables to related parties	(664)	638
Provisions	128	9
Tax payables	(1,122)	247
Other liabilities	275	(86)
Post-employment benefits obligation	1,121	13
	<u>(8,149)</u>	<u>11,084</u>
Total Liabilities		
Total Exchange Differences	<u>(10,471)</u>	<u>10,967</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 33 Discontinued Operations and Restructuring of Shipping Services

A) Discontinued Operations and Restructuring of Shipping Services

During the second quarter of 2011, as a result of adverse market conditions, the Company decided to refocus its commercial strategy on shipping services to strengthen its most important markets. As part of a major restructuring plan, the Company closed certain transportation services, significantly modified operations for other continuing services and signed important joint operating agreements with other shipping carriers.

The main objectives of this restructuring process include:

- (i) reducing CSAV's exposure to shipping industry volatility, particularly for routes and services where the Company has fewer competitive advantages. The implemented plan reduces the Company's cargo transport capacity by more than 40% during the year 2011.
- (ii) increasing the Company's efficiency by operating larger vessels along each of its routes and services through strategic alliances with industry leading companies. This new strategic definition has led the Company to increase its volume of joint operations from close to 30% in mid-2011 to over 95% to date.
- (iii) increasing the proportion of its own fleet by reducing its operated capacity and with support from the vessel investment plan, financed in part with capital increases. This initiative enabled CSAV to expand the transportation capacity of its proprietary fleet from 8% as of year-end 2010 to around 37% in December 2012.
- (iv) substantially improving the Company's organizational structure and implementing processes and information systems that improve visibility, increase the degree of responsibility and decentralize the structure, as well as the Company's decision-making capacity and ability to integrate with clients. This plan has resulted in the elimination of three hierarchical levels, lay-offs of around 700 employees throughout the world and boosts to IT projects and processes such as the contribution and pricing systems.

Implementation of this plan was completed during 2012. As a result, during 2012 CSAV attained the structure and operating scale that it was seeking for its shipping services.

Regarding the excess capacity of vessels and containers resulting from this restructuring, during the twelve-month period ended December 31, 2012, the loss from discontinued operations reached ThUS\$ 143,894 before taxes, which is explained by onerous vessel and container sublease agreements signed during the period (ThUS\$ 115,234), of which ThUS\$ 33,277 was recorded in the last quarter of 2012; by the net reversal of provisions (ThUS\$ 40,510) and by additional provisions (ThUS\$ 69,170). This last item is comprised of ThUS\$ 57,707 in additional provisions established in the first half of 2012 for excess fleet capacity and ThUS\$ 11,463 for costs that the Company estimates it will incur for excess fleet capacity in 2013.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 33 Discontinued Operations and Restructuring of Shipping Services (continued)

The aforementioned additional provision was recorded during the fourth quarter of 2012 and is the last provision for this restructuring process. The aforementioned provision of ThUS\$ 11,463, in line with the criteria indicated above, was calculated considering that the Company may sublease its excess capacity at market prices based on its subleasing experience since 2011. This is in addition to the provision established during the first half of 2012 for ThUS\$ 57,707, giving total provisions of ThUS\$ 69,170 for the year.

The main revenue and expenses (costs) that explain the losses from discontinued operations are detailed as follows:

	2012	2011
	ThUS\$	ThUS\$
New onerous contracts (subleases)	(115,234)	(108,500)
Additional provisions	(69,170)	(109,620)
Direct expenses	-	(88,690)
Net reversal of provisions	40,510	-
Loss from discontinued operations, before taxes	<u>(143,894)</u>	<u>(306,810)</u>
Tax expense for discontinued operations	17,713	26,851
Loss from discontinued operations	<u>(126,181)</u>	<u>(279,959)</u>

During 2012, the Company used and reversed provisions of ThUS\$ 196,302 from the year 2011 and ThUS\$ 124,215 from the year 2012. As of December 31, 2012 and 2011, the balance of the restructuring provision was ThUS\$ 68,518 and ThUS\$ 204,632, respectively (see Note 25).

The net operating cash flows from discontinued operations for the year 2012 amounted to ThUS\$ 280,009.

CSAV's management believes that these restructuring measures and the resulting nonrecurring losses from discontinued operations, together with a reasonable normalization of markets, will enable the Company to improve its position and earnings.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 33 Discontinued Operations and Restructuring of Shipping Services (continued)

B) Operations Discontinued after Divestment.

As indicated in notes 15 and 29, on February 15, 2012, the Company was spun off, transferring all shares of the subsidiary Sudamericana, Agencias Aéreas y Marítimas S.A., to a new company, Sociedad Matriz SAAM S.A., created for such purposes. This divestment resulted in the discontinuation of the vessel and cargo services business as of that date. As indicated in IFRS 5, to enhance the comprehension and comparability of the financial statements, the income statement has been restated for the year ended December 31, 2011.

Profit or loss from the vessel and cargo services segment (SAAM) is presented as profit (loss) from discontinued operations, totaling ThUS\$ 63,764.

The main impacts on the statements of income and cash flows from discontinuing the vessel and cargo services segment (SAAM) are detailed as follows:

	For the year ended December 31, 2011
	ThUS\$
STATEMENT OF INCOME	
Operating revenue	425,840
Cost of sales	<u>(316,446)</u>
Gross margin	109,394
Administrative and other expenses	<u>(31,504)</u>
Profit (loss), before taxes	77,890
Income tax expense	<u>(14,126)</u>
Profit (loss) for the period	<u><u>63,764</u></u>
 STATEMENT OF CASH FLOWS	
	ThUS\$
Net cash flows provided by (used in) operating activities	61,382
Net cash flows provided by (used in) investing activities	(85,286)
Net cash flows provided by (used in) financing activities	960
Effects of changes in foreign exchange rate on cash and cash equivalents	236
Net cash flows for the period	<u><u>(22,708)</u></u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 34 Chilean and Foreign Currency

Current Assets

	Currency	12.31.2012 Amount ThUS\$	12.31.2011 Amount ThUS\$
Cash and cash equivalents	CLP	6,078	8,171
	USD	155,992	124,264
	EUR	19,744	10,277
	BRL	8,812	6,979
	YEN	181	234
	OTHER	21,193	23,091
Other financial assets (current)	USD	14,101	19,474
	EUR	171	21
	OTHER	228	560
Other non-financial assets (current)	CLP	177	482
	USD	20,632	46,549
	EUR	218	248
	BRL	18	979
	OTHER	1,386	3,357
Trade and other receivables (current)	UF	-	30
	CLP	8,508	43,578
	USD	237,805	312,289
	EUR	28,787	23,801
	BRL	10,770	20,119
	YEN	583	479
	OTHER	18,126	29,381
Receivables from related parties	CLP	50	596
	USD	3,451	9,923
	BRL	-	23
	OTHER	-	45
Inventory	CLP	95	382
	USD	82,400	125,172
	BRL	-	2,034
	OTHER	-	2,234
Current tax assets	CLP	1,344	8,572
	USD	2,809	9,358
	EUR	1,220	1,486
	BRL	805	4,846
	OTHER	7,697	15,449
Non-current assets or disposal groups classified as held for sale	CLP	-	76
TOTAL CURRENT ASSETS	UF	-	30
	CLP	16,252	61,857
	USD	517,190	647,029
	EUR	50,140	35,833
	BRL	20,405	34,980
	YEN	764	713
	OTHER	48,630	74,117
	Total	653,381	854,559

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 34 Chilean and Foreign Currency (continued)

Non-Current Assets

	Currency	12.31.2012	12.31.2011
		Amount ThUS\$	Amount ThUS\$
Other financial assets (non-current)	CLP	246	128
	USD	83,913	137,816
	EUR	7	-
	BRL	409	448
Other non-financial assets (non-current)	UF	25	39
	CLP	-	32
	USD	9,831	8,713
	EUR	134	144
	BRL	-	6
	OTHER	96	31
Rights receivable (non-current)	UF	-	3,174
	CLP	89	1,270
	USD	-	22,833
Equity method investments	CLP	-	37,090
	USD	11,734	123,159
Intangible assets other than goodwill	CLP	-	988
	USD	74	62,181
	EUR	380	596
	OTHER	212	180
Goodwill	USD	85,118	100,223
	EUR	12,483	12,242
	BRL	5,143	5,143
Property, plant and equipment	CLP	-	103,380
	USD	1,300,883	1,460,537
	EUR	1,504	1,890
	BRL	2,469	9,954
	OTHER	2,948	3,664
Investment property	CLP	-	3,536
Deferred tax assets	CLP	190	3,928
	USD	310,038	218,810
	EUR	156	293
	BRL	-	968
	OTHER	1,187	1,554
TOTAL NON-CURRENT ASSETS	UF	25	3,213
	CLP	525	150,352
	USD	1,801,591	2,134,272
	EUR	14,664	15,165
	BRL	8,021	16,519
	OTHER	4,443	5,429
	Total	<u>1,829,269</u>	<u>2,324,950</u>

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 34 Chilean and Foreign Currency (continued)

Assets (continued)

	Currency	12.31.2012	12.31.2011
		Amount ThUS\$	Amount ThUS\$
TOTAL ASSETS			
	UF	25	3,243
	CLP	16,777	212,209
	USD	2,318,781	2,781,301
	EUR	64,804	50,998
	BRL	28,426	51,499
	YEN	764	713
	OTHER	53,073	79,546
	Total	2,482,650	3,179,509

Current Liabilities

	Currency	12.31.2012		12.31.2011	
		Up to 90 days	90 days to 1 year	Up to 90 days	90 days to 1 year
		Amount ThUS\$	Amount ThUS\$	Amount ThUS\$	Amount ThUS\$
Other financial liabilities (current)	UF	1,254	6,268	98	7,103
	CLP	-	-	1	-
	USD	33,773	30,460	130,144	57,358
	BRL	-	-	533	-
	YEN	3,351	-	-	3,328
	OTHER	-	-	355	1,018
Trade and other payables	CLP	19,599	-	33,318	7,385
	USD	302,284	8,531	376,772	21,956
	EUR	43,315	-	47,121	-
	BRL	28,648	-	29,384	6,916
	YEN	1,400	-	2,231	-
	OTHER	63,088	1,279	61,108	12,587
Payables to related parties (current)	CLP	1,675	-	3,361	-
	USD	21,130	-	364,984	-
	OTHER	-	-	38	-
Other provisions (current)	CLP	-	-	73	-
	USD	104,511	-	304,849	269
	EUR	258	-	201	382
	BRL	182	-	-	-
	OTHER	323	24	-	1,835
Current tax liabilities	CLP	-	-	616	136
	USD	770	903	2,571	498
	EUR	2	-	541	-
	BRL	58	-	176	-
	OTHER	6,708	220	9,038	427

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 34 Chilean and Foreign Currency (continued)

Current Liabilities (continued)

	Currency	12.31.2012		12.31.2011	
		Up to 90 days	90 days to 1 year	Up to 90 days	90 days to 1 year
		Amount ThUS\$	Amount ThUS\$	Amount ThUS\$	Amount ThUS\$
Current provisions for employee benefits	CLP	3,410	11	3,866	2,322
	USD	6,067	-	1,913	30
	EUR	129	548	1,672	86
	BRL	1,214	25	1,976	781
	OTHER	585	35	490	159
Other current non-financial liabilities	UF	-	-	-	11
	CLP	-	-	23	-
	USD	55,490	469	43,447	378
	EUR	81	-	87	-
	BRL	-	-	949	-
	OTHER	934	169	-	75
TOTAL CURRENT LIABILITIES	UF	1,254	6,268	98	7,114
	CLP	24,684	11	41,258	9,843
	USD	524,025	40,363	1,224,680	80,489
	EUR	43,785	548	49,622	468
	BRL	30,102	25	33,018	7,697
	YEN	4,751	-	2,231	3,328
	OTHER	71,638	1,727	71,029	16,101
	Total	700,239	48,942	1,421,936	125,040



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 34 Chilean and Foreign Currency (continued)

Non-Current Liabilities

	Currency	12.31.2012				12.31.2011			
		Maturity				Maturity			
		1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Other financial liabilities (non-current)	UF	11,764	11,765	29,412	5,431	5,513	16,576	27,144	9,914
	USD	116,450	114,880	192,370	101,932	85,120	223,737	195,144	93,687
	YEN	-	-	-	278,778	-	-	-	311,607
	OTHER	-	-	-	-	380	-	-	-
Payables to related parties	USD	-	-	-	-	26	-	-	-
Other provisions (non-current)	USD	-	-	-	-	-	-	78	-
	BRL	-	-	-	-	1,882	-	-	-
	OTHER	-	-	-	-	22	-	274	-
Deferred tax liabilities	CLP	-	-	-	-	460	108	4,670	3,678
	USD	810	-	-	-	10,664	-	84	2,560
	EUR	4	-	-	-	7	-	-	-
	BRL	-	-	-	-	799	-	-	-
	OTHER	5	-	-	-	214	-	-	-
Employee benefit provisions (non-current)	CLP	-	-	-	-	1,622	1,684	3,574	4,282
	USD	-	-	-	-	516	-	-	-
	EUR	66	-	319	-	308	-	124	-
	OTHER	247	-	205	-	258	-	312	-



COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 34 Chilean and Foreign Currency (continued)

Non-Current Liabilities (continued)

Currency	12.31.2012				12.31.2011			
	Maturity				Maturity			
	1 to 3 years Amount ThUS\$	3 to 5 years Amount ThUS\$	5 to 10 years Amount ThUS\$	More than 10 years Amount ThUS\$	1 to 3 years Amount ThUS\$	3 to 5 years Amount ThUS\$	5 to 10 years Amount ThUS\$	More than 10 years Amount ThUS\$
Other non-current non-financial liabilities								
CLP	284	-	-	-	250	-	-	-
USD	3,164	-	-	-	5,058	1,249	3,910	10,665
EUR	-	-	-	-	78	-	-	-
OTHER	64	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES								
UF	11,764	11,765	29,412	5,431	5,513	16,576	27,144	9,914
CLP	284	-	-	-	2,332	1,792	8,244	7,960
USD	120,424	114,880	192,370	101,932	101,384	224,986	199,216	106,912
EUR	70	-	319	-	393	-	124	-
BRL	-	-	-	-	2,681	-	-	-
YEN	-	-	-	278,778	-	-	-	311,607
OTHER	316	-	205	-	874	-	586	-
Total	132,858	126,645	222,306	386,141	113,177	243,354	235,314	436,393

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 35 Earnings (Loss) per Share

Earnings (loss) per share as of December 31, 2012 and 2011 are determined as follows:

	<u>12.31.2012</u>	<u>12.31.2011</u>
Profit (loss) attributable to net owners of parent	(313,611)	(1,249,775)
Weighted average number of shares	<u>8,277,986,751</u>	<u>2,501,648,817</u>
Earnings (loss) per share US\$	(0.04)	(0.50)
	<u>12.31.2012</u>	<u>12.31.2011</u>
Number of shares		
Issued as of January 1	2,850,852,624	2,029,258,896
Shares from capital issuance	<u>5,867,100,907</u>	<u>821,593,728</u>
Issued as of period end	8,717,953,531	2,850,852,624
Weighted average number of shares	8,277,986,751	2,501,648,817

Note 36 Contingencies and Commitments

A) Compañía Sud Americana de Vapores S.A.

a.1) Guarantees Granted

a.1.1) Deutsche Schiffsbank - Loan M/V Mapocho

On December 31, 2012, the Company repaid the outstanding balance of ThUS\$ 15,615 on the loan from Deutsche Schiffsbank, which had been granted on February 14, 2003. This loan was used to finance the acquisition of the M/V Mapocho. The book value of the vessel as of December 31, 2012 is ThUS\$ 4,551.

The naval mortgage established on the vessel as collateral for the principal due on the loan from Deutsche Schiffsbank is in the process of being released.

a.1.2) American Family Life Assurance Company of Columbus

On August 1, 2003, the Company became guarantor and joint debtor of its subsidiary Tollo Shipping Co. S.A. of Panama, in a loan agreement with the Japanese agency of American Family Life Assurance Company of Columbus (AFLAC) for JPY 24,000,000,000 (twenty four billion yen), equivalent at that time to US\$ 201,850,294 (two hundred one million, eight hundred fifty thousand, two hundred ninety-four dollars).

This loan was used to pay outstanding debts and fund public investments and projects that complemented the businesses of the Company and its subsidiaries.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 36 Contingencies and Commitments (continued)

The 30-year obligation will be fully paid upon maturity in yen while interest will be paid in US dollars on a semi-annual basis. The loan can be paid in advance, either fully or in part, starting in the fifteenth year, at each date on which interest payments are due.

On July 18, 2003, the Company became guarantor and joint debtor of its subsidiary Tollo Shipping Co. S.A. of Panama, by entering into several contracts with Goldman Sachs & Co. to hedge fluctuations in the exchange rate between the yen and US dollar during the term of the loan described in the previous paragraph in the event that the yen becomes overvalued with respect to the original rate as of the date of the agreement, up to an agreed margin. It will be paid using an annual rate, with semi-annual payments on the dates on which interest payments are due. The interest and the cost of the foreign exchange hedge for this loan are 6.3% per annum.

a.1.3) Scotiabank – Stand-by Letter of Credit

On September 15, 2011, the Company furnished a guarantee in favor of Petróleo Brasileiro S.A. (Petrobras) Río de Janeiro, Brazil, through Scotiabank Chile, to guarantee its oil purchases in Brazil. The guarantee is for ThUS\$ 3,000, expiring on February 17, 2013.

a.1.4) Banco Security - Stand-by Letter of Credit

On November 22, 2011, the Company granted a bank guarantee in favor of the Miami Dade Board of County Commissioners, through Citibank N.A. The guarantee is for ThUS\$ 100 and expires on November 17, 2013.

a.1.5) Banco BICE - Stand-by Letter of Credit

On December 28, 2012, the Company renewed a bank guarantee in favor of Jardine Shipping Agency, Singapore, through Banco BICE Chile. The guarantee is for ThUS\$ 560, expiring on December 31, 2013.

a.1.6) BNP Paribas – Five 8,000 TEU vessels

The Company guaranteed drawdowns on this line of credit granted by a syndicate of banks led by BNP Paribas S.A. to finance the construction of five 8,000 TEU vessels, all of which have already been received by the Company. The Company's commitment includes surety bonds and joint assumption of debt for the amount of the current loan that is detailed at the end of this note. In addition, as of December 31, 2012, ThUS\$ 12.2 in funds have been reserved in the debt service accounts of these vessels to ensure compliance with a minimum ratio of vessel market values over the outstanding balance on the debt of 1.3.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 36 Contingencies and Commitments (continued)

a.1.7) BNP Paribas – MV Maipo Loan

The Company guaranteed drawdowns on this line of credit granted by a syndicate of banks led by BNP Paribas S.A. to finance the acquisition of the M/V Maipo, with surety bonds and joint assumption of debt for the amount of the current loan that is detailed by vessel at the end of this note.

a.1.8) HSH Nordbank – Financing of 4,050, 5,500 and 6,500 TEU Vessels

The Company guaranteed drawdowns on this line of credit granted by HSH Nordbank to finance 4,050, 5,500 and 6,500 TEU vessels (MV Limarí, Longaví, Chacabuco, Paine, Puelo and Palena) with surety bonds and joint assumption of debt for the amount of the loan that is detailed by vessel at the end of this note.

a.1.9) DVB Bank – Two 8,000 TEU vessels

The Company guaranteed drawdowns on this line of credit granted by DVB Bank to finance the acquisition of two 8,000 TEU vessels, with surety bonds and joint assumption of debt for the amount of the current loan that is detailed by vessel at the end of this note.

a.2) Guarantee Notes

There are other minor guarantees whose disclosure is not necessary for the interpretation of these financial statements.

a.3) Other legal contingencies

The Company is a defendant in certain lawsuits and arbitration claims relating to cargo transport and compensation for damages, for which the Company has insurance policies to cover contingent losses. Provisions are sufficient to cover all amounts below the respective deductibles.

In connection with outstanding loans with private banks, both in local and foreign currency, the Company is subject to commitments and obligations considered standard for this kind of transaction.

Transplata S.A has filed a lawsuit against the Company and two of its subsidiaries for US\$ 9,969,144 for alleged damage from terminating maritime agencying agreements in Argentina. The Company believes it is unlikely that it will lose this suit, especially for the amount being sought.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 36 Contingencies and Commitments (continued)

a.4) Operational restrictions

The financing agreements signed by the Company and its subsidiaries include the following restrictions:

a.4.1) Bonds payable (indexed) for UF 1,950,000 - a.) Maintain consolidated leverage with a ratio of consolidated financial debt to (total equity + minority interest) no greater than 1.2; b) Maintain minimum consolidated equity of ThUS\$ 350,000; c) Maintain unencumbered assets for 130% of CSAV's individual financial liabilities, d) Quiñenco S.A. shall have significant influence in the controlling group or shall be the controller of the issuer or shall hold at least 20% of the issuer's subscribed and paid capital. Except as indicated in letter c), during 2011, the restrictions on the individual financial statements were eliminated. As a result, only the restrictions for the consolidated financial statements remain in effect.

a.4.2) Loan contract with AFLAC for ThUS\$201,850 - a) Maintain financial expense coverage (EBITDA / Net Interest) no less than 2.5. b) Maintain a debt/equity ratio no greater than 1.0. and c) Maintain a minimum balance of ThUS\$50,000 for cash and banks, time deposits and marketable securities.

As explained in Note 23, as of December 31, 2012, the Company is in compliance with all covenants stipulated in the loan agreement with AFLAC, except for the AFLAC financial expense coverage ratio, which remains at negative 6.54. The contract establishes a cure period of 24 months for reestablishing compliance with these covenants. CSAV is in the process of establishing a guarantee equivalent to three interest periods in order to comply with the provisions of the loan agreement to remedy this restriction. (See Note 43 Subsequent Events).

a.4.3) Loan agreement with BNP Paribas S.A. for one 6,600 TEUS vessel totaling ThUS\$ 59,850 – a) Maintain minimum liquidity of ThUS\$ 150,000. b) Maintain a capital to asset ratio greater than 30%. c) Maintain a cash to interest expense ratio greater than or equal to 1.35.

a.4.4) Loan agreement with BNP Paribas S.A. for five 8,000 TEUS vessels totaling ThUS\$ 437,500 – a) Maintain minimum liquidity of ThUS\$ 150,000. b) Maintain a capital to asset ratio greater than or equal to 30%. c) Maintain a cash to interest expense ratio greater than or equal to 1.35.

a.4.5) Loan agreement with DVB Bank for two 8,000 TEUS vessels of up to ThUS\$ 90,000 – a) Maintain minimum liquidity of ThUS\$ 150,000. b) Maintain total consolidated equity greater than or equal to ThUS\$ 800,000. c) Maintain a cash to interest expense ratio greater than or equal to 1.35.

Furthermore, loan contracts and bonds oblige the Company to comply with certain positive restrictions, such as complying with the law, paying taxes, maintaining insurance, and other similar matters, and also to obey certain negative restrictions, such as not furnishing chattel mortgages, except those authorized by the respective contract, not undergoing corporate mergers, except those authorized, or not selling fixed assets.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 36 Contingencies and Commitments (continued)

B) CSAV Agency LLC.

b.1) Guarantees Granted

In order to carry out its operations, the Company maintains a letter of credit for ThUS\$ 150, to guarantee compliance with a lease agreement for offices in New Jersey.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 36 Contingencies and Commitments (continued)

Mortgages for Financial Commitments.

The Company has mortgages on certain assets in order to guarantee its financial obligations, detailed as follows:

Creditor	Debtor	Type of guarantee	Type of asset committed	Book value of committed asset	Outstanding balance on debt as of period end
				ThUS\$	ThUS\$
Deutsche Schiffs bank	Compañía Sud Americana De Vapores S.A.	Naval mortgage	Vessel	4,551	-
BNP Paribas	CSBC Hull 898 Maipo	Naval mortgage	Vessel	80,938	38,787
HSH Nordbank Ag	Limari Shipping Limited	Naval mortgage	Vessel	25,192	14,145
HSH Nordbank Ag	Longavi Shipping Limited	Naval mortgage	Vessel	27,966	17,301
HSH Nordbank Ag	Chacabuco Shipping Limited	Naval mortgage	Vessel	35,167	23,566
HSH Nordbank Ag	Paine Shipping Limited	Naval mortgage	Vessel	46,592	31,342
HSH Nordbank Ag	Puelo Shipping Limited	Naval mortgage	Vessel	47,376	31,093
HSH Nordbank Ag	Palena Shipping Limited	Naval mortgage	Vessel	47,630	31,073
BNP Paribas	Hull 1794 Teno	Naval mortgage	Vessel	125,728	63,975
BNP Paribas	Hull 1796 Tubul	Naval mortgage	Vessel	126,242	63,730
BNP Paribas	Hull 1798 Témpanos	Naval mortgage	Vessel	127,083	63,427
BNP Paribas	Hull 1800 Torrente	Naval mortgage	Vessel	127,649	63,033
BNP Paribas	Hull 1906 Tucapel	Naval mortgage	Vessel	126,663	60,240
DVB Bank	Hull 1975 Tolten	Naval mortgage	Vessel	90,535	43,209
DVB Bank	Hull 1976 Tirua	Naval mortgage	Vessel	90,802	44,423

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 37 Operating Lease Commitments

The CSAV Group leases, through operating leases, 93 ships (138 in December 2011) and 264,096 containers (335,129 in December 2011) as of December 31, 2012.

The lease term for ships normally varies between three months and five years. In some cases, the lease term is longer and/or there is an option to renew the lease for a similar term. The majority of the lease rates are fixed.

The cost of operating a ship, known as “running cost”, varies between US\$ 5,000 and US\$ 9,000 per day—depending on the ship—and can be contracted in conjunction with the lease or separately. In this note, for the purposes of presenting expenses for operating lease commitment assets and future payments that cannot be cancelled, estimated “running costs” are not included.

The Company has also leased ships to third parties, thus generating future lease income. For containers, the lease term does not exceed eight years, and there is no renewal option.

The following table presents the future minimum payments that cannot be cancelled at nominal value for asset leases (ships and containers).

	Total Commitment	Income	Total
	ThUS\$	ThUS\$	ThUS\$
Less than one year	370,931	41,943	328,988
One to three years	678,428	-	678,428
Three to five years	317,950	-	317,950
More than five years	353,129	-	353,129
Total	1,720,438	41,943	1,678,495

The table above excludes those vessels that, as part of the restructuring process, have been subleased to third parties and provisioned as described in Note 32 as part of the restructuring process.

In 2012, the Company has expensed ThUS\$ 1,213,515 for leased assets (vessels and containers) and has recorded ThUS\$ 114,288 in income from subleased vessels (ThUS\$ 1,719,792 and ThUS\$ 66,893 in 2011, respectively).

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 38 Service Concession Agreements

Until the CSAV Group was spun off (Note 29), the Company had the following service concession agreements through its subsidiary Sudamericana Agencias Aéreas y Marítimas S.A.

Iquique Terminal Internacional S.A. (Chile)

Granted by: Empresa Portuaria Iquique (EPI)

Concessionaire: Iquique Terminal Internacional S.A. (ITI)

1. In accordance with the terms and conditions of the tender, the “Concession Agreement for Port of Iquique Berth Number 2” was signed with Empresa Portuaria de Iquique on May 3, 2000 and has an effective period of 20 years.
2. Via this concession agreement, EPI grants the concessionaire an exclusive concession to develop, maintain and operate the berth, including the right to charge users basic rates for basic services and special rates for special services provided at the berth.
3. In this agreement, ITI undertakes to pay the following to Empresa Portuaria Iquique:
An initial payment of ThUS\$ 2,000, which was paid by Empresa Portuaria Iquique on July 1, 2000.

A fixed annual payment during the first year of ThUS\$ 1,600, paid in four quarterly installments.

An annual payment during the second and all subsequent years for a yearly amount determined based on tons of cargo transferred during the preceding year, which shall in no case be less than ThUS\$ 1,600 each year (duly indexed). This payment shall be paid in four equal installments due at the end of each quarter.
4. The subsidiary ITI has to execute construction of a short earthquake resistance berth at site four for Post Panamax vessels within a term of 60 months, which as of the date of these financial statements has already been built.
5. The concessionaire shall have the option to extend the term by 10 years if construction* is completed before the 19th year of the contract and it declares its intention to extend the term before the 19th year begins.

* On January 4, 2008, through public deed the concession agreement signed on May 2, 2000 between EPI and ITI was modified, adding an alternative to the option in the original agreement, by which the concessionaire may extend the term by 10 years if the following construction projects at the Port of Iquique are completed before December 31, 2014:

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 38 Service Concession Agreements (continued)**Iquique Terminal Internacional S.A. (Chile) (continued)**

1 "Extension of site four 69 meters towards north"

2 "Seismic stabilization of site three"

The extension of site four 69 meters towards the north was completed and has been operating since September 2010.

The seismic stabilizing of site three is under construction and is expected to be completed in February 2012.

Once these construction works have been completed and received by Empresa Portuaria Iquique, the original concession period shall be extended by ten years, making a total of 30 years.

In addition, the deed modifying the original agreement expressly states that the works referred to by the indicated projects shall be fully depreciated at the end of the concession.

As of the concession end date, the concessionaire shall deliver the berth and all infrastructure works to EPI in good operating condition, except for wear from normal use, free of all personnel, equipment, material, parts, spare parts, waste, trash and temporary facilities that do not constitute assets included in the concession agreement.

As of the concession end date, all rights, obligations and attributions granted to the concessionaire by the agreement shall automatically terminate, understanding, however, that ITI assumes all liabilities and shall have the right to receive and retain all net revenue arising from operating the berth before the end date.

As of the concession end date, the berth, all assets (other than excluded assets), accounts and rights possessed and controlled by the concessionaire, that are necessary or useful for continuing to operate the berth or provide services, including but not limited to all data, studies, reports, inspections, graphs, maps, records, drawings and other types of written or electronic information and all materials, equipment, tools and supplies provided by the concessionaire that are purchased or acquired or produced by the concessionaire to develop, maintain and operate the berth shall be transferred immediately to EPI, free of encumbrances, excluding minor encumbrances that arise during the ordinary course of business whose existence, either individually or as a group, does not affect the use and operation of the property to which it applies, in accordance with past practice.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 38 Service Concession Agreements (continued)

SAAM Remolques S.A. de C.V. (Mexico)

The Company has entered into partial rights and obligations concession agreements by which the port management of the ports of Lázaro Cárdenas, Veracruz, Tampico, Altamira and Tuxpan transfers to the Company the rights and obligations for providing port towing and offshore services in these ports, free of all encumbrances and with no limitation whatsoever regarding its operations.

The concessions expire as follows: Lázaro Cárdenas, February 17, 2015; Veracruz November 20, 2015; Tampico May 11, 2016; Altamira January 29, 2016; and Tuxpan April 29, 2013.

Concesionaria SAAM Costa Rica S.A. (Costa Rica)

Concesionaria SAAM Costa Rica S.A. has been awarded International Public Tender No. 03-2001 “Public Towing Service Management Concession for the Pacific Shore” from the Costa Rica Pacific Port Institute. This agreement was endorsed by the Office of the Comptroller by means of Ruling No. 10711 dated August 11, 2006, which allowed it to begin operating on December 12, 2006.

The effective period of the concession is 19 years.

Florida International Terminal (FIT), LLC (USA)

On April 18, 2005, the Company was awarded the container terminal operating concession for Port Everglades Florida, USA, for an initial period of 10 years, renewable for 2 five-year periods each. Operations began on July 7, 2005. The terminal is 15 hectares in size and has capacity to move 170,000 containers per year through its yards. For stowage and destowage operations, FIT customers will have docking priority at a specialized wharf with guaranteed use of container cranes.

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 39 Environment

Due to the nature of its services, the Company has not incurred any expenses related to improving and/or investing in production processes, verification and compliance with regulations on industrial processes and facilities or any other matter that could directly or indirectly impact environmental protection efforts.

Note 40 Sanctions

During the years ended December 31, 2012 and 2011, neither the Company and its subsidiaries nor its Directors or managers have been sanctioned by the SVS. The Company and its subsidiaries have also not received any significant sanctions from other regulatory bodies.

Note 41 Financial Strengthening Plan

As of December 31, 2012, the Company has fully completed the objectives of its Financial Strengthening Plan initiated during the second quarter of 2011, which consisted of:

1. Providing the shipping business with the resources it needed by increasing capital by US\$ 1.2 billion in order to adequately face the adverse international conditions and plan for the medium and long term. This capital increase was fully subscribed and paid in February 2012.
2. Separating the cargo and vessel services business operated by SAAM and creating a new corporation called SM SAAM to develop this business independently from the Company's shipping activities. The spin-off occurred and SM SAAM was formed on February 15.
3. The Company adopted a series of measures to address adverse market conditions, including restructuring and discontinuing services and implementing joint operations with other important global carriers. These measures have allowed the Company to significantly reverse the considerable losses recorded in 2011.
4. In addition, the Company is carrying out a series of other measures to protect its liquidity, as explained in Note 5 (b).

COMPAÑIA SUDAMERICANA DE VAPORES S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
as of December 31, 2012

Note 42 Pro Forma Consolidated Statement of Cash Flows—Direct Method

The SVS, through Ruling 2058 dated February 3, 2012, established that the financial statements as of March 31, 2013 of all entities registered in the Securities Registry and in the Special Registry of Reporting Entities, except for insurance companies, must report their statement of cash flows from operating activities using the direct method. It also established that the companies that, to date, have presented their statement of cash flows using the indirect method must also present a non-comparative, pro forma statement of cash flows using the direct method with their financial statements presented for the year ended December 31, 2012.

The following table presents the Company’s cash flows from operating activities prepared on a pro forma basis as required by the aforementioned ruling.

	For the year ended 12/31/2012 ThUS\$
Cash flows provided by (used in) operating activities	
Classes of proceeds for operating activities	
Proceeds from sales of goods and services	3,759,321
Other proceeds from operating activities	17,566
Classes of payments	
Payments to suppliers for goods and services	(4,030,292)
Payments to and on behalf of employees	(171,075)
Other payments for operating activities	(21,948)
Income taxes paid (refunded)	(13,213)
Other cash inflows (outflows)	5,003
Cash flows provided by (used in) operating activities	<u>(454,638)</u>

Note 43 Subsequent Events

On January 29, 2013, the Supreme Court rejected the motion for cassation on the merits filed by the Chilean government, upholding the rulings of the Valparaiso Court of Appeals on December 15, 2010 that rendered assessments 168 to 174 null and void and the ruling on August 25, 2010 that rendered assessments 121 and 122 null and void. Additional information can be found in Note 22, letter b of these financial statements.

On February 28, 2013, CSAV and AFLAC agreed that 3 interest periods would be guaranteed using a stand-by letter of credit in order to extend the cure period for the financial expense coverage ratio (Note 23).

Between January 1, 2013 and the issuance of these financial statements, no other significant events of a financial or other nature have occurred that could impact the appropriate presentation and/or interpretation of the Company’s financial statements.