Offering Memorandum **Strictly Confidential**

32,193,892 Common Shares

Inversiones La Construcción S.A.

We are offering 3,687,991 shares of common stock and the selling shareholders are offering 28,505,901 shares of common stock (the "global offering"). This offering memorandum relates to an offering by the international placement agents of shares to qualified institutional buyers in the United States and certain investors outside the United States and Chile (the "international offering"). In addition to the international offering, the Chilean placement agents are offering shares to the public in Chile (the "Chilean offering").

Our company and the common shares offered hereby have been registered with the Superintendencia de Valores y Seguros de Chile (the Chilean Securities and Insurance Superintendency, or the "SVS"). No market currently exists for our common shares. Our common shares have been approved for listing and trading on the Bolsa de Comercio de Santiago (the "Santiago Stock Exchange") under the symbol "ILC."

Investing in our common shares involves risks. See "*Risk Factors*" beginning on page 17 for a discussion of certain risks that you should consider before buying our common shares.

Price: Ch$7,061 per common share

The portion of the shares that is being offered by us in the international and Chilean offerings is part of a capital increase of 13,717,962 shares of our common stock approved by our shareholders meeting on April 16, 2012 of which 3,717,962 were issued on July 12, 2012 pursuant to a resolution adopted by our board of directors on July 11, 2012. All of the shares of our common stock issued in connection with the capital increase are subject to a preemptive rights offering under Chilean law. However, the selling shareholders which together hold 99.2% of our common shares, have waived their rights with respect to all of their shares of our common stock subject to such preemptive rights and these are the shares of our common stock being offered directly by us in the international and Chilean offerings. The preemptive rights offering will begin on July 20, 2012 and must remain open for 30 days.

The common shares have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") or under any U.S. state securities laws. The common shares may not be offered or sold within the United States or to any U.S. persons, except (a) to qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("Rule 144A"), in reliance on exemptions from the registration requirements of the Securities Act and (b) outside the United States and Chile to non-U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S"). See "*Transfer Restrictions*" on page 168 for a description of certain restrictions on transfers of our common shares. Neither the U.S. Securities and Exchange Commission (the "SEC"), the SVS nor any other securities commission or securities regulatory authority has approved or disapproved these securities or determined if this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

Investors residing outside of Chile, including qualified institutional buyers in the United States and institutional and other investors outside the United States and Chile must provide certain information to the *Banco Central de Chile* (the Central Bank of Chile, or "Central Bank"). For a description of these requirements, see "*Exchange Controls*" on page 41.

All of the shares of our common stock in the global offering will be sold initially in one block through a book auction on the Santiago Stock Exchange in a process known as *subasta de libro de órdenes*, in compliance with Chilean law and the rules of the Santiago Stock Exchange. All orders of shares of common stock made by prospective purchasers, including by the international placement agents for purposes of the international offering, must be placed through J.P. Morgan Corredores de Bolsa SpA, Merrill Lynch Corredores de Bolsa SpA and IM Trust S.A. Corredores de Bolsa (the "Chilean Brokers"). In order to be eligible to purchase common shares in the international offering, each prospective purchaser of the common shares must (i) obtain, directly or through an agent duly authorized by the Chilean tax authority, a Chilean tax ID for foreign investors ("RUT"), (ii) establish a safe keeping account and a cash account with the Chilean Brokers or a local custodian and (iii) provide the Chilean Brokers with a fully executed broker letter of instruction, which will include the maximum number of shares to be purchased and maximum purchase price. Upon the expiration of the offer period, orders for common shares placed by prospective purchasers in the Santiago Stock Exchange through the Chilean Brokers will become irrevocable and cannot be withdrawn. If the conditions of this offering are satisfied at the expiration of the offer period, the auction will be declared successful by the Santiago Stock Exchange and an investor will be allocated common shares based on the cumulative demand for the common shares, the clearing price for such shares and the characteristics of such investor's order. See "*Order Book Auction*" and "*Plan of Distribution—Process for Purchase and Settlement*."

Joint Bookrunners

J.P. Morgan **BofA Merrill Lynch** **IM Trust**

The date of this offering memorandum is July 19, 2012.

We are responsible for the information contained in this offering memorandum. Neither we, the selling shareholders nor the international placement agents have authorized anyone to provide you with information different from that contained in this offering memorandum, and we take no responsibility for any other information others may give you. Our common shares are being offered, and the offers to buy are being sought, only in jurisdictions where such offers and sales are permitted. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any sale of our common shares.

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This offering memorandum is highly confidential, and we have prepared it for use solely in connection with the proposed offering of the common shares. This offering memorandum is personal to the offeree to whom it has been delivered by the international placement agents or their representatives and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise to acquire our common shares. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise that offeree with respect thereto is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. Each offeree, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees not to make photocopies of this offering memorandum.

The common shares offered through this offering memorandum are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States except as permitted under the Securities Act and

applicable U.S. state securities laws pursuant to registration or exemption from them. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "*Transfer Restrictions.*" In making an investment decision, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell our common shares or possess or distribute this offering memorandum, and must obtain any consent, approval or permission required for your purchase, offer or sale of our common shares under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we, the selling shareholders, the international placement agents nor their representatives will have any responsibility thereof.

No representation or warranty, express or implied, is made by the international placement agents as to the accuracy or completeness of any of the information set forth in this offering memorandum, and nothing contained herein is or shall be relied upon as a promise or representation by the international placement agents, whether as to the past or the future.

By purchasing any common shares, you will be deemed to have acknowledged that: (1) you have received a copy of and have reviewed this offering memorandum; (2) you have had an opportunity to review all financial and other information considered by you to be necessary to make your investment decision and to verify the accuracy of, or to supplement, the information contained in this offering memorandum and have been offered the opportunity to ask us questions, and received answers, as you deemed necessary in connection with your investment decision; (3) you have not relied on the international placement agents or any person affiliated with the international placement agents in connection with your investigation of the accuracy of such information or your investment decision; (4) the international placement agents are not responsible for, and are not making any representation to you concerning, us, our future performance or the accuracy or completeness of this offering memorandum; and (5) no person has been authorized to give any information or to make any representation concerning us or the common shares or the offer and sale of the common shares, other than as contained in this offering memorandum, and if given or made, any such other information or representation should not be relied upon as having been authorized by us or the international placement agents.

We, the selling shareholders and the international placement agents reserve the right to reject any offer to purchase, in whole or in part, and for any reason, our common shares offered hereby. We, the selling shareholders and the international placement agents reserve the right to sell or place less than all of our common shares offered hereby.

We are not providing you with any legal, business, tax or other advice in this offering memorandum. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding our common shares. You should contact the international placement agents with any questions about this offering.

In this offering memorandum, the terms "we," "our," "Company" and "us" refer to Inversiones La Construcción S.A., a *sociedad anónima abierta* (open stock corporation) organized under the laws of Chile, and its consolidated subsidiaries; the term "ILC" refers to Inversiones La Construcción S.A. individually; the term "Habitat" refers to AFP Habitat S.A.; the term "Vida Cámara" refers to Compañía de Seguros de Vida Cámara S.A.; the term "Consalud" refers to Isapre Consalud S.A.; and the term "Red Salud" refers to Empresas Red Salud S.A. and its subsidiaries.

In this offering memorandum, when we refer to "Chile" or the "Republic" we mean the Republic of Chile and when we refer to "Santiago" we mean the capital of Chile, *Santiago de Chile* and when we refer to the "Chilean government" we mean the national government of Chile.

We make statements in this offering memorandum about our competitive position and market share in, and the market size of, the retirement and insurance and healthcare industries in Chile. We have made these statements on the basis of statistics and other information from third-party sources that we believe are reliable, including the Superintendency of Pensions and Uniform and Codified Statistics Form ("FECU" for its acronym in Spanish) for Habitat, the Superintendency of Pensions and the *Asociación de Aseguradores de Chile A.G.* (Association of

Chilean Insurance Providers) for Vida Cámara, the Superintendency of Health and *Clínicas de Chile A.G.* ("Clinics of Chile A.G.") for Consalud and the *Superintendencia de Salud* ("Superintendency of Health") and *Ministerio de Salud* ("Ministry of Health") for Red Salud, and the Central Bank. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, neither we, the selling shareholders, the international placement agents nor their representatives have independently verified the competitive position, market share, production and market size or market growth data provided by third parties or by industry or general publications.

Certain figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The Chilean offering is being made in Chile pursuant to an offering document in Spanish with the same date as this offering memorandum, but in a different format than this offering memorandum. The international offering is being made in the United States and outside the United States and Chile solely on the basis of information contained in this offering memorandum. Investors should take this into account when making investment decisions.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO A PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with this offering of common shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of common shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states (each, a "Relevant Member State") of the European Economic Area, or "EEA," from the requirement to publish a prospectus for offers of the common shares. Accordingly, any person making or intending to make any offer within the EEA of common shares which are the subject of the offering contemplated in this offering memorandum should only do so in circumstances in which no obligation arises for the sellers of the common shares or any of the international placement agents to publish an offering memorandum pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the sellers of the common shares nor the international placement agents have authorized, nor do they authorize, the making of any offer of common shares in circumstances in which an obligation arises for the sellers of the common shares or the international placement agents to publish a prospectus for such offer. "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements, principally in "*Summary*," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*." We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting our business. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things:

- general economic, political and business conditions in Chile and Latin America;
- anticipated trends in the retirement and insurance, healthcare and education sectors in Chile;
- our ability to successfully undertake capital maintenance and improvement projects and to fund such capital expenditures;
- limitations on the ability of our subsidiaries to dividend capital to us as a result of downgrades in their financial strength ratings, changes in statutory reserve or capital requirements or other financial constraints;
- changes in our regulatory environment;
- changes in tax, labor, or laws and regulations regulating the retirement and insurance, healthcare and education sectors in Chile, that result in material increases to expenses in our business model;
- inflation in Chile;
- currency devaluations and foreign exchange fluctuations;
- interest rate fluctuations, including prolonged periods of high or low interest rates;
- increases in the cost of supplies and personnel;
- changes in competition;
- changes in consumer spending and saving habits;
- ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks;
- the degree to which our subsidiaries choose not to hedge risks, or the potential ineffectiveness or insufficiency of hedging or risk management strategies that are implemented;
- downgrades in the financial strength ratings of our subsidiaries, which could, among other things, adversely affect new sales and the retention of current business;
- for our businesses in the retirement and insurance sector:
    - differences between actual experience regarding mortality, morbidity, persistency, surrender experience, and the assumptions used in pricing products, establishing liabilities and reserves or for other purposes;
    - reestimates of reserves for future policy benefits and claims;

- domestic or international military actions, natural or man-made disasters including earthquakes, terrorist activities or pandemics, or other events resulting in catastrophic loss of life and increased medical and disability costs;
- changes in assumptions for retirement expense;
- investment losses, defaults and counterparty non-performance;
- increased medical costs that are higher than anticipated in establishing premium rates;
- increased medical, administrative, technology or other costs resulting from new legislative and regulatory requirements;

- for our business in the healthcare sector:
  - increases in the amount and risk of collectability of uninsured accounts and deductibles and copayment amounts for insured accounts;
  - the ability to attain expected levels of patient volumes and control the costs of providing services;
  - changes in government insurance programs that may impact reimbursements to healthcare providers;
  - potential declines in the population covered under managed care agreements and the ability to enter into and renew managed care provider agreements on acceptable terms;
  - the efforts of insurers, healthcare providers and others control healthcare costs;
  - increases in wages and the ability to attract and retain qualified personnel, including affiliated physicians, nurses and medical and technical support personnel; and
- other risks as set forth under "Risk Factors."

The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar words are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking information, events and circumstances discussed in this offering memorandum might not occur. Any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Our actual results and performance could differ substantially from those anticipated in our forward-looking statements, as a result of various factors. Prospective investors should read the sections of this offering memorandum titled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

We are a *sociedad anónima abierta* (an open stock corporation) organized under the laws of Chile. Our directors and officers and the independent auditors named in this offering memorandum, reside outside the United States (principally in Chile), and all or a substantial portion of our assets and the assets of each of our respective directors and officers are located outside the United States. As a result, except as described below, it may not be possible for investors to effect service of process within the United States upon us or such persons, or to enforce against them, U.S. court judgments predicated upon the civil liability provisions of the U.S. federal securities laws. We have been advised by our Chilean counsel, Prieto y Cía., that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments. It is the opinion of our Chilean counsel that Chilean courts would enforce judgments rendered by U.S. courts by virtue of the legal principles of reciprocity and comity, subject to review in Chile of any such U.S. judgment in order to ascertain whether certain basic principles of due process and public policy have been respected, without retrial or review of the merits of the subject matter. If a U.S. court grants a final judgment, enforceability of this judgment in Chile will be subject to obtaining the relevant *exequatur* (*i.e.*, recognition and enforcement of the foreign judgment) according to Chilean civil procedure law in force at that time, and satisfying certain factors. Currently, the most important of such factors are: (i) the existence of reciprocity, absent which the foreign judgment may not be enforced in Chile; (ii) the absence of any conflict between the foreign judgment and Chilean laws (excluding for this purpose the laws of civil procedure) and public policies; (iii) the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances; (iv) the observance of all applicable laws to serve process on the defendant and protect the defendant's right to defense; and (v) the absence of any further means for appeal or review of the judgment in the jurisdiction where judgment was rendered. Nevertheless, we have been advised by Prieto y Cía. that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely upon the U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

PRESENTATION OF FINANCIAL INFORMATION

For Chilean statutory reporting purposes, we prepare our annual audited consolidated financial statements and our unaudited interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Until and including our consolidated financial statements for the year ended December 31, 2010, we prepared our audited consolidated financial statements in accordance with generally accepted accounting principles in Chile as supplemented by the applicable rules of the *Superintendencia de Bancos e Instituciones Financieras de Chile* (the "Superintendency of Banks") ("Chilean GAAP"). As required by IFRS 1—*First Time Adoption of International Financial Reporting Standards*, our financial position as of December 31, 2010 and our results of operations for the year ended December 31, 2010 were restated in accordance with IFRS 1 for comparative purposes.

The consolidated financial information as of January 1, 2010, December 31, 2010 and December 31, 2011 and for each of the two years in the period ended December 31, 2011 has been derived from our financial statements audited by KPMG Auditores Consultores Limitada ("KPMG") prepared in accordance with IFRS and included in this offering memorandum (the "audited consolidated financial statements"). The consolidated financial information as of and for the three months ended March 31, 2011 and 2012 has been derived from our unaudited financial statements prepared in accordance with IFRS and are included elsewhere in this offering memorandum (the "unaudited consolidated financial statements" and, together with the audited consolidated financial statements, the "financial statements"). Our unaudited consolidated financial statements have been prepared under the basis prescribed in IAS 34, and in the opinion of management, include all adjustments necessary for a fair presentation of the information set forth therein. Our financial condition and results of operations, as of and for the three months ended March 31, 2012, should not be taken as an indication of the results to be expected for the year ending December 31, 2012.

References in this offering memorandum to "$," "U.S.$," "U.S. dollars" and "dollars" are to United States dollars, references to "Chilean pesos" or "Ch$" are to Chilean pesos and references to "UF" are to *Unidades de Fomento*, is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the *Indice de Precios al Consumidor* (Consumer Price Index, or "CPI") of the *Instituto Nacional de Estadísticas* (the "National Statistics Institute"). The UF is adjusted in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. As of December 30, 2011, UF1.00 was equivalent to U.S.$42.94 and Ch$22,294.03 (the latest available date, as December 31, 2011 was a non-business day), in each case based on the observed exchange rate reported by the Central Bank. See "*Exchange Rates*."

For your convenience, this offering memorandum contains certain convenience translations of Chilean peso amounts into U.S. dollars at specified rates or as described in the following sentence. Unless otherwise indicated, we have translated the Chilean peso amounts as of December 30, 2011 using a rate of Ch$519.20 to U.S.$1.00 (the latest available date, as December 31, 2011 was a non-business day), the U.S. dollar observed exchange rate reported for December 30, 2011 by the Central Bank and we have translated the Chilean peso amounts for the three months ended March 31, 2012 using an exchange rate of Ch$487.44 to U.S.$1.00, the U.S. dollar observed exchange rate reported for March 31, 2012 by the Central Bank. The U.S. dollar equivalent information is presented for convenience only. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. You should not construe these translations as representations that the Chilean peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rate. See "*Exchange Rates*."

Special Note Regarding Non-GAAP Financial Measures

The body of generally accepted accounting principles is commonly referred to as "GAAP." For this purpose, a non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. We disclose in this offering memorandum a so-called non-GAAP financial measure, adjusted income attributable to owners of the parent. Adjusted income attributable to owners of the parent is defined as income attributable to owners of the parent minus income from differences

between the prior carrying amount and the fair value of reclassified financial assets measured at fair value arising from our acquisition of a controlling interest in Habitat in 2010. The non-GAAP financial measure of adjusted income attributable to the owners of the parent described in this offering memorandum is not a substitute for the GAAP measure of net income, for which management has responsibility.

Our management believes that disclosure of adjusted income attributable to owners of the parent can provide useful information to investors, financial analysts and the public in their review of our operating performance and their comparison of our operating performance to the operating performance of other companies in the same industries in which we operate. This is because adjusted income attributable to owners of the parent excludes certain non-recurring gains that are not indicative of our core operating results and thus provides a more comparable measure of our operating performance and liquidity. For example, in 2010 we had a non-recurring gain associated with our purchase of Citigroup's 40.2% interest in Habitat as our then-existing 40.2% interest had to be revalued at fair value, resulting in a gain for us. Thus, for comparison purposes, our management believes that adjusted income attributable to owners of the parent is useful as an objective and comparable measure of operating profitability because it excludes these elements of earnings that do not provide information about our current and expected near-term future operations.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We are not subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For so long as any of our common shares remain outstanding and are "restricted securities" within the meaning of Rule 144 under the Securities Act, if at any time we are not a reporting issuer under Section 13 or 15(d) of the Exchange Act, or exempt from the requirements thereof pursuant to Rule 12g3-2(b) thereunder, we will furnish information about us, as required by Rule 144A(d)(4) under the Securities Act, to any holder of common shares or prospective purchaser designated by such holder who requests such information from us in writing. Any such request may be made to us in writing at our registered office located at Marchant Pereira 10, Providencia, Santiago, Chile, Attention: Investors Relations Department.

We will make available a copy of our annual report to any holder of our common shares upon request. In addition, more detailed information regarding our two most recent financial years is available upon request during business hours for inspection by holders of our common shares at our registered office. The information contained in, or connected to, any and all websites referenced in this offering memorandum is not a part of this offering memorandum, is not incorporated by reference in this offering memorandum and does not constitute investment materials.

We will also be required to furnish certain information periodically, including quarterly and annual reports, to the SVS and the Santiago Stock Exchange, which will be available in Spanish for inspections through the SVS's website at www.svs.cl.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. You should read this entire offering memorandum carefully, especially the sections entitled "Risk Factors" beginning on page 17, "Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 51 and our consolidated financial statements and related notes beginning on page F-1, before investing in the common shares.

Overview

We are a leading provider of retirement, insurance and private healthcare services in Chile. We operate primarily in two key sectors: (i) Retirement & Insurance, including pension funds, life insurance and health insurance; and (ii) Private Healthcare, including private hospitals and medical centers. We also participate to a lesser extent in other sectors such as Education and Information Technology. We have a competitive pricing strategy where we seek to provide high quality services at affordable, competitive prices.

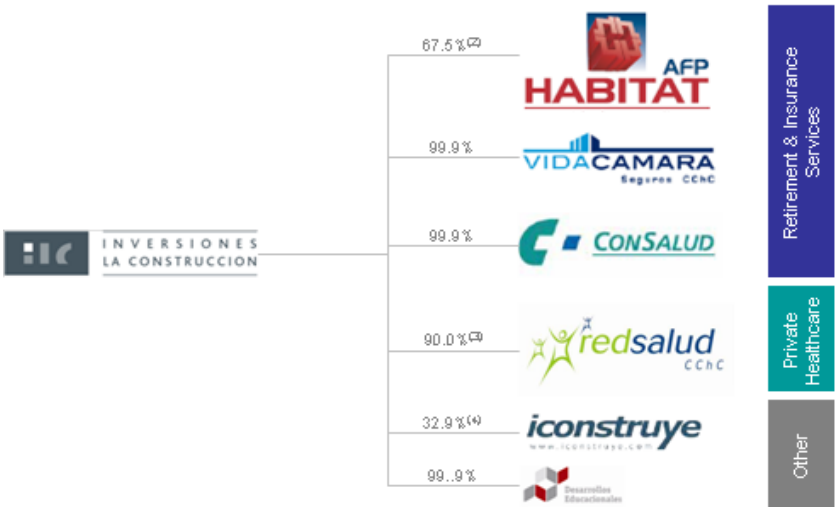
Throughout our 32-year history of sustainable, profitable and organic growth, we have developed, acquired and expanded several businesses with strong brands and leading positions in the various sectors in which we operate. We believe that our proven track record of identifying synergies and value-creation opportunities, combined with our group level oversight and direction that promotes best practices among our businesses, have been among the key strategic advantages in our successful growth, strong financial performance and profitable returns throughout several economic cycles.

We operate in Chile, a market with highly attractive demographics and strong macroeconomic fundamentals. We believe that our broad presence and our leading positions across our businesses will continue to allow us to benefit from the continued growth in the Chilean market, especially in underpenetrated sectors such as insurance and healthcare.

We operate in the Retirement & Insurance sector through Habitat, the second-largest pension fund administrator in Chile in terms of number of contributors, account holders and assets under management as of March 31, 2012; Vida Cámara, a life insurance company that, prior to the third disability and survivorship insurance auction in April 2012, was the largest disability and survivorship insurance provider in Chile as measured by gross written premiums as of March 31, 2012 and that also offers supplemental health and voluntary life insurance products since 2012; and Consalud, the largest private health insurance provider in Chile in terms of contributors and beneficiaries as of March 31, 2012. We operate in the Private Healthcare sector through Red Salud, one of the largest networks of private hospitals and medical centers in Chile in terms of number of patient beds and medical and dental care boxes as of December 31, 2011. We also participate in the Education sector through Desarrollos Educacionales, S.A. ("Desarrollos Educacionales"), which operates nine private schools and one subsidized school in Chile as well as in the Information Technology sector through iConstruye, S.A. ("iConstruye"), an information technology outsourcing company which offers a business-to-business platform capacity and other information technology solutions.

For the three-month period ended March 31, 2012 and the year ended December 31, 2011, our consolidated operating revenues totaled U.S.$365.7 million and U.S.$1,278.4 million, respectively, and our net income was US$66.3 million and U.S.$157.1 million, respectively. As of March 31, 2012 and December 31, 2011, we had total assets of U.S.$2.3 billion and U.S.$1.9 billion, respectively, and total shareholders' equity of U.S.$1.3 billion and U.S.$1.1 billion, respectively. We have achieved a two-year return on average equity , calculated as net income as a percentage of average shareholders' equity, computed using the average beginning and ending balances from the period beginning on January 1, 2010 and ending December 31, 2011 ("ROAE"), of 23% and have paid dividends in excess of Ch$178,606 million since January 1, 2010.

The following is our current organizational structure as well as key financial figures of our main businesses:



	For the year ended December 31, 2011[1]	
	Revenues (US$ millions)	Net income (US$ millions)
Retirement & Insurance Services	220.5	118.7
	296.8	66.7
	471.1	16.5
Private Healthcare	258.0	2.6
Other	30.1	2.5

(1) Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rate of Ch$519.20 per U.S.$1.00 which was the official rate certified by the Central Bank as of December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day).

(2) The remaining 32.5% ownership interest in Habitat is owned by Inversiones Union Española, S.A., Larrain Vial S.A. Corredores de Bolsa, among others.

(3) The remaining 10.0% ownership interest in Red Salud is owned by the Mutual de Seguridad CChC ("Mutual de Seguridad").

(4) The remaining 67.1% ownership interest in iConstruye is held by the participating construction companies.

Habitat

- We are the second-largest operator in the pension fund sector in Chile in terms of contributors, account holders and assets under management as of March 31, 2012, according to the Superintendency of Pensions.

- We had 1,266,231 contributors and Ch$18,939,212 million (U.S.$38.9 billion) in assets under management as of March 31, 2012, representing increases of 11.3% and 28.1%, respectively, compared to 1,137,629 contributors and Ch$14,779,344 million in assets under management as of December 31, 2009.

Vida Cámara

- For the 24-month period ending June 2012, we are the largest company in the disability and survivorship insurance ("SIS") sector in Chile in terms of gross written premiums as of March 31, 2012, according to the SVS.

- We had Ch$40,808 million (U.S.$84 million) in gross written premiums for the three-month period ended March 31, 2012, representing an increase of 14.8% compared to Ch$35,535 million for the three-month period ended March 31, 2011.

Consalud

- We are the largest provider of private health insurance in Chile in terms of contributors and beneficiaries as of March 31, 2012, according to the Superintendency of Health.

- We had 335,477 contributors and 645,385 beneficiaries as of March 31, 2012, representing increases of 11.4% and 5.8%, respectively, compared to 301,060 contributors and 610,241 beneficiaries as of December 31, 2009.

Red Salud

- We operate one of the largest networks of private hospitals and medical centers in Chile in terms of number of beds and the second-largest in terms of number of medical and dental care boxes as of December 31, 2011, according to our internal estimates, Clinics of Chile A.G and the Superintendency of Health.

- We have four private hospitals, 13 affiliated private hospitals, 1,233 beds (including affiliated private hospitals), 32 medical centers and 897 medical and dental care boxes, as of December 31, 2011.

- There were approximately 3.5 million medical and dental consultations at our medical centers for the year ended December 31, 2011, representing an increase of 5.5% compared to 3.3 million medical and dental consultations for the year ended December 31, 2010.

Desarrollos Educacionales

- We have approximately 9,105 students enrolled in nine private schools and one government-subsidized school as of March 31, 2012.

- We have approximately 70,750 square meters in school facilities as of March 31, 2012.

iConstruye

- We processed 15,476 price quotations, 267,739 purchase orders, 144,359 bills and 7,923 subcontracts as of March 31, 2012.

The following table sets forth the cash dividends received by us from our operations in 2011 and 2010:

	For the years ended December 31,		
	2011	**2011**	**2010**
	(U.S.$ thousands)[1]	***(Ch$ millions)***	
Habitat	62,377	32,386	28,199
Vida Cámara	67,339	34,962	7,128
Consalud	12,580	6,531	2,776
Red Salud	9,225	4,790	6,662
Others	443	230	1,910
Total	151,964	78,899	46,675

(1) Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rate of Ch$519.20 per U.S.$1.00 which was the official rate certified by the Central Bank on December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day).

Recent Performance

The following table sets forth key statistics relating to our main businesses as of March 31, 2012 (unless otherwise indicated):

	Habitat	**Vida Cámara**	**Consalud**	**Red Salud**
ILC % Ownership[1]	67.5%	99.9%	99.9%	90.0%[2]
Local Credit Ratings (Humphreys/Feller-Rate)	N.A.	A+/A+	N.A.	A/A-
Operating Revenues (Ch$ millions)	31,006	40,808	66,877	37,031
Net Income (Ch$ millions)	26,118	10,563	4,453	551
Dividends Paid to ILC[3] (Ch$ millions)	32,386	34,962	6,531	4,790

(1) Ownership of ILC directly or indirectly through its wholly-owned subsidiaries.

(2) Presented as of the date of this offering memorandum. In May 2012, we acquired an additional 9.2% ownership interest in Red Salud from CChC bringing our total ownership interest to 90.0%.

(3) Presented as of December 31, 2011. Cash dividends received by ILC.

Our Businesses in the Retirement & Insurance Sector

Habitat

Habitat is a leading pension fund administrator in Chile, providing a wide range of pension products and services to a diversified customer base under the Chilean pension fund system, which requires workers to make mandatory pension contributions for their retirement. Habitat's key operations include:

- the collection and management of mandatory and voluntary contributions made by its members;
- the investment of its members' contributions in one or more of its five pension funds;
- the provision of disability and survivorship insurance ("SIS insurance") to members through the purchase of fixed insurance premiums through a bidding process with life insurance companies; and
- the provision of a senior pension for each of its members.

Habitat was founded in 1981 and has grown substantially over the years through organic growth. Habitat is one of the two *Administradora de Fondos de Pensiones* (Pension Fund Administrator, "AFP" for its Spanish acronym) whose growth has been completely organic and not the result of any mergers or acquisitions. Additionally, it has maintained the same controlling shareholder since its inception making it one of the most stable AFPs in Chile. Habitat is the second-largest AFP in Chile as measured by contributors, account holders, and assets under management, accounting for 24.6%, 23.9% and 25.5%, respectively, of the Chilean market as of March 31, 2012. As of the same date, Habitat had 1,266,231 contributors and 2,161,111 account holders and its nationwide distribution network in Chile included 27 branches and 16 service centers as well as additional sales channels.

As of March 31, 2012, Habitat had Ch$18,939,212 million (U.S.$38.9 billion) in total assets under management and Ch$235,741 million (U.S.$483.6 million) in shareholders' equity, compared to Ch$17,893,163 million (U.S.$34.5 billion) in total assets under management and Ch$209,596 million (U.S.$403.7 million) in shareholders' equity as of December 31, 2011. For the three-month period ended March 31, 2012 and the year ended December 31,2011, Habitat's total operating revenues reached Ch$31,006 million (U.S.$ 63.6 million) and Ch$114,486 million (U.S.$220.5 million), respectively, while its net income totaled Ch$26,118 million (U.S.$53.6 million) and Ch$61,654 million (U.S.$118.7 million), respectively. Habitat's consolidated operating expenses represented 31.6% and 35.5% of its operating revenues for the three-month period ended March 31, 2012 and the year ended December 31, 2011, respectively, making it the most efficient of the six AFPs currently operating in Chile, according to the Superintendency of Pensions, as a result of its emphasis on operational efficiency and economies of scale resulting from its large customer base. As a result, Habitat has maintained a two-year ROAE of 37.0% during the period from January 1, 2010 to December 31, 2011.

Habitat's common shares are traded on the Santiago Stock Exchange under the symbol "HABITAT" and it had a market capitalization of Ch$694,000 million (U.S.$1.4 billion) as of March 31, 2012.

Vida Cámara

Vida Cámara is a leading insurance provider in Chile. For the 24-month period ending June 2012, it has been the leading provider of SIS insurance in Chile. The Chilean Pension Reform Law of 2008 (the "Pension Reform Law"), among other reforms, eliminated the requirement that AFPs individually obtain insurance to cover their obligation to provide SIS insurance benefits to their account holders. The Pension Reform Law instead instituted a public, competitive bidding process administered by the AFPs by which life insurance providers, such as Vida Cámara, are awarded a percentage of the SIS insurance business based on competing offers among participants in the bidding process. Since then, there have been three bidding processes. In May 2009, Vida Cámara was awarded 27% of the SIS insurance business covering the period from July 2009 to June 2010. In May 2010, Vida

Cámara was awarded 37% of the SIS insurance business covering the period from July 2010 to June 2012. In April 2012, Vida Cámara did not win any of the SIS insurance business covering the period from July 2012 to June 2014.

In 2012, Vida Cámara expanded its offering of life insurance products and services beyond SIS insurance. As a result of its acquisition of Asermed S.A. ("Asermed") in 2012, Vida Cámara acquired the sales force of Servicio Medico de la CChC ("Servicio Medico"), a provider of supplemental health insurance in Chile that had 261,972 beneficiaries and Ch$26,134 million (U.S.$50.3 million) in written premiums as of December 31, 2011. Pursuant to such acquisition, Vida Cámara has the right to offer to renew policies to any of Servicio Medico's current policy holders it selects. Servicio Medico's policy holders then have the final say as to whether they will accept the offer. Vida Cámara began exercising such options on March 1, 2012 and had renewed 37,453 policies as of March 31, 2012. Vida Cámara will use Servicio Medico's former sales force to continue to sell renewal policies to Servicio Medico's current supplemental health insurance policy holders as their existing policies mature, as well as to offer supplemental health insurance to the general public in Chile. In addition, Vida Cámara now provides voluntary life insurance.

As of March 31, 2012, SIS insurance accounted for 99.5% of Vida Cámara's business by gross written premiums while other insurance products accounted for 0.5%. However, this revenue mix will change significantly during the 24-month period beginning July 2012. As noted above, since Vida Cámara was not awarded a percentage of the SIS insurance business in the third SIS insurance auction, it will not receive any revenues from SIS insurance during such period. Vida Cámara's sole source of revenues will be its supplemental health and voluntary life insurance policies, which are currently new product offerings and remain largely in the start up phase, as well as any other products it develops during this period.

As of March 31, 2012, Vida Cámara accounted for 4.6% of the total Chilean life insurance market based on gross written premiums. Vida Cámara serves 37,453 non-pension affiliated customers in Chile through a distribution network of 37 agents operating through 16 branches, selling supplemental health insurance and voluntary life insurance policies. The SIS insurance operations had no commercial offices or sales force.

As of March 31, 2012, Vida Cámara had Ch$146,351 million (U.S.$300.2 million) in total assets, Ch$97,354 million (U.S.$199.7 million) in gross technical reserves and Ch$44,671 million (U.S.$91.6 million) in shareholders' equity, compared to Ch$135,515 million (U.S.$261.0 million) in total assets, Ch$98,452 million (U.S.$189.6 million) in gross technical reserves and Ch$33,819 million (U.S.$65.1 million) in shareholders' equity, as of December 31, 2011. For the three-month period ended March 31, 2012 and the year ended December 31, 2011, its net income totaled Ch$10,563 million (U.S.$21.7 million) and Ch$34,624 million (U.S.$66.7 million), respectively. Vida Cámara achieved a two-year ROAE of 125.0% during the period from January 1, 2010 to December 31, 2011, making it the most profitable life insurance company in Chile as of December 31, 2011, according to the SVS.

Consalud

Consalud is a leading private health insurance provider, offering a wide range of health insurance plans and services to a diversified customer base throughout Chile. Chilean law requires all workers to contribute 7% of their wages to a health insurance plan. Workers may opt between the public system, *Fondo Nacional de Salud* (National Healthcare Fund, or "FONASA" for its acronym in Spanish) or one of the private health insurance providers (or "Isapres" for its acronym in Spanish). Consalud is an Isapre which offers workers a variety of plans with different combinations of benefits, premiums, copayments and preferred providers.

Consalud was founded in 1984 and has grown substantially over the years as a result of, among others, the growing workforce, the growing average household income and the increased importance of quality private health insurance in Chile. As of March 31, 2012, Consalud had 335,477 contributors and 645,385 beneficiaries, making it the largest Isapre in Chile in those categories, accounting for 21.7% and 21.9%, respectively, of the Chilean market. In particular, in the last five years, Consalud has experienced a 5.6% annual increase in the number of contributors, as compared to the 3.5% industry average for the same period. Consalud is also the largest provider of dental plans in Chile with 242,062 dental plans as of March 31, 2012. Consalud also provides additional coverage for certain diseases and distributes pharmacy plans.

As of March 31, 2012, Consalud had Ch$76,195 million (U.S.$156.3 million) in total assets and Ch$6,095 million (U.S.$12.5 million) in shareholders' equity, compared to Ch$81,958 million (U.S.$157.9 million) in total assets and Ch$1,641 million (U.S.$3.16 million) in shareholders' equity as of December 31, 2011. Consalud has achieved a one-year ROAE of 98% for the period from December 31, 2010 through December 31, 2011. For the three-month period ended March 31, 2012 and the year ended December 31, 2011, total operating revenues reached Ch$66,877 million (U.S.$137.2 million) and Ch$244,615 million (U.S.$471.1 million), respectively, while net income totaled Ch$4,453 million (U.S.$9.1 million) and Ch$8,576 million (U.S.$16.5 million), respectively.

Our Businesses in the Healthcare Sector

Red Salud

Red Salud is a leading private healthcare provider in Chile. As of March 31, 2012, it operated four hospitals and 32 medical care centers. Through its hospitals, Red Salud offers a comprehensive range of medical and surgical services, including general acute care hospital services, pediatrics, obstetrics and gynecology, pediatric sub-acute care, general surgery, medical surgical services, orthopedic surgery and diagnostic, outpatient, skilled nursing and urgent care services. Through its medical care centers it offers general outpatient medical, dental and laboratory testing services. Additionally, it also held indirect minority ownership interests in 13 regional private hospitals in Chile, which also offer a comprehensive range of medical services. Including its affiliated regional private hospitals, it has a nationwide presence with private hospitals and medical centers present throughout Chile's 15 regions, including the Megasalud Medical Centers and its majority-owned Clínicas Tabancura, Avansalud and Bicentenario in Santiago and Clínica Iquique in the city of Iquique. Through its affiliate, Administradora de Transacciones Electrónicas S.A. ("ATESA"), which operates under the brand names *I-Med* and *Autentia*, Red Salud also provides health information exchange technology services to a large number of private hospitals, medical centers and health insurance companies throughout the country.

As of December 31, 2011, Red Salud had one of the largest networks of private hospitals in Chile as measured by number of patient beds, and the second-largest network of medical care centers in Chile, as measured by number of outpatient medical and dental boxes. During the three-month period ended March 31, 2012, Red Salud's hospitals had admitted 11,175 patients, received 24,783 emergency room visits and performed 10,553 surgeries and Red Salud's medical centers served 442,313 medical patients and 303,306 dental patients and performed 522,810 laboratory tests.

As of March 31, 2012, Red Salud had Ch$290,593 million (U.S.$596.2 million) in total assets and Ch$114,361 million (U.S.$234.6 million) in shareholders' equity, compared to Ch$243,180 million (U.S.$468.37 million) in total assets and Ch$111,798 million (U.S.$215.33 million) in shareholders' equity as of December 31, 2011. For the three-month period ended March 31, 2012 and the year ended December 31, 2011, total operating revenues reached Ch$37,031 million (U.S.$76.0 million) and Ch$133,939 million (U.S.$258.0 million), respectively, while net income totaled Ch$550 million (U.S.$1.1 million) and Ch$1,341 million (U.S.$2.6 million), respectively.

Our Business in Other Sectors

Desarrollos Educacionales

Desarrollos Educacionales operates nine private schools throughout Chile, six of which operate under the name *Colegios Pumahue*, and three under the name *Colegios Manquecura*. It also operates one government subsidized school under the name *Colegio Nahuelcura*. The Desarrollos Educacionales schools are principally targeted at the middle- and lower-income segments of the Chilean population.

As of March 31, 2012, Desarrollos Educacionales had approximately 9,105 students and an aggregate of approximately 70,750 square meters in school space.

As of March 31, 2012, Desarrollos Educacionales had Ch$51,914 million (U.S.$106.5 million) in total assets and Ch$11,307 million (U.S.$23.2 million) in shareholders' equity, compared to Ch$45,059 million (U.S.$86.8 million) in total assets and Ch$12,356 million (U.S.$23.8 million) in shareholders' equity as of

December 31, 2011. Desarrollos Educacionales' net loss for the three-month period ended March 31, 2012 totaled Ch$(1,049) million (U.S.$(2.2) million) and net income for the year ended December 31, 2011 totaled Ch$765 million (U.S.$1.5 million), respectively.

iConstruye

iConstruye provides information technology outsourcing services to companies in the construction sector in Chile and Colombia in order to help such companies achieve a greater degree of operating efficiency. iConstruye's services include, among others, programming, electronic sale and purchasing services, payroll and expense management as well as finance and accounting outsourcing. iConstruye processed 15,476 price quotations, 267,739 purchase orders, 144,359 bills and 7,923 subcontracts for the three-month period ended March 31, 2012.

As of March 31, 2012, iConstruye had Ch$3,731 million (U.S.$7.7 million) in total assets and Ch$2,821 million (U.S.$5.8 million) in shareholders' equity, compared to Ch$3,564 million (U.S.$6.9 million) in total assets and Ch$2,631 million (U.S.$5.1 million) in shareholders' equity as of December 31, 2011. iConstruye's net income for the three-month period ended March 31, 2012 and as of December 31, 2011, totaled Ch$189 million (U.S.$0.4 million) and Ch$512 million (U.S.$1.0 million), respectively.

Real Estate Assets

ILC maintains a portfolio of real estate assets consisting of (i) its headquarters building, (ii) five floors in the Mutual de Seguridad's headquarters building, (iii) eight floors in the CChC's headquarters building, (iv) 100 parking spots in the Mutual de Seguridad's and CChC's headquarters buildings, (v) 16 storage units in the Mutual de Seguridad's and CChC's headquarters building and (vi) five plots of land in the Santiago Metropolitan Region. Other than the floor maintained by ILC in its headquarters building, all of the property is currently rented at commercially reasonable terms to ILC's subsidiaries and affiliates as well as to third parties. As of December 31, 2010, the last date on which we had our real estate portfolio independently valued by Transsa S.A., a private consulting firm engaged in real estate valuation, the market value of these real estate holdings totaled Ch$18,168 million and as of March 31, 2012, the book value of these real estate holdings totaled Ch$21,632 million. For the three-month period ended March 31, 2012 and the year ended December 31, 2011, ILC received revenues of Ch$226.7 million (U.S.$0.5 million) and Ch$288.8 million (U.S.$0.6 million), respectively, from its rental property, of which 73% and 82% is attributable to third party rents, respectively.

Our Strengths

Attractive demographics. We benefit from Chile's growing population and improving socio-economic conditions. Based on data from the International Monetary Fund, we operate in a market of approximately 17.24 million people in 2011 with an expected annual growth rate of 1.1% from 2011 to 2015, compared to 1.0% for the United States and 0.3% for Western Europe. Additionally, the sustained macroeconomic growth and increasing disposable income in Chile has resulted in an unprecedented shift in socio-economic classes and a significant reduction in poverty levels. According to *La Encuesta de Caracterización Socioeconómica Nacional* (The National Socio-economic Survey for Chile), the percentage of people living below the poverty level in Chile has decreased from 39% in 1990 to 15% in 2009. Our businesses benefit directly from an increase in real income levels, as our operating revenues from our pension and health insurance operations are directly derived as a fixed monthly premium based on the salary levels of our contributors. We also indirectly benefit from growing disposable income in Chile.

Solid macro-economic fundamentals. Our businesses operate in Chile, an economy with attractive economic fundamentals and political stability. Chile maintains the highest credit ratings in Latin America according to Bloomberg L.P., having ratings of A+ from Standard & Poor's Financial Services LLC, AA3 from Moody's Investors Service, Inc., and A+ from Fitch, Inc. Chile has experienced a strong macroeconomic recovery since 2009, with a growth trend that continued during 2011 as the Chilean economy grew by 6.0%, internal demand increased 9.3%, private investment increased 15.7%, private consumption increased 9.0% and unemployment decreased, from 8.4% in 2010 to 7.2% in 2011 according to the Central Bank. Additionally, Chile has one of the most responsible fiscal policies in the region, having withstood the recession in 2008 with an effective counter-cyclical policy.

Outstanding track record of embarking on profitable businesses. Originally focused on the retirement sector through the creation of Habitat in 1981, we have developed, acquired and expanded several businesses with strong brands and leading positions in the various sectors where we operate. In keeping with our strategy of offering high-quality retirement, insurance and healthcare services geared towards Chile's emerging middle class, we entered the health insurance and healthcare sectors in 1984 with Consalud and the life insurance sector in 1985 with Seguros de Vida La Construcción S.A. ("Seguros de Vida La Construcción"). As a more recent example, in 2009 we saw an opportunity to enter the SIS insurance market following a regulatory reform in the mechanism for pricing and selling this insurance to pension fund affiliates. With an initial investment of Ch$10,689 million, Vida Cámara achieved an aggregate net income of Ch$73,831 million during the period from January 1, 2010 through March 31, 2012. Additionally, we have historically established partnerships with world-class players, such as Citigroup Inc. ("Citigroup") during 1996 and 2010 to jointly develop Habitat, and with RSA Insurance Group PLC during 1997 and 2003 to develop our former life insurance business Seguros de Vida La Construcción, subsequently sold to Bice Vida Compañía de Seguros S.A. ("Bice Vida"). Either through organic growth, acquisitions or associations, we believe our experience in the Chilean market will continue to be a key component of the successful execution of our strategy.

Market leadership and strong competitive position across businesses. We are a leading provider of retirement, insurance and private healthcare services in Chile through a group of leading, well-established and competitive companies in each of these sectors. All of our businesses hold competitive market positions in Chile as a result of high customer recognition for the quality of our services and strong brand names across each of the sectors in which we operate. Such market leadership allows us to achieve competitive advantages as a result of economies of scale and positions us favorably to capture the upside potential and growth in the markets where we operate while maintaining our attractive pricing strategy and high margins. For example, as of March 31, 2012, Habitat offered the second-lowest pricing for mandatory contributions in the pension fund system (and the lowest pricing considering administrators with an active sales force) in addition to having the highest level of operational efficiency, as measured by operational expenses as a percentage of revenues, according to the Superintendency of Pensions.

Unique business portfolio with complementary services and a high potential to exploit synergies. We have a strong track-record of identifying synergies among our businesses and pursuing value creation and growth opportunities that have allowed us to gain scale and market penetration. For example, among the private health insurance products offered by Consalud, we have created plans with preferred pricing in our Red Salud healthcare network. By incentivizing our health insurance customer base to receive care in our healthcare network, we are able to achieve competitive advantages by closely monitoring the medical treatment of our patients and optimizing the use of our facilities and medical staff, thereby improving our operational efficiency and cost structure. Furthermore, we were able to leverage on our extensive healthcare networks, consisting of 17 private hospitals and 32 medical centers, as distribution channels to offer our health insurance products, supplemental health and other life insurance products.

Strong and stable cash flows. We believe that our diversified operational activities across several sectors reduce our dependency on a single business and mitigate our exposure to potential changes in regulations affecting a specific sector. For example, Consalud, our largest business unit in terms of operating revenues, accounted for 37% of our consolidated operating revenues for the three-month period ended March 31, 2012. Additionally, we believe our operating revenues have low business volatility, as Habitat and Consalud, which together represent a combined 55.0% of our consolidated revenues for the three-month period ended March 31, 2012, charge fixed monthly premiums based on the salary level of their contributors and collect directly from their employees, with no credit risk originating from such contributions. We believe that our stable operational activity has enabled us to successfully manage our business and execute our profitable growth strategy, allowing us to maintain recurring dividend streams. For the years ended December 31, 2010 through December 31, 2011, the combined dividends declared by our businesses in respect of their net income for such years represented 78% of their combined net income for that same period.

Experienced management team. We benefit from an experienced and talented management team, led by Pablo González with over 12 years of relevant experience. Further, Cristian Rodriguez, Alfonso Cortina, Marcelo Dutilh and Ricardo Silva, the chief executive officers of our main businesses have an average of 25 years of relevant experience. Most of the members of our senior management have held executive positions across various industries

in Chile and elsewhere in Latin America, and we believe that their commitment has been a critical component in the growth of our operations as well as the continuing enhancement of our operational and financial performance.

Sponsorship of a prestigious controlling shareholder that has valuable expertise derived from its interaction with the Chilean middle class with a commitment to best practices and corporate governance. Throughout its over 60-year history, our controlling shareholder, Cámara Chilena de la Construcción A.G. ("CChC"), has demonstrated a commitment to providing the best retirement, insurance and healthcare services to the Chilean labor force, with an emphasis on serving the emerging middle class. Additionally, four of our six businesses are regulated entities, and we have a Corporate Governance Code with the objective to champion a business policy governed by fairness, respect, responsibility, transparency and a firm commitment to Chile and its people. Our Corporate Governance Code follows international standards regarding relationships with regulatory entities, independent board members, board of directors' roles, board of directors' committees, control and disclosure of information.

Our Strategy

We aim to leverage on our competitive strengths across our businesses to become the most profitable retirement, insurance and healthcare provider in the country. We plan to accomplish our objectives by focusing on the following initiatives:

Leveraging our leadership in key markets to drive value creation. All of our businesses hold competitive market positions which continue to benefit from the strong growth fundamentals of the Chilean economy. As of March 31, 2012, Habitat is the second-largest pension fund administrator in Chile, Consalud is a leading Isapre, and Red Salud operates a leading network of private hospitals and medical centers. We plan to maintain and expand our leadership in these markets by employing highly skilled and trained individuals, continuing to develop profitable lines of businesses, offering superior products and solutions to our customers, investing in research and development for innovation, fostering customer loyalty by providing a combination of personalized service and high-quality products and services at competitive prices and ensuring that our businesses continue to carry out their operations through our guiding principles of fairness, respect, responsibility and transparency. With respect to our life insurance business, although we did not win a portion of the SIS insurance business in the third SIS insurance auction, we plan to continue to participate in future auctions and, through our acquisition of Servicio Medico's sales force, we are committed to increasing our presence in the supplemental health insurance business as well as other general insurance products, such as voluntary life insurance.

Continuing to promote synergies among our businesses. We seek to continue to achieve synergies among our businesses through our common knowledge, information technology and human resources systems as well as the implementation of a multi-product and multi-channel business model through which we offer products and services across different industries. As noted above, Consalud provides special plans for its contributors who choose Red Salud as their healthcare provider and our Red Salud network of private hospitals and medical centers operate as distribution channels to offer our supplemental health insurance, voluntary life and other life insurance products. We intend to continue promoting similar arrangements across most of our businesses in the near future.

Expanding our presence in the Chilean market by maintaining a coherent product offering across our businesses that takes advantage of demographic and economic trends in Chile. Our emphasis on providing a high quality, comprehensive portfolio of services, at competitive affordable prices, especially to the emerging Chilean middle-class will continue to serve as the foundation of our strategy. For example, we believe that both our Red Salud private hospital and medical center network and our Desarrollos Educacionales private schools are viewed as offering services of a quality comparable to that of other premier private institutions in the same sectors, but at lower prices. Through our commitment to high quality at affordable competitive prices, we seek to position ourselves as the entry point for persons migrating from the public sector to private sector services, a trend we believe will continue as the Chilean economy continues to grow and social conditions in Chile continue to improve. For instance, our Consalud health insurance business offers the lowest average premium prices per beneficiary, according to the Superintendency of Health, which allowed it to capture the largest share of members that transferred from the public sector to the private sector during 2011, with Consalud capturing the highest percentage of growth in clients 33% and with 80% of such growth originated from FONASA.

Maintaining and enhancing our strong and diversified cash flows. We are focused on streamlining distribution and back-office capabilities and improving operating efficiencies, seeking to improve our profitability and cash flow generation. Our emphasis on financial discipline has successfully allowed us to maintain high debt ratings while implementing our capital expenditures and expansion plans with sufficient flexibility to rapidly adapt and react to new opportunities and market dynamics. Additionally, as we expand our presence in the Retirement & Insurance and Healthcare sectors, we will seek to ensure that our dividend flow continues to be well diversified across these sectors.

History

We were organized in 1980 by CChC to develop and promote the retirement, insurance, healthcare and education sectors in Chile. We initially participated solely in the retirement sector as a founding shareholder of Habitat in 1981. Through the years, we expanded our business model by entering the health insurance and healthcare sectors, through CChC's formation of Consalud in 1984 (which was transferred to us as a result of a capital increase in 2005), that at the time provided both health insurance and healthcare services. Consalud's subsequent split in 2000 into Consalud (health insurance) and Megasalud S.A. (healthcare services) and the creation of Red Salud in 2008 to operate as a holding company to manage and administer all of our healthcare businesses. We first entered the life insurance sector through the creation of Seguros de Vida La Construcción in 1985, which we subsequently sold, and established Vida Cámara in 2009, our current life insurance subsidiary. We also expanded into the education sector by creating Desarrollos Educacionales in 1998 and the information technology sector by creating iConstruye in 2001. In addition, our life insurance subsidiary Vida Cámara has recently expanded its offering of insurance products through (i) its acquisition of Asermed in January 2012, where it acquired the sales force of Servicio Medico and began offering supplemental health insurance and (ii) its recent entry into the voluntary life insurance market.

Our controlling shareholder is CChC, a non-profit organization formed in Santiago, Chile in 1951. CChC's over 2,300 members have more than 60 years of experience in the construction sector. CChC's objective is to promote the development of the construction sector in Chile and provide excellent retirement, insurance, healthcare and educational services. For more information on CChC, see "*Principal and Selling Shareholders*" elsewhere in this offering memorandum.

Risks Related to Our Business

Our ability to execute our business strategy is also subject to significant risks. Risks related to our business include, but are not limited to, the impact of economic downturns on income levels and disposable income; intense competition in each of our sectors; rapid consolidation of the markets in which we operate; our ability to expand our business through acquisitions and organic growth, including our ability to obtain the capital we need for further expansion; the sensitivity of our operating income to fluctuations in the cost of the services we offer. We also face risks related to complex regulations and changes in laws applicable to our business, including additional pension or healthcare reforms which could limit our competitiveness and attractiveness of our product offerings. Before you invest in our shares of common stock, you should carefully consider all the information in this offering memorandum including matters set forth under the heading "*Risk Factors*."

Recent developments

Habitat's Fee Charged on Mandatory Contributions

On April 26, 2012, Habitat decreased its monthly fee for mandatory contributions from 1.36% to 1.27% effective June 1, 2012. See "*Habitat—Primary Revenues—Collection and Administration of Mandatory Contributions*."

Third SIS Bidding Process

On April 30, 2012, the third bidding process for SIS insurance was held by the six AFPs. 25 fractions for the 7 male fractions and 21 fractions for the 4 female fractions were offered. Vida Cámara did not submit a winning bid and therefore was not awarded any portion of the SIS insurance business for the period from July 2012 to June 2014.

Acquisition of an Additional Stake in Red Salud

In May 2012, we acquired an additional 9.2% ownership interest in Red Salud from CChC bringing our total ownership interest to 90.0%.

Declaration of Special Dividend by ILC

On June 1, 2012, our Board of Directors approved an extraordinary distribution of a portion of our retained earnings amounting to Ch$61,472 million which was paid on June 11, 2012.

Corporate Information

Our principal executive offices are located at Marchant Pereira 10, Providencia, Santiago de Chile, and our main telephone number is (56-2) 4774600.

THE OFFERING

The following is a brief summary of the terms of the global offering. For a more complete description of our common shares, see "Description of our Capital Stock" in this offering memorandum.

Issuer	Inversiones La Construcción S.A.
Selling Shareholders	Cámara Chilena de la Construcción A.G. and Fondo de Inversión Privado ILC.
Global Offering	We are offering 3,687,991 shares of common stock and the selling shareholders are offering 28,505,901 shares of common stock through the international placement agents in the United States and in other jurisdictions outside the United States and Chile pursuant to this offering memorandum, and in a concurrent offering in Chile. We refer to the offering outside Chile as the "international offering" and to the offering in Chile as the "Chilean offering." We refer to the international offering together with the Chilean offering as the "global offering." The closing of the international offering will be conditioned upon the closing of the Chilean offering.
Shares Outstanding after the Global Offering	Immediately after the global offering, we will have 99,970,029 common shares issued and outstanding.
Offering Price	Ch$ 7,061 per common share.
Preemptive Rights Offering	The portion of the shares that is being offered by us in the global offering is part of a capital increase of 3,717,962 shares of our common stock approved by our shareholders meeting on April 16, 2012. In connection with the capital increase, we are required under Chilean law to make a preemptive rights offering to our existing shareholders. The selling shareholders, which together hold 99.2% of our common shares, have indicated their intention to waive their rights with respect to all of their shares of common stock subject to such preemptive rights offering, and these are the shares of our common stock being offered directly by us in the global offering. The preemptive rights offering is currently expected to commence on July 20, 2012, and end 30 days thereafter. See "*Description of Capital Stock—Preemptive Rights and Increases of Capital Stock*."
Purchase and Settlement	The shares of common stock will be sold initially through an order book auction on the Santiago Stock Exchange in a process known as *subasta de libro de órdenes*, in compliance with Chilean law and the rules of the Santiago Stock Exchange. All orders of shares of common stock made by prospective purchasers, including by the international placement agents for purposes of the international offering, must be placed through an authorized Chilean broker under Chilean law. See "*Plan of Distribution—Process for Purchase and Settlement*" and "*Order Book Auction.*" Delivery of the shares is expected to be made against payment thereof in Chilean pesos on the second business day in Chile following the formal award of these shares to prospective purchasers (this settlement cycle being referred to as "T+2") through the book-entry system of the *Depósito Central de Valores, S.A.* (the Chilean securities clearing system). See "*Plan of Distribution—Process for Purchase and Settlement*."

Use of Proceeds	The gross proceeds to us from our sale of common shares in the global offering will be approximately Ch$26.0 billion, before deducting the fees, commissions and offering expenses payable by us. We intend to use the net proceeds for general corporate purposes, including, but not limited to, the capitalization of our subsidiaries, primarily in the Healthcare sector, in the next 24 months and developing and growing all of our business lines. We will not receive any proceeds from the sale of common shares being conducted by the selling shareholders. See "*Use of Proceeds*."
Controlling Shareholder	As long as our controlling shareholder beneficially owns a majority of the outstanding shares of common stock, it will be able to elect a majority of our directors and to determine the outcome of the voting on substantially all actions that require shareholder approval. Assuming no exercise of preemptive rights by our minority shareholders in the preemptive rights offering, our controlling shareholder will hold 67% of our outstanding common shares after giving effect to the global offering. See "*Principal and Selling Shareholders*," and "*Description of Share Capital—Shareholders' Meetings and Voting Rights*" in this offering memorandum.
Voting Rights	Holders of common stock are entitled to one vote per share of common stock. See "*Description of Capital Stock—Shareholders' Meetings and Voting Rights*."
Dividends	Pursuant to Chilean law, we are generally required to pay annual dividends equal to not less than 30% of our consolidated net income for the year, unless otherwise approved by unanimous vote of all issued and outstanding shares or to the extent that we have accumulated losses. See "*Dividends and Other Distributions*."
Lock up-Agreements	We, the selling shareholders and certain of our executive officers have agreed with the international placement agents, subject to certain exceptions, not to issue, offer, pledge, contract to sell or otherwise dispose of, directly or indirectly, without the previous written consent of the international placement agents, of our common shares or securities convertible into or exchangeable or exercisable for any common shares during the period commencing on the date of this offering memorandum until 180 days after the completion of this global offering. See "*Plan of Distribution*."
Transfer Restrictions	The common shares have not been registered under the Securities Act or under any U.S. state securities laws, and the common shares are subject to restrictions on transfer and may only be offered or sold in transactions exempt from or not subject to the registration requirements of the Securities Act. See "*Transfer Restrictions*."
Listing	The common shares are listed on the Santiago Stock Exchange under the symbol "ILC."
Taxation	For a discussion of certain Chilean and U.S. federal income tax consequences for holders of our common shares see "*Taxation*."
Risk Factors	See "*Risk Factors*" beginning on page 17 and the other information included in this offering memorandum for a discussion of factors you should consider before deciding to invest in our common stock.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The summary consolidated financial information presented below as of and for the three months ended March 31, 2012 and 2011 has been derived from our unaudited consolidated financial statements. The summary consolidated financial information presented below as of December 31, 2011 and 2010 and for each of the two years in the period ended December 31, 2011 has been derived from our audited consolidated financial statements. In our opinion, the summary consolidated financial data presented in the tables below includes all adjustments necessary to present fairly in all material respects our financial condition and results of operations at the dates and the periods presented. However, it is not necessarily indicative of future performance. Our financial statements are prepared in accordance with IFRS. The following financial information is qualified in its entirety by reference to, and should be read in conjunction with, our financial statements, including the notes thereto, "*Selected Financial and Operating Information*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," included elsewhere in this offering memorandum.

The following table presents our consolidated financial information in Chilean pesos:

	As of and for the three-month periods ended March 31,			As of and for the years ended December 31,		
	2012	**2012**	**2011**	**2011**	**2011**	**2010**
	***(U.S.$ millions, except per share data)*[1]**	***(Ch$ millions, except per share data)***		***(U.S.$ millions, except per share data)*[1]**	***(Ch$ millions, except per share data)***	
Consolidated Income Statement:						
Revenues from operations						
Revenues	365.7	178,233	153,578	1,278.4	663,743	551,996
Cost of sales	(226.1)	(110,208)	(94,221)	(815.7)	(423,512)	(360,843)
Gross profit	139.6	68,025	59,357	462.7	240,231	191,153
Other income	0.3	143	166	2.5	1,285	1,619
Administrative expenses	(59.8)	(29,172)	(27,123)	(222.1)	(115,315)	(92,872)
Other expenses	(0.1)	(68)	(131)	(2.4)	(1,234)	(3,389)
Other gains	0.5	258	(160)	2.2	1,168	296
Other income (expenses)						
Financial income	27.4	13,370	6,614	17.7	9,183	27,411
Finance expenses	(5.8)	(2,829)	(2,769)	(22.5)	(11,029)	(8,139)
Share of profit (loss) of affiliates accounted for using the equity method	2.4	1,189	772	6.4	3,335	11,638
Foreign currency exchange gain (loss)	(0.3)	(135)	590	0.6	303	(193)
Gain (loss) from inflation indexed unit	(2.5)	(1,242)	(244)	(4.3)	(2,873)	(201)
Income from differences between the prior carrying amount and the fair value of the reclassified financial assets measured at fair value	–	–	–	–	–	67,648
Income before taxes	101.6	49,539	37,560	240.9	125,054	194,971
Income taxes	(17.8)	(8,669)	(7,271)	(44.8)	(23,273)	(19,431)
Income from continuing operations	83.8	40,870	30,289	196.0	101,781	175,539
Income from discontinued operations	–	–	–	–	–	16
Net Income	83.8	40,870	30,291	196.0	101,781	175,556
Income attributable to owners of the parent	66.3	32,318	24,308	157.1	81,570	156,858
Income attributable to non-controlling interests	17.5	8,552	5,982	38.9	20,211	18,697
Income (loss) per share (in Ch$)						
Basic income (loss) per share from continued operations	2.26	1.10	0.82	5.30	2.75	4.74
Basic income (loss) per share	2.26	1.10	0.82	5.30	2.75	4.74

[1] Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 and Ch$519.20 per U.S.$1.00 which were the official rates certified by the Central Bank for March 31, 2012 and December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day), respectively.

	As of and for the three-month period ended March 31,		As of and for the years ended December 31,		
	2012	2012	2011	2011	2010
	(U.S.$ millions)[1]	*(Ch$ millions)*	*(U.S.$ millions)*[1]	*(Ch$ millions)*	
Consolidated Balance Sheet Data:					
Assets					
Current assets					
Cash and cash equivalents	319.0	155,478	181.1	94,043	109,050
Other current financial assets	333.4	162,489	310.3	161,116	156,755
Other current non-financial assets	20.2	9,840	17.2	8,923	7,213
Trade and other receivables, current, net	158.8	77,396	132.1	68,599	56,911
Accounts receivable due from related parties, current	2.0	974	1.5	774	1,047
Inventories	3.4	1,653	3.3	1,733	1,023
Other assets	0.1	37	0.1	37	–
Current tax assets	3.2	1,549	1.8	932	3,010
Total current assets	839.9	409,417	647.5	336,158	335,008
Non-current assets					
Financial assets	409.9	199,570	363.7	188,831	179,904
Non-financial assets	26.4	12,864	23.8	12,351	10,021
Trade and other receivables	8.8	4,305	8.2	4,277	1,378
Equity accounted investees	39.1	19,054	32.9	17,083	12,916
Intangible assets other than goodwill	150.5	73,348	143.0	74,222	76,930
Goodwill	208.2	101,507	195.5	101,507	101,577
Property, plant and equipment, net	472.1	230,103	438.3	227,581	215,204
Investment property	44.4	21,632	41.8	21,683	21,967
Deferred tax asset	53.5	26,086	39.3	20,400	7,466
Total non-current assets	1,412.4	688,468	1,286.5	667,935	627,363
Total assets	2,252.4	1,097,886	1,933.9	1,004,093	962,371
Liabilities and Shareholders' Equity					
Current Liabilities					
Current financial liabilities	34.7	16,933	43.2	22,425	130,293
Trade and other payables	134.7	65,667	119.0	61,795	60,514
Accounts payable due to related parties	1.0	500	0.8	390	263
Other current provisions	57.5	28,023	51.3	26,619	21,681
Current tax payable	12.8	6,232	8.0	4,172	9,292
Provisions for employee benefits, current	11.9	5,815	20.6	10,688	6,047
Other non-financial liabilities	22.7	11,075	9.5	4,943	4,740
Total current liabilities	275.4	134,246	252.4	131,031	232,830
Non-current liabilities					
Financial liabilities	398.9	194,435	288.3	149,677	84,304
Accounts payable due to related parties	–	–	–	–	–
Other provisions	199.9	97,450	189.8	98,556	81,501
Deferred tax liabilities	110.1	53,671	92.3	47,927	40,332
Provisions for employee benefits	0.8	391	0.7	362	355
Total non-current liabilities	709.7	345,948	571.1	296,521	206,493
Total liabilities	985.1	480,194	823.5	427,553	439,323
Shareholders' equity					
Share capital	438.6	213,773	411.7	213,773	213,773
Share premium	0.6	270	0.5	270	270
Retained earnings	311.4	151,792	230.2	119,249	88,355
Other reserves	205.1	99,990	192.4	99,890	93,914
Equity attributable to owners of the parent	955.7	465,824	834.3	433,182	396,312
Non-controlling interest	311.6	151,868	276.1	143,358	126,737
Total equity	1,267.2	617,692	1,110.4	576,540	523,049
Total liabilities and equity	2,252.4	1,097,886	1,933.9	1,004,093	962,371

[1] Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 and Ch$519.20 per U.S.$1.00 which were the official rates certified by the Central Bank for March 31, 2012 and December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day), respectively.

	As of and for the three-month periods ended March 31,			As of and for the years ended December 31,		
	2012	2012	2011	2011	2011	2010
	(U.S.$ millions)[1]	*(Ch$ millions)*		*(U.S.$ millions)*[1]	*(Ch$ millions)*	
Consolidated Financial Data:						
Cash Flow						
Net cash from operating activities	64.2	31,296	35,595	235.3	122,195	25,075
Net cash used in investing activities	(4.4)	(2,151)	(23,011)	(34.2)	(17,739)	(7,055)
Net cash from (used in) financing activities	66.2	32,259	(7,635)	(229.5)	(119,155)	50,882
Adjusted income attributable to owners of the parent[2]	66.3	32,318	24,308	157.1	81,570	89,211

(1) Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 and Ch$519.20 per U.S.$1.00 which were the official rates certified by the Central Bank for March 31, 2012 and December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day), respectively.

(2) We have defined adjusted income attributable to owners of the parent as adjusted income attributable to owners of the parent minus income from differences between the prior carrying amount and the fair value of reclassified financial assets measured at fair value arising from our acquisition of a controlling interest in Habitat in 2010. See "*Presentation of Financial Information — Special Note Regarding Non-GAAP Financial Measures.*" The following table presents a reconciliation of adjusted income attributable to the owners of the parent to income attributable to the owners of the parent for the periods indicated.

	As of and for the three-month periods ended March 31,			As of and for the years ended December 31,		
	2012	2012	2011	2011	2011	2010
	(U.S.$ millions)[1]	*(Ch$ millions)*		*(U.S.$ millions)*[1]	*(Ch$ millions)*	
Adjusted income attributable to the owners of the parent	66.3	32,318	24,308	157.1	81,570	89,211
Income from differences between the prior carrying amount and the fair value of reclassified financial assets measured at fair value	–	–	–	–	–	67,648
Income attributable to the owners of the parent	66.3	32,318	24,308	157.1	81,570	156,858

(1) Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 and Ch$519.20 per U.S.$1.00 which were the official rates certified by the Central Bank for March 31, 2012 and December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day), respectively.

	As of March 31,	As of December 31,	
	2012	2011	2010
Operating Data:			
Habitat			
Number of contributors	1,266,231	1,247,369	1,230,610
Number of account holders	2,161,111	2,167,343	2,195,330
Monthly fee for mandatory contributions	1.36%[2]	1.36%	1.36%
Vida Cámara			
Written Premiums (Ch$ millions)	40,808	154,111	131,135
Number of clients	1,744,701	1,691,849	1,389,669
Consalud			
Contributors	335,477	330,845	304,601
Beneficiaries	645,385	639,776	605,937
Red Salud			
Private hospitals	4	4	3
Affiliated private hospitals	13	12	13
Licensed beds [1]	1,233	1,233	939
Medical centers	32	32	32
Medical and dental boxes	897	897	897

(1) Licensed beds are beds (including beds in our affiliated private hospitals) for which a hospital has obtained approval to operate from the applicable licensing agency.

(2) Habitat decreased its monthly fee for mandatory contributions from 1.36% to 1.27% effective June 1, 2012.

RISK FACTORS

Before making an investment decision, you should carefully consider all the information set forth in this offering memorandum, particularly the risks described below. Our business, financial condition and results of operations may be materially adversely affected by any of these risks. The market price of our common shares may decrease due to any of these risks, and you may lose all or part of your investment. You should note that the risks described below are not the only risks to which we are exposed. There may be other risks that are not presently known to us or that we do not presently consider to be material that could adversely affect your investment in the common shares.

RISKS RELATING TO OUR BUSINESSES GENERALLY

Our ability to pay dividends will depend on the ability of our subsidiaries and affiliates to pay dividends and make other distributions to us.

We are the principal shareholder in a group of companies operating through various industries, and all of our operations are conducted through our subsidiaries and affiliates. Accordingly, our ability to pay dividends will depend on our receipt of dividends from our subsidiaries and affiliates. There are various regulatory restrictions in Chile that may limit our subsidiaries' and affiliates' ability to pay dividends or make their payments to us, such as the obligation to maintain minimum regulatory capital, minimum liquidity and minimum reserves. In addition, our subsidiaries and affiliates may incur indebtedness or enter into other arrangements containing terms that may restrict or prohibit the payment of dividends, other distributions, or loans to us and the amount of dividends they can distribute may be impacted by events outside our control. For example, the size of Vida Cámara's dividend distributions in the near future may decrease as a result of its failure to obtain a portion of the SIS insurance business for the period from July 2012 to June 2014. To the extent our subsidiaries and affiliates do not have funds available or are otherwise restricted from paying dividends to us, our ability to pay dividends to our shareholders will be materially and adversely affected.

Our continued success will depend on our ability to retain our key employees and to attract and retain new qualified employees.

Our success depends in part on our ability to attract, hire, train, and retain qualified managerial, operational, sales, and marketing personnel. We face significant competition for these types of employees in our industry and from other industries. We may be unsuccessful in attracting and retaining the personnel we require to conduct and expand our operations successfully. In addition, key personnel may leave us and compete against us. Our success also depends to a significant extent on the continued service of our senior management team. We may be unsuccessful in replacing key managers who either resign or retire. The loss of any member of our senior management team or other experienced, senior employees could impair our ability to execute our business plan, cause us to lose customers and reduce our net sales, or lead to employee morale problems and/or the loss of other key employees. In any such event, our financial condition, operating results and cash flows could be adversely affected.

Certain regulatory changes may increase our operating costs and/or financial expenses.

We operate in highly regulated industries, subject to legislation that is regularly reviewed and amended. Depending on the duration and magnitude of any such amendments, an unfavorable change to the regulatory framework could have a material adverse effect on our operating costs and/or financial expenses, and, in turn, our results of operations and financial condition. See "*—Risks Relating to Our Pension Fund Business*," "*—Risks Relating to Our Life Insurance Business*," "*—Risks Relating to Our Health Insurance Business*," and "*—Risks Relating to Our Private Healthcare Business*" for a discussion of the regulatory risks of each of our businesses.

A significant disruption in our computer systems or a cyber security breach could adversely affect our operations.

We rely extensively on our computer systems to manage our operations. Our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber security breaches, vandalism, severe weather conditions, catastrophic events and human error, and our disaster

recovery planning cannot account for all eventualities. If our systems are damaged, fail to function properly or otherwise become unavailable, we may incur substantial costs to repair or replace them, and may experience loss of critical data and interruptions or delays in our ability to perform critical functions, which could adversely affect our business and results of operations. Any compromise of our security could also result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, loss or misuse of the information and a loss of confidence in our security measures, which could harm our business.

RISKS RELATING TO OUR RETIREMENT & INSURANCE BUSINESSES

Risks Relating to Our Pension Fund Business

The macroeconomic situation in Chile significantly affects Habitat's financial condition and results of operations.

The main source of Habitat's revenues from operations comes from the monthly fees charged to members for mandatory contributions made in their individual capitalization accounts based on their salary level, which are compulsory for every salaried worker as long as there is a labor contract in force. These represented 95% of Habitat's total revenues from operations for the year ended December 31, 2011. As a result, the macroeconomic situation in Chile related to activity indicators, real wage levels, and employment conditions significantly affects Habitat's financial condition and results of operations.

Macroeconomic conditions affect the financial condition of employers and/or entrepreneurs, which might lead to a decrease in the number of employee contributors or a lack of capacity for creating new jobs, or decrease the salary of workers. Both variables—number of contributors and average salary—determine the aggregate salary base. Further, an increase in the unemployment rate could negatively affect Habitat's results and, depending on its magnitude, the impact could be significant. Additionally, Habitat's financial condition and results could also be adversely affected by changes in the economic policies implemented by the Chilean government or political developments in Chile or those affecting Chile.

Pension funds are global investors, which are affected by the economies of neighboring countries as well as by worldwide economic development.

The Pension Reform Law increased the permitted foreign investment range available to AFPs, from a range of 30% to 45% to a range of 30% to 60% during the first twelve months following the enactment of the Pension Reform Law (October 1, 2008 to September 30, 2009) and between 30% to 80% commencing on the thirteenth month (October 1, 2009). In September 2008, the Central Bank gradually increased the maximum limits on the AFPs' investment abroad: 45% starting on October 1, 2008, 50% beginning on December 1, 2008, 55% beginning on April 1, 2009 and 60% beginning on August 3, 2009. In November 2010, the Central Bank decided to increase again the maximum global investment limit abroad from 60% to 80%, gradually, starting with: 65% beginning December 1, 2010, then 70% beginning March 1, 2011, then 75% beginning on June 1, 2011 and 80% beginning on September 1, 2011. Such increases permit pension funds to have new investment opportunities, which could improve the diversity of their investment portfolios, but also increases the potential exposure to the international markets of the total assets managed by the AFPs.

Foreign investments represented 36.6% of Habitat's total assets under management for the three-month period ended March 31, 2012. We cannot assure you that Habitat will continue to invest in foreign investments at similar or more aggressive levels, especially in light of the increases in global investment limits mentioned above. Such exposure to international market conditions, particularly if Habitat chooses to invest more aggressively in foreign investments, could negatively affect Habitat's returns obtained on mandatory investments and therefore its financial condition and results of operations.

Habitat is limited in its ability to improve the performance of its assets under management.

Habitat's assets under management totaling Ch$18,939,212 million (U.S.$38,854 million) as of March 31, 2012, are very large with respect to the size of the local capital market measured by its total

capitalization. The relative small size of the local capital market reduces Habitat's flexibility to significantly modify its portfolio structure. Additionally, in situations of instability or uncertainty in the markets, Habitat's ability to react quickly to changes in market conditions is likely to be limited. We cannot assure you that Habitat will be able to maintain a sufficient rate of return on its pension funds to attract new affiliations or decrease the number of account holder transfers. Any decrease in Habitat's account holder portfolio would have a negative impact on its revenues from operations.

Additionally, if the returns of the pension funds managed by Habitat do not achieve the legal minimum return established by law, due to any instability or uncertainty in the capital markets as described above or for any other reason, Habitat could lose part of its mandatory investments aimed at covering this difference. See "*Our Business—Pension Fund Business—Habitat—Principal activities—Collection and management of contributions made by account holders*". This portion must be replenished within 15 days to comply with the legal requirement to maintain a reserve equal to 1% of the value of each pension fund under management. Any failure to comply with these requirements could adversely affect Habitat.

Habitat operates in a regulated market in which the flexibility to manage its business is limited.

Habitat's operations are regulated by Decree Law No. 3,500 of November 13, 1980 (the "Pension Law") and, to the extent applicable, the *Ley sobre Sociedades Anónimas* No. 18,046 and the *Reglamento de Sociedades Anónimas*, which we refer to in this offering memorandum collectively as the "Chilean Corporations Law". The Pension Law defines the scope of the business of pension fund administrators, which only permits Habitat to engage in the administration of pension funds and the rendering of related benefits. Habitat is also authorized to establish local related corporations that may complement its line of business or invest in pension fund administrators or entities located in other countries whose business is related to pension matters.

Regarding pension fund investments, Habitat must invest such assets in accordance with the types of instruments and within the ranges of assets and maximum percentages allocated per investment and fund type authorized by the Pension Law.

In addition, the Pension Law requires each AFP to maintain a minimum reserve fund, known as mandatory investment, equal to 1% of the value of each pension fund under management in order to guarantee a minimum real return on investment for each of its pension funds. This minimum return is based on a weighted average of the real returns of all pension funds in the AFP system over a 36-month period. This requirement is applicable in accordance with different portfolio compositions, giving those with a higher component of variable income and therefore higher volatility (funds type A and B), a larger margin to achieve the requirement. If a fund's real returns for a certain month are lower than the minimum return, the AFP is required to cover the difference within a 5-day period. To do so, the AFP is permitted to apply funds from the mandatory investments, and in that event, such amount must be refunded within 15 days. In accordance with the Pension Law, if an AFP fails to comply with either the minimum return requirement or the minimum reserve fund requirement, it may eventually be dissolved. See "*Our Business—Pension Fund Business—Habitat—Principal activities—Collection and management of contributions made by account holders.*"

The Pension Reform Law increased the investment limits for the pension funds. However, we cannot assure you that Habitat will be able to fulfill minimum return requirements or the minimum reserve.

Habitat's business and results of operations may be affected by changes in laws, rules and regulations or Chilean government proposals.

On January 16, 2008, the Pension Reform Law to the private pension system was approved and was published as Law No. 20,255 in the Official Gazette on March 17, 2008. The first changes started to be implemented on July 1, 2008. Changes introduced by the reform can be summarized in four areas: coverage improvement, new industrial organization, investments and new institutional framework. Some of the main aspects of the reform included:

- establishing the requirement for self-employed workers to make contributions of 10.0% of their remunerations. Such requirement became effective beginning on January 1, 2012 and from that date

on, self-employed workers must gradually make contributions based on 40.0%, 70.0% and 100.0% of their salary during the first, second and third years from such date respectively, equivalent to the 10.0% contribution of dependent workers.

- incorporating the concept of voluntary account holders, which are individuals who do not engage in remunerated activity and decides to make pension contributions for his retirement.

- incorporating a Collective Voluntary Pension Savings ("APVC" for its acronym in Spanish) program that corresponds to a contract to be agreed between the employer, its employees and the AFP or an authorized institution. This program is financed jointly by employers and employees, since the employers agree to contribute a percentage of the savings made by employees who voluntarily opt into this program. The conditions of the APVC administration contract are agreed between the employer and the AFP or the authorized institution. In order to promote this program, the Superintendency of Pensions has established tax incentives for workers that opt into the program.

The reform also introduced a bidding process for new account holders, which is awarded every two years, beginning on May 2009, to the AFP offering the lowest fee. This fee must be lower than the lowest fee operating in the industry and must apply to the AFP's entire portfolio, not only to the awarded portion. As of March 2012, there have been two bidding processes, which AFP Modelo S.A. ("Modelo") has won. We cannot assure you that Modelo or any competitor AFP will win any future bidding processes for new entrants. If they do, Habitat's results of operations and financial condition may be adversely affected as it may be more difficult for Habitat to recruit new entrants to the pension fund system.

Additionally, prior to the Pension Reform, Habitat was required to provide disability and survivorship insurance benefits by individually contracting an insurance company in order to comply with such obligation.

Even though the Pension Reform Law eliminated the AFP's individual obligation regarding the coverage of casualties beginning on July 1, 2009, by awarding SIS insurance administration to a group of insurers, the obligation of those casualties pending payment due to temporary disability under coverage as of June 30, 2009 will remain with Habitat.

At the moment that the final disability determination is made, the AFP is obligated to cover any shortfall equivalent to the difference between an account holder's savings in his individual capitalization account and the benefits granted to him by law. These benefits are equivalent to the present value of the life annuity pension discounted by the life annuity rates in force at the time of the payment. Such pension will be equivalent to a percentage of the account holder's average taxable income for the last ten years depending on the decrease of his working capacity: *i.e.*, 50.0% of his taxable income in case of experiencing a loss of between one-half and two-thirds of working capacity, and 70% of his taxable income in case of experiencing a loss of more than two-thirds of working capacity. As a result, changes in interest rates impact the final value of an AFP's payment obligations.

According to the insurance contracts still in force among Habitat, BICE Vida and Seguros de Vida Suramericana S.A. ("Sura"), entered into before the Pension Reform Law implementation, Habitat has the obligation to make additional premium payments if the casualty costs are greater than the temporary payments, up to a maximum amount previously defined. The risk of greater casualty costs and its consequent effect in Habitat's expenses from operations is subject, beginning on July 1, 2009, to the returns of life annuities and pension funds, factors that have an inverse relationship with the economic cost of casualties. Therefore, Habitat could be forced to pay additional contributions if the evolution of such factors so determine.

Any future regulatory reforms or new legislative change or regulatory requirements imposed upon Habitat, may make it more expensive for it to conduct its business or limit its ability to grow or to achieve profitability, which could adversely affect our financial condition and results of operations.

Habitat is exposed to the credit risk of the insurers such that the risk of failure of an insurer to pay any required shortfall amount is borne by Habitat.

Under the Pension Reform Law, the AFPs together must purchase SIS insurance for their account holders. The right to provide such insurance is awarded through a bidding process, which is carried out by all AFPs.

In the event of the bankruptcy of all involved insurance companies, the government of Chile guarantees the additional contributions necessary to complete the required amount to finance the disability and survivorship pension up to Chile's guarantee. The coverage of such guarantee is from 100.0% of the prevailing minimum pension and 75.0% over the excess of the minimum pension with a maximum of UF 45 (approximately Ch$1 million) for each beneficiary or pensioner.

However, if an SIS insurance provider fails in its obligation to provide the SIS insurance coverage purchased by the AFPs, the affected Habitat account holder may sue Habitat. In turn, Habitat will likely seek remedy against the relevant insurance provider, however, we cannot assure you that Habitat will be successful in its claim against said insurance provider and thus may have to compensate the Habitat account holder without obtaining any recourse from the insurance provider.

Risks Relating to Our Life Insurance Business

Competitive factors may adversely affect Vida Cámara's market share and profitability.

Currently, Vida Cámara's most significant product offering is SIS insurance. Pursuant to the Pension Reform Law, this market share and profitability depend on a collective bidding process by which the AFPs purchase a fixed and single insurance premium from a group of insurers. Vida Cámara was successful in two bidding processes which took place in May 2009 and May 2010, winning 27% and 37% of the market, respectively. However, Vida Cámara was not successful in the most recent bidding process, which took place in April 2012, and was not awarded any portion of the SIS insurance business for the period from July 2012 to June 2014. The results of the third bidding process will have a negative impact on Vida Cámara's profitability in the 24-month period beginning July 2012. Additionally, we cannot assure you that Vida Cámara will be successful in future bidding processes or that pricing and profitability levels will remain attractive.

In addition, with respect to its non-SIS insurance product offerings, Vida Cámara's segments are subject to intense competition. This intense level of competition is based on a number of factors, including service, product features, scale, price, financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition. Vida Cámara competes with a large number of other insurance companies, as well as non-insurance financial services companies, such as banks, broker-dealers and asset managers, for individual consumers, employers and other group customers and agents and other distributors of insurance and investment products. Some of these companies offer a broader array of products, have more competitive pricing or, with respect to other insurance companies, have higher claims paying ability ratings. Some may also have greater financial resources with which to compete. Many of Vida Cámara's group insurance products are underwritten annually, and, accordingly, there is a risk that group purchasers may be able to obtain more favorable terms from competitors rather than renewing coverage with Vida Cámara. The effect of competition may, as a result, adversely affect Vida Cámara's financial condition and results of operations.

Vida Cámara's product offering is largely dependent on SIS insurance and therefore a significant change in its participation in this market may adversely affect its results of operations and financial condition.

Until January 2012, Vida Cámara's sole insurance product was SIS insurance and as of December 31, 2011 and March 31, 2012, SIS insurance accounted for 100.0% and 99.5%, respectively, of Vida Cámara's written premiums. As noted above, the market share and profitability for this product depends on the collective bidding process run by the AFPs. While Vida Cámara was successful in the first two bidding process, it was not successful in the most recent bidding process, which took place in April 2012, due to factors such as increased competition in number of bidders and pricing, and therefore was not awarded any portion of the SIS insurance business for the period from July 2012 to June 2014. Vida Cámara's inability to obtain a portion of the SIS insurance business during the third bidding process may have an adverse effect in our results of operations and financial condition. In

the future, Vida Cámara's success in this business will continue to depend largely on factors that are outside of its control, such as the bidding prices and strategies of other insurers. We cannot assure you that Vida Cámara will be successful in future bidding processes or that pricing and profitability levels will be attractive. If Vida Cámara continues to be left out of the SIS insurance market in future bidding processes, our results of operations and financial condition may be adversely affected.

Furthermore, Vida Cámara has only recently started offering new products such as supplementary health insurance and voluntary life insurance. As a new market entrant, we cannot assure you as to how Vida Cámara will be perceived in these markets and whether they will become significant sources of revenues for Vida Cámara. In particular, Vida Cámara's success in the supplemental health insurance business will largely depend on its ability to successfully renew the policies maintained by Servicio Medico's current policy holders as they come up for renewal and to suscribe new supplemental health insurance policies in Chile. See *"Our Business—Vida Cámara—Overview"*. Additionally, given that Vida Cámara is still in the process of developing these new product offerings, we cannot assure you that it will be able to compensate for the loss of the SIS insurance business during the 24-month period beginning July 2012 or any similar loss of market share it experiences in the future.

Vida Cámara is exposed to significant financial and capital markets risk, particularly interest rate risk, which may adversely affect its results of operations, financial condition and liquidity, and may cause its net investment income to vary from period to period.

Vida Cámara is exposed to significant financial and capital markets risk, particularly changes in interest rates, as well as market volatility, the performance of the global economy in general, the performance of the specific obligors, including governments, included in its portfolio and other factors outside its control.

Vida Cámara's exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Changes in interest rates will impact the net unrealized gain or loss position of Vida Cámara's fixed income investment portfolio. If long-term interest rates rise dramatically within a six- to 12-month time period, certain of Vida Cámara's business may be exposed to disintermediation risk. Disintermediation risk refers to the risk that Vida Cámara's policyholders may surrender their contracts in a rising interest rate environment, requiring Vida Cámara to liquidate fixed income investments in an unrealized loss position. Due to the long-term nature of the liabilities associated with certain of Vida Cámara's life insurance businesses, sustained declines in long-term interest rates may subject it to reinvestment risks and increased hedging costs. In other situations, declines in interest rates may result in increasing the duration of certain life insurance liabilities, creating asset-liability duration mismatches.

Vida Cámara's investment portfolio also contains interest rate sensitive instruments, such as fixed income securities, which may be adversely affected by changes in interest rates from governmental monetary policies, domestic and international economic and political conditions and other factors beyond its control. Changes in interest rates will impact both the net unrealized gain or loss position of Vida Cámara's fixed income portfolio and the rates of return it receives on funds invested. Vida Cámara's mitigation efforts with respect to interest rate risk are primarily focused towards maintaining an investment portfolio with diversified maturities that has a weighted average duration that is approximately equal to the duration of its estimated liability cash flow profile. For certain of Vida Cámara's liability portfolios, it is not possible to invest assets to the full liability duration, thereby creating some amount of asset liability management (ALM) mismatch. For this and other reasons, Vida Cámara also uses derivative instruments to mitigate interest rate risk. However, Vida Cámara's estimate of the liability cash flow profile may be inaccurate and it may be forced to liquidate fixed income investments prior to maturity at a loss in order to cover the cash flow profile of the liability. Although Vida Cámara takes measures to manage the economic risks of investing in a changing interest rate environment, it may not be able to mitigate the interest rate risk of its fixed income investments relative to its liabilities.

Changes in market interest rates may significantly affect Vida Cámara's profitability.

Life insurance exposes Vida Cámara to the risk that changes in interest rates will reduce its investment margin or "spread," the difference between the amounts that it is required to pay under the contracts in its general account and the rate of return it is able to earn on general account investments intended to support obligations under

the contracts. Vida Cámara's spread is a key component of its net income and any significant changes in its spread could have an adverse effect in its results of operations.

As interest rates decrease or remain at low levels, Vida Cámara may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, reducing its investment margin. Moreover, borrowers may prepay or redeem the fixed income securities, commercial or agricultural mortgage loans and mortgage-backed securities in its investment portfolio with greater frequency in order to borrow at lower market rates, which exacerbates this risk. Lowering interest crediting rates can help offset decreases in investment margins on some products. However, Vida Cámara's ability to lower these rates could be limited by competition or contractually guaranteed minimum rates and may not match the timing or magnitude of changes in asset yields. As a result, Vida Cámara's spread could decrease or potentially become negative. Vida Cámara's expectation for future spreads is an important component in the amortization of value of business acquired ("VOBA"), and significantly lower spreads may cause it to accelerate amortization, thereby reducing net income in the affected reporting period. In addition, during periods of declining interest rates, life insurance and annuity products may be relatively more attractive investments to consumers, resulting in increased premium payments on products with flexible premium features, repayment of policy loans and increased persistency, or a higher percentage of insurance policies remaining in force from year to year, during a period when Vida Cámara's new investments carry lower returns. A decline in market interest rates could also reduce Vida Cámara's return on investments that do not support particular policy obligations. Accordingly, declining interest rates may materially affect Vida Cámara's results of operations, financial position and cash flows and significantly reduce its profitability.

Increases in market interest rates could also negatively affect Vida Cámara's profitability. In periods of rapidly increasing interest rates, it may not be able to replace, in a timely manner, the investments in its general account with higher yielding investments needed to fund the higher crediting rates necessary to keep interest sensitive products competitive. Vida Cámara, therefore, may have to accept a lower spread and, thus, lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In addition, policy loans, surrenders and withdrawals may tend to increase as policyholders seek investments with higher perceived returns as interest rates rise. This process may result in cash outflows requiring that Vida Cámara sells investments at a time when the prices of those investments are adversely affected by the increase in market interest rates, which may result in realized investment losses. Unanticipated withdrawals and terminations may cause Vida Cámara to accelerate the amortization of VOBA, which reduces net income and may also cause Vida Cámara to accelerate negative VOBA, which increases net income. An increase in market interest rates could also have a material adverse effect on the value of Vida Cámara's investment portfolio, for example, by decreasing the estimated fair values of the fixed income securities that comprise a substantial portion of its investment portfolio.

Differences between actual claims experience and underwriting and reserving assumptions may adversely affect Vida Cámara's financial results.

Vida Cámara's earnings significantly depend upon the extent to which its actual claims experience is consistent with the assumptions it uses in setting prices for its products and establishing liabilities for future policy benefits and claims. Vida Cámara's liabilities for future policy benefits and claims are established based on estimates by actuaries of how much it will need to pay for future benefits and claims. Vida Cámara calculates these liabilities based on many assumptions and estimates, including the likelihood that such event will occur, estimated premiums to be received over the assumed life of the policy, the timing of the event covered by the insurance policy, the amount of benefits or claims to be paid and the investment returns on the investments it makes with the premiums it receives. To the extent that actual claims experience is less favorable than the underlying assumptions Vida Cámara uses in establishing such liabilities, it could be required to increase its reserves.

Due to the nature of the underlying risks and the high degree of uncertainty associated with the determination of liabilities for future policy benefits and claims, Vida Cámara cannot determine precisely the amounts which it will ultimately pay to settle its liabilities. Such amounts may vary from the estimated amounts, particularly when those payments may not occur until well into the future. Vida Cámara evaluates its liabilities periodically based on accounting requirements, which change from time to time the assumptions used to establish the liabilities, as well as its actual experience. Vida Cámara charges or credits changes in its liabilities to expenses in the period the liabilities are established or re-estimated. If the liabilities originally established for future benefit

payments prove inadequate, Vida Cámara must increase them. Such increases could affect earnings negatively and have a material adverse effect on Vida Cámara's business, results of operations and financial condition.

Catastrophic events may adversely impact liabilities for policyholder claims and reinsurance availability.

Vida Cámara's insurance operations are exposed to the risk of catastrophic events. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to small geographic areas; however, hurricanes, earthquakes, tsunamis and man-made catastrophes may produce significant damage or loss of life in larger areas, especially those that are heavily populated. Claims resulting from natural or man-made catastrophic events could cause substantial volatility in Vida Cámara's financial results for any fiscal quarter or year and could materially reduce its profitability or harm its financial condition. Also, catastrophic events could harm the financial condition of issuers of obligations Vida Cámara holds in its investment portfolio, resulting in impairments to these obligations, and the financial condition of its reinsurers and thereby increase the probability of default on reinsurance recoveries. Large-scale catastrophes may also reduce the overall level of economic activity in affected countries which could hurt Vida Cámara's business and the value of its investments. Vida Cámara's ability to write new business could also be affected. It is possible that increases in the value of Vida Cámara's investments, caused by the effects of inflation or other factors, and geographic concentration of insured property, could increase the severity of claims from catastrophic events in the future.

Vida Cámara's life insurance operations are exposed to the risk of catastrophic mortality, such as a pandemic or other event that causes a large number of deaths. Significant influenza pandemics have occurred three times in the last century; however the likelihood, timing, and severity of a future pandemic cannot be predicted. A significant pandemic could have a major impact on the global economy or the economies of particular countries or regions, including travel, trade, tourism, the health system, food supply, consumption, overall economic output and, eventually, on the financial markets. In addition, a pandemic that affected Vida Cámara's employees or the employees of its distributors or of other companies with which it does business could disrupt its business operations. The effectiveness of external parties, including governmental and non-governmental organizations, in combating the spread and severity of such a pandemic could have a material impact on the losses experienced by Vida Cámara. In Vida Cámara's group insurance operations, a localized event that affects the workplace of one or more of its group insurance customers could cause a significant loss due to mortality or morbidity claims. These events could cause a material adverse effect on Vida Cámara's results of operations in any period and, depending on their severity, could also materially and adversely affect its financial condition.

Consistent with industry practice and accounting standards, Vida Cámara establishes liabilities for claims arising from a catastrophe only after assessing the probable losses arising from the event. Vida Cámara cannot be certain that the liabilities it has established will be adequate to cover actual claim liabilities.

Industry trends, including the consolidation of distributors of insurance products, could adversely affect the profitability of Vida Cámara's businesses.

Vida Cámara's products continue to be influenced by a variety of trends that affect the insurance industry, including competition with respect to product features, price, distribution capability, customer service and information technology. The insurance industry distributes many of its individual products through other financial institutions such as banks and broker-dealers. An increase in bank and broker-dealer consolidation activity may negatively impact the industry's sales, and such consolidation could increase competition for access to distributors, result in greater distribution expenses and impair Vida Cámara's ability to market insurance products to its current customer base or to expand its customer base. Consolidation of distributors and/or other industry changes may also increase the likelihood that distributors will try to renegotiate the terms of any existing selling agreements for terms less favorable to Vida Cámara.

Vida Cámara may be unable to attract and retain sales representatives for its products.

Vida Cámara must attract and retain productive sales representatives to sell its non-SIS insurance products. Strong competition exists among insurers for sales representatives with demonstrated ability. In addition, there is competition for representatives with other types of financial services firms, such as independent broker-dealers.

Vida Cámara competes with other insurers for sales representatives primarily on the basis of its financial position, support services and compensation and product features. We cannot assure you that the initiatives Vida Cámara has instituted to grow and retain its sales representatives will succeed in attracting and retaining new agents. Vida Cámara's sales and results of operations and financial condition could be materially adversely affected if it is unsuccessful in attracting and retaining agents.

Any decline in the availability of reinsurance, any increase in reinsurance costs, in particular as a consequence of environmental catastrophes, and/or an inability to pay, or untimely payment by, reinsurers could have a material adverse effect on the earnings of the Vida Cámara.

In the past and until July 2012, we had a policy of transferring a portion of our assumed risks in connection with our SIS insurance portfolio to reinsurance companies. However, this transfer of risk to reinsurers does not relieve Vida Cámara of its obligations to policyholders. For that reason, Vida Cámara is exposed to the risk of the reinsurer's inability to pay. Untimely payment or an inability of a reinsurer to pay would have a material adverse effect on the financial condition and results of operations of Vida Cámara.

There is also a risk that due to, for example, environmental catastrophes, Vida Cámara will only be able to enter into reinsurance agreements at higher costs or will be unable to transfer certain risks to reinsurance companies in the future, which may have a material adverse effect on the financial condition and results of operations of Vida Cámara. We cannot assure you that Vida Cámara will not be subject to reinsurance risk should it reacquire a portion of the SIS insurance market in the future or enter into other insurance product markets where its management deems reinsurance to be appropriate.

Vida Cámara's business activities are highly regulated; new laws or regulations or changes in existing laws or regulations or their enforcement or application could materially adversely affect Vida Cámara's business and profitability.

Vida Cámara's business is subject to extensive regulation and oversight by governmental authorities. The laws and regulations governing Vida Cámara's operations and interpretations of those laws and regulations change frequently and generally are designed to benefit and protect members and providers rather than Vida Cámara's investors. In addition, the governmental authorities that supervise Vida Cámara's business have broad latitude to make, interpret and enforce the regulations that govern Vida Cámara and are recently interpreting and enforcing those laws and regulations more strictly and more aggressively.

Risks Relating to Our Health Insurance Business

Consalud is subject to potential changes in public policy that can adversely affect the markets for its products and services and its profitability. The government continues to enact and seriously consider many broad-based legislative and regulatory measures that have materially impacted and will continue to materially impact various aspects of the healthcare system and Consalud's business.

The political environment in which Consalud operates remains uncertain. It is not possible to predict with certainty or eliminate the impact of additional fundamental public policy changes which could adversely affect Consalud. Examples of these changes include policy changes which would fundamentally change the dynamics of the health insurance industry, such as the government assuming a larger role in the health and related benefits industry or managed care operations.

In particular, certain regulatory changes are currently under discussion in the Chilean Congress that may severely impact Consalud's business. In December 2011, President Piñera sent a bill to the Chilean Congress introducing significant changes to the private healthcare system that include among others: (i) the incorporation of a Guaranteed Health Plan ("PGS") for all the beneficiaries of the Isapre system, which includes the payment of a flat fee to be paid by all the beneficiaries of each Isapre, without considering factors such as gender, age, previous health problems, etc., that essentially operates as a compensation fund where those who would otherwise have to pay less under the current system are now subsidizing the health costs of those who would otherwise have to pay more under the current system; (ii) the establishment of a workers' disability subsidy ("SIL") to be financed by all the members

of each Isapre with access to this benefit, that is to be calculated as a percentage of the salary of each member; (iii) the creation of an index determined by an expert panel to measure and adjust the prices of the PGS plan and the SIL subsidy, based on reference indexes to be established by the National Statistics Institute; and (iv) limitations on the additional benefits that the Isapres may offer to their members to supplement their PGS plans and the SIL subsidy based on regulations to be issued by the Ministry of Health. Moreover, political pressure may increase the coverage of the PGS plan and thereby generate a further increase in the cost of the entire Isapre system. The implementation of this proposed bill will likely increase the price of the health plans offered to Consalud's members without improving their coverage. We cannot assure you when and whether the proposed bill will be approved or if there will be significant modifications to the current proposal. However, in the event the proposed bill is passed, private Isapre healthcare members, including Consalud members, may migrate from the private sector to the public sector as a result of the increase in cost. In fact, Consalud will likely be particularly affected given that Consalud members are generally middle to lower-income individuals and are thus the most likely to return to the public FONASA health insurance system. If this were to be the case, Consalud's results of operations and financial condition would be adversely and materially affected.

Consalud's ability to anticipate and detect medical cost trends and achieve appropriate pricing affects its profitability, and Consalud's business and profitability may continue to be adversely affected by prevailing economic conditions. We cannot assure you that future healthcare and other benefit costs will not deviate from Consalud's projections.

Adverse economic conditions and unanticipated increases in Consalud's healthcare and other benefit costs can significantly and adversely affect its businesses and profitability in a number of ways. The current economic environment is challenging and less predictable than the economic environment of the recent past, which has caused and may continue to cause unanticipated increases and volatility in Consalud's healthcare and other benefit costs. Premium revenues from Consalud's insured healthcare products comprised approximately 81.4% and 83.4% of Consalud's total consolidated revenues for 2011 and 2010, respectively. While Consalud has increased premium rates for insured business under contract in 2012, its healthcare premiums are priced in advance and generally fixed for one-year periods. Accordingly, cost increases in excess of healthcare or other benefit cost projections reflected in Consalud's pricing cannot be recovered in the fixed premium period through higher premiums. As a result, Consalud's profits are particularly sensitive to the accuracy of its forecasts of the increases in healthcare and other benefit costs that it expects to occur during the fixed premium period. Those forecasts typically are made several months before the fixed premium period begins, require a significant degree of judgment and are dependent on Consalud's ability to anticipate and detect medical cost trends. The aging of the population and other demographic characteristics, increases in average income growth, advances in medical technology and other factors contribute to rising healthcare costs and medical cost trends. Medical cost trends may also be impacted by a number of other factors that are beyond Consalud's control, such as epidemics, pandemics, terrorist attacks, natural disasters or other extreme events that materially increase utilization of medical services, as well as changes in members' healthcare utilization patterns and provider billing practices.

During the year ended December 31, 2009, medical costs were higher and more volatile than Consalud projected, partly as a result of the H1N1 flu pandemic. During the years ended December 31, 2010 and 2011, medical costs and members' utilization of medical services were lower than Consalud projected, with members' utilization below historical levels. As a result of the volatility Consalud has experienced in recent years, accurately anticipating, detecting, forecasting, managing and reserving for utilization of medical services for itself and its self-insured customers and medical cost trends have become more challenging. Such challenges are particularly heightened during and following periods when such utilization and/or trends are below historical levels such as Consalud experienced during 2010 and 2011. We cannot assure you that the healthcare or other benefit cost projections reflected in Consalud's pricing are accurate. Consalud's healthcare and other benefit costs can be affected by external events that it cannot forecast or project and over which it has no control, such as the higher-than-projected H1N1 influenza-related healthcare costs it experienced in 2009, as well as changes in it products, contracts with providers, medical management, underwriting, rating and/or claims processing methods and processes. Relatively small differences between predicted and actual healthcare and other benefit costs as a percentage of premium revenues can result in significant adverse changes in Consalud's operating results. Furthermore, if Consalud is unable to accurately and promptly anticipate and detect medical cost trends, its ability to take timely pricing and other corrective actions may be limited, which would further exacerbate the extent of the adverse impact on its profitability. If healthcare and other benefit costs are higher than Consalud predicts or if it is

not able to obtain appropriate pricing on new or renewal business, Consalud's prices will not reflect the risk it assumes and its profitability will be adversely affected. If healthcare and other benefit costs are lower than it predicts, its prices may be higher than those of its competitors, which may cause it to lose membership.

Consalud's ability to manage healthcare and other benefit costs affects its profitability and competitiveness.

Consalud's profitability and competitiveness depend in large part on its ability to appropriately manage future healthcare and other benefit costs through underwriting criteria, product design, negotiation of favorable provider contracts and medical management programs. The aging of the population and other demographic characteristics, advances in medical technology and other factors continue to contribute to rising healthcare and other benefit costs. Changes in the regulatory environment, changes in healthcare practices, general economic conditions such as inflation and employment levels, new technologies, increases in the cost of prescription drugs, direct-to-consumer marketing by pharmaceutical companies, clusters of high-cost cases, healthcare provider or member fraud, and numerous other factors affecting the cost of healthcare can be beyond any health plan's control and may adversely affect Consalud's ability to predict and manage healthcare and other benefit costs, which can adversely affect its profitability and competitiveness.

Adverse economic conditions may materially affect Consalud's businesses and profitability.

The current volatile economic environment has resulted in significantly diminished expectations of, and higher uncertainty with respect to, the prospects for the national and global economies going forward. While many of Consalud's customers, medical providers and the other companies with which it does business are headquartered in Chile, many employers have operations outside Chile. As a result, adverse economic conditions in Chile and other countries can significantly and adversely affect Consalud's businesses and profitability by:

- Leading to increases in the unemployment rate, which would reduce both the number of members Consalud serves and its revenues;

- Leading Consalud's customers and potential customers, particularly those with the most members, to force it to compete more vigorously on factors such as price and service, including service and other performance guarantees, to retain or obtain customers' business;

- Leading Consalud's customers and potential customers to purchase less profitable mixes of products from it (*i.e.*, purchase products that generate less profit for it than the ones such customers currently purchase or otherwise would have purchased or purchase fewer products from it);

- Leading Consalud's customers and potential customers to elect not to obtain or renew their health and other coverage with us; and

- Causing unanticipated increases and volatility in utilization of medical services by Consalud's members and/or increases in medical unit costs, each of which would increase Consalud's healthcare and other benefit costs and limit Consalud's ability to accurately detect, forecast, manage and reserve for its members' utilization of medical services and its self-insured customers' medical cost trends and/or changes in those trends and/or future healthcare and other benefit costs.

Consalud operates in a highly-competitive environment; loss or geographic shift of membership, adverse change in the business mix of membership or failure to achieve profitable membership growth and diversify the geographic concentration of its membership could materially adversely affect Consalud's profitability.

Competitive factors (including Consalud's customers' flexibility in moving between it and its competitors), the current adverse and uncertain economic environment and ongoing changes in the health and related benefits industry (including merger and acquisition and strategic alliance activity in the industry), limit Consalud's ability to set premium rates and/or create pressure to contain premium price increases despite being faced with increasing healthcare and other benefit costs. Consalud's customer contracts are generally for an unlimited duration. Customers may elect to self-insure or to reduce benefits in order to limit increases in their benefit costs. Such elections may result in reduced membership in Consalud's more profitable products and/or lower premiums for its

products, although such elections also may reduce Consalud's healthcare and other benefit costs. Alternatively, Consalud's customers may purchase different types of products from it that are less profitable, or move to a competitor to obtain more favorable pricing. Consalud's membership is also concentrated in certain geographic areas in Chile, and unfavorable changes in healthcare or other benefit costs or reimbursement rates or increased competition in those geographic areas could have a disproportionately adverse effect on Consalud's operating results. Among other factors, Consalud competes for members on the basis of overall cost, hospital and other medical provider discounts, plan design, customer service, quality and sufficiency of medical provider networks, quality of medical management programs and the tools it provides to members. In addition to competitive pressures affecting Consalud's ability to obtain new customers or retain existing customers, its membership has been and may continue to be affected by reductions in workforce due to unfavorable general economic conditions. Failure to profitably grow and diversify Consalud's membership geographically or by product type may adversely affect its financial condition and results of operations.

Consalud's business activities are highly regulated; new laws or regulations or changes in existing laws or regulations or their enforcement or application could materially adversely affect Consalud's business and profitability.

Consalud's business is subject to extensive regulation and oversight by governmental authorities. The laws and regulations governing Consalud's operations and interpretations of those laws and regulations change frequently and generally are designed to benefit and protect members and providers rather than Consalud's investors. In addition, the governmental authorities that supervise Consalud's business have broad latitude to make, interpret and enforce the regulations that govern Consalud and are recently interpreting and enforcing those laws and regulations more strictly and more aggressively.

Consalud's profitability may be adversely affected if it is unable to contract with providers on competitive terms and otherwise develop and maintain favorable provider relationships.

Consalud's profitability is dependent in part upon its ability to contract competitively while developing and maintaining favorable relationships with hospitals, physicians, pharmaceutical benefit service providers, pharmaceutical manufacturers and other healthcare benefits providers. That ability is affected by the rates Consalud pays providers for services rendered to Consalud's members (including financial incentives to deliver quality medical services in a cost-effective manner), by Consalud's business practices and processes and by Consalud's provider payment and other provider relations practices (including whether to include providers in the various network options it makes available to its customers), as well as factors not associated with Consalud that impact these providers, such as merger and acquisition activity and other consolidations among providers, and increasing revenue and other pressures on providers. The breadth and quality of Consalud's networks of available providers and Consalud's ability to offer different network options are important factors when customers consider Consalud's products and services. Consalud's contracts with providers generally may be terminated by either party without cause on short notice. The failure to maintain or to secure new cost-effective healthcare provider contracts may result in a loss of or inability to grow membership, higher healthcare or other benefits costs (which Consalud may not be able to reflect in its pricing due to rate reviews or other factors), healthcare provider network disruptions, less desirable products for Consalud's customers and/or difficulty in meeting regulatory or accreditation requirements, any of which could adversely affect Consalud's financial condition and results of operations.

Sales of Consalud's products and services are dependent on its ability to attract, retain and provide support to a network of internal sales personnel and independent third-party brokers, consultants and agents.

Consalud's products are sold primarily through its sales personnel, who may also work with independent brokers, consultants and agents who assist in the production and servicing of business. Attrition of Consalud's sales agents results in a decrease in sales, and so Consalud must compete intensely for their services to reduce the churn rate. Consalud's sales could be adversely affected if it is unable to attract or retain sales personnel and third-party brokers, consultants and agents or if Consalud does not adequately provide support, training and education to its sales personnel regarding its product portfolio, which is complex, or if its sales strategy is not appropriately aligned across distribution channels.

Consalud holds reserves for expected claims, which are estimated, and these estimates involve an extensive degree of judgment; if actual claims exceed reserve estimates, its operating results could be materially adversely affected.

Consalud's reported healthcare costs payable for any particular period reflect its estimates of the ultimate cost of claims that have been incurred by its members but not yet reported to it and claims that have been reported to it but not yet paid. Consalud estimates healthcare costs payable periodically, and any resulting adjustments are reflected in current-period operating results within healthcare costs. Consalud's estimates of healthcare costs payable are based on a number of factors, including those derived from historical claim experience. A large portion of healthcare claims are not submitted to Consalud until after the end of the quarter in which services are rendered by providers to Consalud's members. As a result, an extensive degree of judgment is used in this estimation process, considerable variability is inherent in such estimates, and the adequacy of the estimate is highly sensitive to changes in medical claims submission and payment patterns, changes in membership and product mix, utilization of medical services, and changes in medical cost trends. Any change in medical cost trends or changes in claim payment patterns from those that were assumed in estimating healthcare costs payable would cause these estimates to change in the near term, and such change could be material. Furthermore, if Consalud is not able to accurately estimate the cost of incurred but not yet reported claims or reported claims that have not been paid, its ability to take timely corrective actions may be limited, which would further exacerbate the extent of any negative impact on its operating results. These risks are particularly acute during and following periods when utilization of medical services and/or medical cost trends are below historical levels such as Consalud experienced during 2010 and 2011.

RISKS RELATING TO OUR PRIVATE HEALTHCARE BUSINESS

Red Salud hospitals and medical centers face competition for patients from other private hospitals and medical centers and healthcare providers, including from government institutions.

The healthcare business is highly competitive, and competition among hospitals and other healthcare providers for patients has intensified in recent years. Generally, other public and private hospitals and medical centers in the local communities Red Salud serves provide services similar to those offered by Red Salud's hospitals. In addition, the number of freestanding specialty private hospitals, surgery centers and diagnostic and imaging centers in the geographic areas in which Red Salud operates has increased significantly. As a result, most of Red Salud's hospitals and medical centers operate in a highly competitive environment. Some of the facilities that compete with Red Salud's hospitals and medical centers are owned by governmental agencies or not-for-profit corporations supported by endowments, charitable contributions and/or tax revenues and can finance capital expenditures and operations on a tax-exempt basis. Specifically, the Chilean government has proposed a capital expenditure plan by which it plans to build more public hospitals and medical centers throughout Chile, and any such increase in public facilities may put additional competitive pressure on Red Salud. Red Salud's hospitals and medical centers also face competition from specialty private hospitals and medical centers, some of which are physician-owned, which could have an adverse effect on Red Salud's financial condition and results of operation. If Red Salud's competitors are better able to attract patients, make capital expenditures and maintain modern and technologically upgraded facilities and equipment, recruit physicians, expand services or obtain favorable managed care contracts at their facilities than Red Salud's hospitals and medical centers, Red Salud may experience an overall decline in patient volume. Further, a significant portion of private hospitals and medical centers are concentrated in the Santiago area, where Red Salud has three private hospitals representing 456 beds or 87.0% of its total capacity.

Changes in government healthcare programs may adversely affect Red Salud's revenues.

A significant portion of Red Salud's outpatient volume is derived from the government healthcare insurance provider, FONASA. Red Salud derived 25.0% of its revenues from these programs in the three-month period ended March 31, 2012. Changes in the subsidy that the government provides to its beneficiaries for healthcare from private providers, which would likely result in an increase in the copayment that FONASA beneficiaries would have to make in order to access private healthcare, could adversely affect Red Salud's business and results of operations. In recent years, legislative and regulatory changes have resulted in limitations on and, in some cases, reductions in levels of payments to healthcare providers for certain services under the government healthcare programs.

Current or future healthcare reform, changes in laws or regulations regarding government healthcare programs, other changes in the administration of government healthcare programs and other changes to government healthcare programs could have a material, adverse effect on Red Salud's financial position and results of operations.

Red Salud's hospitals and medical centers are currently in the process of accreditation with the Ministry of Health and any private hospital or medical center that are not accredited by the deadline set by the Ministry of Health may be exposed to penalties and sanctions.

According to Decree No. 15 of 2007, from the Ministry of Health, healthcare providers must be accredited before such Ministry, in a process supervised by the Superintendency of Health. Although the Ministry of Health has not officially established a deadline by which all hospitals and medical centers must be accredited, in 2011, the Minister of Health publicly stated that all healthcare providers must be accredited by the first half of 2013. The hospitals and medical centers that are not accredited by such deadline may be exposed to penalties and sanctions, which may include, among others, the inability to provide treatments related to the 69 ailments currently covered under the *Acceso Universal con Garantías Explícitas* (Universal Access with Explicit Guarantees or "Plan AUGE"). Red Salud's hospitals and medical centers are all currently certified by the Ministry of Health and are in the process of obtaining the required accreditation. Currently, we do not envision any difficulties in gaining accreditation but we cannot assure you that Red Salud will be able to obtain such accreditations by 2013. If any Red Salud hospital or medical center is unable to obtain the required accreditation by the first half of 2013, Red Salud may face sanctions and may be forced to close any of its unaccredited hospitals and/or medical centers, which may have a material adverse impact on its results of operations and financial condition.

Additionally Law No. 20,584, which will become effective in October 2012, creates rights with respect to patients' healthcare assistance and medical treatment. This law establishes, among other things, the right of patients to not be discriminated against, be treated fairly and be informed and consulted in all respects regarding their treatment. In the event that any Red Salud hospital or medical center fails to comply with these provisions, it could be exposed to penalties which, depending on the seriousness of the infraction, could lead to their temporary removal from the Register of Accredited Providers of Health should they receive the accreditation mentioned above.

If Red Salud is unable to retain and negotiate favorable contracts with nongovernment payers, including Isapres, Red Salud's revenues may be reduced.

Red Salud's ability to obtain favorable contracts with nongovernmental payers, mostly Isapres, significantly affects the revenues and operating results of its facilities. Revenues derived from these entities and other insurers accounted for 72.7%, 65.5% and 64.2% of Red Salud's revenues for the first quarter of 2012, 2011 and 2010, respectively. Nongovernmental payers, including managed care payers, continue to demand discounted fee structures, and the trend toward consolidation among nongovernmental payers tends to increase their bargaining power over fee structures. Red Salud's future success will depend, in part, on its ability to retain and renew its managed care contracts and enter into new managed care contracts on terms favorable to it. Other healthcare providers may impact Red Salud's ability to enter into managed care contracts or negotiate increases in Red Salud's reimbursement and other favorable terms and conditions. For example, some of Red Salud's competitors may negotiate exclusivity provisions with managed care plans or otherwise restrict the ability of managed care companies to contract with us. If Red Salud is unable to retain and negotiate favorable contracts with managed care plans or experience reductions in payment increases or amounts received from nongovernment payers, its revenues may be reduced.

Red Salud's hospitals and medical centers face competition for staffing, which may increase labor costs and reduce profitability.

Red Salud's operations are dependent on the efforts, abilities and experience of its management and medical support personnel, such as nurses, pharmacists and lab technicians, as well as physicians. Red Salud competes with other healthcare providers in recruiting and retaining qualified management and support personnel responsible for the daily operations of each of its hospitals and medical centers, including nurses and other non-physician healthcare professionals. In some markets, the availability of nurses and other medical support personnel has been a significant operating issue to healthcare providers. Red Salud may be required to continue to

enhance wages and benefits to recruit and retain nurses and other medical support personnel or to hire more expensive temporary or contract personnel. As a result, Red Salud's labor costs could increase. Red Salud also depends on the available labor pool of semi-skilled and unskilled employees in each of the markets in which it operates. Red Salud's failure to recruit and retain qualified management, nurses and other medical support personnel, or to control labor costs, could have a material, adverse effect on its results of operations.

If Red Salud fails to comply with extensive laws and government regulations, it could suffer penalties or be required to make significant changes to its operations.

The healthcare industry is required to comply with extensive and complex laws and regulations relating to, among other things:

- billing and coding for services and properly handling overpayments;
- classification of level of care provided, including proper classification of inpatient admissions, observation services and outpatient care;
- relationships with physicians and other referral sources;
- necessity and adequacy of medical care;
- quality of medical equipment and services;
- qualifications of medical and support personnel;
- confidentiality, maintenance, data breach, identity theft and security issues associated with health-related and personal information and medical records;
- screening, stabilization and transfer of individuals who have emergency medical conditions;
- licensure and certification;
- preparing and filing of cost reports;
- operating policies and procedures;
- activities regarding competitors; and
- addition of facilities and services.

In the future, different interpretations or enforcement of, or amendment to, these laws and regulations could subject Red Salud's current or past practices to allegations of impropriety or illegality or could require it to make changes in its facilities, equipment, personnel, services, capital expenditure programs and operating expenses. A determination that Red Salud has violated these laws, or the public announcement that it is being investigated for possible violations of these laws, could have a material, adverse effect on its business, financial condition, results of operations or prospects, and its business reputation could suffer significantly. In addition, other legislation or regulations at the federal or state level may be adopted that adversely affect Red Salud's business.

Physician utilization practices and treatment methodologies or governmental or managed care controls designed to reduce inpatient services or surgical procedures may reduce Red Salud's revenues.

Controls imposed by governmental and commercial third-party payers designed to reduce admissions, intensity of services, surgical volumes and lengths of stay, in some instances referred to as "utilization review," have affected and are expected to continue to affect Red Salud's facilities. Utilization review entails the review of the admission and course of treatment of a patient by health plans. Inpatient utilization, average lengths of stay and

occupancy rates continue to be negatively affected by payer-required preadmission authorization and utilization review and by payer pressure to maximize outpatient and alternative healthcare delivery services for less acutely ill patients. Efforts to impose more stringent cost controls are expected to continue. Although Red Salud is unable to predict the effect these changes will have on its operations, significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material, adverse effect on its business, financial position and results of operations. Additionally, trends in physician treatment protocols and managed care health plan design, such as plans that shift increased costs and accountability for care to patients, could reduce Red Salud's surgical volumes and admissions in favor of lower intensity and lower cost treatment methodologies.

Red Salud's operations could be impaired by a failure of its information systems.

Any system failure that causes an interruption in service or availability of Red Salud's systems could adversely affect operations or delay the collection of revenues. Even though Red Salud has implemented network security measures, its servers are vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data, cessations in the availability of systems or liability under privacy and security laws, all of which could have a material adverse effect on Red Salud's financial position and results of operations and harm its business reputation.

The performance of Red Salud's information technology and systems is critical to its business operations. In addition to its shared services initiatives, Red Salud's information systems are essential to a number of critical areas of its operations, including:

- accounting and financial reporting;
- billing and collecting accounts;
- coding and compliance;
- clinical systems;
- medical records and document storage;
- inventory management; and
- negotiating, pricing and administering managed care contracts and supply contracts.

Any failure by Red Salud to comply with these laws and regulations could have an adverse effect on Red Salud's financial condition and results of operations.

Red Salud's facilities are currently exclusively located in Chile, which makes it sensitive to regulatory, economic, environmental and competitive conditions and changes in that country.

All of Red Salud's facilities are currently located in Chile. This concentration makes Red Salud particularly sensitive to regulatory, economic, environmental and competitive conditions and changes in Chile. Any material change in the current payment programs or regulatory, economic, environmental or competitive conditions in Chile could have a disproportionate effect on Red Salud's overall business results.

In addition, Red Salud's facilities are located in earthquake-prone areas. In the past, earthquakes have had a disruptive effect on the operations of Red Salud's hospitals in Chile and other areas, and the patient populations in those areas. Red Salud's business activities could be harmed by an earthquake, and the property insurance it obtains may not be adequate to cover losses from future earthquakes or other natural disasters.

Red Salud may be subject to liabilities from claims brought against its facilities.

Red Salud is subject to litigation relating to its business practices, including claims and legal actions by patients and others in the ordinary course of business alleging malpractice, product liability or other legal theories. Many of these actions involve large claims and significant defense costs. Red Salud insures a portion of its professional liability risks through a wholly-owned subsidiary. Management believes Red Salud's reserves for self-insured retentions and insurance coverage are sufficient to cover insured claims arising out of the operation of its facilities. Red Salud's wholly-owned insurance subsidiary has entered into certain reinsurance contracts, and the obligations covered by the reinsurance contracts are included in its reserves for professional liability risks, as the subsidiary remains liable to the extent that the reinsurers do not meet their obligations under the reinsurance contracts. If payments for claims exceed actuarially determined estimates, are not covered by insurance, or reinsurers, if any, fail to meet their obligations, Red Salud's results of operations and financial position could be adversely affected.

Red Salud's Clínica Bicentenario is still in the developmental stage and has only begun limited operations and therefore there is some uncertainty as to when it will be fully operational and profitable.

The Clínica Bicentenario was built in 2011 and as of this date has begun limited operations, with its net loss for the three-month period ended March 31, 2012 and the year ended December 31, 2011 totaling Ch$(1,370) million and Ch$(6,313) million, respectively. Once it reaches full operations at capacity, the Clínica Bicentenario is expected to have 429 beds and serve over 50,000 patients yearly. However, there are many difficulties encountered in operating new hospitals. The likelihood of success has to be evaluated in light of the problems, expenses, difficulties, complications and delays encountered in connection with the operations that Red Salud plans to undertake. These potential problems include, but are not limited to, unanticipated problems relating to the ability to generate sufficient cash flow to operate the Clínica Bicentenario, and additional costs and expenses that may exceed the current estimates. Red Salud anticipates that it will continue to incur increased operating expenses before realizing Red Salud's projected revenues for the Clínica Bicentenario. We cannot assure you that the Clínica Bicentenario will reach its full operational and revenue generating capacity or when it will do so.

RISKS RELATING TO CHILE

Our growth and profitability depends on the level of economic activity in Chile.

Our core business activities and transactions are with customers doing business in Chile. Accordingly, our ability to increase our business scale and results of operations and enhance our financial condition, in general, depends on the dynamism of the Chilean economy. The global financial crisis, which affected the local economy towards the end of 2008, also impacted the domestic financial system due to the deteriorated credit quality of the financial system's loan portfolio. Conversely, during 2010 and 2011 the local economy and financial system experienced a significant upturn, fostered by real growth in GDP which was associated with an increase in consumption and investment. Accordingly, over the last two years the Chilean retirement and insurance sector as well as the healthcare sector, including our businesses, returned to mid-term trends of growth and profitability. Nevertheless, we cannot assure you that the Chilean economy will continue to grow in the future or that future developments in, or affecting, the Chilean economy and the local financial system will not materially and adversely affect our financial condition or results of operations. In particular, if Chile were to experience an economic downturn, higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, it may depress the demand for our products and services, especially our retirement and insurance products, and adversely affect our business, financial condition and results of operations.

Currency fluctuations could adversely affect the value of our common shares and any distributions on the common shares.

The Central Bank and the Chilean government's economic policies and any future changes in the value of the Chilean peso against the U.S. dollar could affect the dollar value of our common stock. The peso has been subject to large fluctuations in the past and could continue this trend in the future. Between March 31, 2011 and March 31, 2012, the value of the U.S. dollar relative to the Chilean peso increased by approximately 1.6%, as compared to the 11.3% increase in value recorded in the period from December 31, 2010 to December 31, 2011.

The results of our operations may be affected by fluctuations in the exchange rates between the peso and the U.S. dollar despite our policy and Chilean regulations related to the general avoidance of material exchange rate mismatches. In order to reduce the effect of exchange rate mismatches we enter into foreign exchange derivative transactions.

We may decide to change their policy regarding exchange rate mismatches. Regulations that limit such mismatches may also be amended or eliminated. Greater exchange rate mismatches will increase our exposure to the devaluation of the Chilean peso, and any such devaluation may impair our capacity to service foreign-currency obligations and may, therefore, materially and adversely affect our financial condition and results of operations. Additionally, the economic policies of the Chilean government and any future fluctuations of the Chilean peso against the U.S. dollar could adversely affect our financial condition and results of operations.

Economic and political problems encountered by other countries may adversely affect the Chilean economy, our results of operations and the market value of our securities.

The prices of securities issued by Chilean companies are to varying degrees influenced by economic and market considerations in other countries. We cannot assure you that future developments in or affecting the Chilean economy, including consequences of economic difficulties in other markets, will not materially and adversely affect our business, financial condition or results of operations.

We are directly exposed to risks related to the weakness and volatility of the economic and political situation in Asia, the United States, Europe, Brazil, Argentina and other nations. On August 5, 2011, Standard & Poor's Ratings Group, Inc., lowered its long term sovereign credit rating on the United States from AAA to AA+. In addition, significant concerns regarding the sovereign debt of numerous countries have developed recently and required some of these countries to seek emergency financing. The downgrade of the U.S. credit rating and the ongoing European debt crisis have contributed to the instability in global credit markets. The sovereign debt crisis could adversely impact the financial health of the global banking system and lower consumer confidence, which could impact global financial markets and economic conditions in the United States and throughout the world. Because international investors' reactions to the events occurring in one market sometimes affect other regions or disfavors certain investments, the Chilean economy could be adversely affected by negative economic or financial developments in other countries. For example, the global financial and sub-prime crisis had a significant impact on the growth rate of the Chilean economy in 2009. Although the Chilean economy grew 6.1% in 2010 and 6.0% in 2011, we cannot assure you that the ongoing effects of the global financial crisis will not negatively impact growth, consumption, unemployment, investment and the price of exports in Chile. The crises and political uncertainties in other Latin American countries could also have an adverse effect on Chile, the price of our securities or our business.

Chile is also involved in an international litigation with Peru regarding maritime borders and has had other conflicts with neighboring countries in the past. We cannot assure you that crisis and political uncertainty in other Latin American countries will not have an adverse effect on Chile, the price of our securities or our business.

Inflation could adversely affect the value of our common shares and financial condition and results of operations.

Inflation has been moderate in recent years, especially in comparison to the periods of high inflation in the 1980s and 1990s. High levels of inflation in Chile could adversely affect the Chilean economy and, indirectly, our results of operations and the value of our common shares. The annual rate of inflation (as measured by changes in the CPI and as reported by the Chilean National Statistics Institute) during the last five years and the first five months of 2012 was:

Year	Inflation (CPI)
2007	7.8
2008	7.1
2009	(1.4)
2010	3.0
2011	4.4

2012 (through May 30, 2012).....	0.7%

Source: Chilean National Statistics Institute

Our assets and liabilities and those of our subsidiaries are denominated in Chilean pesos, UF and foreign currencies. The UF is revalued in monthly cycles. On each day in the period beginning on the tenth day of any given month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean Consumer Price Index during the prior calendar month. Although we benefit from a positive inflation rate in Chile due to the structure of our assets and liabilities (they have a significant net asset position indexed to the inflation rate), our operating results and the value of our common shares in the future may be adversely affected by changing levels of inflation, and Chilean inflation could change significantly from current levels.

Chilean law provides for fewer and less well-defined shareholders' rights.

Our corporate affairs and those of our subsidiaries are governed by our and their *estatutos* (bylaws), and the laws of Chile. Under such laws, our shareholders may have fewer or less well-defined rights than they might have as shareholders of a corporation incorporated in a U.S. jurisdiction. For example, our shareholders would not be entitled to appraisal rights in the event of a merger or other business combination undertaken by us.

Future natural disasters may negatively affect our results of operations.

Chile lies on the Nazca tectonic plate, making it one of the world's most seismically active regions. Chile has been adversely affected by powerful earthquakes in the past, including an 8.0 magnitude earthquake that struck Santiago in 1985 and a 9.5 magnitude earthquake in 1960 which was the strongest earthquake ever recorded.

On February 27, 2010, an 8.8 magnitude earthquake struck central Chile, the eighth strongest earthquake on record. The quake epicenter was located 200 miles southwest of Santiago and 70 miles north of Concepción, Chile's second-largest city. Our subsidiaries and employees were all impacted by the February 2010 earthquake and tsunami.

As a result, future natural disasters, especially earthquakes, may have an adverse impact on our results of operation.

Temporary increases in the corporate tax rate in Chile to finance part of the reconstruction effort may have an adverse effect on us and our corporate clients.

The Chilean government approved legislation that increased the corporate income tax rate in order to pay for part of the reconstruction following the earthquake and tsunami in February 2010. The new legislation has increased the corporate tax rate from its current rate of 17.0% to 20.0% in 2011. The rate will decrease to 18.5% in 2012 and further decrease back to 17.0% in 2013. However, the Executive Branch of the Chilean government has announced its intention to propose a an amendment to the Chilean Income Tax Law which, among others, would increase the First Category Tax (as defined below) to 20.0% on a permanent basis. This legislation may have an adverse effect on us.

RISKS RELATING TO THE COMMON SHARES

An active and liquid market for our common shares may not develop, which would limit your ability to resell our common shares.

There is currently no public market for our common shares. We cannot predict the extent to which investor interest in us will lead to the development of a trading market for our common shares on the Santiago Stock Exchange, or how liquid the market might become, which may affect investors' ability to sell our common shares. In addition, the initial offering price of our common shares will be determined by negotiations between us, the selling shareholders and the international and Chilean placement agents and may not be indicative of prices that will prevail in the open market following this offering.

The Chilean securities market is substantially smaller, less liquid, more concentrated and more volatile than major securities markets in the United States. These features may substantially limit the ability to sell our common shares at a price and time at which holders wish to do so. The Santiago Stock Exchange, on which our common shares will be traded, had a market capitalization of approximately U.S.$316 billion as of March 31, 2012 and an average daily trading volume of approximately U.S.$204.3 million from March 31, 2011 to March 31, 2012. In comparison, the New York Stock Exchange, or the "NYSE", had a market capitalization of approximately U.S.$13,358 billion as of March 31, 2012 and an average daily trading volume of approximately U.S.$67.7 billion from March 31, 2011 to March 31, 2012.

There is also significantly greater concentration in the Chilean securities market than in major securities markets in the United States. The ten largest companies in terms of market capitalization represented as of December 31, 2011, an average of approximately 47.1% of the aggregate market capitalization of the Santiago Stock Exchange. The top ten stocks in terms of trading volume accounted for an average of approximately 55.6% of all shares traded on the Santiago Stock Exchange from January 1, 2011 to December 31, 2011. In comparison, the ten largest companies in terms of market capitalization represented an average of approximately 11.3% of the aggregate market capitalization of the NYSE from January 1, 2011 to December 31, 2011, and the top ten stocks in terms of trading volume accounted for an average of approximately 12.7% of all shares traded on the NYSE from January 1, 2011 to December 31, 2011.

Sales of a substantial number of our common shares after this offering may adversely affect the price of our common shares and the issuance of new common shares would dilute your ownership in us.

Sales of a substantial number of shares of our common stock on the Santiago Stock Exchange following this offering, or the perception that such sales could occur, could adversely affect the market price of our common shares. Our controlling shareholder, who will hold approximately 67.0% of our common shares after the completion of this offering, is not subject to any contractual or other restrictions on future sales of our common shares, other than the short-term lock-up agreements and other restrictions described in "*Plan of Distribution*."

Additionally, in the future, we may need to raise additional funds through public or private debt or equity financings. Any additional capital raised through the sale of equity may dilute your ownership percentage in us. Moreover, our controlling shareholder may decide to authorize additional issuances of common shares. Thus, we might have the ability to issue substantial amounts of common shares in the future, which would dilute the ownership percentage held by investors who purchase our common shares in this offering.

The Chilean government may impose exchange controls and significant restrictions on remittances of Chilean pesos abroad, which could adversely affect your ability to convert and remit dividends, distributions or the proceeds from the sale of our common shares and could reduce the market price of our common shares.

You may be adversely affected if the Chilean government imposes restrictions on the remittance abroad of the proceeds of investments in Chile and the conversion of the Chilean peso into foreign currencies. The Central Bank lifted remittance restrictions in April 2001. Nevertheless, the Central Bank still has the authority to reimpose such restrictions and, accordingly, we cannot assure you that such restrictions will, not be reimposed in the future. Reimposition of such restrictions would hinder or prevent your ability to convert dividends, distributions or the proceeds from any sale of our common shares into U.S. dollars and to remit the U.S. dollars abroad. The imposition of these restrictions would almost certainly have a material adverse effect on the market price of our common shares.

Our shareholders may decide at any time to change our existing policy of paying dividends and we may not be able to make distributions via capital reductions.

According to the Chilean Corporations Law, we must annually distribute at least 30.0% of our net income for the preceding fiscal year unless the shareholders unanimously agree to distribute less. The current dividend policy of ILC, as set at the most recent ordinary shareholders' meeting held on April 26, 2012, is to distribute 20.4% of its net income for the fiscal year 2011 as a dividend, (given that we were still a closed stock corporation in 2011 and our bylaws at such time required the distribution of at least 5% of our net income as a dividend), subject to current capitalization and investment and financing policies. Nevertheless, the actual amount of the dividend distribution is determined by a vote of the shareholders at the annual shareholders' meeting. Subject to the

requirements contained in the bylaws and pursuant to the Chilean Corporations Law the distribution of dividends is determined by the vote of shareholders who hold a majority of the outstanding common shares. We cannot assure you that our current dividend policy will not be changed in the future in a manner that would result in less than 30.0% of our net income being distributed as a dividend.

Our controlling shareholder after this offering may have interests that differ from those of our other shareholders.

Upon completion of this offering, we will continue to have solely one controlling shareholder, CChC, which we anticipate will own or control common shares representing, in the aggregate, approximately 67.0% of our voting capital stock. See "*Principal and Selling Shareholders*." As long as our controlling shareholder continues to own or control over 50.0% of our voting rights, it will control us. This will enable it, without the consent of the other shareholders, to elect the majority of our board of directors and remove directors and control our management and policies. If the interest of our controlling shareholder differs from those of our other shareholders, it could exercise such control in a manner which, although not detrimental to our corporate interests, could be detrimental to the interests of our other shareholders.

You may be subject to additional U.S. federal income taxation with respect to distributions on and gains on dispositions of our common shares under the passive foreign investment company ("PFIC") rules.

We believe that U.S. persons holding our common shares should not be subject to additional U.S. federal income taxation with respect to distributions on and gains on dispositions of shares under the PFIC rules. We expect that our insurance subsidiaries will be predominantly engaged in, and derive their income from the active conduct of, an insurance business and will not hold reserves in excess of reasonable needs of their businesses, and therefore qualify for the insurance exception from the PFIC rules. However, the determination of the nature of such businesses and the reasonableness of such reserves is inherently factual. Furthermore, we cannot assure you as to what positions the Internal Revenue Service or a court might take in the future regarding the application of the PFIC rules to us. Therefore, we cannot assure you that we will not be considered to be a PFIC. If we are considered to be a PFIC, U.S. holders of our common shares could be subject to additional U.S. federal income taxation on distributions on and gains on dispositions of shares. Accordingly, each U.S. person who is considering an investment in our common shares should consult his or her tax advisor as to the effects of the PFIC rules. See "*Taxation—Certain U.S. Federal Income Tax Consequences—Passive Foreign Investment Companies*."

Preemptive rights may be unavailable to U.S. holders of our common shares in certain circumstances and, as a result, U.S. holders of our common shares would be subject to potential dilution.

The Chilean Corporations Law requires us, whenever we issue new shares for cash and sell treasury shares, to grant preemptive rights to all of our shareholders, giving them the right to purchase a sufficient number of shares to maintain their existing ownership percentage. It is possible that, in connection with any future issuances of shares, we may not be able to offer shares to U.S. owners of shares pursuant to preemptive rights granted to our shareholders and, as a result such U.S. owners of shares would be subject to potential dilution.

We will not be able to offer shares to U.S. holders of common shares pursuant to preemptive rights that we grant to our shareholders in connection with any future issuance of common shares or sale of treasury shares unless a registration statement under the Securities Act, is effective with respect to such rights and common shares, or an exemption from the registration requirements of the Securities Act is available.

Such a registration statement may not be filed and an exemption from the registration requirements of the Securities Act may not be available. If we cannot offer common shares to U.S. holders pursuant to a preemptive rights offering, the U.S. holders of our common shares will not realize any value from having such preemptive rights and the equity interest in us of such U.S. holders would be diluted.

The protections afforded to minority shareholders in Chile are different from those in the United States, and may be more difficult to enforce.

Under Chilean law, the protections afforded to minority shareholders are different from those in the United States. In particular, case law with respect to shareholder disputes is less developed in Chile than in the United States and there are different procedural requirements for bringing shareholder lawsuits, such as shareholder derivative suits. As a result, in practice it may be more difficult for our minority shareholders to enforce their rights against us or our directors or controlling shareholder than it would be for shareholders of a U.S. company.

Our corporate disclosure standards are different from those you may be familiar with in the United States.

Our disclosure requirements for publicly listed companies differ from those in the United States in some significant aspects. In addition, although Chilean law imposes restrictions on insider trading and price manipulation, the Chilean securities markets are not as highly regulated and closely supervised as the U.S. securities markets. Accordingly, the information about us available to you will not be the same as the information available to shareholders of a U.S. company.

You are not able to effect service of process on us, our directors, executive officers or controlling shareholders within the United States, which may limit your recovery in any foreign judgment you obtain against us.

We are a *sociedad anónima abierta* (an open stock corporation) organized under the laws of Chile. All of our directors, executive officers and controlling shareholders reside outside the United States. All or a substantial portion of our assets and the assets of these persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon us or such persons or to enforce against us or them in U.S. courts judgments obtained in such courts predicated upon the civil liability provisions of the U.S. federal securities laws. We have been advised by our Chilean counsel, Prieto y Cía., that there is doubt whether Chilean courts would enforce in all respects, to the same extent and in as timely a manner as a U.S. or foreign court, an action predicated solely upon the civil liability provisions of the U.S. federal securities laws or other foreign regulations brought against such persons or against us. For a description of these limitations, see "Enforcement of Judgments."

You may not be able to fully exercise your withdrawal rights.

In accordance with Chilean laws and regulations, any shareholder that votes against specified actions or does not attend the meeting at which such actions are approved may withdraw from our Company and receive payment for our common shares according to a prescribed formula, provided that such shareholder exercises its rights within certain prescribed time periods. Specified actions triggering withdrawal rights include the approval of:

- the transformation of our Company into an entity that is not a *sociedad anónima abierta* (an open stock corporation);
- our merger with or into another company;
- the sale of 50.0% or more of our assets, whether or not our liabilities are included, or the formulation of a business plan contemplating a sale on those terms;
- the creation of personal securities or asset-backed securities for the purpose of guaranteeing third-party obligations in excess of 50.0% of our assets;
- the creation of preferential rights for a class of common shares or an amendment to those already existing rights, in which case the right to withdraw only accrues to the dissenting shareholders of the class or classes of common shares adversely affected; and
- the remedy of nullification of our documents of incorporation caused by a formality or an amendment to such documents that results in the granting of a right to such remedy.

The common shares being sold in this offering will be subject to certain transfer restrictions.

Our common shares are being offered pursuant to exemptions from registration under the Securities Act. Therefore, the commons shares may be transferred or resold only in a transaction registered under or exempt from the registration requirements of the Securities Act and in compliance with any other applicable U.S. federal or U.S. state securities law. See "*Transfer Restrictions*."

EXCHANGE RATES

Chile has two currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market is comprised of banks and other entities authorized by the Central Bank. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Central Bank is empowered to determine that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market.

Both the Formal and Informal Exchange Markets are driven by market forces. Current regulations require that the Central Bank be informed of certain transactions and that such transactions are effected through the Formal Exchange Market.

The observed exchange rate (*dólar observado*), which is reported by the Central Bank and published daily in the Chilean official gazette (*diario oficial*), is computed by taking the weighted average of the previous business day's transactions on the Formal Exchange Market. The Central Bank has the power to intervene in the exchange market by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the exchange rates within a desired range. Although the Central Bank is not required to follow any exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates also. As of June 21, 2012, the observed exchanged rate was Ch$496.66 per U.S.$1.00.

The Informal Exchange Market reflects transactions carried out at an informal exchange rate (the "Informal Exchange Rate"). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the observed exchange rate. In recent years, the difference between the observed exchange rate and the Informal Exchange Rate has not been significant.

The following table sets forth the annual low, high, average and period-end observed exchange rate for U.S. dollars for each year starting in 2007, as reported by the Central Bank.

	Observed exchange rates (Ch$ per U.S.$1.00[1])			
	High[2]	**Low[2]**	**Average[3]**	**Close[4]**
2007	548.67	493.14	522.55	496.89
2008	676.75	431.22	522.35	636.45
2009	643.87	491.09	559.15	507.10
2010	549.17	468.01	510.21	468.01
2011	533.74	455.91	483.57	519.20
December 2011	522.62	508.67	517.26	519.20
January 2012	518.20	485.35	499.96	488.75
February 2012	487.73	475.29	480.89	476.27
March 2012	491.57	480.62	485.90	487.44
April 2012	489.64	482.17	485.87	484.87
May 2012	519.69	482.12	498.75	519.69
June 2012 (through June 21st)	519.60	495.48	504.50	496.66

(1) Nominal figures (*i.e.*, not adjusted for inflation).
(2) Exchange rates are the actual high and low, on a day-by-day basis, for each period.
(3) The annual average exchange rate is calculated as the average of the exchange rates on the last day of each month during the period. The monthly average rate is calculated on a day-to-day basis for each month.
(4) Each year period ends on December 31, and the respective period end exchange rate is published by the Central Bank on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period end exchange rate is published by the Central Bank on the first business day of the following month.

Source: Central Bank

We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

EXCHANGE CONTROLS

The Central Bank is responsible for, among other matters, monetary policy and exchange controls in Chile. Foreign investments in Chile can be executed through either (i) an investment contract with Chile through the Foreign Investment Committee under Decree Law No. 600 of 1974, or (ii) a direct investment reported to the Central Bank under Chapter XIV of the Central Bank's Compendium of Foreign Exchange Regulations, or the "Compendium."

Foreign investors who opted to make an investment under Decree Law No. 600 of 1974 must obtain a certification by the Foreign Investment Committee for the remittance of dividends and capital abroad.

According to the Compendium as amended in April 2001, investors are allowed to freely enter into any kind of foreign exchange transaction, provided that certain transactions, established in the regulations, are conducted through the Formal Exchange Market and reported to the Central Bank.

Pursuant to the provisions of Chapter XIV of the Compendium, it is not necessary to obtain the Central Bank's prior approval to acquire shares in the Chilean market. The only requirements are:

- any foreign investor acquiring shares must bring those funds through an entity participating in the Formal Exchange Market;
- the entity of the Formal Exchange Market through which the funds are brought into Chile must report such investment to the Central Bank;
- all remittances of funds from Chile to the foreign investor upon the sale of shares or from dividends or other distributions made in connection therewith must be made through the Formal Exchange Market; and
- all remittances of funds made to the foreign investor must be reported to the Central Bank.

All payments in foreign currency in connection with the shares made from Chile must be made through the Formal Exchange Market. The entity participating in the transaction must provide certain information to the Central Bank, by the next business day on which banks are open in Chile. In the event there are payments made outside of Chile, the foreign investor must provide the relevant information to the Central Bank directly or through the Formal Exchange Market within ten calendar days following the date on which the payment was made.

We cannot assure you that additional Chilean restrictions applicable to the foreign holders of shares or the repatriation of the proceeds from such disposition will not be imposed in the future, nor can we assess the duration or impact of such restriction if imposed.

This summary does not purport to be complete and is qualified by reference to Chapter XIV of the Compendium, a copy of which is available in the original Spanish version at the Central Bank's website www.bcentral.cl.

USE OF PROCEEDS

The gross proceeds to us from our sale of common shares in the global offering will be approximately Ch$26.0 billion, before deducting the fees, commissions and offering expenses payable by us. We intend to use the net proceeds for general corporate purposes, including, but not limited to, the capitalization of our subsidiaries, primarily in the Healthcare sector, in the next 24 months and developing and growing all of our business lines. We will not receive any proceeds from the sale of common shares being conducted by the selling shareholders.

CAPITALIZATION

The following table sets forth our consolidated capitalization in accordance with IFRS as of March 31, 2012: (i) on a historical basis and (ii) as adjusted to give effect to (x) the sale of our common shares in the global offering and the application of the net proceeds therefrom as described under "*Use of Proceeds*" and (y) the special dividend of Ch$61,472 million paid by us to our shareholders on June 11, 2012. The information set forth in the table below is derived from our unaudited interim consolidated financial statements as of and for the three months ended March 31, 2012, prepared in accordance with IFRS. You should read this table in conjunction with "*Selected Financial and Operating Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our unaudited interim consolidated financial statements included elsewhere in this offering memorandum.

	March 31, 2012			
	Actual		As Adjusted[1]	
	Ch$ millions	*U.S.$ millions*[2]	*Ch$ millions*	*U.S.$ millions*[1]
Cash and cash equivalents	155,478	319.0	181,519	372.4
Short-term liabilities – financial debt:[3]				
Short-term bonds[4]	2,814	5.8	2,814	5.8
Short-term bank loans[5]	7,112	14.6	7,112	14.6
Financial lease liabilities in UF	7,007	14.4	7,007	14.4
Total short-term debt	16,933	34.7	16,933	34.7
Long-term liabilities – financial debt:[4]				
Long-term bonds	98,838	202.8	98,838	202.8
Long-term bank loans	38,791	79.6	38,791	79.6
Financial lease liabilities in UF	56,806	116.5	56,806	116.5
Total long-term debt	194,435	398.9	194,435	398.9
Total debt	211,369	433.6	211,369	433.6
Equity:				
Capital stock	213,773	438.6	239,814	492.0
Reserve for capital contribution	94,076	193.0	94,076	193.0
Retained earnings	151,792	311.4	151,792	311.4
Other accumulated comprehensive income items	6,183	12.7	6,183	12.7
Total equity holders of parent	465,824	955.7	491,865	1,009.1
Non-controlling interest	151,868	311.6	151,868	311.6
Total equity	617,692	1,267.2	643,733	1,320.6
Total capitalization	829,061	1,700.8	855,102	1,754.3

(1) Does not include the 29,971 shares subject to a preemptive rights offering beginning on July 20, 2012.
(2) Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 which was the official rates certified by the Central Bank for March 31, 2012.
(3) These amounts include the outstanding principal and accrued but unpaid interest owed on these obligations.
(4) Includes current portion of long-term bonds.
(5) Includes current portion of long-term bank loans.

There has been no material change in our total consolidated capitalization since March 31, 2012, except for the sale of common shares in the global offering and the special dividend paid by us to our shareholders on June 11, 2012.

DIVIDENDS AND OTHER DISTRIBUTIONS

Overview

According to the Chilean Corporations Law, Chilean open stock corporations must annually distribute at least 30.0% of their net income for the preceding fiscal year calculated in accordance to IFRS (previously determined in accordance with accounting principles generally accepted in Chile), unless decided otherwise by the unanimous vote of all the holders of all issued and subscribed common shares eligible to vote, except to the extent that a company has accumulated losses.

ILC

Our current dividend policy, set by our last ordinary shareholders' meeting held on April 26, 2012, instructs our Board of Directors to distribute the maximum percentage of our income attributable to the parent, taking into account our cash position and our expected investment needs as well as those of our subsidiaries. However, on June 1, 2012, our Board of Directors agreed to propose to the next ordinary shareholders' meeting a dividend policy to distribute between 60.0% to 80.0% of our income attributable to owners of the parent after the appropriation of Habitat's mandatory reserves. In addition, as an open stock corporation, we must also abide by the requirements set forth above. Our Board of Directors is required to propose an annual dividend distribution according to these guidelines, which is then set by our shareholders at the ordinary shareholders' meeting by majority vote.

When one (or more) interim dividends are paid during the fiscal year, which correspond to dividends approved by our Board of Directors at certain dates throughout the year based on the net income expected for such year, a final dividend is declared at the ordinary shareholders' meeting for an amount such that, together with the interim dividends previously paid, is sufficient to satisfy the statutory requirement and the corresponding dividend policy. Such final dividend is paid on a date set by the ordinary shareholders' meeting, generally in May or June. Dividends are paid to shareholders registered on the fifth business day preceding the date set for payment of the dividend.

Our last shareholders' meeting held on April 26, 2012, approved the distribution of 20.4% of our net income for fiscal year 2011 (since we were still a closed stock corporation in 2011, we were not subject to the 30% statutory requirement and our bylaws at that time required the distribution of at least 5.0% of our net income as a dividend), which was paid in an interim payment in November 2011 and a final payment in May 2012. The following table sets forth the dividends paid by us in respect of the net income of the year indicated:

Month and Year of Payment	Fiscal Year for which Dividend Declared	Type of Dividend	Amount in Ch$ millions
May 2012	2011	Final	11,702
November 2011	2011	Interim	4,851
May 2011	2010	Final	6,943
December 2010	2010	Interim	72,767
October 2010	2010	Interim	5,564
May 2010	2009	Final	7,456
October 2009	2009	Interim	2,953

We are also permitted to make additional distributions of certain amounts carried as retained earnings. The following table sets forth the special dividends paid by us against our retained earnings in the last three years:

Month and Year of Payment	Amount in Ch$ millions
June 2012	61,472
November 2011	12,998
September 2011	9,999
June 2011	10,000
December 2010	188,009
Total	**270,778**

In 2010, of the Ch$273,796 million in dividend payments, Ch$213,155 million was capitalized as paid-in capital.

As of the date of this offering memorandum, we do not have any contractual restrictions on our ability to distribute dividends.

Shareholders who are not residents of Chile must register as foreign investors under one of the foreign investment regimes contemplated by Chilean law to have dividends, sale proceeds or other amounts with respect to their common shares remitted outside of Chile through the Formal Exchange Market. Dividends received in respect of the common shares by holders are subject to Chilean withholding tax. See "*Taxation*" and "*Exchange Controls*."

Principal Businesses

Habitat

Habitat's current dividend policy, which is set every year by its board of directors and proposed at the ordinary shareholders' meeting, is to distribute at least 90.0% of its net income after the appropriation of mandatory reserves, for the preceding fiscal year as a dividend (30.0% as a mandatory dividend and at least 60.0% as an additional dividend). Habitat's shareholders at the ordinary shareholders' meeting, in turn, determine the dividend distribution by majority vote, subject to reserve requirements, its bylaws and the Chilean Corporations Law. Habitat's last ordinary shareholders' meeting approved the distribution of 81% of its net income after the appropriation of mandatory reserves, for fiscal year 2011 as a dividend.

The following table sets forth the dividends paid or to be paid by Habitat in respect of the year indicated:

Month and Year of Payment	Fiscal Year for which Dividend Declared	Type of Dividend	Amount in Ch$ millions
May 2012	2011	Final	32,000
January 2012	2011	Interim	9,000
October 2011	2011	Interim	9,000
May 2011	2010	Final	30,000
January 2011	2010	Interim	9,000
October 2010	2010	Interim	9,000
March 2010	2009	Final	18,500
March 2010	2009	Interim	36,500

As of the date of this offering memorandum, Habitat does not have any contractual restrictions on its ability to distribute dividends.

Vida Cámara

Vida Cámara's current dividend policy, which is set every year by its board of directors and proposed at the ordinary shareholders' meeting, is to distribute 100.0% of its net income for the preceding fiscal year as a dividend, subject to current capitalization, investment and financing policies. Vida Cámara's shareholders at the ordinary shareholders' meeting, in turn, determine the dividend distribution by a majority vote, subject to the requirements of its bylaws and the Chilean Corporations Law. Vida Cámara's last ordinary shareholders' meeting approved the distribution of 100.0% of its net income for fiscal year 2011 as a dividend.

The following table sets forth the dividends paid or to be paid by Vida Cámara in respect of the year indicated:

Month and Year of Payment	Fiscal Year for which Dividend Declared	Type of Dividend	Amount in Ch$ millions
June 2012[(1)]	2011	Final	12,864
May 2012	2011	Interim	10,228
December 2011	2011	Interim	11,002
May 2011	2010	Final	23,960
August 2010	2010	Interim	4,505

Month and Year of Payment	Fiscal Year for which Dividend Declared	Type of Dividend	Amount in Ch$ millions
May 2010	2009	Final	2,623

(1) To be paid on June 28, 2012.

As of the date of this offering memorandum, Vida Cámara does not have any contractual restrictions on its ability to distribute dividends.

Consalud

Consalud's current dividend policy, which is set every year by its board of directors and proposed at the ordinary shareholders' meeting, is to distribute 100.0% of its net income for the preceding fiscal year (as reported to the Superintendency of Health under such regulator's accounting principles) as a dividend, subject to current capitalization, investment and financing policies. Consalud's shareholders at the ordinary shareholders' meeting, in turn, determine the dividend distribution by a majority vote, subject to the requirements of its bylaws and the Chilean the Corporations Law. Consalud's last ordinary shareholders' meeting approved the distribution of 100.0% of its net income for fiscal year 2011 as a dividend.

The following table sets forth the dividends paid or to be paid by Consalud in respect of the year indicated:

Month and Year of Payment	Fiscal Year for which Dividend Declared	Type of Dividend	Amount in Ch$ millions
March 2012	2011	Final	12,105
May 2011	2010	Final	6,531
April 2010	2009	Final	2,776

As of the date of this offering memorandum, Consalud does not have any contractual restrictions on its ability to distribute dividends.

Red Salud

Red Salud's current dividend policy, which is set every year by its board of directors and proposed at the ordinary shareholders meeting, is to distribute 100.0% of its net income for the preceding fiscal year as a dividend, subject to current capitalization, investment and financing policies. Red Salud's shareholders at the ordinary shareholders' meeting, in turn, determine the dividend distribution by a majority vote, subject to the requirements of its bylaws and the Chilean Corporations Law. Red Salud's last ordinary shareholders' meeting approved the distribution of 100.0% of its net income for fiscal year 2011 as a dividend.

The following table sets forth the dividends paid or to be paid by Red Salud in respect of the year indicated:

Month and Year of Payment	Fiscal Year for which Dividend Declared	Type of Dividend	Amount in Ch$ millions
May 2012	2011	Final	1,025
August 2011	2010	Final	5,926
November 2010	2009	Final	4,358
June 2010	2009	Final	3,000

As of the date of this offering memorandum, Red Salud does not have any contractual restrictions on its ability to distribute dividends.

Dividend Payout Ratios

The following table sets forth net income and dividend payout ratios for each of the companies indicated for the years ended December 31, 2011 and 2010.

	For the years ended December 31,		
	2011	2010	% Change
	(Ch$ millions, except percentages)		
ILC			
Dividends declared [1][2]	49,550	60,129	(18.0%)
Distributable net income[3]	81,570	156,858	(48.0%)
Two-year Ratio[4]	46.0%		
Habitat			
Dividends declared [1]	50,000	48,000	4.0%
Distributable net income [5]	63,500	55,974	13.0%
Two-year Ratio[4]	82.0%		
Vida Cámara			
Dividends declared [1]	34,095	28,465	20.0%
Distributable net income	34,624	28,643	21.0%
Two-year Ratio[4]	99.0%		
Consalud			
Dividends declared [1]	12,105	6,531	85.0%
Distributable net income[6]	8,576	5,882	46.0%
Two-year Ratio[4]	129.0%		
Red Salud			
Dividends declared [1]	1,025	5,926	(83.0%)
Distributable net income	1,025	6,003	(83.0%)
Two-year Ratio[4]	99.0%		

(1) Dividends are declared during the annual shareholders' meeting and are based on the net income of the previous year.
(2) ILC's dividends declared exclude dividends that have been capitalized as paid-in capital.
(3) ILC's distributable net income consists of income attributable to owners of the parent.
(4) The two-year ratio has been calculated as dividends declared in 2011 plus dividends declared in 2010 as a percentage distributable net income in 2011 plus distributable net income in 2010.
(5) Habitat's distributable net income consists of net income for the year after the appropriation of the mandatory reserves.
(6) Consalud's dividends declared are based on its net income as reported to the Superintendency of Health under such regulator's accounting principles and differs from Consalud's calculation of net income under IFRS for purposes of its audited financial statements.

SELECTED FINANCIAL AND OPERATING INFORMATION

The selected consolidated financial information presented below as of and for the three months ended March 31, 2012 and 2011 has been derived from our unaudited consolidated financial statements. The selected consolidated financial information presented below as of December 31, 2011 and 2010 and for each of the two years in the period ended December 31, 2011 has been derived from our audited consolidated financial statements. In our opinion, the selected consolidated financial data presented in the tables below includes all adjustments necessary to present fairly in all material respects our financial condition and results of operations at the dates and the periods presented. However, it is not necessarily indicative of future performance. Our financial statements are made in accordance with IFRS. The following financial information is qualified in its entirety by reference to, and should be read in conjunction with, our financial statements, including the notes thereto, "*Selected Financial and Operating Information*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," included elsewhere in this offering memorandum.

The following table presents our consolidated financial information in Chilean pesos:

	As of and for the three-month periods ended March 31,			As of and for the years ended December 31,		
	2012	**2012**	**2011**	**2011**	**2011**	**2010**
	***(U.S.$ millions, except per share data)*[1]**	***(Ch$ millions, except per share data)***		***(U.S.$ millions, except per share data)*[1]**	***(Ch$ millions, except per share data)***	
Consolidated Income Statement:						
Revenues from operations						
Revenues	365.7	178,233	153,578	1,278.4	663,743	551,996
Cost of sales	(226.1)	(110,208)	(94,221)	(815.7)	(423,512)	(360,843)
Gross profit	139.6	68,025	59,357	462.7	240,231	191,153
Other income	0.3	143	166	2.5	1,285	1,619
Administrative expenses	(59.8)	(29,172)	(27,123)	(222.1)	(115,315)	(92,872)
Other expenses	(0.1)	(68)	(131)	(2.4)	(1,234)	(3,389)
Other gains	0.5	258	(160)	2.2	1,168	296
Other income (expenses)						
Financial income	27.4	13,370	6,614	17.7	9,183	27,411
Finance expenses	(5.8)	(2,829)	(2,769)	(22.5)	(11,029)	(8,139)
Share of profit (loss) of affiliates accounted for using the equity method	2.4	1,189	772	6.4	3,335	11,638
Foreign currency exchange gain (loss)	(0.3)	(135)	590	0.6	303	(193)
Gain (loss) from inflation indexed unit	(2.5)	(1,242)	(244)	(4.3)	(2,873)	(201)
Income from differences between the prior carrying amount and the fair value of the reclassified financial assets measured at fair value	–	–	–	–	–	67,648
Income before taxes	101.6	49,539	37,560	240.9	125,054	194,971
Income taxes	(17.8)	(8,669)	(7,271)	(44.8)	(23,273)	(19,431)
Income from continuing operations	83.8	40,870	30,289	196.0	101,781	175,539
Income from discontinued operations	–	–	–	–	–	16
Net Income	83.8	40,870	30,291	196.0	101,781	175,556
Income attributable to owners of the parent	66.3	32,318	24,308	157.1	81,570	156,858
Income attributable to non-controlling interests	17.5	8,552	5,982	38.9	20,211	18,697
Income (loss) per share (in Ch$)						
Basic income (loss) per share from continued operations	2.26	1.10	0.82	5.30	2.75	4.74
Basic income (loss) per share	2.26	1.10	0.82	5.30	2.75	4.74

[1] Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 and Ch$519.20 per U.S.$1.00 which were the official rates certified by the Central Bank for March 31, 2012 and December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day), respectively.

	As of and for the three-month period ended March 31,		As of and for the years ended December 31,		
	2012	2012	2011	2011	2010
	(U.S.$ millions)[1]	*(Ch$ millions)*	*(U.S.$ millions)*[1]	*(Ch$ millions)*	
Consolidated Balance Sheet Data:					
Assets					
Current assets					
Cash and cash equivalents	319.0	155,478	181.1	94,043	109,050
Other current financial assets	333.4	162,489	310.3	161,116	156,755
Other current non-financial assets	20.2	9,840	17.2	8,923	7,213
Trade and other receivables, current, net	158.8	77,396	132.1	68,599	56,911
Accounts receivable due from related parties, current	2.0	974	1.5	774	1,047
Inventories	3.4	1,653	3.3	1,733	1,023
Other assets	0.1	37	0.1	37	–
Current tax assets	3.2	1,549	1.8	932	3,010
Total current assets	839.9	409,417	647.5	336,158	335,008
Non-current assets					
Financial assets	409.9	199,570	363.7	188,831	179,904
Non-financial assets	26.4	12,864	23.8	12,351	10,021
Trade and other receivables	8.8	4,305	8.2	4,277	1,378
Equity accounted investees	39.1	19,054	32.9	17,083	12,916
Intangible assets other than goodwill	150.5	73,348	143.0	74,222	76,930
Goodwill	208.2	101,507	195.5	101,507	101,577
Property, plant and equipment, net	472.1	230,103	438.3	227,581	215,204
Investment property	44.4	21,632	41.8	21,683	21,967
Deferred tax asset	53.5	26,086	39.3	20,400	7,466
Total non-current assets	1,412.4	688,468	1,286.5	667,935	627,363
Total assets	2,252.4	1,097,886	1,933.9	1,004,093	962,371
Liabilities and Shareholders' Equity					
Current Liabilities					
Current financial liabilities	34.7	16,933	43.2	22,425	130,293
Trade and other payables	134.7	65,667	119.0	61,795	60,514
Accounts payable due to related parties	1.0	500	0.8	390	263
Other current provisions	57.5	28,023	51.3	26,619	21,681
Current tax payable	12.8	6,232	8.0	4,172	9,292
Provisions for employee benefits, current	11.9	5,815	20.6	10,688	6,047
Other non-financial liabilities	22.7	11,075	9.5	4,943	4,740
Total current liabilities	275.4	134,246	252.4	131,031	232,830
Non-current liabilities					
Financial liabilities	398.9	194,435	288.3	149,677	84,304
Accounts payable due to related parties	–	–	–	–	–
Other provisions	199.9	97,450	189.8	98,556	81,501
Deferred tax liabilities	110.1	53,671	92.3	47,927	40,332
Provisions for employee benefits	0.8	391	0.7	362	355
Total non-current liabilities	709.7	345,948	571.1	296,521	206,493
Total liabilities	985.1	480,194	823.5	427,553	439,323
Shareholders' equity					
Share capital	438.6	213,773	411.7	213,773	213,773
Share premium	0.6	270	0.5	270	270
Retained earnings	311.4	151,792	230.2	119,249	88,355
Other reserves	205.1	99,990	192.4	99,890	93,914
Equity attributable to owners of the parent	955.7	465,824	834.3	433,182	396,312
Non-controlling interest	311.6	151,868	276.1	143,358	126,737
Total equity	1,267.2	617,692	1,110.4	576,540	523,049
Total liabilities and equity	2,252.4	1,097,886	1,933.9	1,004,093	962,371

[1] Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 and Ch$519.20 per U.S.$1.00 which were the official rates certified by the Central Bank for March 31, 2012 and December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day), respectively.

	As of and for the three-month periods ended March 31,			As of and for the years ended December 31,		
	2012	2012	2011	2011	2011	2010
	(U.S.$ millions)[1]	*(Ch$ millions)*		*(U.S.$ millions)*[1]	*(Ch$ millions)*	
Consolidated Financial Data:						
Cash Flow						
Net cash from operating activities	64.2	31,296	35,595	235.3	122,195	25,075
Net cash used in investing activities	(4.4)	(2,151)	(23,011)	(34.2)	(17,739)	(7,055)
Net cash from (used in) financing activities	66.2	32,259	(7,635)	(229.5)	(119,155)	50,882
Adjusted income attributable to owners of the parent[2]	66.3	32,318	24,308	157.1	81,570	89,211

(1) Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 and Ch$519.20 per U.S.$1.00 which were the official rates certified by the Central Bank for March 31, 2012 and December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day), respectively.

(2) We have defined adjusted income attributable to owners of the parent as adjusted income attributable to owners of the parent minus income from differences between the prior carrying amount and the fair value of reclassified financial assets measured at fair value arising from our acquisition of a controlling interest in Habitat in 2010. See "*Presentation of Financial Information — Special Note Regarding Non-GAAP Financial Measures.*" The following table presents a reconciliation of adjusted income attributable to the owners of the parent to income attributable to the owners of the parent for the periods indicated.

	As of and for the three-month periods ended March 31,			As of and for the years ended December 31,		
	2012	2012	2011	2011	2011	2010
	(U.S.$ millions)[1]	*(Ch$ millions)*		*(U.S.$ millions)*[1]	*(Ch$ millions)*	
Adjusted income attributable to the owners of the parent	66.3	32,318	24,308	157.1	81,570	89,211
Income from differences between the prior carrying amount and the fair value of reclassified financial assets measured at fair value	–	–	–	–	–	67,648
Income attributable to the owners of the parent	66.3	32,318	24,308	157.1	81,570	156,858

(1) Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rates of Ch$487.44 per U.S.$1.00 and Ch$519.20 per U.S.$1.00 which were the official rates certified by the Central Bank for March 31, 2012 and December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day), respectively.

	As of March 31,	As of December 31,	
	2012	2011	2010
Operating Data:			
Habitat			
Number of contributors	1,266,231	1,247,369	1,230,610
Number of account holders	2,161,111	2,167,343	2,195,330
Monthly fee for mandatory contributions	1.36%[2]	1.36%	1.36%
Vida Cámara			
Written Premiums (Ch$ millions)	40,808	154,111	131,135
Number of clients	1,744,701	1,691,849	1,389,669
Consalud			
Contributors	335,477	330,845	304,601
Beneficiaries	645,385	639,776	605,937
Red Salud			
Private hospitals	4	4	3
Affiliated private hospitals	13	12	13
Licensed beds [1]	1,233	1,233	939
Medical centers	32	32	32
Medical and dental boxes	897	897	897

(1) Licensed beds are beds (including beds in our affiliated private hospitals) for which a hospital has obtained approval to operate from the applicable licensing agency.

(2) Habitat decreased its monthly fee for mandatory contributions from 1.36% to 1.27% effective June 1, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion should be read in conjunction with our audited consolidated financial statements and our unaudited interim consolidated financial statements, including the notes thereto, in each case prepared in accordance with IFRS and included in this offering memorandum.

Overview

We are a leading provider of retirement, insurance and private healthcare services in Chile. We operate primarily in two key sectors: (i) Retirement & Insurance, including pension funds, life insurance and health insurance; and (ii) Private Healthcare, including private hospitals and medical centers. We also participate to a lesser extent in other sectors such as Education and Information Technology. We have a competitive pricing strategy where we seek to provide high quality services at affordable, competitive prices.

Throughout our 32-year history of sustainable, profitable and organic growth, we have developed, acquired and expanded several businesses with strong brands and leading positions in the various sectors in which we operate. We believe that our proven track record of identifying synergies and value-creation opportunities, combined with our group level oversight and direction that promotes best practices among our businesses, have been among the key strategic advantages in our successful growth, strong financial performance and profitable returns throughout several economic cycles.

We operate in Chile, a market with highly attractive demographics and strong macroeconomic fundamentals. We believe that our broad presence and our leading positions across our businesses will continue to allow us to benefit from the continued growth in the Chilean market, especially in underpenetrated sectors such as insurance and healthcare.

We operate in the Retirement & Insurance sector through Habitat, the second-largest pension fund administrator in Chile in terms of number of contributors, account holders and assets under management as of March 31, 2012; Vida Cámara, a life insurance company that, prior to the third disability and survivorship insurance auction in April 2012, was the largest disability and survivorship insurance provider in Chile as measured by gross written premiums as of March 31, 2012 and that also offers supplemental health and voluntary life insurance products since 2012; and Consalud, the largest private health insurance provider in Chile in terms of contributors and beneficiaries as of March 31, 2012. We operate in the Private Healthcare sector through Red Salud, one of the largest networks of private hospitals and medical centers in Chile in terms of number of patient beds and medical and dental care boxes as of December 31, 2011. We also participate in the Education sector through Desarrollos Educacionales, which operates nine private schools and one subsidized school in Chile as well as in the Information Technology sector through iConstruye, an information technology outsourcing company which offers a business-to-business platform capacity and other information technology solutions.

For the three-month period ended March 31, 2012 and the year ended December 31, 2011, our consolidated operating revenues totaled U.S.$365.7 million and U.S.$1,278.4 million, respectively, and our net income was US$66.3 million and U.S.$157.1 million, respectively. As of March 31, 2012 and December 31, 2011, we had total assets of U.S.$2.3 billion and U.S.$1.9 billion, respectively, and total shareholders' equity of U.S.$1.3 billion and U.S.$1.1 billion, respectively. We have achieved a two-year ROAE of 23% and have paid dividends in excess of Ch$178,606 million since January 1, 2010.

Macroeconomic Trends Affecting Our Businesses

Economic Conditions in Chile

All of our operations and substantially all of our customers are located in Chile. Accordingly, our consolidated financial condition and results of operations are largely dependent upon economic conditions prevailing in Chile.

The following table shows the historical and projected evolution of the principal macroeconomic indicators for the Chilean economy and our businesses:

	2007	2008	2009	2010	2011	2012	2013
GDP growth	5.2%	3.3%	(1.0)%	6.1%	6.0%	4.4%	5.0%
Inflation[1]	7.8%	7.1%	(1.4)%	3.0%	4.4%	3.5%	3.0%
Unemployment rate	7.0%	7.7%	10.5%	8.4%	7.2%	N/A	N/A
Total AFP contributors	3,862,018	4,022,796	4,103,502	4,420,308	4,640,012	N/A	N/A
Average value of UF in Ch$	18,789.3	20,429.1	21,007.4	21,171.8	21,846.4	N/A	N/A
Average exchange rate [2]	522.55	522.35	559.15	510.21	483.57	N/A	N/A
Average monthly wages in Ch$	384,820	418,245	446,534	470,241	505,119	N/A	N/A

Sources: Macroeconomic historical data and forecasts provided by the Central Bank; Historical AFP contributor data provided by the Superintendency of Pensions.

(1) As measured by the CPI

(2) Average observed exchange rate for U.S. dollars as reported by the Central Bank.

Our revenues are largely correlated with GDP growth, and the sectors in which we operate have grown, and we believe will continue to grow, in line with Chilean GDP growth.

The primary effects of inflation on our businesses are to their revenues and costs. Our businesses' revenues are affected by inflation because they offer products and services that are tied to their customers' income. For example, our businesses in the Retirement and Insurance sector receive most of their fees from mandatory contributions and insurance premiums that are tied to a variable or fixed percentage of their customers' income. Our businesses' costs are also affected by inflation through higher costs for goods and services, particularly labor. For example, Red Salud employs a significant number of personnel in its private hospitals and medical centers, and their wages tend to increase with inflation. As a result of a decrease in the price of goods and the appreciation of the U.S. dollar, Chile experienced deflation for the first time in 74 years at a rate of 1.4% in 2009. However, Chile had a notable economic recovery in 2010, and inflation resumed at a rate of 3.0%. This trend continued in 2011, and inflation is projected to remain at or under 3.5% in 2012 and 2013 according to the Central Bank.

Our businesses are also highly dependent on Chile's level of employment. For example, in the Retirement and Insurance and the Healthcare sectors, savings accounts, insurance, and health plans are all products that principally generate fees, when the customer has a steady stream of income. Chile's unemployment rate has declined in the last three years since the worldwide financial crisis and remains one of the lowest in Latin America, according to the International Monetary Fund. In line with the declining unemployment rate, the number of total AFP contributors has been increasing, and it increased from 4,420,308 to 4,640,012 between 2010 and 2011.

Many of our businesses are also impacted by the changes in the value of the UF. For example, the premiums Consalud charges are denominated in UFs. The UF value is updated daily in relation to inflation. Immediately following the financial crisis, the average value of the UF increased by a negligible 0.8% between 2009 and 2010. As the Chilean economy resumed growing, the average value of the UF increased by a more significant 3.2% between 2010 and 2011.

Key Trends Affecting Our Businesses in the Retirement & Insurance Sector

Habitat

General Economic Conditions in Chile

Habitat's business is highly correlated with the overall health of the Chilean economy. The level of economic growth in Chile directly affects the amount of revenue generated from the contributors Habitat serves. As the Chilean economy expands, employment levels and salaries tend to increase. For example, between 2010 and 2011 average wages grew by Ch$34,878. Because each worker is required to contribute 10.0% of his or her taxable monthly salary to an individual capitalization account (up to a certain cap), higher levels of employment as well as higher salaries necessarily lead to increased contributions. Since the primary revenues Habitat generates are variable fees charged on mandatory contributions, increased contributor salaries will generate increased revenues. As the Chilean economy is expected to continue to grow in the near term, according to the Central Bank, Habitat's revenues would be expected to similarly increase. Conversely unemployment and downward pressure on wages

caused by a slowing or contracting economy would result in lower mandatory contributions and therefore lower revenues.

Employment formalization within the Chilean economy may also positively impact the number of contributors to Habitat and consequently Habitat's revenues. Over the recent past, an increasing number of people have joined the labor force, where they are legally engaged to work for their employer and are documented as having entered into an employer-employee relationship, and, consequently, that relationship is subject to regulation by the government and inclusion in the AFP system. As a result of employment formalization, an increasing number of workers are subject to the mandatory contribution requirements. Moreover, part of the Pension Reform Law related to self-employed persons came into force at the beginning of 2012, which subjects self-employed persons to mandatory contributions as well.

Competitive Environment

The Pension Reform Law introduced a bidding process for new account holders who are first time system entrants, which takes place every two years with the winning AFP being the one that offers the lowest fee. This fee must be lower than the lowest fee available in the AFP industry and must apply to the AFP's entire portfolio, not only to the awarded portion. Consequently, the Pension Reform Law dramatically increased competition among the AFP's and placed downward pressure on their fee structure.

As of March 2012, there have been two bidding processes for first time system entrants, which Modelo has won. However, while such new account holders are required to keep their pension accounts with the winning bidder for two years, there is no legal requirement for them to remain with the winning bidder after the initial two-year period and their willingness to transfer to Habitat is unknown. This competitive environment creates uncertainty regarding Habitat's ability to obtain new contributors and grow in the future.

Vida Cámara

General Economic Conditions in Chile

Vida Cámara's SIS insurance business has the same correlation to the Chilean economy as Habitat, as the SIS insurance operates as a fixed premium charge on AFP contributors' monthly taxable wages. Vida Cámara's non-SIS business is also highly correlated with the overall health of the Chilean economy, particularly the level of disposable income of our customers.

As the national economy continues to expand, Chileans should have higher disposable income, and we believe they will likely allocate a larger percentage of this additional disposable income to insurance products such as supplemental health and voluntary life insurance. According to the Association of Chilean Insurance Providers, the life insurance market has grown at a real rate of 13.9% per year between 2007 and 2011, driven by increases in life expectancy and higher penetration in the middle class.

Competitive Environment

Vida Cámara's SIS insurance business is entirely dependent on the outcome of the competitive public bidding process run collectively by the six AFPs. Any SIS insurance provider that fails to provide a winning bid for a particular bidding process will not be included in the SIS insurance business awarded for that bidding process (and will not receive corresponding premiums). Adding to this uncertainty, each bidding process has been more competitive than the last, in that each bidding process has had more parties bidding at lower rates than the previous process. With each new entrant, the probability of having a successful bid decreases. Additionally, if the average winning premium rate continues to be forced down by competition, the earnings that businesses like Vida Cámara can generate from SIS insurance are likely to decline.

During the third SIS insurance bidding process held in April 2012, Vida Cámara did not enter a winning bid and therefore did not win any of the SIS insurance business for the period from July 2012 to June 2014. We

cannot assure you that Vida Cámara will be successful in future bidding processes or that pricing and profitability levels will be favorable.

In addition, Vida Cámara has only recently begun to offer new products, such as supplemental health and voluntary life insurance, and the markets for these products are already highly competitive. For example, in the general life insurance market, no participant has more than 17.4% of the market share. Although we believe significant penetration opportunities remain in these markets, Vida Cámara may face significant obstacles in selling new products in such highly competitive markets.

Consalud

General Economic Conditions in Chile

Consalud's business is highly correlated with the overall health of the Chilean economy. The level of economic growth in Chile directly affects the revenue generated from each customer Consalud serves and the potential for obtaining new customers.

Since each worker is required to set aside at least 7.0% of his or her monthly salary for the financing of a health insurance plan, higher salaries will necessarily lead to increased premiums. Moreover, premiums are denominated in UFs, so they are correlated with Chile's inflation rate. Higher inflation generates higher premiums. Conversely, less inflation will lead to lower premium payments.

A growing Chilean economy should also translate into more customers and increased revenues. As the Chilean economy expands, the number of employed persons tends to increase and incomes tend to increase as well. Because workers are required to have medical coverage, each newly employed person is a potential new customer for Consalud. Further, economic growth is likely to result in higher salaries. Higher salaries may lead customers to choose Isapre health plans that offer more coverage than the plans provided by FONASA, providing Consalud with greater growth opportunities.

Key Trends Affecting Our Business in the Private Healthcare Sector – Red Salud

Economic Environment

Red Salud participates in the Chilean healthcare sector, which comprises approximately 7.0% of Chilean gross domestic product and has grown consistently for many years. We expect overall spending on healthcare in Chile to continue growing. As the national economy continues to expand, Chileans should have higher disposable income, and they will likely allocate a larger percentage of this additional disposable income to healthcare, which is seen as a superior good. This expectation is in line with the experience of many developed economies where increases in healthcare spending tend to outpace increases in spending in the general economy. Furthermore, there is room for this growth, as Chile's percentage of GDP spent on healthcare is well below the percentage of GDP spent by most developed nations on healthcare.

Demographic Environment

Healthcare spending is also likely to grow for demographic reasons. The average age of the Chilean population is 33.7, and this is likely to increase to 36.2 by the year 2020 according to the National Statistics Institute. The population of Chilean senior citizens is growing and the average life expectancy for such seniors continues to increase. An aging population should lead to further increases in the demand for health care, since the primary consumers of Red Salud's services are the elderly.

Mandated and Negotiated Reimbursement Rates

The reimbursement rates Red Salud receives from FONASA and the Isapres (including Consalud) significantly affects the revenues and operating results of Red Salud's hospitals and medical centers. FONASA attempts to control health care costs by setting prices for treatments and negotiating the number of

treatments to be provided by particular healthcare providers. These factors may influence the amount of revenue Red Salud is able to generate and the income it is able to derive from providing services to FONASA members. In addition, the Isapres also attempt to control healthcare costs through direct contracting with medical centers and hospitals, like Red Salud, to provide services on a discounted basis. The reimbursements rates that Red Salud is able to negotiate with the Isapres for providing services to the Isapres' members are likely to have a direct affect on Red Salud's results of operations and income.

Utilization Rates

Red Salud's revenues are primarily dependent on the optimal utilization of its hospitals and medical centers. Revenues are generally not price dependent since FONASA, which accounts for 25.0% of Red Salud's revenues, sets a relatively low price for all medical services. Further, Red Salud negotiates fixed price rates for the Isapres. Thus, the revenue drivers for both hospitals and medical centers are the occupancy rates of hospital beds and the utilization of medical center boxes, respectively. As of March 31, 2012, the average occupancy rate for Red Salud hospitals was 65.0%. We believe that the average occupancy rate for Red Salud hospitals will increase in the near future as the Clínica Bicentenario reaches operational capacity.

ILC Investment Portfolio

At the ILC level, we have historically maintained a large investment portfolio, the gains (and losses) from which have been reflected in our financial income. As of March 31, 2012, the value of our investment portfolio was Ch$83,510 million (U.S.$171.3 million). Since then and through the date of this offering memorandum, we have had the following significant movements in our investment portfolio: (i) in May and June 2012 we received Ch$45,491 million in dividends from our subsidiaries, (ii) in May 2012, we paid Ch$11,472 million in dividends to our existing shareholders, (iii) in May 2012 we paid Ch$10,243 million for the acquisition of an additional 9.2% interest in Red Salud, (iv) in June 2012 we made interest payments on our bonds which totaled Ch$2,710 million (see "*—Description of Indebtedness—Bonds—ILC*" below) and (v) in June 2011 we declared and paid a special dividend of Ch$61,472 million, significantly reducing the size of our investment portfolio. While we expect to maintain a certain level of cash balances at ILC going forward, it will be of a significantly reduced size compared to historical levels.

Description of Revenues and Cost of Sales

Habitat

Habitat's primary source of revenues is the variable fees it charges on monthly mandatory contributions. A very small portion of its revenues comes from variable fees on voluntary contributions, voluntary pension savings, and payments of programmed withdrawals. Habitat does not incur any costs of sales; instead expenses related to its business are accounted for as administrative expenses.

Vida Cámara

Almost all of Vida Cámara's revenues are derived from SIS insurance premiums charged to AFP contributors. Related to that, the large majority of Vida Cámara's costs of sales are tied to payments on claims under the SIS insurance program. A lesser amount of Vida Cámara's costs of sales are tied to movements in its reserves that require it to account for additional costs.

Consalud

The main sources of Consalud's revenues are the mandatory and voluntary insurance premium collections. In connection with that, its primary costs of sales are payments to hospitals and medical centers for providing services to its health plan beneficiaries. To a lesser extent, Consalud's expenses relate to short-term disability payments.

Red Salud

Red Salud's revenues are almost all from payments from FONASA, the Isapres, and directly from individuals for services it provides. Its principal costs of sales are labor costs, specifically payments to doctors, nurses, technicians, administrative personnel and other employees.

Our Results of Operations for the Three-Month Period Ended March 31, 2012 Compared to the Three-Month Period Ended March 31, 2011.

The following table sets forth the principal components of our consolidated income statement for the three-month periods ended March 31, 2012 and 2011:

	For the three-month periods ended March 31,			
	2012	**2011**	**Change**	**Change**
		(Ch$ millions)		**%**
Consolidated Income Statement				
Revenues from Operations				
Revenues	178,233	153,578	24,655	16.1%
Cost of sales	(110,208)	(94,221)	(15,987)	17.0%
Gross profit	68,025	59,357	8,668	14.6%
Other income	143	166	(23)	(13.9%)
Administrative expenses	(29,172)	(27,123)	(2,049)	7.6%
Other expenses	(68)	(131)	62	(47.8%)
Other gains	258	(160)	417	(261.5%)
Other income (expenses)				
Financial income	13,370	6,614	6,756	102.2%
Financial expenses	(2,829)	(2,769)	(60)	2.2%
Share of profit (loss) of affiliates accounted for using the equity method	1,189	772	416	53.9%
Foreign currency exchange gain (loss)	(135)	590	(725)	(122.9%)
Gain (loss) from inflation indexed unit	(1,242)	(244)	(1,486)	(609.0%)
Income before taxes	49,539	37,560	11,978	31.9%
Income taxes	(8,669)	(7,271)	(1,398)	19.2%
Income from continuing operations	40,870	30,290	10,579	34.9%
Income from discontinued operations	-	-	-	-
Net Income	40,870	30,291	10,579	34.9%
Income attributable to owners of the parent	32,318	24,308	8,010	33.0%
Income attributable to non controlling interests	8,552	5,982	2,570	43.0%

Revenues, Cost of Sales and Gross Profit by Business

The following table sets forth a breakdown of our revenues, cost of sales and gross profit by business for the three-month period ended March 31, 2012 compared to the three-month period ended March 31, 2011:

	For the three-month periods ended March 31,			
	2012	**2011**	**Change**	**Change**
		(Ch$ millions)		**%**
Revenues				
ILC	247	220	27	12.5%
Retirement & Insurance				
Habitat	31,006	28,812	2,194	7.6%
Vida Cámara	40,808	35,535	5,272	14.8%
Consalud	66,877	59,061	7,816	13.2%
Total Retirement & Insurance	138,690	123,408	15,282	12.4%
Healthcare				
Red Salud	37,031	28,113	8,918	31.7%
Total Healthcare	37,031	28,113	8,918	31.7%
Others				
Total Others	2,265	1,837	428	23.3%

	For the three-month periods ended March 31,			
	2012	2011	Change	Change
		(Ch$ millions)		%
Total Revenues	178,233	153,578	24,655	16.1%
Cost of Sales				
ILC	-	-	-	-
Retirement & Insurance				
Habitat	-	-	-	-
Vida Cámara	Ch$(27,050)	Ch$(25,425)	Ch$(1,625)	6.4%
Consalud	(53,170)	(45,837)	(7,333)	16.0%
Total Retirement & Insurance	(80,220)	(71,261)	(8,958)	12.6%
Healthcare				
Red Salud	(28,697)	(21,812)	(6,885)	31.6%
Total Healthcare	(28,697)	(21,812)	(6,885)	31.6%
Others				
Total Others	(1,291)	(1,148)	(143)	12.4%
Total Cost of Sales	(110,208)	(94,221)	(15,987)	17.0%
Gross Profit				
ILC	247	220	27	12.5%
Retirement & Insurance				
Habitat	31,006	28,812	2,194	7.6%
Vida Cámara	13,758	10,111	3,647	36.1%
Consalud	13,707	13,225	483	3.7%
Total Retirement & Insurance	58,471	52,147	6,324	12.1%
Healthcare				
Red Salud	8,334	6,302	2,032	32.2%
Total Healthcare	8,334	6,302	2,032	32.2%
Others				
Total Others	974	689	285	41.4%
Total Gross Profit	68,025	59,357	8,668	14.6%

Revenues

The 16.1% increase in our consolidated revenues was primarily the result of the positive results obtained by our main businesses as described below:

Habitat. The 7.6% increase in Habitat's revenues principally reflects (i) a 10.3% increase in contributors' monthly wages from Ch$505,786 to Ch$557,882 as Habitat's primary source of revenues for the period originated from the 1.36% fee charged on monthly contributions, (ii) a 2.9% increase in the number of Habitat's contributors, which resulted mainly from contributors moving to Habitat from other AFPs as well as an increase in the level of employment, which led to renewed contributions from account holders who may have suspended contributions due to unemployment. The increase was partially offset by a decrease in the number of new account holders, as new entrants into the labor market are currently required to open their AFP accounts with Modelo.

Vida Cámara. The 14.8% increase in Vida Cámara's revenues was primarily due to (i) a 7.8% increase in monthly wages, from Ch$498,489 to Ch$537,184, as Vida Cámara's primary source of revenues was the fixed SIS insurance fees charged to AFP members' taxable wages, (ii) a 5.6% increase in the number of contributors to the AFPs, which increased the number of individuals paying for SIS insurance, and (iii) Ch$190 million of premiums received from the new supplemental health insurance Vida Cámara started offering in January 2012.

Consalud. The 13.2% increase in Consalud's revenues was primarily caused by (i) a 13.8% increase in premiums received as a result of a 4.4% increase in inflation as measured by the CPI since Consalud's premiums are paid in UF and therefore indexed to inflation with a real rate of adjustment; and (ii) an 8.0% increase in the number of contributors to Consalud's health plans from 310,675 to 335,477.

Red Salud. The 31.7% increase in Red Salud's revenues was mainly the result of (i) a 2,446.7% increase in revenues at our Clínica Bicentenario due to increased operations and (ii) a 55.4% increase in revenues at our Clínica

Avansalud due to increased operations given that it was partially closed for renovations from mid-2010 through the first quarter of 2011.

Others. The 23.3% increase in revenues attributable to our other businesses primarily reflects a 43.1% increase in iConstruye's revenues due to higher construction outsourcing services, and a 17.0% increase in Desarrollos Educacionales' revenues due to a 10.2% increase in the number of students enrolled.

Cost of Sales

The 17.0% increase in our cost of sales was principally due to the expenses of our main businesses as described below:

Vida Cámara. The 6.4% increase in Vida Cámara's cost of sales primarily reflects greater payments on claims under the SIS insurance program due to the increase in the number of AFP contributors and those contributors' monthly wages.

Consalud. The 16.0% increase in Consalud's cost of sales was primarily due to (i) an upward adjustment in prices charged by private hospitals and medical centers and (ii) higher payments to private hospitals and medical centers due to a 6.2% increase in the number of beneficiaries of Consalud's health plans.

Red Salud. The 31.6% increase in Red Salud's cost of sales is the result of (i) a 416.9% increase in cost of sales at our Clínica Bicentenario due to increased operations and (ii) a 79.2% increase in cost of sales at our Clínica Avansalud due to increased operations given that it was partially closed for renovations from mid-2010 through the first quarter of 2011.

Others. The 12.4% increase in cost of sales attributable to our other businesses is largely the result of an increase in Desarrollos Educacionales cost of sales due to increases in teachers' salaries and higher costs resulting from a 10.2% increase in the number of students enrolled in Desarrollos Educacionales.

Gross Profit

The 14.6% increase in our gross profit was primarily due to (i) a lower ratio of costs to revenues for Vida Cámara from 71.5% for the period ended March 31, 2011 to 68.8% for the period ended March 31, 2012, (ii) an increase in AFP contributors and their monthly wages causing a corresponding positive impact on the revenues of Habitat and Vida Cámara and (iii) increased operations at our Clínica Bicentenario, all as further discussed above.

Other Income

The 13.9% decrease in other income was primarily due to a decrease in health insurance premium payments received by Consalud for persons who are not Consalud's members, which payments Consalud recognizes as income after a year of no outside claims on such payments.

Administrative Expenses by Business

The following table sets forth a breakdown of our administrative expenses by business for the three-month period ended March 31, 2012 compared to the three-month period ended March 31, 2011:

	For the three-month periods ended March 31,			
	2012	**2011**	**Change**	**Change**
		(Ch$ millions)		**%**
Administrative Expenses				
ILC	(536)	(663)	126	(19.1%)
Retirement & Insurance				
Habitat	(10,490)	(10,780)	290	(2.7%)
Vida Cámara	(1,373)	(465)	(908)	195.3%
Consalud	(8,664)	(8,030)	(633)	7.9%
Total Retirement & Insurance	(20,527)	(19,276)	(1,252)	6.5%

	For the three-month periods ended March 31,			
	2012	2011	Change	Change
		(Ch$ millions)		%
Healthcare				
Red Salud	(6,530)	(5,931)	(599)	10.1%
Total Healthcare	(6,530)	(5,931)	(599)	10.1%
Others				
Total Others	(1,578)	(1,253)	(325)	26.0%
Total Administrative Expenses	(29,172)	(27,123)	(2,049)	7.6%

Administrative Expenses

The 7.6% increase in our administrative expenses was primarily due to expenses incurred by our main businesses as described below:

Habitat. The 2.7% decrease in Habitat's administrative expenses was primarily due to lower payments than Habitat anticipated and provided for in its financial statements, for previous SIS claims made under the pre-2009 AFP-provided SIS insurance program.

Vida Cámara. The 195.3% increase in Vida Cámara's administrative expenses primarily reflects the cost of incorporating Servicio Medico's sales force following its acquisition of Asermed in January 2012.

Consalud. The 7.9% increase in Consalud's administrative expenses was caused by an increase in general administrative expenses, particularly an increase in the salaries of Consalud's sales force.

Red Salud. The 10.1% increase in Red Salud's administrative expenses was principally the result of the 79.9% increase in administrative expenses at our Clínica Bicentenario, due to its increased operations.

Others. The 26.0% increase in administrative expenses attributable to our other businesses primarily reflects the 27.6% increase in Desarrollos Educacionales administrative expenses, due to the opening of the Nahuelcura school in 2011 and expansion of the Chicureo Pumahue school in 2001.

Other Expenses

The 47.8% decrease in our other expenses was mainly related to a decrease in expenses recognized by Consalud from the return of the mandatory 7% of wages received in excess of the UF 67.4 limit on taxable wages established by law. This may happen when a contributor receives salaries from two employers or receives bonuses. Consalud returns the excess premium amount to the contributor by check. If the contributor does not cash the check within a year, Consalud recognizes the excess amount as income. If the contributor then makes a claim for the excess amount after the year has passed, Consalud returns the money and recognizes the cost as other expenses.

Other Gains

The reversal in our other gains was due to rental income received by the Clínica Bicentenario from a related company, Mutual de Seguridad, beginning in March 2011.

Financial Income and Expenses by Business

The following table sets forth a breakdown of our financial income and expenses by business for the three-month period ended March 31, 2012 compared to the three-month period ended March 31, 2011:

	For the three-month periods ended March 31,			
	2012	2011	Change	Change
		(Ch$ millions)		%
Financial Income				
ILC	1,927	731	1,195	163.3%
Retirement & Insurance				
Habitat	9,473	3,839	5,634	146.8%

	For the three-month periods ended March 31,			
	2012	2011	Change	Change
		(Ch$ millions)		%
Vida Cámara	850	1,506	(656)	(43.5%)
Consalud	526	352	174	49.5%
Total Retirement & Insurance	10,849	5,696	5,153	90.5%
Healthcare				
Red Salud	529	150	378	251.3%
Total Healthcare	529	150	378	251.3%
Others				
Total Others	65	35	30	85.9%
Total Financial Income	13,370	6,614	6,756	102.2%
Financial Expenses				
ILC	(693)	(1,838)	1,145	(62.3%)
Retirement & Insurance				
Habitat	(3)	(3)	-	(4.7%)
Vida Cámara	(1)	(4)	3	(81.8%)
Consalud	(161)	(103)	(58)	56.1%
Total Retirement & Insurance	(165)	(110)	(55)	49.8%
Healthcare				
Red Salud	(1,676)	(480)	(1,196)	249.1%
Total Healthcare	(1,676)	(480)	(1,196)	249.1%
Others				
Total Others	(295)	(341)	46	(13.5%)
Total Financial Expenses	(2,829)	(2,769)	(60)	2.2%

Financial Income

The 102.2% increase in our financial income was due primarily to the results obtained by ILC and our main businesses as discussed below:

ILC. The 163.3% increase in ILC's financial income was due to significantly higher returns on our investment portfolio due to improving market conditions.

Habitat. The 146.8% increase in Habitat's financial income was primarily due to a 163.6% increase in investment returns on its reserves maintained for each pension fund type

Vida Cámara. The 43.5% decrease in Vida Cámara's financial income primarily reflects lower appreciation of the fixed income securities in its portfolio.

Consalud. The 49.5% increase in Consalud's financial income was primarily due to higher returns on the (i) float, which consists of cash surpluses that are invested in short-term time deposits and money market funds until they are distributed as dividends, and (ii) the funds required to be set aside by Consalud to guarantee the payment of its accounts payable and which are invested in fixed income securities until such accounts become due.

Red Salud. The 251.3% increase in Red Salud's financial income was principally from interest earned on the cash obtained from Red Salud's two bond issuances in January 2012. See "*—Description of Indebtedness—Bonds—Red Salud*" below.

Others. The 85.9% increase in financial income attributable to our other businesses primarily reflects the Ch$23 million increase in higher interest earned by Desarollos Educacionales.

Financial Expense

The 2.2% increase in our financial expenses was primarily the result of the financial expenses incurred by ILC and our main businesses as discussed below:

ILC. The 62.3% decrease in ILC's financial expenses was mainly the result of lower interest expenses due to lower levels of debt and lower interest rates on such debt, which, in turn, reflects the full repayment of the Ch$110,000 million bridge loan ILC entered into in 2010 to partially finance its purchase of Citigroup's 41.26% interest in Habitat and the issuances of two series of notes in July 2011. See "*—Description of Indebtedness—Bonds—ILC*" below.

Consalud. The 56.1% increase in Consalud's financial expenses was mainly due to higher interest payments on surplus contributions. Surplus contributions arise for those of Consalud's beneficiaries who choose a health plan with a cost that is less than the mandatory contribution of 7.0% of wages. Consalud is required to pay interest on these surplus amounts. The interest payments and surplus amounts must be used by beneficiaries for healthcare-related costs. This interest expense on surpluses increased by 11.4% in the first quarter of 2012 compared to the first quarter of 2011.

Red Salud. The 249.1% increase in Red Salud's financial expenses was principally the result of the continued construction of the Clínica Bicentenario through the following sale lease arrangements: (i) the UF 750,000 sale lease with Banco Security with an interest rate of 5.6% and (ii) the UF 750,000 lease with Banco Bice with an interest rate of 5.1%, each such arrangement maturing in 336 months. The increase is also due to interest payments made on the bonds issued by Red Salud in January 2012. See "*—Description of Indebtedness—Bonds—Red Salud*" below.

Others. The 13.5% decrease in financial expenses attributable to our other businesses primarily reflects the 12.2% decrease in Desarrollos Educacionales' interest expense on sale lease arrangements.

Share of Profits of Affiliates Accounted for Using the Equity Method

The 53.9% increase in our share of profits of affiliates accounted for using the equity method was primarily due to higher net income from Habitat affiliates Administradora de Fondos de Cesantía de Chile S.A. and Servicios de Administración Previsional S.A.

Gain (Loss) from Inflation Indexed Unit

The reversal in our gains from inflation indexed unit to a loss was due to higher UF-denominated liabilities, as a result of the UF-denominated bonds issued by ILC in July 2011 and Red Salud in January 2012 and the financing of the construction of the Clínica Bicentenario through leases and loan arrangements denominated in UF.

Our Results of Operations for the Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

The following table sets forth the principal components of our consolidated income statement for the years ended December 31, 2011 and 2010:

	For the years ended December 31,			
	2011	**2010**	**Change**	**Change**
		(Ch$ millions)		**%**
Consolidated Income Statement				
Revenues from Operations				
Revenues	663,743	551,996	111,748	20.2%
Cost of sales	(423,512)	(360,843)	(62,669)	17.4%
Gross profit	240,232	191,153	49,079	25.7%
Other income	1,285	1,619	(334)	(20.6%)
Administrative expenses	(115,315)	(92,872)	(22,443)	24.2%
Other expenses	(1,234)	(3,389)	2,155	(63.6%)
Other gains	1,168	296	872	294.7%
Other income (expenses)				
Financial income	9,183	27,411	(18,228)	(66.5%)
Financial expenses	(11,029)	(8,139)	(2,890)	35.5%
Share of profit (loss) of affiliates accounted for using the equity method	3,335	11,638	(8,302)	(71.3%)

	For the years ended December 31,			
	2011	2010	Change	Change
		(Ch$ millions)		%
Foreign currency exchange gain (loss)	303	(193)	496	(256.6%)
Gains (loss) from inflation indexed unit	(2,873)	(201)	(2,672)	1,329.1%
Income from differences between the prior carrying amount and the fair value of the reclassified financial assets measured at fair value	-	67,648	(67,648)	(100.0%)
Income before taxes	125,055	194,970	(69,915)	(35.9%)
Income taxes	(23,273)	(19,431)	(3,843)	19.8%
Income from continuing operations	101,781	175,539	(73,758)	(42.0%)
Income from discontinued operations	-	17	(17)	(100.0%)
Net Income	101,781	175,556	(73,774)	(42.0%)
Income attributable to owners of the parent	81,570	156,858	(75,288)	(48.0%)
Income attributable to non controlling interests	20,211	18,697	1,514	8.1%

Revenues, Cost of Sales and Gross Profit

The following table sets forth a breakdown of our revenues, cost of sales and gross profit by business for the year ended December 31, 2011 compared to the year ended December 31, 2010:

	For the years ended December 31,			
	2011	2010	Change	Change
		(Ch$ millions)		%
Revenues				
ILC	945	754	191	25.4%
Retirement & Insurance				
Habitat	114,486	82,344	32,142	39.0%
Vida Cámara	154,111	131,135	22,977	17.5%
Consalud	244,615	216,901	27,714	12.8%
Total Retirement & Insurance	513,212	430,380	82,833	19.2%
Healthcare				
Red Salud	133,939	107,114	26,825	25.0%
Total Healthcare	133,939	107,114	26,825	25.0%
Others				
Total Others	15,647	13,748	1,898	13.8%
Total Revenues	663,743	551,996	111,748	20.2%
Cost of Sales				
ILC	-	-	-	-
Retirement & Insurance				
Habitat	-	-	-	-
Vida Cámara	(111,533)	(96,925)	(14,608)	15.1%
Consalud	(203,750)	(180,144)	(23,606)	13.1%
Total Retirement & Insurance	(315,283)	(277,069)	(38,214)	13.8%
Healthcare				
Red Salud	(102,444)	(78,164)	(24,280)	31.1%
Total Healthcare	(102,444)	(78,164)	(24,280)	31.1%
Others				
Total Others	(5,785)	(5,611)	(175)	3.1%
Total Cost of Sales	(423,512)	(360,843)	(62,669)	17.4%
Gross Profit				
ILC	945	754	191	25.4%
Retirement & Insurance				
Habitat	114,486	82,344	32,142	39.0%
Vida Cámara	42,579	34,210	8,369	24.5%

	For the years ended December 31,			
	2011	2010	Change	Change
		(Ch$ millions)		%
Consalud	40,865	36,757	4,108	11.2%
Total Retirement & Insurance	197,930	153,311	44,619	29.1%
Healthcare				
Red Salud	31,495	28,950	2,545	8.8%
Total Healthcare	31,495	28,950	2,545	8.8%
Others				
Total Others	9,862	8,138	1,724	21.2%
Total Gross Profit	240,232	191,153	49,079	25.7%

Revenues

The 20.2% increase in our consolidated revenues was primarily the result of the positive results obtained by our main businesses as described below:

Habitat. The 39.0% increase in Habitat's revenues principally reflected the effect of a full year's consolidation of Habitat in 2011 as compared to the nine months from April in 2010. Such increase also reflected (i) an 8.7% increase in average monthly wages, from Ch$473,524 to Ch$514,631, since Habitat's primary source of revenues was the 1.36% fee charged on monthly contributions and (ii) a 1.8% increase in the number of Habitat's contributors, which resulted mainly from contributors moving to Habitat from other AFPs as well as an increase in the level of employment, which led to renewed contributions from account holders who may have suspended contributions due to unemployment. This increase was partially offset by a decrease in the number of new account holders, as new entrants in to the labor market are currently required to open their AFP accounts with Modelo.

Vida Cámara. The 17.5% increase in Vida Cámara's revenues was primarily due to (i) Vida Cámara winning an additional fraction of SIS insurance during the second bidding process for SIS insurance where it obtained four fractions (two male and two female) covering a 24-month period beginning in July 2010 as compared to the three fractions (two male and one female) it won in the first bidding process covering a 12-month period ending June 2010, with such increase in coverage being partially offset by the decrease in the average premium of such insurance from 1.87% for men and 1.63% for women of taxable wages for the first period to 1.51% for men and 1.43% for women of taxable wages for the second period, (ii) a 7.4% increase in monthly wages, from Ch$470,241 to Ch$505,119, as Vida Cámara's sole source of revenues during 2011 originated from the fixed SIS insurance fee charged over AFP account holders' taxable wages and (iii) a 5.0% increase in new entrants into the Chilean formal labor force.

Consalud. The 12.8% increase in Consalud's revenues was primarily due to (i) the 12.7% increase in premiums received as a result of a 3.5% increase in inflation as measured by the CPI, since Consalud's premiums are paid in UF and therefore are indexed to inflation with a real rate of adjustment; and (ii) the 8.6% increase in the number of contributors to Consalud's health plans from 304,601 to 330,845.

Red Salud. The 25.0% increase in Red Salud's revenues was due to (i) the commencement of operations of our Clínica Bicentenario in 2011 (ii) increased operations at our Clínica Avansalud, which had been partially closed from mid-2010 through the first quarter of 2011 for renovations, and (iii) a 12.1% increase in revenues attributable to our Megasalud medical centers due to a 9.3% increase in medical attentions and the incorporation in October 2010 of our new medical center Arauco Salud.

Others. The 13.8% increase in revenues attributable to our other businesses primarily reflects the 15.7% increase in Desarrollos Educacionales' revenues due to the opening of the Nahuelcura school in 2011 and the expansion of the Chicureo Pumahue school in 2011.

Cost of Sales

The 17.4% increase in our cost of sales was principally due to the costs incurred by our main businesses as described below:

Vida Cámara. The 15.1% increase in Vida Cámara's cost of sales primarily reflects the result of (i) the increased costs from paying claims associated with the additional fraction of SIS insurance Vida Cámara won during the second bidding process for SIS insurance, where it obtained four fractions (two male and two female) covering a 24-month period beginning in July 2010 as compared to the three fractions (two male and one female) it won in the first bidding process covering a 12-month period ending June 2010, (ii) additional reserves incurred in 2011 for the payment of future obligations. This decrease was partially offset by a decrease in disability claim costs resulting from better economic conditions and better vetting of disability claims.

Consalud. The 13.1% increase in Consalud's cost of sales was primarily due to (i) the upward adjustment in prices, which occurs once or twice a year, charged by private hospitals and medical centers and (ii) a 5.6% increase in the number of health plan beneficiaries.

Red Salud. The 31.1% increase in Red Salud's cost of sales was the result of increased expenses due to the opening of the Clínica Bicentenario.

Others. The 3.1% increase in cost of sales attributable to our other businesses was largely the result of the 12.0% increase in Desarrollos Educacionales' cost of sales, which, in turn, increased due to the incurrence of construction, equipment and personnel expenses at the Nahuelcura school, which opened in 2011.

Gross Profit

The 25.7% increase in our gross profit was primarily due to the consolidation of a full year of Habitat's results into our operations in 2011 compared to nine months from April in 2010 and the additional fraction of SIS insurance won by Vida Cámara during the second bidding process, where it obtained four fractions (two male and two female) covering a 24-month period beginning in July 2010 as compared to the three fractions (two male and one female) it won in the first bidding process covering a 12-month period ending June 2010, all as further described above.

Other Income

The 20.6% decrease in our other income was because of a decrease in income received by Consalud from health insurance premiums received from persons who are no longer Consalud members, which Consalud recognizes as income after a year of no outside claims on such payments.

Administrative Expenses by Business

The following table sets forth a breakdown of our administrative expenses by business for the year ended December 31, 2011 compared to the year ended December 31, 2010:

	For the years ended December 31,			
	2011	**2010**	**Change**	**Change**
		(Ch$ millions)		**%**
Administrative Expenses				
ILC	(2,242)	(2,434)	192	(7.9%)
Retirement & Insurance				
Habitat	(43,156)	(32,317)	(10,839)	33.5%
Vida Cámara	(3,376)	(1,431)	(1,945)	135.9%
Consalud	(32,746)	(30,357)	(2,389)	7.9%

	For the years ended December 31,			
	2011	2010	Change	Change
		(Ch$ millions)		%
Total Retirement & Insurance	(79,277)	(64,104)	(15,173)	23.7%
Healthcare				
Red Salud	(27,255)	(20,712)	(6,543)	31.6%
Total Healthcare	(27,255)	(20,712)	(6,543)	31.6%
Others				
Total Others	(6,542)	(5,622)	(920)	16.4%
Total Administrative Expenses	(115,315)	(92,872)	(22,443)	24.2%

Administrative Expenses

The 24.2% increase in our administrative expenses was primarily due to the following expenses incurred by our main businesses as described below:

Habitat. The 33.5% increase in Habitat's administrative expenses was primarily due to the consolidation of a full year of Habitat's operations into our results in 2011 as compared to only nine months in 2010.

Consalud. The 7.9% increase in Consalud's administrative expenses was mainly due to increased costs for sales force salaries, administrative salaries and fixed administrative costs.

Vida Cámara. The 135.9% increase in Vida Cámara's administrative expenses relates to expenses incurred in connection with its preparation for the offering of new products (supplementary health and voluntary life insurance) in 2012.

Red Salud. The 31.6% increase in Red Salud's administrative expenses was principally the result of (i) commencing operations at the Clínica Bicentenario in 2011; (ii) resumed operations of the Clínica Avansalud beginning in the second quarter of 2011, which had been partially closed since mid-2010 for renovations and (iii) the effects of inflation as the value of the UF increased by 3.9% in 2011, which is the unit in which most of Red Salud's administrative expenses are calculated.

Others. The 16.4% increase in administrative expenses attributable to our other businesses primarily reflected Desarrollos Educacionales expanding its operations into new schools and the commensurate increase in administrative costs.

Other Expenses

The 63.6% decrease in our other expenses was primarily due to an impairment provision of Ch$1,744 million recorded in 2010 in connection with our sale of our affiliate Caja Art.

Other Gains

The 294.7% increase in our other gains was due to the rental income received by the Clínica Bicentenario from a related company, Mutual de Seguridad, beginning in March 2011, and minor sales of Megasalud's fixed assets.

Financial Income and Expenses

The following table sets forth a breakdown of our financial income and expenses by business for the year ended December 31, 2011 compared to the year ended December 31, 2010:

	For the years ended December 31,			
	2011	2010	Change	Change
		(Ch$ millions)		%
Financial Income				
ILC	2,475	8,814	(6,339)	(71.9%)
Retirement & Insurance				

	For the years ended December 31,			
	2011	2010	Change	Change
		(Ch$ millions)		%
Habitat	418	14,809	(14,391)	(97.2%)
Vida Cámara	3,451	2,660	791	29.7%
Consalud	1,882	845	1,037	122.7%
Total Retirement & Insurance	5,751	18,314	(12,563)	(68.6%)
Healthcare				
Red Salud	861	204	657	321.8%
Total Healthcare	861	204	657	321.8%
Others				
Total Others	95	78	18	22.5%
Total Financial Income	9,183	27,411	(18,228)	(66.5%)
Financial Expenses				
ILC	(5,225)	(5,133)	(91)	1.8%
Retirement & Insurance				
Habitat	(13)	(2)	(11)	580.6%
Vida Cámara	(6)	–	(6)	100.0%
Consalud	(524)	(398)	(126)	31.7%
Total Retirement & Insurance	(543)	(400)	(143)	35.8%
Healthcare				
Red Salud	(3,631)	(1,355)	(2,276)	168.0%
Total Healthcare	(3,631)	(1,355)	(2,276)	168.0%
Others				
Total Others	(1,631)	(1,252)	(379)	30.0%
Total Financial Expenses	(11,029)	(8,139)	(2,890)	35.5%

Financial Income

The 66.5% decrease in our financial income was due primarily to the results obtained by ILC and our main businesses as discussed below:

ILC. The 71.9% decrease in ILC's financial income was due to significantly lower returns in 2011 as compared to 2010 on our investment portfolio.

*Habitat***.** The 97.2% decrease in Habitat's financial income was due to the 90.5% decrease in Habitat's investment returns on reserves, which was partially offset by the 128.4% increase in its investment returns on the float. The float is composed of Habitat's cash surpluses which are invested in short-term time deposits and money market funds until they are distributed as dividends and does not include Habitat's reserves for mandatory investments, which is equal to 1.0% of the value of the five pension funds it has under management.

Vida Cámara. The 29.7% increase in Vida Cámara's financial income was due to the appreciation of the fixed income investments included in its portfolio.

Consalud. The 122.7% increase in Consalud's financial income was due to higher investment returns on Consalud's float in 2011.

Financial Expense

The 35.5% increase in our financial expenses was due primarily to the financial expenses incurred by ILC and our main businesses as discussed below:

ILC. The 1.8% increase in ILC's financial expenses was due to higher interest expenses on the debt incurred to purchase Citigroup's interest in Habitat, which debt was refinanced with the proceeds of a bond issuance. See "—*Liquidity and Capital Resources*" below.

Red Salud. The 168.0% increase in Red Salud's financial expenses was due to financing the continued construction of the Clínica Bicentenario through the following sale lease arrangements: (i) the UF 750,000 sale

lease with Banco Security with an interest rate of 5.6% and (ii) the UF 750,000 lease with Banco Bice with an interest rate of 5.1%, each such arrangement maturing in 336 months.

Other. The 30.0% increase in financial expenses attributable to our other businesses was due to the incurrence by Desarrollos Educacionales of UF 251,573 in loans from December 2010 to December 2011 to finance its expansion into new schools.

Share of Profits of Affiliates Accounted for Using the Equity Method

The 71.3% decrease in our share of profits of affiliates accounted for using the equity method was due to the consolidation of a full year of Habitat's operations into our results in 2011. By contrast, Habitat's operations were accounted for under the equity method during the first three months of 2010 and then subsequently consolidated into our operations for the remainder of 2010.

Gain (Loss) from Inflation Indexed Unit

The 1,329.1% increase in our loss from inflation indexed units was due to financing the construction of the Clínica Bicentenario through sale lease arrangements denominated in UF, the UF-denominated bonds issued by ILC in 2011 and the new UF-denominated debt incurred by Desarrollos Educacionales to expand its operations into new schools. Since the UF appreciated by 3.9% in 2011 as compared to 2.5% in 2010, our UF-denominated debt generated greater losses in 2011 as compared to 2010.

Income from Differences Between the Prior Carrying Amount and the Fair Value of the Reclassified Financial Assets Measured at Fair Value

For 2010, income from differences between the prior carrying amount and the fair value of the reclassified financial assets measured at fair value reflects a gain of Ch$67,648 million due to a non-recurring gain we had in connection with our purchase of Citigroup's 40.2% interest in Habitat as our then existing 40.2% interest had to be revalued at fair value, resulting in a gain for us. See Note 37 to our audited consolidated financial statements.

Liquidity and Capital Resources

General

Our principal sources of liquidity have historically been proceeds from:

- cash generated by operations;
- cash from our sale of other entities' securities and other financial instruments held for investment;
- cash from short- and long-term borrowings and financial arrangements.

Our principal cash requirements (other than in connection with our operating activities) have historically been:

- cash used to obtain control over our subsidiaries;
- cash used to acquire other entities' equity securities and other financial instruments held for investment;
- repayment of borrowings; and
- dividend payments.

Cash Flow Analysis for the Three-Month Period Ended March 31, 2012 Compared to the Three-Month Period Ended March 31, 2011:

The following table summarizes our generation and use of cash for the three-month period ended March 31, 2012 compared to the three-month period ended March 31, 2011:

	For the three-month periods ended March 31,			
	2012	**2011**	**Change**	**Change**
		(Ch$ millions)		**%**
Net cash provided by operating activities	31,296	35,595	(4,299)	(12.1%)
Net cash used in investing activities	(2,151)	(23,011)	20,860	(90.7%)
Net cash provided by (used in) financing activities	32,259	(7,635)	39,894	(522.5%)
Cash and cash equivalents	155,478	113,814	41,664	36.6%

The 36.6% increase in our net cash position is the result of the following operating, investing and financing cash movements:

Operating Activities. The 12.1% decrease in our net cash provided by operating activities was primarily the result of (i) the 16.1% increase in payments to suppliers related to the supply of goods and services resulting from higher supplier costs at Red Salud due to increased operations at the Clínica Bicentenario, (ii) the 32.4% increase in the payments to and on behalf of employees, and (iii) the 21.5% increase in the payments for premiums and healthcare services, annuities and other obligations arising from written insurance policies reflecting higher costs due to our increased sales volume, all of which was partially offset by the 18.7% increase in our proceeds from the sale of services at our principal businesses.

Investing Activities. The 90.7% decrease in our net cash used in investing activities was primarily the result of (i) the 143.0% increase in proceeds from the sale of other entities' equity securities and other financial instruments, due to the return of cash following the expiration of timed deposits, (ii) the 58.4% decrease in other payments to acquire other entities' equity securities and other financial instruments held for investments, due mainly to a decrease in Vida Cámara's investment portfolio in the first quarter of 2012 as compared to the first quarter of 2011 when Vida Cámara increased its reserve levels and subsequently its investments in financial instruments, and (iii) the 55.7% decrease in acquisitions of property, plant and equipment which was the result of a decrease in investments in property, plant and equipment associated with our construction of the Clínica Bicentenario.

Financing Activities. The reversal in our net cash financing position was primarily the result of the recognition of proceeds from the issuance of equity and debt securities, due to the issuance by Red Salud of two series of notes in January 2012. See "*—Description of Indebtedness—Bonds—Red Salud*" below. This was partially offset by the 1071.7% increase in repayment of borrowings, which was primarily due to Red Salud's full repayment of a Ch$10,301 million loan.

Cash Flow Analysis for the Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

The following table summarizes our generation and use of cash for the year ended December 31, 2011 compared to the year ended December 31, 2010:

	For the years ended December 31,			
	2011	**2010**	**Change**	**Change**
		(Ch$ millions)		**%**
Net cash provided by operating activities	122,195	25,075	97,121	387.3%
Net cash used in investing activities	(17,739)	(7,055)	(10,684)	151.4%
Net cash provided by (used in) financing activities	(119,155)	50,882	(170,037)	(334.2%)
Cash and cash equivalents	94,043	109,050	(15,007)	(13.8%)

The 13.8% decrease in our net cash position for the year ended December 31, 2011 as compared to the year ended December 31, 2010 is the result of the following operating, investing and financing cash movements:

Operating Activities. The 387.3% increase in our net cash provided by operating activities was primarily the result of the 32.2% increase in proceeds from the sale of services at our principal businesses including the effect of a full year's consolidation of Habitat in 2011 as compared to the nine months from April in 2010. This was partially offset by (i) the 21.1% increase in our payments for premiums and healthcare services and other obligations arising from our written insurance policies which, in turn, primarily reflects higher costs associated with our increased sales volume in 2011 and (ii) the 15.5% increase in our payments to suppliers resulting from higher supplier costs at Red Salud due to the commencement of operations at the Clínica Bicentenario.

Investing Activities. The 151.4% increase in our net cash used in investing activities was primarily the result of (i) the 57.4% decrease in proceeds from the sale of other entities' equity securities and other financial instruments, due to the sale of 14% of our ownership interest in Habitat in a public offering in 2010 and (ii) the incorporation of Habitat's cash balance to our consolidated financial statements in April 2010 and no similar event in 2011. This was partially offset by (i) the 58.8% decrease in the other payments to acquire other entities' equity securities and other financial instruments, due to our purchase of Citigroup's 41.26% interest in Habitat in 2010 that was partially financed with cash on hand.

Financing Activities. The reversal in our net cash financing position was primarily the result of (i) the 3,089.0% increase in our repayment of borrowings, due to the full repayment of the Ch$110,000 million bridge loan we entered into in 2010 to partially finance our purchase of Citigroup's 41.2% interest in Habitat and (ii) the 90.0% decrease in proceeds from short-term loans, due to a lower short-term loan volume in 2011, as the Habitat bridge loan was entered into in 2010. This was partially offset by the realization of proceeds from the issuance of equity and debt securities, due to our issuances of two series of notes in July 2011. See "*—Description of Indebtedness—Bonds—ILC*" below.

Working Capital

At March 31, 2012, we had a working capital (defined as total current assets minus total short-term liabilities) of Ch$275,171 million. At December 31, 2011 and 2010, we had a working capital of Ch$205,126 million and Ch$102,179 million, respectively.

We believe that our cash from operations, current financing initiatives and cash and cash equivalents are likely to be sufficient to satisfy our capital expenditures and debt service obligations in 2011 and 2012. We anticipate financing any future acquisitions or capital expenditures for property, plant and equipment with cash from operations, proceeds from this offering and additional indebtedness.

Capital Expenditures

The following table summarizes our capital expenditures for the three-month period ended March 31, 2012 compared to the three-month period ended March 31, 2011:

	For the three-month periods ended March 31,			
	2012	**2011**	**Change**	**Change**
		(Ch$ millions)		**%**
Capital expenditures	2,377	5,363	(2,986)	(55.7%)

The following table summarizes our capital expenditures for the year ended December 31, 2011 compared to the year ended December 31, 2010:

	For the years ended December 31,			
	2011	**2010**	**Change**	**Change**
		(Ch$ millions)		**%**
Capital expenditures	15,852	20,551	(4,699)	(22.9)%

Our primary capital expenditures in the near future will relate to the following projects:

- *New Headquarters*. We have plans to develop new corporate offices, which will serve as our headquarters and also provide renting space to our subsidiaries, affiliates and third parties. We currently estimate that the building will require a U.S.$100 million investment, to be financed two-thirds by us and one-third by our subsidiaries. We expect that construction will be complete by 2015.

- *Clínica Tabancura II Expansion*. During the second half of 2012, Red Salud will begin the construction of a new hospital, Clínica Tabancura II, which will be located next to the Clínica Tabancura and is expected to have 80 beds. We currently estimate that construction of the hospital will require a U.S.$50 million investment, which we expect to fund with the proceeds received from Red Salud's recent bond issuance. See "*—Description of Indebtedness—Bonds—Red Salud*" below.

Dividends

For a description of our dividend policy and those of our subsidiaries as well as our and their recent dividend payments. See "*Dividends and Other Distributions*."

Description of Indebtedness and Potential Sources of Liquidity

Total Indebtedness

As of March 31, 2012, we had total consolidated indebtedness of Ch$211,369 million (approximately U.S.$433.6 million). As of March 31, 2012, ILC had, on an individual basis, total indebtedness of Ch$56,753 million (approximately U.S.$116.43 million).

Bonds

ILC

Series A Notes. On July 28, 2011, ILC issued in Chile an aggregate principal amount of Ch$1,800 million of its 6.80% Series A notes. The notes accrue interest at an annual rate of 6.80% with interest and principal to be repaid at maturity in June 2016.

Series C Notes. On July 28, 2011, ILC issued in Chile an aggregate principal amount of UF 1,500,000 of its floating rate Series C notes. These notes accrue interest at an annual rate of UF + 3.60% with interest and principal to be repaid in 10 equal installments starting in June 2022.

Both the Series A and Series C notes have the following covenants, among others:

- *Financial Debt Limitation*. At the end of each quarter, ILC must maintain net financial debt lower than total equity.

- *Revenues Limitation*. At least two thirds of ILC's revenues must originate from its Retirement & Insurance and Healthcare segments when measured on a quarterly basis on retroactive twelve-month periods over the entire life of the notes.

- *Event of Default*. An event of default on the notes will be deemed to occur if ILC or any of its significant subsidiaries default in the payment of any obligation which, individually or in the aggregate, exceeds 5% of ILC's total assets as recorded in ILC's last quarterly financial statements, and such default continues for a period of 60 days; *provided*, however that the term "obligations" shall not be deemed to include any obligation that has been expressly postponed, is subject to pending lawsuits or litigation or is not recognized by ILC in its account records.

- *Acceleration*. If an event of default on the notes has occurred, any creditor of ILC or its significant subsidiaries may declare all unpaid principal of and accrued interest in the notes to be due and payable immediately; *provided*, however that the default by ILC or any of its significant subsidiaries in the payment of any obligation which, individually or in the aggregate, does not exceed 5% of ILC's total assets as recorded in ILC's last quarterly financial statements will not be considered a default.

Other than the notes described above, ILC does not have any other indebtedness as of the date of this offering memorandum.

Red Salud

Series A Notes. On January 26, 2012, Red Salud issued in Chile an aggregate principal amount of Ch$21,800 million of its 6.50% Series A notes. The notes accrue interest at a rate of 6.50% and mature on June 30, 2016.

Series C Notes. On January 26, 2012, Red Salud issued in Chile an aggregate principal amount of UF 1,000,000 of its 4.25% Series C notes. The notes accrue interest at a rate of 4.25% and mature on June 30, 2032.

The Series A and Series C notes have the following covenants, among others:

- *Financial Debt Limitation*. At the end of each quarter, beginning March 31, 2012, Red Salud's financial debt may not be greater than 2 times its total equity.

- *Net Interest Expense Coverage Ratio*. At the end of each quarter, beginning March 31, 2012, Red Salud must maintain a net interest expense coverage ratio greater than 2.5 times and, starting from March 31, 2013, greater than 3 times, where net interest expense coverage ratio is defined as the ratio between Red Salud's earnings before interest, tax, depreciation and amortization (EBITDA) for the last twelve months and its net interest expense for the last twelve months. Red Salud will be deemed to be in violation of this covenant if its net interest expense coverage ratio falls below the required levels for two consecutive quarters.

- *Assets Free of Liens*. Red Salud must hold assets free of liens in an aggregate amount equal to at least 1.3 times the outstanding amount of its total unsecured financial debt.

Loan Agreements and Lease Obligations

The following table sets forth a summary of our loan and lease obligations as of March 31, 2012:

Obligation[(1)]	***(Ch$ millions)***
Short-term	
Bank loans	7,112
Finance lease liabilities in UF	7,007
Short-term Total	14,120
Long-term	
Bank loans	38,791
Finance lease liabilities in UF	56,806
Long-term Total	95,597
Total	109,717

(1) Includes outstanding principal and accrued but unpaid interest owed.

For a detailed description of our loan and lease obligations, see Note 20 to our audited consolidated financial statements. Certain of such financial obligations contain customary covenants. As of the date of this offering memorandum, we and our subsidiaries are in compliance with all such covenants.

Tabular Disclosure of Contractual Obligations

The following table sets forth a summary of our consolidated contractual obligations and commercial commitments including all interest (including future interest) owed, as of March 31, 2012:

	Payments due in period				
Obligation	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Total**
			(Ch$ millions)		
Long-term debt obligations	—	28,688	60,978	103,322	192,988
Short-term debt obligations[1]	12,963	—	—	—	12,963
Lease obligations and other financial liabilities	9,435	16,385	7,492	63,324	96,636
Total	22,398	45,072	68,469	166,647	302,587

(1) Includes the current portion of long-term debt.

Off-Balance Sheet Arrangements

As of March 31, 2012, we did not have any relationships with unconsolidated special-purpose entities or financial partnerships for the purpose of facilitating off-balance sheet arrangements.

Critical Accounting Policies and Estimates

A summary of our significant accounting policies is included in note 4 to our audited consolidated financial statements included elsewhere in this offering memorandum. We believe that the consistent application of these policies enables us to provide readers of our consolidated financial statements with more useful and reliable information about our operating results and financial condition.

The following policies are the accounting policies that we believe are the most important to the portrayal of our financial condition and results of operations and require management's most difficult, subjective or complex judgments

Other Financial Assets

Recognition and measurement. Our financial assets are initially recognized at fair value plus transaction costs directly attributable to their acquisition or issue.

Classification. We initially classify financial assets as measured at amortized cost or fair value.

We measure financial assets at amortized cost if the following conditions are met:

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

If a financial asset does not meet these conditions, we measure it at fair value.

We assess our investment models at the portfolio level as it is a more accurate reflection of the manner in which our businesses are managed and the information is provided to the relevant board of directors.

We hold financial assets held for trading within a business model whose objective is to hold assets in order to collect contractual cash flows.

We measure certain financial assets at fair value through profit or loss as such measurement eliminates or significantly reduces the accounting mismatch that could otherwise arise.

Derecognition. We derecognize a financial asset in the statement of financial position when the contractual rights to the cash flows from the financial asset expire, or when we transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by us is recognized as a separate asset. On derecognition of a financial asset, we recognize as profit for the year the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain and loss that had been recognized in other comprehensive income.

Offsetting. We offset financial assets and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and simultaneously settle the liability.

Amortized cost measurement. We determine the amortized cost of a financial asset as the amount at which the financial asset is measured at initial recognition, minus capital reimbursements, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the reimbursement value, minus any reduction for impairment.

Fair value measurement. We determine the fair value of a financial asset as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. We measure an instrument using quoted prices in an active market for that instrument. We consider that a market is active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, we establish fair value using different valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially similar, discounted cash flow analysis and option pricing models. We incorporate all factors that market participants would consider in setting a price, and that are consistent with accepted economic methodologies for pricing financial instruments.

Identification and measurement of impairment. We assess regularly whether there is objective evidence that financial assets that are not carried at fair value through profit or loss are impaired, except loans and advances to customers. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Investments and other financial assets. We classify financial assets within the scope of IAS 39 as financial assets at fair value through profit or loss, loans and receivables, investments held-to-maturity and financial assets available for sale, as applicable. We measure financial instruments upon initial recognition and financial instruments are measured at fair value plus (in the case of investments not at fair value through profit or loss) any directly attributable transaction costs.

We analyze whether a contract contains an embedded derivative when we become a party to the contract. Embedded derivatives are separated from the host contract and are not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of the host contract and the risks of the embedded derivative are not closely related.

Effective interest method. The effective interest method corresponds to the method we use to estimate the amortized cost of a financial asset and the allocation of interest income during the period. The effective interest rate is the rate that exactly discounts future estimated cash flows receivable (including all charges on amounts paid or received that form an integral part of the effective interest rate, transactions cost and other credits or discounts), during the expected life of the financial asset. Our long-term bank and financial liabilities are recorded under the effective interest method.

We determine the classification of financial assets after initial recognition and, when allowed and appropriate, reassess the designation at the end of each financial year. We record all regular purchases and sales of financial assets at the date of the transaction, which is the date in which we commit to acquire the asset. Regular purchases or sales are those that require the delivery of the asset within the period established by regulations or market convention. We use the following classification for investments:

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are those investments held for the purpose of generating short-term profits due to price variations, and are classified at fair value through profit or loss and presented as current assets. All financial assets within this category are recorded at fair value which is obtained using observable market data and charged against realized or unrealized gains or losses from changes in fair value at each year-end.

Observable market data is obtained using price bands generated on a daily basis by the Superintendency of Pensions and/or deposit values reported on a daily basis by mutual funds and the implicit interest rates for long-term deposits, as applicable.

Investments held-to-maturity. Investments held-to-maturity are those non-derivative financial assets with fixed or determinable payments and fixed maturities, which we intend to hold to maturity. Subsequent to initial recognition, financial investments held-to-maturity are measured at their amortized cost. Such cost is calculated as the amount initially recognized less principal advanced payments, plus or less accumulated amortization under the effective interest method of any difference between the amount initially recognized and the amount at maturity less any provision for impairment. This estimate includes all commissions and "credits" paid or received between the parties that are an integral part of the effective interest rate, transaction costs and all premiums and discounts. Gains or losses are recorded in profit or loss when investments are derecognized or impaired, as well as through the amortization process.

Financial investments available for sale. Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of investments described above. These investments are recorded at fair value when they can be estimated reliably. Subsequent to initial recognition, financial assets available for sale are measured at fair value with any unrealized gains or losses recognized directly in equity within the reserve for unrealized gains. When the investment is disposed of, accumulated gains or losses previously recognized in equity are reclassified to profit or loss. Interest earned or paid for the investment is reported as interest income or expense using the effective interest method. Dividends earned are recognized in profit or loss as dividends received when the right to the payments has been established. As of December 31, 2011 and 2010 and January 1, 2010, there were no financial assets classified as available for sale.

Impairment of financial assets. Impairment of a financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset.

Trade and other receivables and accounts receivable due from related parties. Trade and other receivables and accounts receivable due from related parties are recorded at amortized cost, which corresponds to the initial market value less principal repayments plus interest accrued but not received.

Impairment of Assets

We review the carrying amount of assets subject to impairment to determine whether there is any indication that the carrying amount could not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment. In assessing impairment, those assets not generating cash inflows independent of the cash inflows of other assets are grouped in the Cash Generating Unit ("CGU") to which the asset belongs. The recoverable amount of these assets or CGUs is measured as the higher of their fair value or carrying amount.

Our management necessarily applies judgment in grouping assets not generating independent cash inflows as well as in the cash flow estimate, periodicity and amounts underlying the estimate. Subsequent changes in the grouping of the CGUs or periodicity of cash inflows could affect the carrying amount of the assets.

Useful Lives of Property, Plant and Equipment

Our management determines the useful lives and depreciation charges of property, plant and equipment. This estimate is based on the projected life cycles of products within its segment. We review the estimated useful lives of property, plant and equipment at each annual reporting date.

Fair Value of Derivatives and Other Financial Instrument

We determine the fair value of financial instruments not quoted in an active market using different valuation techniques. We apply judgment to select a variety of methods and make hypotheses based mainly on market conditions at the reporting date. For derivative instruments, our assumptions are based on quoted market rates adjusted for the specific features of the instrument. We measure other financial instruments using an analysis of discounted cash flows based on assumptions supported, when possible, by observed prices or market rates.

Estimate of the Net Realizable Value of Inventories

The input we use to estimate the net realizable value of inventories is mainly the estimated sale price of such inventories.

Criteria used for the Actuarial Estimate of Employee Liabilities

We measure liabilities for contractual employee benefits using an actuarial estimate that considers mainly personnel turnover per cause of retirement, mortality and disability rates, actual salary increase, survivors' rates and time before the age of retirement.

Probability of Occurrence and Amount of Uncertain or Contingent Liabilities

We have made estimates relating to the probability of occurrence and the amount of uncertain or contingent liabilities taking into consideration the information available; however, future events could make it necessary to modify these contingent liabilities in future periods (prospectively as a change in accounting estimate).

Actuarial Estimate of Insurance Reserves

We value insurance reserves for Vida Cámara's disability and survivorship insurance considering mortality, morbidity and interest rates using an actuarial method.

Property, Plant and Equipment

Property, plant and equipment costs include the acquisition costs plus all costs directly attributable to bringing the asset to its working condition and location. In addition, we also consider financing costs directly attributable to the acquisition or construction of assets that require a substantial time period to be ready for use or sale, as part of property, plant and equipment costs. We measure items included within property, plant and

equipment at cost less accumulated depreciation and accumulated impairment losses. We expense repair, preservation and maintenance expenses as incurred. Some of our property, plant and equipment of require periodic reviews. Accordingly, we recognize replaced items separately from the rest of the asset and at a level of disaggregation that allows amortizing them over the average period from the current year to the year following the repair. We capitalize costs related to asset extensions, upgrades or improvements that represent an increase in the productivity, capacity or efficiency of the assets or an increase in their useful life, as an increase in the value of the assets. Property, plant and equipment includes investments in assets acquired under financing lease agreements. These assets do not legally belong to us as we have not exercised our purchase option, if applicable. We recognize any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) in profit or loss.

Investment Property

Investment property corresponds to real estate held to earn rental income, goodwill or both. We measure investment property at cost less accumulated depreciation and impairment losses. As of January 1, 2010, the cost of investment property includes the re-measured value at that date. Subsequently, we recognize investment property at acquisition cost. We recognize depreciation in profit or loss on a straight-line basis over the estimated useful life of each item of investment property. This is the method that better reflects the pattern of consumption of the assets. We review the depreciation and economic useful lives of investment property annually and adjust as necessary. We recognize rental income from the lease of investment property within other investment gain (losses) in the statement of income on a straight-line basis over the term of the lease. Our property, plant and equipment includes the interest cost incurred for constructing and/or acquiring the assets. Such cost is capitalized until the moment the related assets are ready for use. The amount of capitalized financing is determined using the interest rate of the related credits.

Depreciation

We depreciate items of property, plant and equipment on a straight-line basis by allocating the acquisition cost of the assets less their estimated residual value based on the estimated useful lives of the items. The main items of property, plant and equipment and their useful lives are as follows:

Useful life	**Range in years**
Buildings	20-80
Plant and equipment	3-10
Information technology equipment	2-5
Fixed facilities and accessories	10-20
Vehicles	3-5
Improvements to leased assets:	
Facilities	2-5 (*)

(*) Or the term of the agreement, whichever is lower.

We revise the useful lives and residual values of items of property, plant and equipment annually, and depreciation commences when they are ready for use.

We record land separately from the buildings or facilities built on them and they are deemed to have an indefinite useful life; accordingly, land is not depreciated.

We assess at least annually whether there are any indicators of impairment in our items of property, plant and equipment. We record reversals of impairment losses in profit or loss or equity, as applicable.

Intangible Assets

Intangible assets relating to software, trademarks and the portfolio of Habitat, have been acquired separately and are measured at cost on initial recognition. The cost of intangible assets acquired in business

combinations is their fair value at the date of acquisition. Subsequent to initial recognition, we record intangible assets at cost less accumulated amortization and accumulated impairment losses. We define the useful lives of intangible assets as definite or indefinite. For intangible assets with indefinite useful lives, impairment testing is conducted individually or at the CGU level. We amortize intangible assets with definite useful lives over their economic useful life and assess for impairment whenever impairment indicators exist. The amortization period and method for intangible assets with definite useful lives are assessed at least at each reporting date. Expected changes in the useful life are recognized as changes in the amortization period or method, as applicable, and treated as a change in accounting estimates. The amortization expense for intangible assets with definite useful lives is recognized in profit or loss within the expense category consistent with the function of the intangible asset.

Revenue Recognition

We recognize revenue when it is probable that the economic benefits that will flow to us can be measured reliably. The following specific revenue recognition criteria must be met before recognizing revenue.

Revenue from services. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion at the reporting date, provided that the result of the transaction can be estimated reliably.

Interest income. Interest income is recognized as it accrues in profit or loss based on the capital balance pending payment and the applicable interest rate.

Real estate sale. Revenues from lease services are recognized once the service has been rendered.

Investment dividends. Revenues from investments are recognized when the right to receive the payment has been established.

Insurance premiums. Revenues from insurance premiums correspond to the disability and survivorship insurance managed by Vida Cámara and are recognized throughout the contract period in function of the time lapsed.

Revenues from pension plan business. These include the commissions earned by Habitat for the management of pension funds, which are accrued and recognized in profit or loss based on the retirement contributions credited in the individual accounts of its account holders as stated in Circular No. 1.540 of the Superintendency of Pensions. The abovementioned standard does not generate any significant distortions with the criteria established by IAS 18.

Revenues related to the rendering of other services are charged to profit or loss when the services are rendered by Habitat.

Revenues related to the profitability of Habitat's reserve are charged to profit or loss based on the variations in the deposit values of the managed pension funds.

Finance income will be contractually established with the applicable insurance companies for the contracts in force as of June 30, 2009 relating to the disability and survivorship coverage individually contracted by AFP Habitat to provide this benefit to its account holders prior to June 30, 2009.

Revenues from educational business. Revenues from enrollment and tuitions are deferred and recognized as revenues throughout the school year on a straight time basis.

Provisions

Our existing legal or implicit obligations existing which result from past events, may generate probable equity damages for us, and whose amount and timing of settlement are uncertain are recorded in the statement of financial position as provisions based on the current value of our estimate of the most likely amount to be disbursed when settling the obligation.

We quantify provisions based on the best information available on the date the financial statements are issued in respect to the consequences of the events that cause them and are then re-estimated at each subsequent reporting date. In general, we determine provisions based on the historical data of us and our businesses.

Provisions and contingent liabilities. Provisions are liabilities whose amount or timing is uncertain. We recognize these provisions in the balance sheet when the following requirements are met:

- The liability relates to a present obligation arising from a past event and,
- At the date of the financial statements it is probable that an outflow of resources from us will be required to settle the obligation and the amount of these resources can be measured reliably.

A contingent asset or liability is an obligation from past events whose existence will only be confirmed if one or more future uncertain events occur which are not under our control.

Insurance Reserves of Vida Cámara

The disability and survivorship insurance (SIS) is acquired by the AFP's as a whole to provide SIS benefits to their account holders in case they become disabled or die. As of March 31, 2012, Vida Cámara maintains two policies in force with the AFPs relating to SIS insurance.

The SIS insurance reserves must be calculated based on the estimated present value of the expected future payments to which the member has rights to receive.

The SIS insurance reserves are reviewed on a monthly basis and are subject to a liability adequacy test to determine the sufficiency of the insurance reserves to cover the projected future cash flows derived from the insurance contracts currently in force, taking into account the estimations of mortality, morbidity and interest rates based on historical data and the characteristics of the client's portfolio. If a deficiency in the SIS insurance reserves is determined when applying the liability adequacy test, Vida Cámara has to record an additional reserve with a charge to profit and loss.

Pension Reserves of Habitat

With the purpose of guaranteeing a minimum profitability of the pension funds referred to in Article No. 37 of the Pension Law and in conformity with Article No. 40 of the same legal instrument, Habitat must maintain an asset called "Reserve" for each type of fund it manages equivalent to 1.0% of the value of each such pension fund, which shall be invested in deposits. This investment will be valued multiplying the number of equivalent deposits per fund at their closing value on the day the information must be provided.

Qualitative and Quantitative Disclosure about Market Risks

We are exposed to risks in the ordinary course of business. We regularly assess and manage our exposures to these risks through our consolidated operating and financing activities and, when appropriate, by (i) taking advantage of naturally offsetting exposures within our businesses, (ii) purchasing insurance from commercial carriers or (iii) utilizing derivative financial instruments. Some of our potential risks are discussed below. For further information on risk management, see Note 6 to our audited consolidated financial statements.

Operational Risk

Operational risk is the risk of a direct or indirect loss originated by causes related to our processes, personnel, technology and infrastructure. We have policies and internal control procedures that minimize operational risks. Our internal audit committee, which is similar to a directors' committee, periodically watches over the transparency of our activities and is comprised of two of our directors as well as our controller. The audit committee's main tasks are: (i) supervising the effectiveness and efficiency of our internal control systems, (ii) detecting and analyzing issues that may result in risks to us, (iii) reviewing and proposing internal controls,

(iv) reviewing internal and external audit reports and (v) expressing an opinion on the issues that may generate effects on our equity. The committee meets on a monthly basis and regularly reports to our Board of Directors about its activities and work.

Interest Rate Risk

Interest rate risk is expressed as the sensitivity of the value of our financial assets and liabilities when facing fluctuations of market interest rates.

Our financial liabilities correspond to loans from financial entities, finance leases and debt obligations. As of December 31, 2011, 100.0% of these liabilities were structured with fixed interest rates and, accordingly, there was no exposure to the fluctuations of rates in the market.

However, many of our financial liabilities are denominated in UF and are thus exposed to the variation of the UF, which is mitigated by the fact that changes in our revenues also correlate to changes in the UF.

Our financial assets subject to interest rate risk are comprised of time deposits, fixed income mutual funds and other similar investments. Considering the average annual investment of Ch$85,052 million we recorded during 2011 with a maturity date of less than one year, a positive or negative variation of 100 basis points in the market interest rate obtained would have increased or decreased, respectively, our income before taxes by Ch$851 million, or 0.7%.

Financial Investment Profitability Risk

Financial investment profitability risk relates to changes in the price of the instruments in which we invest, which are mainly exposed to the risks of volatility in the local and international financial markets and the variations in exchange and interest rates. We seek to mitigate this risk by following a policy of diversification. Additionally, our investment policy calls for investing in instruments similar to the ones in which the five pension fund types invest, giving preference to geographic and asset type diversification and good credit risk.

In Vida Cámara, the investment portfolio is based on the policy imposed by its board of directors, which focuses on investments in financial instruments with terms similar to Vida Cámara's liabilities, denominated in UF and with risk ratings equal to or higher than A+. Additionally, Vida Cámara's investment policy requires that at least 35% of its portfolio is in instruments issued by the Central Bank or the Chilean Treasury Department. Considering a financial investment base of Ch$174,193 million recorded during 2011, a positive or negative variation of 100 basis points in the market interest rate obtained would have increased or decreased, respectively, Vida Cámara's income before taxes by Ch$1,742 million, or 1.4%.

Reserve Profitability Risk

The pension funds Habitat manages are exposed to the risks of volatility of the local and international financial markets and the variations in exchange and interest rates. These risks directly affect the profitability of the pension funds and consequently the profitability of the reserve, which directly affects Habitat's profits.

Based on Habitat's current reserve of Ch$176,376 million, a change of 100 basis points in the profitability of the reserve would have increased or decreased, respectively, Habitat's income before taxes by Ch$1,764 million, representing 1.4% of Habitat's total.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting our commitments, financial obligations, working capital needs and investments in property, plant and equipment.

We generally finance our activities and investments with dividends and other distributions received from our businesses and investees and funds obtained from the sale of assets and/or in the issuance of debt and equity securities.

We have liquid financial resources to meet our short and long-term obligations. In addition our businesses generate a significant amount of cash, and we have wide access to banking and capital markets, especially supported by credit ratings of AA and AA+, given by Feller-Rate and Humphreys, respectively.

Additionally, we constantly analyze our financial position by making projections of cash flows and the general economic environment with the purpose of, if necessary, assuming new pre-approved, short-term lines of credit that allow us to cover any liquidity risks.

Credit Risk

Credit risk is the risk we face of experiencing a financial loss in the event of nonperformance by counterparties to our financial instruments. Most of our financial instruments, such as our reserves and our investment portfolio, have high standards set by Chilean regulators and our own investment policies. These policies consider minimum risk ratings, maximum interest ownership in industries or companies and high levels of investment in low-risk instruments issued by the Central Bank or Chilean Treasury Department. Therefore, our credit risk is reduced to almost the same risk faced by the largest institutional investors in Chile.

In addition, to manage this risk we have established counterparty credit guidelines and entered into financial instruments only with top financial institutions. We continually monitor the credit rating of each counterparty. Additionally, we utilize a portfolio of financial institutions to minimize our exposure to potential counterparty defaults and will adjust our positions if necessary.

OUR BUSINESS

ILC

Overview

We are a leading provider of retirement, insurance and private healthcare services in Chile. We operate primarily in two key sectors: (i) Retirement & Insurance, including pension funds, life insurance and health insurance; and (ii) Private Healthcare, including private hospitals and medical centers. We also participate to a lesser extent in other sectors such as Education and Information Technology. We have a competitive pricing strategy where we seek to provide high quality services at affordable, competitive prices.

Throughout our 32-year history of sustainable, profitable and organic growth, we have developed, acquired and expanded several businesses with strong brands and leading positions in the various sectors in which we operate. We believe that our proven track record of identifying synergies and value-creation opportunities, combined with our group level oversight and direction that promotes best practices among our businesses, have been among the key strategic advantages in our successful growth, strong financial performance and profitable returns throughout several economic cycles.

We operate in Chile, a market with highly attractive demographics and strong macroeconomic fundamentals. We believe that our broad presence and our leading positions across our businesses will continue to allow us to benefit from the continued growth in the Chilean market, especially in underpenetrated sectors such as insurance and healthcare.

We operate in the Retirement & Insurance sector through Habitat, the second-largest pension fund administrator in Chile in terms of number of contributors, account holders and assets under management as of March 31, 2012; Vida Cámara, a life insurance company that, prior to the third disability and survivorship insurance auction in April 2012, was the largest disability and survivorship insurance provider in Chile as measured by gross written premiums as of March 31, 2012 and that also offers supplemental health and voluntary life insurance products since 2012; and Consalud, the largest private health insurance provider in Chile in terms of contributors and beneficiaries as of March 31, 2012. We operate in the Private Healthcare sector through Red Salud, one of the largest networks of private hospitals and medical centers in Chile in terms of number of patient beds and medical and dental care boxes as of December 31, 2011. We also participate in the Education sector through Desarrollos Educacionales, which operates nine private schools and one subsidized school in Chile as well as in the Information Technology sector through iConstruye, an information technology outsourcing company which offers a business-to-business platform capacity and other information technology solutions.

For the three-month period ended March 31, 2012 and the year ended December 31, 2011, our consolidated operating revenues totaled U.S.$365.7 million and U.S.$1,278.4 million, respectively, and our net income was US$66.3 million and U.S.$157.1 million, respectively. As of March 31, 2012 and December 31, 2011, we had total assets of U.S.$2.3 billion and U.S.$1.9 billion, respectively, and total shareholders' equity of U.S.$1.3 billion and U.S.$1.1 billion, respectively. We have achieved a two-year ROAE of 23% and have paid dividends in excess of Ch$178,606 million since January 1, 2010.

History

Early Years

We were organized in 1980 by CChC to develop and promote the retirement, insurance, healthcare and education sectors in Chile. In 1981, we were the sole founding shareholder of Habitat, which operated as a retirement planning company within the new retirement system created by the Chilean government. Since then, Habitat has grown steadily to become an industry leader in the pension fund business.

Our first venture outside of the retirement business was in 1984, when CChC entered the health sector by creating our subsidiary Consalud, which at the time provided both health insurance and healthcare services through private hospitals and medical centers. Then, in 1985, we formed Seguros de Vida La Construcción to provide

disability and survivorship insurance services to Habitat, which it formerly obtained from other life insurance companies.

Growth through the 1990's

In 1996, Citigroup and we created a joint venture company, Inversiones Previsionales S.A., through which we gained 67.0% ownership and control over Habitat, thereby cementing our position in the retirement business.

Within the life insurance business, Royal & Sun Alliance acquired 40.0% ownership of Seguros de Vida La Construcción in 1997 and began taking a more direct role in the management of the company (such control reaching a 51.0% ownership interest in 1999).

Towards the end of this decade, we also expanded our business into the education sector through the creation of Desarrollos Educacionales in 1997.

Growth through the 2000's

Beginning in 2000, CChC split its health insurance and private healthcare businesses. Consalud continued to provide health insurance and Megasalud S.A. was created to run the private healthcare and outpatient care services.

In 2001, we began our information technology outsourcing business by creating iConstruye.

In 2003, we regained 100.0% ownership of Seguros de Vida La Construcción by acquiring Royal & Sun Alliance's 51% ownership interest. However, in 2004, we discontinued our life insurance operations, selling 100.0% of Seguros de Vida La Construcción to Bice Vida.

In 2005, CChC transferred, through a capital increase, their 99.9% ownership of Consalud to us. Additionally, in 2008, as a result of the significant expansion of the healthcare sector in Chile, we created Red Salud to operate as the holding company to manage and administer all of our healthcare businesses.

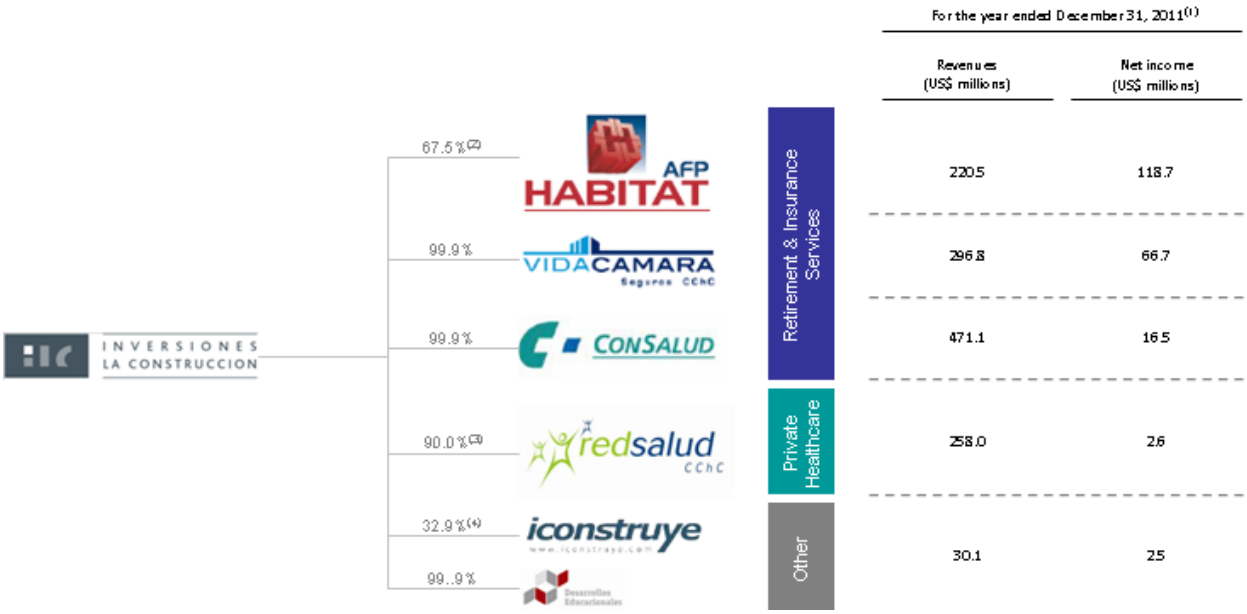
Additionally, as a result of the Pension Reform Law, we decided to re-enter the life insurance business through our acquisition of RBS (Chile) Seguros de Vida S.A., an affiliate of Royal Bank of Scotland, subsequently renamed Vida Cámara.

In 2010, we ended our joint venture with Citigroup S.A. and gained sole control of 81.5% of Habitat. In that same year, we offered 14% of Habitat in a public offering in Chile, and we currently hold a 67.5% ownership interest in Habitat.

In January 2012, our life insurance subsidiary Vida Cámara expanded its offering of insurance products through (i) its acquisition of Asermed in 2012, where it acquired the sales force of Servicios Medico and began offering supplemental health insurance and (ii) its entry into the voluntary life insurance market.

Organizational Structure

The following is our current organizational structure as well as key financial figures of our main businesses:



(1) Solely for the convenience of the reader, amounts stated in U.S. dollars have been translated at the exchange rate of Ch$519.20 per U.S.$1.00 which was the official rate certified by the Central Bank as of December 30, 2011 (the latest available date, as December 31, 2011 was a non-business day).

(2) The remaining 32.5% ownership interest in Habitat is owned by Inversiones Union Española, S.A., Larrain Vial S.A. Corredores de Bolsa, among others.

(3) The remaining 10.0% ownership interest in Red Salud is owned by the Mutual de Seguridad.

(4) The remaining 67.1% ownership interest in iConstruye is held by the participating construction companies.

Recent Performance

The following table sets forth key statistics relating to our main businesses as of March 31, 2012:

	Habitat	Vida Cámara	Consalud	Red Salud
ILC % Ownership[1]	67.5%	99.9%	99.9%	80.8%[2]
Local Credit Ratings (Humphreys/Feller-Rate)	N.A.	A+/A+	N.A.	A/A-
Operating Revenues (Ch$ millions)	31,006	40,808	66,877	37,031
Net Income (Ch$ millions)	26,118	10,563	4,453	551
Dividends Paid to ILC[3] (Ch$ millions)	32,386	34,962	6,531	4,790

(1) Ownership of ILC directly or indirectly through its wholly-owned subsidiaries.

(2) In May 2012, we acquired an additional 9.2% ownership interest in Red Salud from CChC, bringing our total ownership interest to 90.0%.

(3) Presented as of December 31, 2011. Cash dividends received by ILC.

Our Strengths

Attractive demographics. We benefit from Chile's growing population and improving socio-economic conditions. Based on data from the International Monetary Fund, we operate in a market of approximately 17.24 million people in 2011 with an expected annual growth rate of 1.1% from 2011 to 2015, compared to 1.0% for the United States and 0.3% for Western Europe. Additionally, the sustained macroeconomic growth and increasing disposable income in Chile has resulted in an unprecedented shift in socio-economic classes and a significant reduction in poverty levels. According to the National Socio-economic Survey for Chile, the percentage of people living below the poverty level in Chile has decreased from 39% in 1990 to 15% in 2009. Our businesses benefit directly from an increase in real income levels, as our operating revenues from our pension and health insurance

operations are directly derived as a fixed monthly premium based on the salary levels of our contributors. We also indirectly benefit from growing disposable income in Chile.

Solid macro-economic fundamentals. Our businesses operate in Chile, an economy with attractive economic fundamentals and political stability. Chile maintains the highest credit ratings in Latin America according to Bloomberg L.P., having ratings of A+ from Standard & Poor's Financial Services LLC, AA3 from Moody's Investors Service, Inc., and A+ from Fitch, Inc. Chile has experienced a strong macroeconomic recovery since 2009, with a growth trend that continued during 2011 as the Chilean economy grew by 6.0%, internal demand increased 9.3%, private investment increased 15.7%, private consumption increased 9.0% and unemployment decreased, from 8.4% in 2010 to 7.2% in 2011 according to the Central Bank. Additionally, Chile has one of the most responsible fiscal policies in the region, having withstood the recession in 2008 with an effective counter-cyclical policy.

Outstanding track record of embarking on profitable businesses. Originally focused on the retirement sector through the creation of Habitat in 1981, we have developed, acquired and expanded several businesses with strong brands and leading positions in the various sectors where we operate. In keeping with our strategy of offering high-quality retirement, insurance and healthcare services geared towards Chile's emerging middle class, we entered the health insurance and healthcare sectors in 1984 with Consalud and the life insurance sector in 1985 with Seguros de Vida La Construcción. As a more recent example, in 2009 we saw an opportunity to enter the SIS insurance market following a regulatory reform in the mechanism for pricing and selling this insurance to pension fund affiliates. With an initial investment of Ch$10,689 million, Vida Cámara achieved an aggregate net income of Ch$73,831 million during the period from January 1, 2010 through March 31, 2012. Additionally, we have historically established partnerships with world-class players, such as Citigroup during 1996 and 2010 to jointly develop Habitat, and with RSA Insurance Group PLC during 1997 and 2003 to develop our former life insurance business Seguros de Vida La Construcción, subsequently sold to Bice Vida. Either through organic growth, acquisitions or associations, we believe our experience in the Chilean market will continue to be a key component of the successful execution of our strategy.

Market leadership and strong competitive position across businesses. We are a leading provider of retirement, insurance and private healthcare services in Chile through a group of leading, well-established and competitive companies in each of these sectors. All of our businesses hold competitive market positions in Chile as a result of high customer recognition for the quality of our services and strong brand names across each of the sectors in which we operate. Such market leadership allows us to achieve competitive advantages as a result of economies of scale and positions us favorably to capture the upside potential and growth in the markets where we operate while maintaining our attractive pricing strategy and high margins. For example, as of March 31, 2012, Habitat offered the second-lowest pricing for mandatory contributions in the pension fund system (and the lowest pricing considering administrators with an active sales force) in addition to having the highest level of operational efficiency, as measured by operational expenses as a percentage of revenues, according to the Superintendency of Pensions.

Unique business portfolio with complementary services and a high potential to exploit synergies. We have a strong track-record of identifying synergies among our businesses and pursuing value creation and growth opportunities that have allowed us to gain scale and market penetration. For example, among the private health insurance products offered by Consalud, we have created plans with preferred pricing in our Red Salud healthcare network. By incentivizing our health insurance customer base to receive care in our healthcare network, we are able to achieve competitive advantages by closely monitoring the medical treatment of our patients and optimizing the use of our facilities and medical staff, thereby improving our operational efficiency and cost structure. Furthermore, we were able to leverage on our extensive healthcare networks, consisting of 17 private hospitals and 32 medical centers, as distribution channels to offer our health insurance products, supplemental health and other life insurance products.

Strong and stable cash flows. We believe that our diversified operational activities across several sectors reduce our dependency on a single business and mitigate our exposure to potential changes in regulations affecting a specific sector. For example, Consalud, our largest business unit in terms of operating revenues, accounted for 37% of our consolidated operating revenues as of March 31, 2012. Additionally, we believe our operating revenues have low business volatility, as Habitat and Consalud, which together represent a combined 55.0% of our consolidated

revenues as of March 31, 2012, charge fixed monthly premiums based on the salary level of their contributors and collect directly from their employees, with no credit risk originating from such contributions. We believe that our stable operational activity has enabled us to successfully manage our business and execute our profitable growth strategy, allowing us to maintain recurring dividend streams. For the years ended December 31, 2010 through December 31, 2011, the combined dividends declared by our businesses in respect of their net income for such years represented 78% of their combined net income for that same period.

Experienced management team. We benefit from an experienced and talented management team, led by Pablo González with over 12 years of relevant experience. Further, Cristian Rodriguez, Alfonso Cortina, Marcelo Dutilh and Ricardo Silva, the chief executive officers of our main businesses have an average of 25 years of relevant experience. Most of the members of our senior management have held executive positions across various industries in Chile and elsewhere in Latin America, and we believe that their commitment has been a critical component in the growth of our operations as well as the continuing enhancement of our operational and financial performance.

Sponsorship of a prestigious controlling shareholder that has valuable expertise derived from its interaction with the Chilean middle class with a commitment to best practices and corporate governance. Throughout its over 60-year history, our controlling shareholder, CChC, has demonstrated a commitment to providing the best retirement, insurance and healthcare services to the Chilean labor force, with an emphasis on serving the emerging middle class. Additionally, four of our six businesses are regulated entities, and we have a Corporate Governance Code with the objective to champion a business policy governed by fairness, respect, responsibility, transparency and a firm commitment to Chile and its people. Our Corporate Governance Code follows international standards regarding relationships with regulatory entities, independent board members, board of directors' roles, board of directors' committees, control and disclosure of information.

Our Strategy

We aim to leverage on our competitive strengths across our businesses to become the most profitable retirement, insurance and healthcare provider in the country. We plan to accomplish our objectives by focusing on the following initiatives:

Leveraging our leadership in key markets to drive value creation. All of our businesses hold competitive market positions which continue to benefit from the strong growth fundamentals of the Chilean economy. As of March 31, 2012, Habitat is the second-largest pension fund administrator in Chile, Consalud is a leading Isapre, and Red Salud operates a leading network of private hospitals and medical centers. We plan to maintain and expand our leadership in these markets by employing highly skilled and trained individuals, continuing to develop profitable lines of businesses, offering superior products and solutions to our customers, investing in research and development for innovation, fostering customer loyalty by providing a combination of personalized service and high-quality products and services at competitive prices and ensuring that our businesses continue to carry out their operations through our guiding principles of fairness, respect, responsibility and transparency. With respect to our life insurance business, although we did not win a portion of the SIS insurance business in the third SIS insurance auction, we plan to continue to participate in future auctions and, through our acquisition of Servicio Medico's sales force, we are committed to increasing our presence in the supplemental health insurance business as well as other general insurance products, such as voluntary life insurance.

Continuing to promote synergies among our businesses. We seek to continue to achieve synergies among our businesses through our common knowledge, information technology and human resources systems as well as the implementation of a multi-product and multi-channel business model through which we offer products and services across different industries. As noted above, Consalud provides special plans for its contributors who choose Red Salud as their healthcare provider and our Red Salud network of private hospitals and medical centers operate as distribution channels to offer our supplemental health insurance, voluntary life and other life insurance products. We intend to continue promoting similar arrangements across most of our businesses in the near future.

Expanding our presence in the Chilean market by maintaining a coherent product offering across our businesses that takes advantage of demographic and economic trends in Chile. Our emphasis on providing a high quality, comprehensive portfolio of services, at competitive affordable prices, especially to the emerging Chilean middle-class will continue to serve as the foundation of our strategy. For example, we believe that both our Red

Salud private hospital and medical center network and our Desarrollos Educacionales private schools are viewed as offering services of a quality comparable to that of other premier private institutions in the same sectors, but at lower prices. Through our commitment to high quality at affordable competitive prices, we seek to position ourselves as the entry point for persons migrating from the public sector to private sector services, a trend we believe will continue as the Chilean economy continues to grow and social conditions in Chile continue to improve. For instance, our Consalud health insurance business offers the lowest average premium prices per beneficiary, according to the Superintendency of Health, which allowed it to capture the largest share of members that transferred from the public sector to the private sector during 2011, with Consalud capturing the highest percentage of growth in clients 33.0% and with 80.0% of such growth originated from FONASA.

Maintaining and enhancing our strong and diversified cash flows. We are focused on streamlining distribution and back-office capabilities and improving operating efficiencies, seeking to improve our profitability and cash flow generation. Our emphasis on financial discipline has successfully allowed us to maintain high debt ratings while implementing our capital expenditures and expansion plans with sufficient flexibility to rapidly adapt and react to new opportunities and market dynamics. Additionally, as we expand our presence in the Retirement & Insurance and Healthcare sectors, we will seek to ensure that our dividend flow continues to be well diversified across these sectors.

Information Technology

We and our businesses depend significantly on effective information technology systems, and we have many different information systems for our various businesses. We have committed and will continue to commit significant resources to develop, maintain and enhance our existing state-of-the art systems and facilities. We will continue to invest and develop in new information technology systems in order to keep pa with continuing changes in information processing technology, evolving industry and regulatory standards and changing customer preferences. We believe that these investments will improve the productivity of our administrative and operational procedures.

Legal Proceedings

We are involved in various claims and legal actions arising in the ordinary course of business. We do not believe that these proceedings will have a material adverse effect on our results of operations or financial condition.

Corporate Information

Our principal executive offices are located at Marchant Pereira 10, Providencia, Santiago de Chile, and our main telephone number is (56-2) 477-4610.

OUR BUSINESSES IN THE RETIREMENT AND INSURANCE SECTOR

Habitat

Overview

Habitat is a leading pension fund administrator in Chile, providing a wide range of pension products and services to a diversified customer base under the Chilean pension fund system, which requires workers to make mandatory pension contributions for their retirement. Habitat's key operations are described in *"—Principal Activities"* below.

Habitat was founded in 1981 and has grown substantially over the years through organic growth. Habitat is one of the two AFP whose growth has been completely organic and not the result of any mergers or acquisitions. Additionally, it has maintained the same controlling shareholder since its inception making it one of the most stable AFPs in Chile. Habitat is the second-largest AFP in Chile as measured by contributors, account holders, and assets under management, accounting for 24.6%, 23.9% and 25.5%, respectively, of the Chilean market as of March 31, 2012. As of the same date, Habitat had 1,266,231 contributors and 2,161,111 account holders and its nationwide distribution network in Chile included 27 branches and 16 service centers as well as additional sales channels.

As of March 31, 2012, Habitat had Ch$18,939,212 million (U.S.$38.9 billion) in total assets under management and Ch$235,741 million (U.S.$483.6 million) in shareholders' equity, compared to Ch$17,893,163 million (U.S.$34.5 billion) in total assets under management and Ch$209,596 million (U.S.$403.7 million) in shareholders' equity as of December 31, 2011. For the three-month period ended March 31, 2012 and the year ended December 31,2011, Habitat's total operating revenues reached Ch$31,006 million (U.S.$ 63.6 million) and Ch$114,486 million (U.S.$220.5 million), respectively, while its net income totaled Ch$26,118 million (U.S.$53.6 million) and Ch$61,654 million (U.S.$118.7 million), respectively. Habitat's consolidated operating expenses represented 31.6% and 35.5% of its operating revenues for the three-month period ended March 31, 2012 and the year ended December 31, 2011, respectively, making it the most efficient of the six AFPs currently operating in Chile, according to the Superintendency of Pensions, as a result of its emphasis on operational efficiency and economies of scale resulting from its large customer base. As a result, Habitat has maintained a two-year ROAE of 37.0% during the period from January 1, 2010 to December 31, 2011.

Habitat's common shares are traded on the Santiago Stock Exchange under the symbol "HABITAT" and it had a market capitalization of Ch$694,000 million (U.S.$1.4 billion) as of March 31, 2012.

Principal Activities

Chilean AFPs are required by law to be single-purpose companies authorized to provide the following services:

- the collection and management of mandatory and voluntary contributions made by its account holders;
- the investment of its account holders' contributions in one or more of its five pension funds;
- the provision of SIS insurance to account holders through the purchase of fixed insurance premiums through a bidding process with life insurance companies; and
- the provision of a senior pension for each one of its account holders.

Collection and management of contributions made by account holders

The services provided by the AFPs in connection with the collection and management of contributions include mandatory contributions and voluntary contributions made by its account holders.

Mandatory Contributions

Each worker must contribute 10.0% of his taxable monthly salary into an individual capitalization account up to a certain cap that is adjusted according to the movement of the UF. Such contributions are deducted from the worker's pre-tax salary and are used to purchase shares in one or more of the five types of funds that Habitat manages. These funds are legal entities separate from Habitat as an AFP.

Additionally, the Pension Reform Law requires self-employed workers to make contributions of 10.0% of their pre-tax remunerations beginning on January 1, 2012. Self-employed workers must gradually make contributions based on 40.0%, 70.0% and 100.0% of their salary during the first, second, third and fourth year respectively, similar to the 10.0% contribution of employed workers. The new regulation provides for a voluntary participation that would allow any individual who does not engage in a remunerated activity to make pension contributions for his retirement.

Habitat collects monthly mandatory contributions that are withheld from the pre-tax salaries of its contributors by their employers and the pre-tax contributions from self-employed workers and voluntary contributors. Such contributions may not be withdrawn prior to retirement. In the case of employed workers, each employer must provide Habitat with a monthly payroll listing all its employees who are account holders of Habitat, identifying the payments being made on behalf of each employee for pension contributions, both mandatory and voluntary. Self-employed workers prepare and submit their own payrolls. The voluntary contributors may prepare their own payrolls or another person may do so on their behalf. In order to expedite the preparation, employed

workers whose spouses are voluntary contributors, can grant authorization to their employers to deduct the contributions to be added to their spouses' capitalization account from their salaries. In all cases, the payroll, along with the checks or cash for the total contribution, must be submitted to a collection agent appointed by Habitat. Each AFP also administers an individual and private indemnity account in the fund for household workers (such as housekeepers).

Voluntary Contributions

Habitat offers account holders the option to establish a voluntary contribution account ("CAV" for its acronym in Spanish) into which they may deposit additional funds, post-tax, to be invested in one of the five pension funds offered by each AFP. Because this voluntary account is not designated as pension savings and is freely available, the account holder may make deposits into his account as often as desired and is able to make withdrawals up to six times a year with no limit on the amount. Currently, Habitat charges an annual fee of 0.95% over CAV assets under management.

Habitat also offers voluntary pension savings ("APV" for its acronym in Spanish), which correspond to additional amounts of contributions that each worker may add to increase his future pension. These contributions are made pre-tax, with the maximum voluntary monthly contribution with associated tax benefits being UF 50 (approximately U.S.$2,300). Funds may not be withdrawn prior to retirement, except if they are withdrawn for uses other than pensions. In which case, the amount withdrawn will be assessed at a higher tax rate. AFPs are entitled to charge a fee over voluntary pension savings and for collection of such funds from other institutions. Currently, Habitat charges an annual fee equivalent to 0.55% over APV assets under management and has established a fee of Ch$1,144 (approximately U.S.$2.34) for fund transfers collected for other financial institutions which are allowed to offer APV products.

As a way to improve the volume of account holders' contributions and therefore the coverage of the private system, the Pension Reform Law incorporates the alternative Collective Voluntary Pension Savings ("APVC" for its acronym in Spanish) program that corresponds to a contract to be agreed between the employer and the AFP or an authorized institution. This program is financed jointly by employers and employees: employers agree to contribute a percentage of the savings made by employees who voluntarily opt into the program. The conditions of the APVC administration contract are agreed to by the employer and the AFP or the authorized institution. In order to promote this program, the Superintendency of Pensions has established tax incentives for workers who opt into the program.

Investment management of account holders' contributions in the pension funds

Management of Funds

The general investment policy of the pension funds is determined by Habitat's board of directors in accordance with Chilean law. Investment decisions are approved by Habitat's Committee on Investment and Conflict of Interest Resolution. This committee consists of three directors; two of them must be independent according to the criteria established in the Pension Reform Law, and the president must be one of the independent directors. The committee's functions are: to design an investment policy and a risk profile for each fund type; to supervise the fulfillment of the investment policy approved by the board of directors and the investment limits of pension funds established by Chilean law; to review objectives and policies to and from the administration of the investment risk in the pension funds; to examine information regarding operations of the pension funds with derivative instruments, foreign investments (equities, fixed income and currencies) and related companies, and to approve investments in any new kind of asset, among others.

Habitat's organizational structure and its clear specification of the powers, attributes and responsibilities within Habitat play an important role in the investment process. The structure is designed to fully develop the staff's abilities and the optimum implementation of the investment policy in order to reach the proposed goals, managing the complexity of different instruments and markets in which the different types of funds are invested, and the appropriate management of financial and operational risks faced by them.

Habitat has three divisions responsible for investment management: variable income, fixed income and indirect investments and research, all of them reporting directly to Habitat's chief investment officer. These

divisions include full-time research analysts with experience in investments, economics and securities. Habitat also receives external advisory services provided by domestic and international consultants who provide advice to each investment area on trends and developments affecting the value of current and potential investments.

In Chile, all secondary market trading by AFPs must be executed in the formal trading markets either through a securities exchange or a competitive bidding process. Habitat's Department of Investment Compliance, which is part of its Back Office Unit, operating under Habitat's Operations Division, validates investments each day before entering into them. Additionally, Habitat's Treasury Department, which is part of Habitat's Financial Division, performs the clearing and settlement of each transaction and has the obligation of providing a daily report with all investment activities to the Superintendency of Pensions.

Habitat has been certified ISO 9001-2000 since 2006, renewed annually and effective up to November 2012. This certification includes all the financial operations made by Habitat's Trading Desk, which is part of its Investment Division, and also to tasks executed by Habitat's Back Office Unit, as part of its Operations Division. Furthermore, in August 2011, Habitat received the ISO 9001:2008 certification for its pension fund accounting procedures.

Composition of Funds

The general objective of Habitat's investment activity is to administer its investment portfolios composed of the account holders' contributions in order to obtain the highest possible return on investment for the level of risk and terms of these members' profiles. In accordance with current regulation, our account holders have five fund choices, allowing them to maximize their expected pension according to their specific risk profiles and investment horizon.

To aid its account holders in making the best choice, Habitat seeks at all times that the five fund types (A, B, C, D and E) have clear differences among them regarding potential risk and returns. These differences are limited by the Pension Law, including the requirement of a minimum return.

The main difference among the different fund types, as stipulated in the regulation, is the proportion invested in variable income securities. Fund type A has the highest concentration allowed in variable income securities with a maximum of 80%; fund type B: 60%; fund type C: 40%; fund type D: 20% and fund type E: 5%. Current regulations establish several restrictions regarding the investment activities which can be carried out by each fund type to ensure that the differences among the funds are maintained according to the risk of variable income securities permitted for each of them.

The maximum investment limits in foreign securities per each fund type determined by the Central Bank beginning December 2010 is as follows:

	Fund Type				
	A	**B**	**C**	**D**	**E**
December 1, 2010	85.0%	75.0%	65.0%	35.0%	30.0%
March 1, 2011	90.0%	80.0%	70.0%	40.0%	35.0%
June 1, 2011	95.0%	85.0%	75.0%	45.0%	35.0%
September 1, 2011	100.0%	90.0%	75.0%	45.0%	35.0%

The Pension Law also specifies the age and gender of the individuals who may select to participate in the different fund types. A description of the requirements to participate in each of the funds is detailed as follows:

Multiple funds allowable selections

	Men up to 55 years old and women up to 50 years old	Men from 56 years old and women from 51 years old not pensioned	Pensioned account holders
Fund type A	Allowed	Not allowed	Not allowed
Fund type B	Allowed	Allowed	Not allowed
Fund type C	Allowed	Allowed	Allowed
Fund type D	Allowed	Allowed	Allowed
Fund type E	Allowed	Allowed	Allowed

Source: Superintendency of Pensions

According to the Pension Law, if at the ages of 56 and 51, men and women, respectively, who have their mandatory contribution and/or their indemnity account in fund type A, do not make any choice regarding the destination of their mandatory pension funds, these are gradually transferred to fund type B.

Moreover, if the account holder does not voluntarily choose a fund, the mandatory contributions are assigned and modified by law according to the member's age:

- Contributions made by men and women younger than 35 are allocated to fund type B;
- Contributions made by men between 36 and 55 and women between 36 and 50 are allocated to fund type C; and
- Contributions made by men older than 56 and women older than 51 are allocated to fund type D.

For account holders who apply for programmed withdrawals, temporary income with deferred life annuities or immediate life annuities with programmed withdrawals, 100.0% of their savings are initially allocated in fund type D. Thereafter, these account holders may opt for any fund among the permitted alternatives.

Since the creation of the multiple-fund system, fund type C managed by Habitat continues to have the highest proportion of assets (40.1% as of March 31, 2012) while fund types A, B and D managed by Habitat have reached significant sizes after the voluntary changes and substantive transfers recorded from September 2002.

Habitat Assets Under Management

	As of December 31, 2011		As of March 31, 2012	
	Ch$ million	% of the total	Ch$ million	% of the total
Fund type A	3,084,454	17.2%	3,464,463	18.3%
Fund type B	3,652,788	20.4%	3,959,335	20.9%
Fund type C	7,189,854	40.2%	7,590,109	40.1%
Fund type D	2,379,086	13.3%	2,455,101	13.0%
Fund type E	1,586,981	8.9%	1,470,204	7.7%
Total	17,893,163	**100.0%**	18,939,212	**100.0%**

Source: Superintendency of Pensions

Under the Pension Law, each pension fund is a separate legal entity from the AFP, not affected in any way by the AFP's financial situation. In the event of the AFP's bankruptcy, the Superintendency of Pensions would assume control of the fund, allowing account holders 90 days to transfer funds in their individual capitalization accounts to another AFP. At the end of this period, the fund custodian appointed by the Superintendency of Pensions would transfer all remaining accounts to another fund designated by the custodian.

Disability and survivorship benefits

The Pension Reform Law eliminated the individual responsibility of AFPs in connection with the disability and survivorship insurance (SIS insurance) by establishing that the AFPs as a group should purchase a fixed and single insurance premium through a bidding process to cover this obligation. Such insurance is awarded to one or

more insurance companies providing the best economic offer. For more information on SIS insurance see *"—SIS insurance premium*" and "*—Vida Cámara—Principal Activities*" below.

If an account holder dies or becomes disabled prior to the legal age of retirement (65 for men and 60 for women) and before accumulating sufficient funds in his individual capitalization account to finance payments to the account holder or his beneficiaries of pension benefits required by law, the insurance company has an obligation to make up the shortfall in the member's individual capitalization account.

Additionally, through the Pension Reform Law, a solidarity pension system financed with Chilean resources, which began granting benefits on July 1, 2008, was created to complement the existing private pension system. The solidarity pension system will grant, among other benefits, basic solidarity pensions for disability and solidarity pension contributions for disability. To have these benefits, certain requirements must be fulfilled:

- *Basic solidarity pension for disability*: the individual must be declared disabled by a Medical Commission designated by the Superintendency of Pensions; be eligible to receive any pension under any pension regime; be between 18 and 65 years of age; be part of a family group belonging to the poorest 60.0% of Chile and demonstrate residency in Chile for a period of not less than five years in the six years prior to the submission of the request.

- *Solidarity pension contribution for disability*: the individual must be declared disabled by a Medical Commission designated by the Superintendency of Pensions; be affiliated with the pension system established by the Pension Law of 1980; not receive a pension from any other pension regime; be between 18 and 65 years of age; be part of a family group belonging to the poorest 60.0% of Chile; demonstrate residency in Chile for a period of not less than five years in the six years prior to the submission of the request and be eligible for a disability pension, provided that the sum of the amount of such pension plus any other pension received from such system is less than the basic solidarity pension for disability.

The solidarity system is administered by the Social Pension Institute, which has the right to grant, terminate, suspend or modify benefits, when applicable. Additionally, it regulates the requests, procedures, operations and benefit payments of the solidarity system, adding the necessary regulations for its application and operation. The current account holders to the private pension system are able to submit their requests to access the solidarity pension system to the AFP which they are part of for further submission to the Social Pension Institute.

Senior pension benefits

As required by the Pension Law, each AFP must provide specific senior pension benefits to their account holders who meet the legal age requirement (60 for women and 65 for men).

Account holders meeting certain requirements can obtain senior pensions before the legal age. Such requirements were modified in 2004, and gradually increased, over a term of six years, the required percentages between the calculation of the anticipated pension over the average taxable remuneration of the last ten years (from 52.0% to 70.0%; with an increase of 3 basis points per year) and over the minimum legal pension (from 110.0% to 150.0%). The latter was intended to increase the level of contributions received and to counteract the trend of retiring before reaching the legal retirement age, common among workers in recent years, motivated by the possibility of receiving a permanent salary in case of unemployment or having two incomes (remuneration and pension).

The Chilean government guarantees a minimum level of senior pensions for all AFP account holders who have contributed for at least 20 years (including any year contributed under the former system) having reached the legal retirement age. In the event that the account holder's contributions into his individual capitalization account together with the amount paid pursuant to any recognition bond, do not meet these minimum levels, the AFP pays the pension from the member's individual capitalization account until the account is depleted. As of December 31, 2011, the amount of the minimum pension for account holders under 70 years of age totaled Ch$111,856 (U.S.$215) per month; for account holders between 70 and 75 years of age, Ch$122,305 (U.S.$235) per month and for account holders over 75 years of age, Ch$130,496 (U.S.$267) per month.

The solidarity pension system financed by Chile and incorporated through the Pension Reform Law, also grants benefits for the solidarity basic senior pensions and for the solidarity senior pension contributions. To obtain these benefits the account holders must meet certain requirements:

- ***Solidarity basic senior pension***

The individual must:

  - be at least 65 years of age at the moment of the claim;
  - not be eligible for any pension under the pension regime either as a holder or as a beneficiary of a life disability;
  - demonstrate 20 years (continuous or discontinuous) of residence in Chile, accounted from the time the account holder turned 20 and a period of continuous residence of not less than four years in the five years prior to the submission of the request to obtain the benefits; and
  - be part of a family within the poorest sector of the population in Chile in accordance with the coverage schedule mentioned below.

As of July 1, 2011, this benefit amounted to Ch$78,449 (U.S.$162) per month

- ***Solidarity senior pension contribution***

The individual must:

  - be at least 65 years of age at the moment of the claim;
  - receive a pension smaller than the maximum pension with solidarity contribution ("PMAS");
  - not be a contributor in the Chilean police officers' social security system, the Chilean armed forces social security system, or receive a pension under such regimes as a holder or beneficiary of a life pension;
  - demonstrate 20 years (continuous or discontinuous) of residence in Chile, accounted from the time the member turned 20 years of age and a period of continuous residence of not less than four years in the five years prior to the submission of the request in order to obtain the benefits; and
  - be part of a family within the poorest sector of the population in Chile in accordance with the coverage schedule mentioned below.

As of July 1, 2011, this benefit amounted to Ch$255,000 (U.S.$530) per month.

The tables below set forth coverage information on the solidarity pension plans:

Amount and Date of Entrance PMAS

Period	Coverage In Ch$
July 1, 2008 – June 30, 2009	70,000
July 1, 2009 – August 31, 2009	120,000
September 1, 2009 – June 30, 2010	150,000
July 1, 2010 – June 30, 2011	200,000
From July 1, 2011	255,000

Gradual Coverage of the Benefits for Basic Pension and Solidarity Senior Pension Contribution

Period	Coverage
July 1, 2008 – June 30, 2009	40% of the poorest population in Chile
July 1, 2009 – August 31, 2009	45% of the poorest population in Chile

September 1, 2009 – June 30, 2010	50% of the poorest population in Chile
July 1, 2010 – June 30, 2011	55% of the poorest population in Chile
From July 1, 2011	60% of the poorest population in Chile

Retirement Options

At retirement, the account holder may choose among four options for receiving his pension benefits: (i) an immediate life annuity, (ii) a temporary income with deferred life annuity, (iii) a programmed withdrawal plan or (iv) an immediate life annuity with a programmed withdrawal plan.

- *Immediate life annuity*: the member selects a life insurance company, which pays a monthly fixed income for the rest of the account holder's life in exchange for transferring the total amount in his individual capitalization account. Currently, for the account holders that elect this alternative, the insurance company must offer a pension that is equal to or greater than the minimum seniority pension guaranteed by Chile. From July 1, 2008, due to the Pension Reform Law, the life annuity must be equal to or higher than the basic solidarity senior pension applicable at the moment of the account holder's retirement.

- *Temporary income with deferred life annuities*: the account holder contracts with a life insurance company to start receiving life annuity plan benefits on a specific date in the future, immediately transferring the associated funds of such life annuity to the insurer. Likewise, the surplus to the temporary pension that covers the period from the moment when the account holder selects his option until the annuity payments begin, is maintained in the account holder's individual capitalization account with the AFP.

- *A programmed withdrawal plan*: the account holder keeps his funds deposited in his individual capitalization account with the AFP and receives a monthly pension in accordance with a pre-established formula that considers the historical pension fund return and the rates offered by the insurance companies, as well as the member's life expectancy and his family group. The amount of the monthly pension under the programmed withdrawal plan is recalculated every twelve months based on the surplus amount in the account holder's individual capitalization account and the variables described above. In the event that such amount falls below the minimum pension level, the Chilean government's guarantee becomes enforceable, if applicable. If the account holder chooses a programmed withdrawal plan, it is possible to switch him to a life annuity plan. However, if a member elects to transfer savings from his individual capitalization account to a life insurance company to receive life annuity benefits, the account holder may no longer return to the programmed withdrawal plan. Currently, Habitat charges an annual fee of 0.95% of the annual pension amount.

- *Immediate life annuity with a programmed withdrawal plan*: the member contracts an immediate life annuity with a life insurance company financed with part of the balance maintained in his individual capitalization account, allocating the remaining balance to the programmed withdrawal plan. In this case, the pension would correspond to the sum of the amounts received from each modality. Account holders are allowed to opt for this modality, can obtain an immediate life annuity equal to or higher than the minimum seniority pension guaranteed by Chile (with the Pension Reform Law, the life annuity must be equal to or higher than the basic solidarity senior pension).

All pension obligations that an AFP must pay through programmed withdrawals from the individual capitalization account are expressed in shares of pension funds and translated to UFs, and are recalculated annually according to the new balance of the account. Insurance annuity amounts are expressed in UFs and are thus indexed to reflect the impact of inflation. The AFP has no financial obligations once the annuity is purchased. In the case of the bankruptcy of companies that are providing insurance annuities, the Chilean government guarantees 100.0% of this obligation up to the legal minimum pension amount per month and 75.0% of the pensions over the minimum pension up to UF 45 (approximately U.S.$2,066).

Additionally, a member who has been affiliated with the pension system for at least 10 years may withdraw part of the balance of his individual capitalization account and freely use the surplus provided that he is able to

obtain a pension from his pension funds equal to or superior to 70.0% of his average taxable income and greater than or equal to 150.0% of the legal minimum prevailing pension. Such surplus corresponds to the difference between the total pension savings in the account holder's capitalization account and the funds required to finance the highest value resulting from the application of the aforementioned requirements (70.0% of average taxable income and 150.0% of the legal minimum pension). To calculate the requirement, the lowest rate between the average rate of the life annuities informed and the rate of programmed withdrawal of the fund where the account holder has his account, is used.

With the Pension Reform Law, the right to withdraw the disposable surplus will be limited to those account holders that have a pension greater than or equal to 100.0% of the maximum pension with a solidarity contribution, and 70% of the average income received and salaries declared.

Summary Operating Data

The following table sets forth Habitat's key operating data as of the dates indicated:

	As of March 31,	As of December 31,	
	2012	**2011**	**2010**
Account holders	2,161,111	2,167,343	2,195,330
Contributors	1,266,231	1,247,369	1,230,610
Assets Under Management (Ch$ millions)	18,939,212	17,893,163	17,424,296

Primary Revenues

Fee income

The most significant source of Habitat's revenues from operations is the monthly fee charged to account holders in connection with deposits into their individual capitalization accounts. Under the Pension Law, an AFP is permitted to charge a fee for:

- collection and administration of mandatory contributions;
- pension payments of programmed withdrawals and temporary income;
- collection and administration of voluntary contributions;
- collection, administration and transfer of voluntary pension savings;
- collection and administration of collective voluntary pension savings; and
- transfer of contributions made by voluntary account holders.

In accordance with the Pension Law, each AFP is allowed to set which fees it charges account holders or pensioners. In connection with fees charged, the Pension Law establishes that each AFP must apply the same fee level to each of its account holders.

Although there is no legal limit on the fees that an AFP may charge, competitive pressures have limited the range of fees charged by AFPs. Additionally, in the last ten years, competitive pressures have seen a downward trend in the fees which the AFPs, including Habitat, charge.

The AFPs earn fees in connection with the collection of contributions and the administration of individual accounts. In the three-month period ended March 31, 2012, Ch$29,841,544 million or 96.2% of Habitat's total revenues corresponded to fee income received for administering accounts.

Collection and administration of mandatory contributions

Fee structure is one of the competitive variables of the AFP industry. With the enactment of the Pension Reform Law, the ability of AFPs to determine whether to charge a fixed fee deducted from the pension fund was eliminated. Currently, each AFP may charge only a variable fee, which is a percentage of the salary used to calculate the mandatory pension contribution. Variable fees are charged as a percentage of a contributor's monthly taxable salary that is subject to a mandatory contribution of 10.0% of the base salary. In accordance with the Pension Reform Law, the maximum amount of taxable income should be adjusted in January of each year as per the variation of the real wage index as measured by the National Statistics Institute. In January 2012, this maximum amount increased from UF 66 to UF 67.4 per month (an increase of approximately U.S.$64.6). By comparison, in January 2011, this maximum amount increased from UF 64.7 to UF 66 per month (an increase of approximately U.S.$59.9).

For instance, if an account holder receives a monthly salary of Ch$100,000 as an employed worker, he must contribute Ch$10,000 to an AFP. Under Habitat's variable fee currently in force (1.27% of taxable salary), the total monthly fee collected in relation to that account would be a variable fee of Ch$1,270. On April 26, 2012, Habitat decreased its monthly fee for mandatory contributions from 1.36% to 1.27% effective June 1, 2012.

The requirement to charge a uniform fee to all account holders has limited our flexibility to reward long-term or higher-income contributors with lower fees, compared to those charged to newer and/or lower income accounts.

The following table presents Habitat's fee structure as of June 1, 2012 and for the years ended December 31, 2011 and 2010:

Monthly Fees for Mandatory Contributions

	As of	For the year ended December 31,	
	June 1, 2012[1]	2011	2010
AFP Habitat	1.27%	1.36%	1.36%
Industry High	2.36%	2.36%	2.36%
Industry Low	1.14%	1.14%	1.14%

Source: Superintendency of Pensions

(1) The industry figures presented in this column will change effective August 1, 2012, as AFP Modelo has announced a decrease in its monthly fee for mandatory contributions from 1.14% to 0.77% beginning on such date.

Pension payments of programmed withdrawals or temporary income

With respect to fees charged for programmed withdrawals or temporary income, the Pension Reform Law authorizes AFPs to charge only a variable fee over the pension paid. Currently, AFPs charge a variable fee between 1.25% and 0.95%. Habitat currently charges a fee of 0.95%.

Under this scheme, the account holder maintains his funds deposited in an individual capitalization account in the AFP and withdraws a monthly pension in accordance with a pre-established formula determined by Chilean law. In the event that such amount falls below the minimum pension level, the Chilean government's guarantee applies, depending on the contribution level of account holders.

Collection and administration of voluntary contributions (CAV)

With the Pension Reform Law, the AFPs were authorized to charge an annual fee for the administration of CAV calculated as a percentage of the assets under management. Currently, Habitat charges an annual fee of 0.95%, while the rest of the AFPs' fees range from 0.60% to 0.95%.

Collection and administration of collective voluntary pension savings (APVC)

With the Pension Reform Law, the AFPs have the right to charge a fee for administering the collective voluntary pension savings and for transfers of these savings towards other AFPs or authorized institutions. Fees for

administration may be freely agreed between the employer and the AFP, or the authorized institutions, allowing for different fees to be charged for different contracts. Additionally, different fees can be charged in relation to the same contract depending on the number of workers incorporated in the plan. Under no circumstance can an AFP establish conditions to the affiliation or transfer of account holders who are parties to a collective voluntary pension savings contract.

Collection, administration, and transfer of voluntary pension savings (APV)

The Pension Reform Law required a fee charge for the administration of APV accounts calculated as a percentage of the assets under management. Currently, Habitat charges an annual fee of 0.55%, while the rest of the AFPs' fees range from 0.50% to 0.70%.

Additionally, the AFPs are allowed by law to charge a fee over transfers collected from other institutions, currently ranging between Ch$1,100 and Ch$1,437 for each fund transfer (approximately U.S.$2.25 and U.S.$2.93). The current fee charged by Habitat is Ch$1,144 (approximately U.S.$2.34).

Transfer of contributions made by voluntary account holders

The AFPs are allowed to charge a fixed fee for transferring contributions made by voluntary account holders collected by the AFP, but whose destination is another AFP or authorized institution. Neither Habitat nor Modelo charge a fee for such service, while the other AFPs charge fees between Ch$1,100 and Ch$1,250 (approximately U.S.$2.25 and U.S.$2.55) per transfer.

Fee Table

Fees charged by AFPs can be changed at any time upon three months' notice to account holders, the Superintendency of Pensions and the public. The following table sets forth Habitat's fees for each of the services as of June 1, 2012 and in the last two years:

Fee Rates

	As of June 1,	For the year ended December 31,	
	2012	**2011**	**2010**
Variable fee on monthly contributions	1.27%	1.36%	1.36%
Variable fee on payments of programmed withdrawals and temporary income	0.95%	1.25%	1.25%
Variable fee for voluntary contribution accounts (annual basis over administered funds)	0.95%	0.95%	0.95%
Fee charged on voluntary pension saving accounts			
Fixed fee per transfer (Ch$)	1,144.0	1,144.0	1,144.0
Variable fee for management (annual basis over administered funds)	0.55%	0.55%	0.55%
Fixed Fee for transfer contributions made by voluntary account holders (Ch$)	0	0	0
Percentage of fee income by source:			
Variable fee on monthly contributions	N/A	93.0%	93.9%
Variable fee on payments of programmed withdrawals	N/A	1.8%	1.7%
Variable fee on voluntary contributions	N/A	1.8%	1.9%
Fixed fee on voluntary pension savings transfers	N/A	0.0%	0.0%
Variable fee on voluntary pension savings	N/A	2.6%	2.4%
Others	N/A	0.7%	1.0%

The AFPs charge fees on active accounts into which contributions are made. Accordingly, the number of contributors, as well as their average salaries and not the number of account holders, determine the monthly mandatory fee income of each AFP. In December 2011, Habitat had the second-largest market share of contributors among all AFPs, 24.9%.

Gains (losses) on mandatory investments

Gains (losses) on mandatory investments represented 2% and 22% of Habitat's income before taxes in 2011 and 2010, respectively, and 28% and 14% of Habitat's income before taxes for the three-month period ended March 31, 2012 and 2011, respectively. As detailed in the following tables, such returns have evolved in

accordance to the performance of each of the pension funds, as well as the relative importance of each fund relative to the total assets under management and have experienced significant volatility in recent years as a result of market volatility in the international and local capital markets.

	For the three-month periods ended March 31,		For the years ended December 31,	
	2012	2011	2011	2010
Gains (losses) on mandatory investment (in Th Ch$)	8,782,946	3,331,991	(1,846,210)	19,504,110
Weighted average real returns of pension funds	3.8%	1.4%	(4.6)%	10.5%
Mandatory investments of pension funds (in Th Ch$)	186,784,027	176,814,670	176,375,609	171,549,374
% Mandatory investment's participation in portfolio	1.0%	1.0%	1.0%	1.0%

Source: FECU and the Superintendency of Pensions

Industry-wide Gains (losses) on Mandatory Investments and Real Average Returns for each Fund

	For the three-month periods ended March 31,				For the years ended December 31,			
	2012		2011		2011		2010	
	Gains (losses)	Returns	Gains (losses)	Returns	Gains (losses)	Returns	Gains (losses)	Returns
	(Ch$ thousands, except percentages)							
Fund type A	2,430,320	6.8%	736,565	1.4%	(2,612,746)	(10.7)%	4,520,998	12.4%
Fund type B	2,199,514	5.0%	667,958	1.1%	(1,403,792)	(7.2)%	5,014,285	12.1%
Fund type C	3,236,996	3.4%	1,354,563	1.3%	484,983	(3.1)%	7,747,329	9.8%
Fund type D	697,782	1.9%	453,930	1.7%	971,552	0.8%	1,629,385	7.1%
Fund type E	218,334	(0.4)%	118,975	1.5%	713,793	4.2%	592,113	7.0%
Total gains and weighted average returns	**8,782,946**	**3.8%**	**3,331,991**	**1.4%**	**(1,846,210)**	**(4.6)%**	**19,504,110**	**10.5%**

Source: FECU and the Superintendency of Pensions

Industry-wide Mandatory Investments Maintained in each Fund and Percentage of each Fund in the Total

	For the three-month periods ended March 31,				For the years ended December 31,			
	2012		2011		2011		2010	
	Mandatory Investment	Participation	Mandatory Investment	Participation	Mandatory Investment	Participation	Mandatory Investment	Participation
	(Ch$ thousands, except percentages)							
Fund type A	14,264,475	19.2%	15,581,402	21.8%	12,870,986	18.3%	15,552,244	22.4%
Fund type B	14,010,901	18.9%	14,513,016	20.3%	12,997,801	18.5%	14,429,783	20.8%
Fund type C	29,910,824	40.3%	29,250,630	41.0%	28,500,873	40.5%	28,662,876	41.2%
Fund type D	10,815,750	14.6%	9,229,673	12.9%	10,439,570	14.8%	8,687,685	12.5%
Fund type E	5,278,751	7.1%	2,786,776	3.9%	5,568,190	7.9%	2,190,866	3.2%
Total	**74,280,700**	**100.0%**	**71,361,499**	**100.0%**	**70,377,419**	**100.0%**	**69,523,453**	**100.0%**

Source: FECU and Superintendency of Pensions

As shown in the tables above, fund type C has the highest concentration of total administered assets, however, fund type B has obtained higher importance in proportion to the assets under management, as a result of the existence of a greater portfolio of younger clients (assigned to such fund by Chilean law), and also a greater preference. In addition, fund type A has also obtained higher importance in proportion to the assets under management due to riskier investment options by account holders who have been rewarded with higher returns.

SIS insurance premium

The Pension Law previously required AFPs to individually purchase insurance to cover their obligation to provide disability and survivorship benefits to their account holders. Beginning in July 2009, with the implementation of the Pension Reform Law, the requirement to provide SIS insurance was awarded to a group of

insurers through a bidding process, provided to all account holders at the same price regardless of the AFP to which they contribute.

The recurring expense to Habitat related to the provision of SIS insurance was recorded until July 2009 (due to a one-month lag between the coverage month and the receipt of pension contributions), when the temporary premium of the contract with coverage between May 1993 and June 2009 and the provisions for higher casualty rate were last recorded. Since 2010, this item only included expenses related to the recovery of policies remaining from previous coverage periods stemming from the most recent insurance contract, and provisions for unfavorable casualty rates due to changes in the value of payable casualties.

For the years ended December 31, 2011 and 2010, the expenses for SIS insurance premiums amounted to Ch$817,075 thousand and Ch$352,511 thousand, respectively, corresponding to deferred payment expenses relating to contributions made prior to July 2009, as well as negative adjustments (expenses) from the still valid contracts. For the three-month period ended March 31, 2012 and 2011, the expenses for SIS insurance premiums amounted to Ch$41,778 thousand and Ch$1,019,008 thousand, respectively.

Payments of benefits for the account holder or his beneficiaries

Before the Pension Reform Law became effective, if an account holder died or became disabled before the legal age of retirement and had not accumulated sufficient funds in his individual capitalization account to provide the account holder or his beneficiaries the benefits required by the Pension Law, the AFP had an obligation to make up the shortfall in the account holder's account. Additionally, all AFPs were required to obtain an insurance policy with a licensed life insurer to provide coverage for this obligation. With the Pension Reform Law, the individual requirement for the AFPs was eliminated beginning in July 2009, and AFPs are no longer liable for any such shortfalls.

Account holders are eligible for the disability and survivorship benefits provided that they are salaried workers, who were contributing to an AFP at the time of the disability or death, or they have made at least one contribution in the last year and that contribution was preceded by at least six monthly contributions in the prior 12 months. Likewise, self-employed account holders are eligible for these benefits if they have made contributions in the month prior to the disability or death.

The Pension Reform Law will gradually incorporate self-employed workers by requiring them to make mandatory contributions. Given the above, SIS insurance coverage for self-employed workers that have made mandatory contributions will be subject to an annual taxable income equal to or greater than seven minimum monthly incomes, permitting them to have an annual coverage commencing on May 1st of the year in which contributions were made until April 30 of the following year. In those cases where the taxable income is less than the requirement, the coverage will be proportionate to an account holder's contributions.

Disability benefits are given to those account holders who have been qualified as disabled by a special commission designated by the Superintendency of Pensions. An account holder is qualified as disabled if his working capacity is diminished by at least 50.0%, as follows:

- *Account holders with partial disability*, which is defined as experiencing a loss of between one-half and two-thirds of their working capacity, are entitled to receive a pension equal to 50% of their prior income, which is defined as their monthly average taxable income for the last ten years, or for the latest period during which they worked, as adjusted for inflation. The entitlement to partial disability benefits has a temporary character and covers a three-year period beginning after the first disability determination. At the end of such period, the Medical Commission makes a second disability determination (final determination) and concludes whether the temporary disability continues, changes to a total disability status, or whether the account holder is no longer disabled.

- *Account holders with total disability*, which is defined as experiencing a loss of more than two-thirds of their working capacity, are entitled to receive a pension equal to 70% of their prior income. Under the Pension Reform Law, the partial disability status for total disability was eliminated, therefore,

when the Medical Commission qualifies an account holder as totally disabled, this determination will be considered as definitive and unique.

Life benefits are granted to the legal beneficiaries of an account holder who has died before reaching the legal age of retirement. Monthly benefits are established as a percentage of the account holder's prior monthly income. The applicable percentage depends primarily on the family status of the holder's beneficiaries: for a spouse with no children, the percentage is 42.0%; for a spouse with children, 35.0%, plus 10.5% for each child up to 18 years of age (until the age of 24 for students and until death for disabled children).

Before the implementation of the Pension Reform Law, if the disabled or deceased account holder's individual capitalization account did not have the amount of funds necessary to pay the pension stipulated by Chilean law, an insurer (under its contract with the AFPs) had to make up the shortfall in case of death or total disability. In the case of disability, after the determination of partial disability (or total disability until October 2008), the AFP had to record a provision in order to settle the shortfall three years from when the final disability determination was made, taking into account the three years of temporary pension payments that would be received by the account holder following the initial disability determination.

In order to determine the costs of the aforementioned benefits, the insurer made these calculations at the time of the initial disability determination, three years before the shortfall was paid and if it was required by the final disability determination, on the basis of the information available to it at that time, including current annuity rates and the amount of funds in the account holder's individual capitalization account. If a final disability determination was made, the insurer updated the amount of the initial disability reserve based on the information available at such time.

As previously mentioned, with the implementation of the Pension Reform Law, insurers receive a single premium for providing disability and survivorship benefits, therefore they, and not the AFPs, are ultimately now responsible for the associated payments. Although the AFPs are not responsible for financing the insurance, the premiums are collected along with the mandatory contributions of account holders and then transferred to the insurance companies.

In the event of the bankruptcy of any awarded insurance company, the remaining SIS insurance providers would assume the risk related to casualties from the bankruptcy date and until the expiration date of the relevant contract. In the event of bankruptcy of all involved insurance companies, the Chilean government guarantees the necessary additional contributions to finance the life and disability pension. Such guarantee covers 100.0% of the prevailing minimum pension and 75% over the excess of the minimum pension with a maximum of UF 45 for each beneficiary or pensioner.

Competition

General

As of March 31, 2012, there were six AFPs operating in Chile. The most recent entrant is Modelo, which in August 2010 started to render services to new entrants into the pension fund system (defined as new employees entering the labor force or independent employees that are entering the pension fund system for the first time as a result of the Pension Reform Law), for a two-year term, that was awarded in a bidding process carried out in February 2010. Modelo also won the second bidding process for another two-year period, starting on September 30, 2012.

The following table presents the market shares of Habitat and the other AFPs based on various indicators as of December 31, 2011:

Market Share as of December 31, 2011

AFP	Pension Funds	Account Holders	Contributors	Revenues	Expenses	Profit
Habitat	25.4%	24.2%	24.9%	24.3%	17.1%	30.1%
Provida	29.0%	38.8%	36.0%	32.6%	29.2%	38.5%
Capital	22.0%	21.4%	21.0%	20.2%	31.0%	11.3%

Cuprum	20.5%	6.9%	9.4%	17.7%	15.9%	16.7%
Planvital	2.9%	4.4%	3.6%	3.9%	4.6%	2.9%
Modelo	0.2%	4.4%	5.1%	1.3%	2.2%	0.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Based on information provided by the Superintendency of Pensions and in the FECU.

In accordance with the Pension Law, no company in Chile other than an AFP may provide pension benefits or benefits of a similar nature, except for certain authorized institutions such as insurance companies and mutual fund administrators, that are now permitted to manage voluntary pension savings and collective voluntary pension savings.

Since 2007, the returns reached by each of Habitat's five funds have been strong, with the highest returns in funds type A and B, which have a greater concentration of variable income investments. However, during 2008, as a result of the international financial crisis, returns were negative, adversely impacting primarily the high-risk funds and consequently decreasing their total accumulated returns. However, in 2009 and 2010 when stability in the markets returned, the trend returned to the norm, where the type A and B funds had the highest returns. In 2011, due to the uncertainty and volatility in the financial markets, the returns of all five funds were negatively impacted.

The following table sets forth certain information related to our funds for the periods indicated and the relative positions of each of the pension funds managed:

	Real return for the 12-month period ended,				Annual average real return from the beginning of the multiple fund system			
Fund type	**Dec 2011**	**Rank**	**Dec 2010**	**Rank**	**Dec 2011**[1]	**Rank**	**Dec 2010**	**Rank**
Fund type A	(10.7)%	4	12.4%	1	6.9%	1	9.2%	3
Fund type B	(7.2)%	3	12.1%	1	5.9%	2	7.6%	3
Fund type C	(3.1)%	2	9.8%	2	5.5%	1	6.6%	2
Fund type D	0.8%	1	7.1%	3	5.0%	1	5.5%	2
Fund type E	4.8%	1	7.0%	2	4.1%	1	4.1%	2

Source: Superintendency of Pensions.
(1) Multiple fund system began in September 2002.

Habitat also faces competition in the voluntary contributions. With respect to the APVs, at December 31, 2011, Habitat recorded one of the highest numbers of APV accounts in the AFP industry, with a total of 129,285 active accounts, representing a market share of 18.7% compared to 89,434 active accounts, representing a market share of 15.3% for the year ended December 31, 2010. At the same date, funds accumulated by such APVs were Ch$610,492 million, recording a growth of 3.0% with respect to December 31, 2010. Additionally, other financial institutions such as banks, insurance companies and investment companies can manage this kind of savings account. While competitors have the advantage of offering a wider variety of products, the AFPs have lower costs than other market participants and charge lower fees. According to the latest information available from the Superintendency of Pensions as of December 31, 2011, the AFPs continue to play a significant role in the voluntary pension savings market with market shares of 65.2% in the number of accounts and 58.5% in administered funds, followed by mutual funds with a market share of 14.6% in terms of number of accounts and insurance companies with a market share of 17.3% in terms of administered funds.

With respect to CAV accounts, Habitat recorded the highest CAV assets under management in the industry with Ch$243,491 million, representing a market share of 33.7%, and had the highest average balance per active account of Ch$1.2 million.

Marketing and Sales

Habitat's activities, as those of all AFPs, are limited to offering only those products and services permitted under the Pension Law. As a result, Habitat seeks to maximize its income by attracting and retaining account holders as well as by offering such account holders the possibility to make voluntary pension contributions and to receive payments under the programmed withdrawals system.

Habitat attracts account holders mainly through its sales force, which targets potential clients who may be interested in changing the administration of their pension savings. The scope of potential clients has been widened by the Pension Reform Law, which starting in 2012 will gradually incorporate the contribution obligation of self-employed workers.

Habitat's sales force also performs tasks aimed at retaining account holders' portfolios in order to avoid client transfers to other AFPs. Habitat also captures new account holders through a wide network of pension service centers and branches. In 2011, the nationwide network of 27 branches and 16 service centers received over 1.8 million customer visits.

Habitat has also been developing new marketing tools, including:

- Enhancing its website, adding more applications in order to expedite clients' request. The website also displayed a new image, focusing on modern graphics and orientated towards pension education. In 2011, client contacts via the website totaled 2.4 million and over 12 million transactions were executed. In the three-month period ended March 31, 2012, client contacts via the website totaled 582,000 messages and over 3.4 million transactions were executed. In relation to the virtual branch office application of the website, during the three-month period ended March 31, 2012, approximately 12,500 inquiries were received through this option (accessible via the "contact us" link on Habitat's website).

- Making self service terminals available in its branch offices throughout Chile and adding more services to such terminals. In 2011 and the first quarter of 2012, a total of 2.2 million and 573,300, respectively, certificates for services performed were generated through the Habiexpress self-service terminals.

- Improving its smart phone platform, through which clients can easily obtain information on their accounts, generate certificates and perform various transactions. In 2011 and the first quarter of 2012, over 76,000 and 33,000 transactions, respectively, were executed online.

- Implementing a virtual marketing program directed at account holders where it sends e-mails with information on Habitat's financial situation and trends in the pension fund industry. In 2011 and the first quarter of 2012, over 11.6 million and 4.7 million emails, respectively, were distributed.

- Investing in publicity campaigns that highlight Habitat's investment performance.

Habitat was recognized in the market research reports of Adimark GfK ("Adimark") and Premios ProCalidad ("ProCalidad") due to its efforts described above. Adimark ranked Habitat first in terms of brand preference and ProCalidad ranked Habitat second in terms of general satisfaction within the AFP industry.

Other recent awards which Habitat has received include an award from *Fund Pro Latin Asset Management* for the best performance in the five funds for the 12-month period ended June 30, 2011. Habitat also received an award for the best return on investments for funds B and C, which together capture the largest number of account holders and assets under management.

Sales Force

Habitat is focused on maintaining a specialized and highly productive sales force. The following table compares the size of Habitat's sales force with those of its competitors as of December 31, 2011 and 2010:

Total AFP Sales Force

	As of December 31, 2011		As of December 31, 2010	
	N° Sales Agents	Market Share	N° Sales Agents	Market Share
Habitat	307	15.9%	329	14.7%
Provida	429	22.3%	457	20.4%
Capital	493	25.6%	780	34.8%

Cuprum.....	474	24.6%	460	20.5%
Planvital.....	224	11.6%	216	9.6%
Modelo (*).....	0	0.0%	0	0.0%
Total.....	**1,927**	**100.0%**	**2,242**	**100.0%**

Source: Based on FECU.
(*) Modelo started operations in August 2010 and, according to the information released by the Superintendency of Pensions, it has not reported a sales force as of December 31, 2011.

Habitat has not focused its marketing efforts on any specific industry or region. Sales personnel have visiting programs tailored to different companies to promote its products and encourage employees to transfer to Habitat from other AFPs. During these regularly scheduled visits, salespersons emphasize Habitat's size, trajectory, leading market position and reputation for high quality of customer service in order to attract account holders, reinforcing the concepts of experience, capability and trust.

Regarding new account holders in the system, it is important to note that the Pension Reform Law established a bidding process for the portfolio of new account holders which awards all new accounts during a two-year period to the AFP who offers the lowest fee among the current fees (which fee must be applied to its entire portfolio and not only to the awarded portion). This has led to an environment in which AFPs are not able to grow by capturing new entrants to the labor market. Therefore, the main source of future growth sources for Habitat will be to focus on capturing account holders with voluntary pension savings, and reincorporating inactive account holders as active contributors, especially self-employed workers.

Intellectual Property

Habitat has an intellectual property portfolio, including trademarks, which are used as a strategic tool in the protection of its business activities. Habitat seeks to protect its intellectual property by establishing its title through trademarks, copyright and other relevant laws and conventions and by using legal and regulatory recourse in the event of infringement by a third party.

Property, Plant and Equipment

As of March 31, 2012, Habitat maintained 27 branches and one administrative office of which five are owned and 23 are rented. Habitat's lease contracts have commercially reasonable terms and contain renewal options pursuant to which it can extend the lease terms. Habitat does not anticipate any difficult in renewing its leases that are set to expire in the near future.

Employees

Habitat had 1,102 employees as of March 31, 2012. Habitat's employees are not unionized.

Legal Proceedings

Habitat is involved in various claims and legal actions arising in the ordinary course of business. We do not believe that these proceedings will have a material adverse effect on Habitat's results of operations or financial condition.

Vida Cámara

Overview

Vida Cámara is a leading insurance provider in Chile. For the 24-month period ending June 2012, it has been the leading provider of SIS insurance in Chile. The Pension Reform Law, among other reforms, eliminated the requirement that AFPs individually obtain insurance to cover their obligation to provide SIS insurance benefits to their account holders. The Pension Reform Law instead instituted a public, competitive bidding process administered by the AFPs by which life insurance providers, such as Vida Cámara, are awarded a percentage of the SIS insurance business based on competing offers among participants in the bidding process. Since then, there have been three bidding processes. In May 2009, Vida Cámara was awarded 27% of the SIS insurance business covering

the period from July 2009 to June 2010. In May 2010, Vida Cámara was awarded 37% of the SIS insurance business covering the period from July 2010 to June 2012. In April 2012, Vida Cámara did not win any of the SIS insurance business covering the period from July 2012 to June 2014.

In 2012, Vida Cámara expanded its offering of life insurance products and services beyond SIS insurance. As a result of its acquisition of Asermed in 2012, Vida Cámara acquired the sales force of Servicio Servicio Medico, a provider of supplemental health insurance in Chile that had 261,972 beneficiaries and Ch$26,134 million (U.S.$50.3 million) in written premiums as of December 31, 2011. Pursuant to such acquisition, Vida Cámara has the right to offer to renew policies to any of Servicio Medico's current policy holders it selects. Servicio Medico's policy holders then have the final say as to whether they will accept the offer. Vida Cámara began exercising such options on March 1, 2012 and had renewed 37,453 policies as of March 31, 2012. Vida Cámara will use Servicio Medico's former sales force to continue to sell renewal policies to Servicio Medico's current supplemental health insurance policy holders as their existing policies mature, as well as to offer supplemental health insurance to the general public in Chile. In addition, Vida Cámara now provides voluntary life insurance.

As of March 31, 2012, SIS insurance accounted for 99.5% of Vida Cámara's business by gross written premiums while other insurance products accounted for 0.5%. However, this revenue mix will change significantly during the 24-month period beginning July 2012. As noted above, since Vida Cámara was not awarded a percentage of the SIS insurance business in the third SIS insurance auction, it will not receive any revenues from SIS insurance during such period. Vida Cámara's sole source of revenues will be its supplemental health and voluntary life insurance policies, which are currently new product offerings and remain largely in the start up phase, as well as any other products it develops during this period.

As of March 31, 2012, Vida Cámara accounted for 5.0% of the total Chilean life insurance market based on gross written premiums. Vida Cámara serves 37,453 non-pension affiliated customers in Chile through a distribution network of 37 agents operating through 16 branches, selling supplemental health insurance and voluntary life insurance policies. The SIS insurance operations had no commercial offices or sales force.

As of March 31, 2012, Vida Cámara had Ch$146,351 million (U.S.$300.2 million) in total assets, Ch$97,354 million (U.S.$199.7 million) in gross technical reserves and Ch$44,671 million (U.S.$91.6 million) in shareholders' equity, compared to Ch$135,515 million (U.S.$261.0 million) in total assets, Ch$98,452 million (U.S.$189.6 million) in gross technical reserves and Ch$33,819 million (U.S.$65.1 million) in shareholders' equity, as of December 31, 2011. For the three-month period ended March 31, 2012 and the year ended December 31, 2011, its net income totaled Ch$10,563 million (U.S.$21.7 million) and Ch$34,624 million (U.S.$66.7 million), respectively. Vida Cámara achieved a two-year ROAE of 125.0% during the period from January 1, 2010 to December 31, 2011, making it the most profitable life insurance company in Chile as of December 31, 2011, according to the SVS.

Principal Activities

SIS Insurance

Currently and until June 2012, Vida Cámara's principal product is SIS insurance, an insurance coverage purchased by the AFPs, as required under the Pension Reform Law, to finance the short falls in pensions of AFP participants who die or become disabled before retirement. SIS insurance is purchased by the AFPs as a group with a fixed and single insurance premium through a competitive bidding process by insurers. SIS insurance covers the shortfall that arises in an AFP participant's individual capitalization account when the participant dies or becomes disabled prior to the legal age of retirement and before accumulating sufficient funds to finance payments to the participant or his beneficiaries. See "*—Habitat—Primary Revenues—SIS Insurance Premium*" above for further details on the SIS insurance benefits and determination policies.

The bidding process for SIS insurance is public and run collectively by the six AFPs. The general rules of the bidding process are as follows:

- Any life insurer can participate in the bidding process subject to certain requirements, such as maintaining a rating of "A" by local rating agencies.

- The insurance award can cover a period of one, two or four years as previously determined and announced by the AFPs.

- The insurance is allocated to the one or more insurance companies submitting the best economic offers.

    - For men, the bidding process is based on seven fractions and each participating insurance company can bid for as many fractions as it chooses at its biding rate.

    - For women, the bidding process is based on four fractions and each participating insurance company can bid for as many fractions as it chooses at its biding rate.

As noted above, Vida Cámara did not win any portion of the SIS insurance business for the 24-month period beginning July 2012 in the third SIS auction which took place in April 2012. Therefore, the SIS insurance discussion which follows is not indicative of Vida Cámara's projected business for such the 24-month period.

First Bidding Process Results

In May 2009, the first SIS insurance bidding process was carried out for a 12-month coverage period effective July 1, 2009 through June 30, 2010.

The result of the bidding process for males is set forth in the table below, with the winning companies highlighted in bold:

	Men	
	Fractions	**Final Rate**
Interamericana	**2**	**1.78%**
Vida Cámara	**2**	**1.88%**
Chilena Consolidada	**2**	**1.92%**
Ohio	**1**	**1.98%**
Security – Cruz del Sur	1	1.99%
Banco de Bilbao Vizcaya Argentaria ("BBVA")	1	2.16%
Metlife	1	2.18%
Bice – Consorcio	1	2.21%
Penta Vida	1	2.28%

Source: Superintendency of Pensions.

Thirteen fractions were offered and the winning bidders for the first male SIS insurance bidding process were Interamericana, Vida Cámara, Chilena Consolidada and Ohio. The average insurance cost of SIS insurance for this first period was 1.87% over the taxable wages of all male workers contributing to AFPs.

The result of such bidding process for females is set forth in the table below, with the winning companies highlighted in bold:

	Women	
	Fractions	**Final Rate**
Interamericana	**1**	**1.46%**
Vida Cámara	**1**	**1.63%**
Chilena Consolidada	**1**	**1.75%**
BBVA	**2**	**1.86%**
Security – Cruz del Sur	1	1.93%
Metlife	1	1.98%
Bice – Consorcio	1	2.02%
Euroamerica	1	2.03%

Source: Superintendency of Pensions.

Nine fractions were offered and the winning bidders for the first female SIS insurance bidding process were Interamericana, Vida Cámara, Chilena Consolidada and BBVA. The average insurance cost of SIS insurance for this first period was 1.67% over the taxable wages of all female workers contributing to the AFPs.

In total, Vida Cámara was awarded 27% of the SIS insurance business during the first bidding process.

Second Bidding Process Results

In May 2010, the second SIS insurance bidding process was carried out for a 24-month coverage period effective July 1, 2010 through June 30, 2012.

The result of such bidding process for males is set forth in the table below, with the winning companies highlighted in bold:

	Men	
	Fractions	**Final Rate**
Ohio	**1**	**1.38%**
Banchile – Euroamerica	**1**	**1.49%**
Security – Cruz del Sur	**1**	**1.50%**
Vida Cámara	**2**	**1.51%**
Valora	**1**	**1.54%**
BBVA	**1**	**1.53%**
Penta Vida	4	1.57%
Chilena Consolidada	2	1.58%
ING	1	1.60%
Bicelife	1	1.64%

Source: Superintendency of Pensions.

Eighteen fractions were offered and the winning bidders for the second male SIS insurance bidding process were Ohio, Banchile – Euroamerica, Security – Cruz del Sur, Vida Cámara,Valora and BBVA. The average insurance cost of SIS insurance for this second period was 1.49% over the taxable wages of all male workers contributing to AFPs.

The result of such bidding process for females is set forth in the table below, with the winning companies highlighted in bold:

	Women	
	Fractions	**Final Rate**
BBVA	**1**	**1.42%**
Vida Cámara	**2**	**1.43%**
Interamericana	**1**	**1.48%**
Security – Cruz del Sur	1	1.52%
Chilena Consolidada	2	1.53%
Bicelife	1	1.54%
ING	1	1.55%
Metlife	1	1.66%
Penta Vida	2	1.69%
Banchile - Euroamerica	1	1.75%

Source: Superintendency of Pensions.

Thirteen fractions were offered and the winning bidders for the second female SIS insurance bidding process were BBVA, Vida Cámara and Interamericana. The average insurance cost of SIS insurance for this second period was 1.44% over the taxable wages of all female workers contributing to AFPs.

In total, Vida Cámara was awarded 37% of the SIS insurance business during the second bidding process.

Third Bidding Process Results

In April 2012, the third SIS insurance bidding process was carried out for a 24-month coverage period effective July 1, 2012 through June 30, 2014.

The result of such bidding process for males is set forth in the table below with the winning companies highlighted in bold:

	Men	
	Fractions	**Final Rate**
CN Life	**1**	**1.25%**
Vida Security	**2**	**1.26%**
Chilena Consolidada	**4**	**1.27%**
Ohio	2	1.28%
Consorcio	2	1.28%
Cruz del Sur	1	1.29%
Bice Vida – Penta Vida	1	1.29%
Rigel	2	1.29%
Cardif	1	1.29%
Euroamerica	1	1.30%
BBVA	2	1.31%
Banchile	1	1.31%
Sura	2	1.31%
Vida Cámara	1	1.32%
Metlife	1	1.35%
Itau	1	1.35%

Source: Superintendency of Pensions.

Twenty five fractions were offered and the winning bidders for the third male SIS insurance bidding process were CN Life, Vida Security and Chilena Consolidada. The average insurance cost of SIS insurance for this third period was 1.30% over the taxable wages of all male workers of the AFPs.

The result of such bidding process for females is set forth in the table below with the winning companies highlighted in bold:

	Women	
	Fractions	**Final Rate**
Chilena Consolidada	**2**	**1.09%**
CN Life	**1**	**1.14%**
Bice Vida – Penta Vida	**1**	**1.15%**
Euroamerica	2	1.16%
Rigel	2	1.16%
Sura	2	1.16%
Cardif	1	1.16%
Consorcio	1	1.17%
Cruz del Sur	1	1.18%
Banchile	1	1.18%
Vida Cámara	2	1.19%
Security	1	1.20%
BBVA	2	1.21%
Itau	2	1.25%

Source: Superintendency of Pensions.

Twenty one fractions were offered and the winning bidders for the third female SIS insurance bidding process were Chilena Consolidada, CN Life and Bice Vida – Penta Vida. The average insurance cost of SIS insurance for this third period was 1.17% over the taxable wages of all female workers of the AFPs.

Vida Cámara was not awarded any portion of the SIS insurance business during the third bidding process.

Other Product Offerings

Beginning in January 2012, as part of its growth strategy, Vida Cámara expanded its insurance offerings. In addition to SIS insurance, Vida Cámara currently offers the following:

Supplementary health insurance

Beginning in January 2012 as a result of its acquisition of Asermed further described above, Vida Cámara began offering supplemental health insurance products consisting of medical, pharmacy, dental, mental health and vision plans that persons can choose to purchase in order to cover the difference between the coverage offered by their mandatory health insurance plans through FONASA or one of the Isapres and their actual healthcare costs. Additionally, beginning in January 2012, Vida Cámara began offering supplemental catastrophic health insurance, generally defined as a type of insurance that protects the insured in the event of specified major health events, by offering full coverage of medical costs after a deductible and a specified out-of-pocket limit is met with low monthly premiums.

In order to take advantage of synergies with our companies, Vida Cámara offers its supplemental health insurance in the Red Salud network of private hospitals and medical centers. However, Vida Cámara principally sells this insurance as a collective product to employers throughout Chile, where the employer pays a percentage of the cost of the insurance and the employee pays the remainder. Furthermore, Vida Cámara views its collective supplementary insurance as the primary method to gain access to a diversified group of employers (and hence their employees) in Chile. As of the date of this offering memorandum, approximately 95.0% of Vida Cámara's supplementary health insurance plans represent collective plans.

Voluntary life insurance

Beginning in May 2012, Vida Cámara began offering voluntary life products in the form of term life insurance or whole life insurance. Term life products provide a guaranteed benefit upon the death of the insured for a specified time period, in return for periodic payments of premiums. Term life products coverage ranges from one to 30 years, but in no event is coverage longer than the period over which premiums are paid. Term insurance

products are sometimes referred to as pure protection products, in that there are typically no savings or investment elements. Term contracts expire without value at the end of the coverage period if the insured party is still living. By contrast, whole life products provide a guaranteed benefit upon the death of the insured in return for the periodic payment of a fixed premium over a predetermined period, and whole life insurance provides a participation feature in the form of dividends. Policyholders may receive dividends in cash or apply them to increase death benefits, increase cash values available upon surrender or reduce the premiums required to maintain the contract in-force. Because the use of dividends is specified by the policyholder, this group of products provides significant flexibility to individuals to tailor the product to suit their specific needs and circumstances, while at the same time providing guaranteed benefits.

As a way of exploiting cross-selling opportunities within ILC, Vida Cámara plans on using Consalud as a sales channel for its voluntary life insurance products.

Revenue Breakdown by Insurance Products

The following table sets forth a breakdown of Vida Cámara's written premiums by product for the periods indicated:

Written Premiums by Product

	For the three-month periods ended March 31,		For the years ended December 31,	
	2012	**2011**	**2011**	**2010**
	% of total premiums			
SIS Insurance	99.5%	100.0%	100.0%	100.0%
Supplementary Health Insurance	0.5%	N/A	N/A	N/A
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Summary Operating Data

The following table sets forth Vida Cámara's key operating data as of the dates indicated:

	As of and for the three-month periods ended March 31,	As of and for the years ended December 31,	
	2012	**2011**	**2010**
Written Premiums (Ch$ millions)	40,808	154,111	131,135
Number of clients [1]	1,744,701	1,691,849	1,389,669

[1] For the SIS insurance business, the number of clients is calculated for the respective periods covered by the bidding processes.

Investment Portfolio

Vida Cámara maintains a diversified investment portfolio to support its obligations. Its investment portfolio consists of public and private fixed income securities and money market instruments, particularly treasury bonds, corporate bonds, bank bonds and mutual funds. As of March 31, 2012, Vida Cámara's investment portfolio totaled Ch$118,202 million (U.S.$242.5 million).

The following table sets forth the breakdown of Vida Cámara's investment portfolio as of the dates indicated:

Investment Portfolio by Asset Class

	As of March 31, 2012		As of December 31, 2011	
	Ch$ million	**% of Total**	**Ch$ million**	**% of Total**
Public Fixed Income Securities	44,791	37.9%	37,374	35.1%
Private Fixed Income Securities	68,663	58.1%	68,290	64.2%
Money Market Instruments	4,748	4.02%	682	0.6%
Total	**118,202**	**100.0%**	**105,664**	**100.0%**

Principal Markets

Vida Cámara sells its SIS insurance to the six AFPs who have members throughout Chile in the ratios allotted through the public auction. In terms of its other product offerings, Vida Cámara's main market is the Santiago Metropolitan Region. However, it has been making inroads towards a more national presence recently and expects to continue to do so in the near future.

Competition

Vida Cámara operates in a highly competitive market. The Chilean life insurance market currently consists of the following three types of life insurance companies:

- *International companies*, which are generally characterized by a high level of indebtedness, a conservative, risk-adverse investment strategy and an internal sales platform. Some of the companies participating in this group in Chile are Metlife, Ohio and Principal Financial Group.

- *Chilean companies*, which are generally characterized by a medium level of indebtedness, an active and aggressive investment strategy and an internal sales platform. Some of the companies participating in this group in Chile are Bicelife, Corpvida, and Penta Vida.

- *Banking companies*, which are generally characterized by a low level of indebtedness, a semi-conservative investment strategy and an external sales platform. Some of the companies participating in this group in Chile are Santander Seguros, Banchile Seguros de Vida, Itaú Seguros and BCI Seguros.

Vida Cámara does not fit into any of these groups but rather tries to take advantage of the competitive advantages of each. For example, banking companies with an external sales force can often obtain better operational results because they have fewer costs. Vida Cámara is a hybrid because (i) a large portion of its historical business, SIS insurance, carries very little operational costs and (ii) while it does have a sales force for its non-SIS insurance product offerings, it takes advantage of the synergies among other ILC subsidiaries, such as Consalud and Red Salud, in order to market its products. However, Vida Cámara tends to follow a more aggressive investment strategy than banking companies and can thus obtain better investment results as is the case with international and national companies.

The following table sets forth the market shares of Vida Cámara and its principal competitors based on the number of written premiums (taking into account the premiums of all offered insurance products within the life insurance sector as defined by the SVS) as of the dates indicated:

Market Share by Written Premiums

	As of March 31, 2012	As of December 31, 2011
Vida Cámara	4.6%	4.8%
Metlife	17.4%	14.3%
Euroamerica	4.2%	4.4%
Cruz del Sur – Security	8.2%	5.9%
Bicevida	5.7%	5.4%
Chilena	5.6%	5.5%
Consorcio	8.6%	8.6%
Corpvida	7.8%	7.1%
Principal	4.9%	4.2%
Santander	3.6%	4.8%
SURA	3.6%	5.5%
Other	25.8%	29.7%
Total	**100.0%**	**100.0%**

Source: Association of Chilean Insurance Providers.

Market for SIS Insurance

Competition for the SIS insurance business is largely dependent on pricing as the insurance companies with the best economic offers are allocated a portion of the bid. In addition the bidding processes for SIS insurance have become increasingly competitive in terms of number of participants. In the latest round of bidding for the SIS insurance business in April 2012, Vida Cámara competed with 16 insurance providers for the male SIS insurance market and with 14 insurance providers for the female SIS insurance market.

The following table sets forth the expected market shares of Vida Cámara and its principal competitors based on the results of the second bidding process for SIS insurance in May 2010:

SIS Insurance Market Share

Vida Cámara	36.8%
Metlife	9.1%
Ohio	9.1%
BBVA	18.2%
Banchile – EuroAmerica	9.1%
Cruz del Sur – Security	9.1%
Rigel	9.1%
Total	**100.0%**

Source: Association of Chilean Insurance Providers.

(1) Market share figures are estimated as the actual market share information cannot be calculated until the end of the 24 month period once the actual member participation of all AFPs is known. There may be slight variations based on number of male workers, female workers and variations in their real wages.

As noted previously, these market share figures should not be seen as indicative of Vida Cámara's business for the 24-month period beginning July 2012, as Vida Cámara did not win any portion of the SIS insurance market in the last SIS insurance bidding process in April 2012.

Market for Other Product Offerings

With respect to its non-SIS insurance product offerings, Vida Cámara's products compete with similar products offered by large, well-established insurance companies in a mature market. Competition is primarily based on price, service, distribution channel relationships, brand recognition and financial strength. Due to the large number of competitors, price competition is strong. Factors that could influence Vida Cámara's ability to competitively price its non-SIS insurance products while achieving targeted returns include: the cost and availability of financing for statutory reserves required for certain insurance policies, the availability and timing of, and its ability to utilize, tax deductions associated with statutory reserves, product designs which impact the amount

of statutory reserves and the associated tax deductions, the level of and pace of changes in interest rates, and Vida Cámara's ability to penetrate a competitive market in which it traditionally has not competed.

Marketing and Sales

Vida Cámara does not have a sales force for its SIS insurance business, as that is awarded strictly as a result of the bidding process described above.

The following table sets forth a breakdown of Vida Cámara's written premiums by distribution method for the periods indicated:

Written Premiums by Distribution Method

	For the three-month periods ended March 31,		For the years ended December 31,	
	2012	**2011**	**2011**	**2010**
	% of total premiums			
SIS Bidding Process	99.5%	100.0%	100.0%	100.0%
Agents	0.5%	N/A	N/A	N/A
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As of March 31, 2012, Vida Cámara's sales force consisted of 37 agents selling supplemental health and voluntary life insurance products. Other than certain training allowances or salary paid at the beginning of their employment, Vida Cámara pays agents on a commission basis for the products they sell. In addition to commissions, Vida Cámara agents receive employee benefits, including medical and disability insurance, an employee savings program and qualified retirement plans.

Intellectual Property

Vida Cámara has an intellectual property portfolio, including trademarks, copyrights and trade secrets, which is used as a strategic tool in its business activities. Vida Cámara seeks to protect its intellectual property by establishing its title through trademarks, copyright and other relevant laws and conventions and by using legal and regulatory recourse in the event of infringement by a third party. Vida Cámara's key slogan is: "*Vida Cámara construyendo juntos tu tranquilidad*" ("Vida Cámara, building together your peace of mind").

Property, Plant and Equipment

As of March 31, 2012, Vida Cámara rented 16 branch offices and two administrative offices. These branch offices are dedicated solely to selling Vida Cámara's other product offerings as Vida Cámara's SIS insurance business does not use branch offices or agents.

Vida Cámara leases 780 square meters in one floor in our headquarters building, located in the Providencia neighborhood of Santiago. Vida Cámara's lease contracts have commercially reasonable terms and contain renewal options pursuant to which it can extend the lease terms. Vida Cámara does not anticipate any difficulty in renewing its leases that are set to expire in the near future.

Employees

Vida Cámara and its subsidiaries had approximately 220 employees as of March 31, 2012, of whom 12 were employed in its SIS insurance division and the rest were employed in its other product offerings division, principally its supplementary health insurance.

As of March 31, 2012, 55.8% of Vida Cámara's employees were members of a union. The union that represents Vida Cámara's employees is the National Union of Workers of the Medical Service Companies of the Chilean Chamber of Construction (*Sindicato Nacional de Trabajadores de Empresa Servicio Médico de la Cámara Chilena de la Construcción*). Vida Cámara believes that it has a good working relationship with this union. The collective bargaining agreement that Vida Cámara has entered into with this union is renegotiated annually and the

renegotiation processes has always been smooth. Additionally, Vida Cámara does not have a history of strikes by its employees.

Legal Proceedings

Vida Cámara is involved in various claims and legal actions arising in the ordinary course of business. We do not believe that these proceedings will have a material adverse effect on Vida Cámara's results of operations or financial condition.

Consalud

Overview

Consalud is a leading private health insurance provider, offering a wide range of health insurance plans and services to a diversified customer base throughout Chile. Chilean law requires all workers to contribute 7% of their wages to a health insurance plan. Workers may opt between the public system, FONASA or one of the private health insurance providers (Isapres). Consalud is an Isapre which offers workers a variety of plans with different combinations of benefits, premiums, copayments and preferred providers.

Consalud was founded in 1984 and has grown substantially over the years as a result of, among others, the growing workforce, the growing average household income and the increased importance of quality private health insurance in Chile. As of March 31, 2012, Consalud had 335,477 contributors and 645,385 beneficiaries, making it the largest Isapre in Chile in those categories, accounting for 21.7% and 21.9%, respectively, of the Chilean market. In particular, in the last five years, Consalud has experienced a 5.6% annual increase in the number of contributors, as compared to the 3.5% industry average for the same period. Consalud is also the largest provider of dental plans in Chile with 242,062 dental plans as of March 31, 2012. Consalud also provides additional coverage for certain diseases and distributes pharmacy plans.

As of March 31, 2012, Consalud had Ch$76,195 million (U.S.$156.3 million) in total assets and Ch$6,095 million (U.S.$12.5 million) in shareholders' equity, compared to Ch$81,958 million (U.S.$157.9 million) in total assets and Ch$1,641 million (U.S.$3.16 million) in shareholders' equity as of December 31, 2011. Consalud has achieved a ROAE of 98% for the period from December 31, 2010 through December 31, 2011. For the three-month period ended March 31, 2012 and the year ended December 31, 2011, total operating revenues reached Ch$66,877 million (U.S.$137.2 million) and Ch$244,615 million (U.S.$471.1 million), respectively, while net income totaled Ch$4,453 million (U.S.$9.1 million) and Ch$8,576 million (U.S.$16.5 million), respectively.

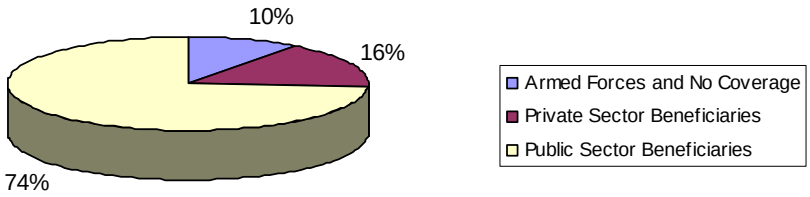
Chilean Health Insurance System

Chile has a dual health insurance system comprising the public FONASA system and licensed private insurers, Isapres, whose sole purpose is to provide health insurance plans. Under this system, all workers are required to set aside at least 7% of their monthly salary for the financing of a health insurance plan, up to a limit of the equivalent of UF 67.4 (approximately U.S.$3,101.0 at March 31, 2012). However, (i) lower-income retired workers (*jubilados*) are exempt from this contribution requirement and (ii) middle-income retired workers as defined by the *Ficha de Protección Social* (Social Security Data) pay a reduced contribution.

Workers may opt to join the FONASA health service network (by contributing 7% of their salary, with the abovementioned limit) or to purchase a health insurance policy offered by any Isapres (by paying 7% or more of their salary). In addition to the monthly worker contribution, the FONASA system is also financed by direct contributions from the Chilean government in order to provide health insurance coverage to the uninsured and the indigent. As of the date of this offering memorandum, worker contributions financed 31% and Chilean government contributions financed 69% of the FONASA system. The Isapre system does not receive any subsidy from the government. As of the date of this offering memorandum, the mandatory 7% contribution financed 73% and additional contributions financed 27% of the Isapre system.

The following chart sets forth a breakdown of membership in Chile's health insurance system as of March 31, 2012:

Members in the Chilean Heath System



Source: Superintendency of Health.

As of March 31, 2012, the Chilean health insurance system had 17.3 million beneficiaries, of which approximately 2.9 million people were covered by private health insurance policies contracted with Isapres and approximately 13.2 million people were covered by FONASA. A portion of the remaining population (approximately 1.3 million) receives healthcare from the armed forces and police healthcare systems, while the rest are uninsured. FONASA classifies its members into four groups, A, B, C and D, depending on income level. The highest income level is group D and thus represents the potential target market for the Isapres, including Consalud.

Additionally, Chile has a comprehensive rights-based healthcare system, known as Plan AUGE, designed to provide full coverage at low or zero co-payments for a list of priority illnesses. The system began in 2002, through the implementation of a pilot plan that included three illnesses. During the two subsequent years, the system incorporated 14 new illnesses. This pilot plan covered 25% of the most serious illnesses found in Chile's population. In September 2004, a law was adopted establishing the Plan AUGE, guided by the principles of access, quality, financial protection and opportunity. The full plan commenced on July 1, 2005 and covered 56 illnesses by 2007. As of March 31, 2012, Plan AUGE covers 69 illnesses and it is expected to cover 80 illnesses by the end of 2012.

The following provides a brief description of the health insurance products offered by FONASA and the Isapres:

- *FONASA*: Within the FONASA system, beneficiaries can choose to pay a modest co-payment and obtain care from any provider on a pre-approved list (*Modalidad de Libre Elección*), or they may choose to obtain care at public facilities at almost no cost (*Modalidad de Atención Institucional*).

- *Isapres*: Within the private healthcare system, Isapres offer myriad and widely varying combinations of benefits, premiums and co-payments. While Chilean law allows Isapres to offer different plans according to the age and sex of individuals, no further risk segmentation is permitted. Each plan contract is entered into by and between the Isapre and the contributor for an indefinite period of time, unless terminated due to the falsification of information or non-payment.

Currently there are 13 Isapres in Chile, six of which are open and receive all types of contributors and seven of which are closed and are only available to workers in specific industries such as mining and copper. Consalud is one of the six open Isapres.

Persons can also supplement their FONASA and Isapre health insurance coverage by purchasing supplementary health insurance coverage from a number of private insurance companies, including Vida Cámara. See "*—Vida Cámara—Principal Activities—Other Product Offerings*" above for further information on supplementary health insurance coverage.

Principal Products and Services

Medical Plans

As set forth by Chilean law, Consalud's medical plan structure consists of the following two components:

- *Complementary Plan* ("PCS") coverage that is based on a base price that is adjusted according to the individual's risk profile; and

- *Plan AUGE* coverage that each Isapre is required to offer to its plan beneficiaries at a fixed cost without any differentiation based on an individual's risk profile. Currently, Consalud is the Isapre that offers its beneficiaries Plan AUGE coverage at the lowest cost, at UF 0.16 per beneficiary.

Consalud offers a broad range of health plans and products for PCS coverage to a diversified group of customers throughout Chile including, among others, employer groups, individuals, college students, part-time workers, government agencies and healthcare providers.

Consalud's plans can be divided into the following three categories:

- **Open Network Plans**: These plans offer the maximum flexibility by granting access to both in- and out-of-network hospitals and medical centers. Deductibles and co-payments for open network plans tend to be higher than for the other two categories of plans.

- **Preferred Provider Plans**: These plans provide coverage at a pre-established list of hospitals and medical centers having a contract with Consalud. Within this list, members can elect a provider as their exclusive healthcare provider. Deductibles and co-payments tend to be lower than in Open Network Plans but higher than in Closed Network Plans.

- **Closed Network Plans**: These plans provide coverage solely at Megasalud healthcare centers and hospitalization services at a pre-established list of hospitals, mainly the Red Salud private hospitals. Deductibles and co-payments tend to be lower than for the other two categories of plans.

Complementary Product Offerings

Consalud provides the following complementary product offerings:

- ***Cobertura Adicional para Enfermedades Catastróficas (Additional Coverage for Catastrophic Diseases or "CAEC"):*** CAEC insurance is coverage which Consalud plan members can purchase to complement their medical plans, to protect themselves in the event of specified major health events. Persons electing to purchase this coverage will receive full coverage of medical costs at a pre-established list of hospitals and medical centers after a deductible (currently calculated as 30x the member's PCS co-payment with a UF 60 minimum and UF 126 maximum deductible) is paid. Following payment of such deductible, Consalud offers full coverage for one year, at which time a new deductible must be met in order to continue obtaining full coverage. The following are not covered by CAEC insurance: (i) the 69 illnesses currently covered by Plan AUGE, (ii) pre-existing conditions excluded in the member's PCS plan, (iii) most outpatient care services, except dialysis, chemotherapy and radiology, infertility treatments, dental services and any service which occurs outside the pre-established CAEC network of providers. Consalud members may purchase CAEC insurance at the Red Salud network of private hospitals and medical centers.

- ***Dental Plans:*** Consalud offers managed dental plans at the Megasalud medical centers.

- ***Pharmacy Plans:*** Consalud offers pharmacy plans at the Salcobrand pharmacy at different levels of coverage for different medications as well as beauty and hygiene products.

The following table sets forth a breakdown of Consalud's health-plan-related-revenues by type of contribution for the periods indicated:

	For the three-month periods ended March 31,				For the years ended December 31,			
	2012		2011		2011		2010	
	Ch$ millions, except percentages							
Mandatory Contributions [1]	50,678	75.8%	44,394	75.2%	181,604	74.6%	164,005	75.6%
Voluntary Contributions [2]	15,951	23.9%	14,550	24.6%	61,610	25.2%	52,635	24.3%
Others	248	0.4%	117	0.2%	401	0.2%	201	1.0%
Total	66,877	100.0%	59,061	100.0%	244,615	100.0%	216,901	100.0%

(1) Includes the mandatory 7% of monthly wages set aside by Consalud members for their health plans.

(2) Includes the additional percentage of monthly wages set aside by Consalud members for their health plan as well as the purchase of additional coverage for Consalud products such as CAEC coverage, dental and pharmacy plans.

Medical Management Capabilities and Member Benefits

Consalud's personal health record division provides members with online access to personal information including individual personalized messages and alerts, detailed health history based on available claims data and voluntarily submitted information, and integrated information and resources to help members make informed decisions about their healthcare.

Furthermore, in addition to the medical plans described above, Consalud members also have access to a wide variety of other benefits, such as a 24-hour medical assistance line and special discounts at participating gyms, pharmacies, opticians, and dermatologists.

Summary Operating Data

The following table sets forth Consalud's key operating data as of the dates indicated:

	As of March 31,	As of December 31,	
	2012	2011	2010
Contributors	335,477	330,845	304,601
Beneficiaries	645,385	639,776	605,937

Provider Networks

Consalud contracts with physicians, hospitals and other healthcare providers for services to its customers. The healthcare providers who participate in Consalud's networks are independent contractors and are neither Consalud's employees nor its agents, except for providers who work in Consalud's mail-order and specialty pharmacy facilities.

Consalud uses a variety of techniques designed to help encourage appropriate utilization of medical services and maintain affordability of quality coverage. In addition to contracts with healthcare providers for negotiated rates of reimbursement, these techniques include the development and implementation of guidelines for the appropriate utilization of medical services and the provision of data to providers to enable them to improve healthcare quality.

As of March 31, 2012, Consalud had an extensive nationwide provider network with over 9,700 participating healthcare providers, including over 8,600 primary care and specialist physicians and over 1,100 hospital, specialized health center and other health institution partnerships.

Primary Care Physicians

Consalud compensates primary care physicians participating in its network on both a fee-for-service and capitated basis, with capitation limited to products in Santiago. In a fee-for-service arrangement, physicians are paid

for healthcare services provided to the member based upon a net fee for the services provided and in some cases additional incentive fees are paid if certain performance metrics are attained. Under a capitation arrangement, physicians receive a monthly fixed fee for each member, regardless of the volume of healthcare services provided to the member.

Specialist Physicians

Specialist physicians participating in Consalud's networks are generally reimbursed at contracted rates per visit or per procedure.

Hospitals

Consalud typically enters into contracts with hospitals that provide for per-day and/or per-case rates, often with fixed rates for ambulatory, surgery and emergency room services. Consalud also has hospital contracts that provide for reimbursement based on a percentage of the charges billed by the hospital.

Consalud's medical plans generally require notification of elective hospital admission, and Consalud monitors the length of hospital stays. Physicians who participate in Consalud's networks generally admit their patients in network-based products to participating hospitals using referral procedures that direct the hospital to contact Consalud's patient management unit in order to confirm the patient's membership status and facilitate the patient management process. This unit also assists members and providers with related activities, including, if necessary, the subsequent transition to home care. Case management assistance for complex cases is provided by a special unit.

With respect to Red Salud hospitals and medical centers, Consalud provides special plans for its contributors who choose Red Salud as their exclusive healthcare provider. Additionally, Consalud sells supplementary health insurance in the Red Salud hospitals.

Other Providers

Laboratory, imaging, urgent care and other freestanding health facility providers are generally paid under fee-for-service arrangements, except for certain laboratory services.

Pricing

Except for its Plan AUGE coverage, Consalud's contracts are individually negotiated. The pricing and other terms of the relationship are generally established in advance of the policy period and typically have an unlimited duration. Consalud uses prospective rating methodologies in determining the premium rates charged to individuals, and it also uses retrospective rating methodologies for a limited number of groups. The pricing for PCS coverage is adjusted on an annual basis.

Under prospective rating, a fixed premium rate is determined at the beginning of the policy period. Consalud typically cannot recover unanticipated increases in healthcare costs in the current policy period; however, it may consider prior experience for a product in the aggregate or for a specific customer, among other factors, in determining premium rates for future policy periods.

Under retrospective rating, Consalud determines a premium rate at the beginning of the policy period. Annually, the actual claim and cost experience are reviewed. If the actual claim costs and other expenses are less than expected, Consalud may issue a refund to the plan sponsor based on this favorable experience. If the experience is unfavorable in certain instances, Consalud may recover the resulting deficit through contractual provisions or consider the deficit in setting future premium levels. However, Consalud may not be able to recover the deficit if a plan sponsor elects to terminate coverage. Retrospective rating may be used for insured plans that cover more than approximately 300 people.

Principal Markets

Consalud's business is concentrated in Chile. The following table sets forth a breakdown of Consalud's membership by geographic region in Chile for the periods indicated:

Insured by Region

	For the three-month periods ended March 31,		For the years ended December 31,	
	2012	**2011**	**2011**	**2011**
Arica and Parinacota	1.0%	1.0%	1.0%	1.1%
Tarapacá	3.3%	3.4%	3.4%	3.5%
Antofagasta	3.6%	3.6%	3.6%	3.6%
Atacama	1.1%	1.1%	1.1%	1.1%
Coquimbo	1.8%	1.8%	1.8%	1.8%
Valparaíso	8.6%	8.7%	8.7%	8.9%
O'Higgins	2.3%	2.3%	2.3%	2.3%
Maule	2.5%	2.5%	2.5%	2.5%
Bío Bío	8.7%	8.7%	8.7%	8.7%
Araucanía	2.5%	2.5%	2.5%	2.6%
Los Ríos	1.3%	1.3%	1.3%	1.3%
Los Lagos	4.0%	4.0%	4.0%	4.1%
Aisén	0.5%	0.5%	0.5%	0.5%
Magallanes and Antártica Chilena	1.4%	1.4%	1.4%	1.5%
Santiago Metropolitan	57.4%	57.2%	57.2%	56.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Competition

The healthcare insurance industry is highly competitive, primarily due to a large number of for-profit (Isapres and supplementary health insurance providers) and government (FONASA) competitors, competitors' marketing and pricing, and a proliferation of competing products, including new products that are continuously being introduced into the market. New entrants, as well as significant consolidation within the industry, have contributed to the competitive environment.

We believe that the significant factors that distinguish competing health plans include the perceived overall quality (including accreditation status), quality of service, comprehensiveness of coverage, cost (including both premium and member out-of-pocket costs), product design, financial stability of the provider and ratings of the provider, breadth and quality of provider networks, providers available in such networks and quality of member support and care management programs. We believe that Consalud is competitive on each of these factors. Consalud's ability to increase the number of persons covered by its plans or to increase its revenues is affected by its ability to differentiate itself from its competitors with regard to these factors. Competition may also affect the availability of services from healthcare providers, including primary care physicians, specialists and hospitals.

Public Competitors

FONASA is Consalud's main competitor since it receives approximately 69.0% of its health costs through direct subsidies from the government which allows it to charge a flat 7.0% of monthly income rate, while private health insurance companies, such as Consalud, have to account for increased costs in their pricing structure. As of March 31, 2012, 74.0% of the Chilean population received their health coverage through FONASA.

According to a user satisfaction study conducted by Adimark in January 2012, the FONASA system has a much lower satisfaction rating than private healthcare providers. Thus, there is currently room for the Isapres to gain access to dissatisfied FONASA users, especially those in group D of Chile's population. Consalud is especially well-situated to benefit from this general public dissatisfaction because the average cost of its medical plan, UF 1.5 per beneficiary, is the lowest of the six open Isapres. In 2011, Consalud captured the highest percentage of growth in the industry in terms of new clients (37.0%), with 80.0% of such growth originating from FONASA, in particular group D which is the group that has the highest growth potential.

Private Open Isapre Competitors

The following tables set forth the market shares of Consalud and its principal private competitors based on number of contributors and beneficiaries as of the dates indicated:

Market Share by Contributors

	As of March 31, 2012	As of December 31, 2011
Consalud	21.7%	21.7%
Banmédica	20.6%	20.7%
Cruz Blanca	19.8%	19.6%
Colmena	16.1%	16.1%
Más Vida	13.4%	13.4%
Other	8.4%	8.5%
Total	100.0%	**100.0%**

Source: Superintendency of Health.

Market Share by Beneficiaries

	As of March 31, 2012	As of December 31, 2011
Consalud	22.7%	21.9%
Banmédica	21.2%	20.6%
Cruz Blanca	20.3%	19.4%
Colmena	16.4%	15.8%
Más Vida	14.0%	13.4%
Other	5.4%	8.9%
Total	**100.0%**	**100.0%**

Source: Superintendency of Health.

As noted in the tables above, Consalud has the highest market share in terms of number of contributors and beneficiaries at the dates indicated. Additionally, in terms of contributors, Consalud has grown at an average rate of 5.6% during the last five years while the industry has grown at an average rate of 3.8%. In terms of beneficiaries, Consalud has also outgrown the industry, with an average growth of 2.2% during the last five years while the industry has grown at an average rate of 2.1% according to the Superintendency of Health. During 2011, Consalud led the general growth in the industry by obtaining approximately 37.0% of the industry growth in clients, with 80.0% of such growth originating from FONASA.

Marketing and Sales

Consalud markets its products and services primarily through its sales personnel, who visit and set up marketing tables at employers throughout the country in order to gain access to individual employees. While plans are individually selected by employees, Consalud seeks to develop a strong relationship with employers as employers can recommend health insurance providers to their employees.

Additionally, Consalud has a network of 80 branch offices throughout Chile and has an advanced web presence with an active website geared at providing its members and potential members with detailed, comprehensive information about its health plans and products, reimbursement methods and additional member benefits. Consalud supports its marketing and sales efforts with an advertising program that may include television, radio, billboards, print media and social media, supplemented by market research and direct marketing efforts.

Some of Consalud's most innovative marketing products include this offering of:

- medical service and attention by way of text messaging;
- self-service terminals at 66 of its 80 offices;
- the ability to obtain vouchers for medical services by way of mobile phones; and

- customer care centers dedicated to customer satisfaction and the resolution of any issues related to, among others, reimbursements, medical plans and grievances.

Intellectual Property

Consalud has an intellectual property portfolio, including trademarks, copyrights and trade secrets, which is used as a strategic tool in the protection of its business activities. Consalud seeks to protect its intellectual property by establishing its title through trademarks, copyright and other relevant laws and conventions and by using legal and regulatory recourse in the event of infringement by a third party. Some of Consalud's key trade names are "*Con Nosotros Vives Consalud*" ("With Us You Live in Health") and "*Ni un Peso Más*" ("Not a Dollar More").

Property, Plant and Equipment

As of March 31, 2012, Consalud maintained three owned offices which are used as administrative offices, and 80 rented offices which are used as branch offices throughout Chile. Consalud's lease contracts have commercially reasonable terms and contain renewal options pursuant to which it can extend the lease terms. Consalud does not anticipate any difficult in renewing its leases that are set to expire in the near future.

The principal property that Consalud owns is its headquarters building, located in the Huechuraba neighborhood of Santiago, which measures a total of 20,567 square meters.

Employees

Consalud had approximately 1,597 employees as of March 31, 2012.

As of March 31, 2012, 79.0% of Consalud's employees were members of a union. The main unions that represent Consalud's employees are the administrative staff, sales agents and technical professionals unions. Consalud believes that it has a good working relationship with all of these unions. Each of the collective bargaining agreements that Consalud has entered into with these unions are renegotiated every two or three years and the renegotiation processes have always been smooth. Consalud has only been subject to one strike by one union which did not have a material adverse effect on its business.

Legal Proceedings

Consalud is involved in various claims and legal actions arising in the ordinary course of business. We do not believe that these proceedings will have a material adverse effect on Consalud's results of operations or financial condition.

OUR BUSINESS IN THE PRIVATE HEALTHCARE SECTOR

Red Salud

Overview

Red Salud is a leading private healthcare provider in Chile. As of March 31, 2012, it operated four hospitals and 32 medical care centers. Through its hospitals, Red Salud offers a comprehensive range of medical and surgical services, including general acute care hospital services, pediatrics, obstetrics and gynecology, pediatric sub-acute care, general surgery, medical surgical services, orthopedic surgery and diagnostic, outpatient, skilled nursing and urgent care services. Through its medical care centers it offers general outpatient medical, dental and laboratory testing services. Additionally, it also held indirect minority ownership interests in 13 regional private hospitals in Chile, which also offer a comprehensive range of medical services. Including its affiliated regional private hospitals, it has a nationwide presence with private hospitals and medical centers present throughout Chile's 15 regions, including the Megasalud Medical Centers and its majority-owned Clínicas Tabancura, Avansalud and Bicentenario in Santiago and Clínica Iquique in the city of Iquique. Through its affiliate, ATESA, which operates under the brand names *I-Med* and *Autentia*, Red Salud also provides health information exchange technology

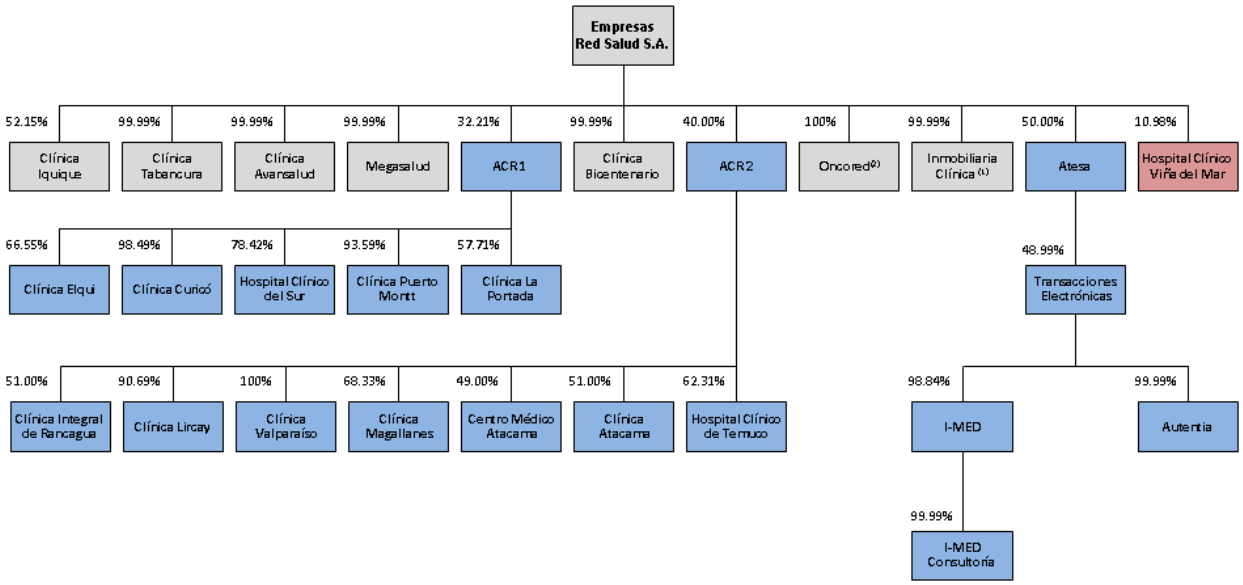
services to a large number of private hospitals, medical centers and health insurance companies throughout the country.

As of December 31, 2011, Red Salud had one of the largest networks of private hospitals in Chile as measured by number of patient beds, and the second-largest network of medical care centers in Chile, as measured by number of outpatient medical and dental boxes. During the three-month period ended March 31, 2012, Red Salud's hospitals had admitted 11,175 patients, received 24,783 emergency room visits and performed 10,553 surgeries and Red Salud's medical centers served 442,313 medical patients and 303,306 dental patients and performed 522,810 laboratory tests.

As of March 31, 2012, Red Salud had Ch$290,593 million (U.S.$596.2 million) in total assets and Ch$114,361 million (U.S.$234.6 million) in shareholders' equity, compared to Ch$243,180 million (U.S.$468.37 million) in total assets and Ch$111,798 million (U.S.$215.33 million) in shareholders' equity as of December 31, 2011. For the three-month period ended March 31, 2012 and the year ended December 31, 2011, total operating revenues reached Ch$37,031 million (U.S.$76.0 million) and Ch$133,939 million (U.S.$258.0 million), respectively, while net income totaled Ch$550 million (U.S.$1.1 million) and Ch$1,341 million (U.S.$2.6 million), respectively.

Organizational Structure

The following chart presents Red Salud's ownership in its material subsidiaries as of March 31, 2012:



(1) Inmobiliaria Clínica S.A. is a company formed in December 2009 whose only assets consist of the property for a future Red Salud private hospital. Construction for such private hospital began in December 2011 and is expected to be complete during the second quarter of 2013.

(2) Oncored S.A. is a company formed in November 2011 that centralizes the Red Salud network's oncological services so that each oncological case is evaluated by a group of medical experts in order to determine the best treatment option for the patient.

Red Salud currently controls the following four of its 17 hospitals: Clínica Tabancura, Clínica Avansalud, Clínica Bicentenario and Clínica Iquique. The results of operations of these hospitals are consolidated into Red Salud's financial results. Red Salud also owns 10.98% of Hospital Clínico Viña del Mar and 32.21% of *Administradora de Clínicas Regionales I* ("Regional Clinic Administrator I" or "ACR I"), which in turn holds the following controlling ownership interests in the following private hospitals: 66.55% in Clínica Elqui, 57.71% in Clínica Portada, 98.49% in Clínica Curico, 78.42% in Hospital Clínico del Sur and 93.59% in Clínica Puerto Montt.

Additionally, Red Salud owns 40.00% of *Administradora de Clínicas Regionales II* ("Regional Clinic Administrator II" or "ACR II") who in turn holds the following ownership interests in the following private hospitals and outpatient care center: 49.00% in CMD Atacama (outpatient care center), 51.00% in Clínica Atacama, 51.00% in Clínica Rancagua, 90.69% in Clínica Lircay, 100.00% in Clínica Valparaiso, 68.33% in Clínica Magallanes and 62.31% in Clínica Temuco. Red Salud does not consolidate the results of the clinic Hospital Clínico Viña del Mar, ACR I and ACR II into its financial results. Rather, Red Salud accounts for the earning it receives from its participation in these companies through the equity method.

Red Salud currently controls all 32 of its medical centers and their results of operations are consolidated into Red Salud's financial results.

With respect to its Health Information Exchange Technology Services business, Red Salud currently owns 50.00% of ATESA. Red Salud does not consolidate ATESA into its results of operations. It accounts for the earning it receives from its participation in ATESA through the equity method.

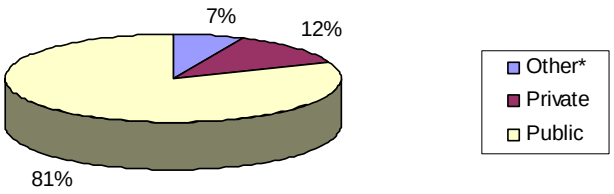
Unless otherwise indicated, the operating information presented below reflects solely those entities that are consolidated into Red Salud's financial results of operations.

Chilean Healthcare Providers

The Chilean healthcare system is divided into public and private providers. The public system is managed by the Ministry of Health and consists of public hospitals and medical centers. The private system consists of a diversified group of providers who operate private hospitals, clinics, laboratories and medical centers.

The following chart sets forth a breakdown of Chile's healthcare providers by category as of March 31, 2012:

Chilean Healthcare Providers System

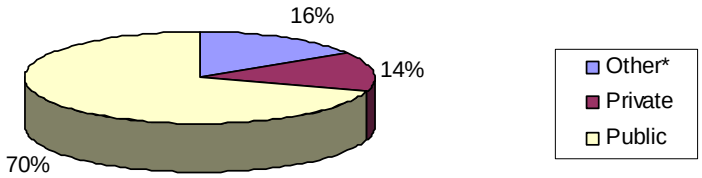


Source: Ministry of Health, Clinics of Chile A.G.
* Other includes mutuals, the military and universities. Mutuals are employer associations that provide workers' compensation as well as medical care services for accidents in the workplace.

As of March 31, 2012, there were 2,792 healthcare providers in Chile, of which 332 were private, representing 12% of total healthcare providers.

In terms of hospital beds, the following chart sets forth a breakdown of the types of beds in Chile as of December 31, 2011:

Types of Beds in the Chilean Healthcare System



Source: Ministry of Health and Clinics of Chile A.G.
* Other includes institutional beds, psychiatric wards and mutual beds.

The private sector had 6,101 beds as of December 31, 2011, representing 14% of the total number of beds available in Chile.

Principal Activities

Red Salud's principal activities can be divided into two categories: hospitals and private medical centers.

The following table sets forth a breakdown of Red Salud's total consolidated revenues for the dates indicated:

	For the three-month periods ended March 31,		For the years ended December 31,	
	2012	**2011**	**2011**	**2010**
	(Ch$ millions)			
Hospitals	14,241	11,368	47,885	43,225
Private Medical Centers (Megasalud)	22,790	16,745	86,054	63,889
Total	37,031	28,113	133,939	107,114

Hospitals

General

Red Salud owns and operates four hospitals in Chile, all certified by the Ministry of Health, with a total of approximately 524 licensed beds served by over 2,672 physicians.

The table below sets forth selected operating statistics for Red Salud's hospitals on a consolidated basis for the periods indicated:

	As of March 31, 2012	As of December 31, 2011
Licensed beds as of the end of the period[1]	524	524
Admissions[2]	11,175	37,987
Emergency room visits[3]	24,783	90,555
Surgeries[4]	10,553	39,151
Patient days[5]	29,203	89,418
Acute care average length of stay in days[6]	5.1	4.8
Average occupancy rate[7]	65.0%	63%

(1) Licensed beds are beds for which a hospital has obtained approval to operate from the applicable licensing agency. This number does not include the 709 beds our affiliated hospitals had as of March 31, 2012 and as of December 31, 2011.

(2) Admissions are patients admitted to Red Salud's hospitals for inpatient treatment. This statistic is used by Red Salud's management, investors and other readers of its financial statements as a measure of inpatient volume.

(3) The number of emergency room visits is a critical operational measure that is used by Red Salud's management, investors and other readers of Red Salud's financial statements to gauge its patient volume. Much of Red Salud's inpatient volume is a byproduct of a patient's initial encounter with its hospitals through an emergency room visit.

(4) The number of surgeries includes both inpatient and outpatient surgeries. This statistic is used by Red Salud's management, investors and other readers of its financial statements as one component of overall patient volume and business trends.

(5) Patient days are the total number of days that patients are admitted in Red Salud's hospitals. It is calculated as the number of licensed beds multiplied by 365 days and divided by each hospital's occupancy rate. This statistic is used by Red Salud's management, investors and other readers of its financial statements as a measure of inpatient volume.

(6) Acute care average length of stay in days represents the average number of days admitted patients stay in Red Salud's hospitals. This statistic is used by Red Salud's management, investors and other readers of Red Salud's financial statements as a measure of our utilization resources.

(7) Occupancy rates are affected by many factors, including the population size and general economic conditions within particular market service areas, the degrees of variation in medical and surgical products, outpatient use of hospital services, quality and treatment availability at competing hospitals and seasonality. Occupancy rates are calculated based on licensed beds.

Below is a brief summary of the four hospitals Red Salud owns:

- *Clínica Tabancura* is located in the Vitacura neighborhood of the Santiago Metropolitan Region of Chile, a middle-to-high-income area, and provides a comprehensive range of medical and surgical services, including general surgery, general acute care hospital services, pediatrics, obstetrics and gynecology, cardiovascular, neurology and diagnostic, outpatient, skilled nursing and urgent care services and an intensive care unit. As of March 31, 2012, it had 128 licensed beds, 780 employees and an occupancy rate of 69.1%. For the three-month period ended March 31, 2012, it had total revenues of Ch$6,344 million and net income of Ch$270 million.

- *Clínica Avansalud* is located in the Providencia neighborhood of the Santiago Metropolitan Region of Chile, a low to middle income area, and provides a wide range of medical and surgical services, including general surgery, pediatrics, and diagnostic, outpatient, skilled nursing and urgent care services and an intensive care unit. As a result of its agreements with all of the Isapres, including Consalud, and FONASA, a large segment of Avansalud's patients are from the low-and-middle income socioeconomic classes, accounting for approximately 67.0% of Avansalud's patients at March 31, 2012. As of March 31, 2012, it had 98 beds, 522 employees and an occupancy rate of 59.0%. For the three-month period ended March 31, 2012, it had total revenues of Ch$5,639 million and net income of Ch$482 million.

- *Clínica Bicentenario* is located in the Central Station neighborhood of the Santiago Metropolitan Region of Chile, a low to middle income area. It is the newest and most technologically advanced of the Red Salud hospitals. It provides a comprehensive range of medical and surgical services, including general surgery, general acute care hospital services, pediatrics, obstetrics and gynecology, cardiovascular, neurology, orthopedic, urology, gastroenterology and diagnostic, outpatient, skilled nursing and urgent care services and an intensive care unit. As of March 31, 2012, it had 230 beds, 1,118 employees and an occupancy rate of 65.6%. For the three-month period ended March 31, 2012, it had total revenues of Ch$5,542 million and a net loss of Ch$(1,370) million.

- *Clínica Iquique* is located in the city of Iquique within the Tarapacá Region of Chile. It is the only private healthcare provider in Iquique and provides a comprehensive range of medical and surgical services, including general surgery, pediatrics, cardiovascular, and diagnostic, outpatient, skilled nursing and urgent care services and an intensive care unit. As of March 31, 2012, it had 68 beds, 262 employees and an occupancy rate of 62.3%. For the three-month period ended March 31, 2012, it had total revenues of Ch$1,481 million and net income of Ch$2 million.

The following chart sets forth a breakdown of Red Salud's hospital-related revenues among its four hospitals for the periods indicated:

	For the three-month periods ended March 31,				For the years ended December 31,			
	2012		2011		2011		2010	
	Ch$ millions, except percentages							
Clínica Tabancura	6,344	33.0%	5,893	60.0%	25,656	41.0%	23,635	55.0%
Clínica Avansalud	5,639	30.0%	2,292	23.0%	19,035	31.0%	13,725	32.0%
Clínica Bicentenario	5,542	29.0%	217	2.0%	11,398	18.0%	—	0.0%

Clínica Iquique	1,481	8.0%	1,357	14.0%	6,234	10.0%	5,865	14.0%
Total.....	**19,005**	**100.0%**	**9,760**	**100.0%**	**62,323**	**100.0%**	**43,225**	**100.0%**

In addition, as of December 31, 2011, Red Salud's 13 indirect affiliated private hospitals collectively had 709 licensed beds and occupancy rates ranging from 39.4% to 65.0%. For the twelve-month period ended December 31, 2011, 48,144 surgeries had been performed and 329,383 emergency room visits had taken place at these hospitals.

Hospital Operating Model

Red Salud's hospital operating model is physician-centered. Red Salud has found that a physician friendly environment is key to recruiting physicians. It also strives to provide convenience in scheduling and collaborative patient case management in order to assist in the treatment of the patient and the physician's time management. Red Salud has, for example, developed an admissions process that enables the physician's office to make a hospital admission with a single phone call to Red Salud's operating admissions coordination. Red Salud provides admissions through its emergency room and urgent care centers to better evaluate medical need.

All non-physician staff are employed directly by the Red Salud hospitals, including nurses, laboratory technicians and administrative support staff. In terms of physicians, approximately 10.0% are employed directly by the Red Salud hospitals. This percentage corresponds almost exclusively to medical department heads. The rest of the physicians practicing in the Red Salud hospitals are independent contractors who are paid a fee for every service performed. Such fee is set forth in a contract between either (i) the physician and the patient's insurance provider (FONASA or the relevant Isapre) or (ii) the private hospital and the patient's insurance provider (FONASA or the relevant Isapre). Any licensed physician may apply to be admitted to the medical staff of any of Red Salud's hospitals in accordance with established credentialing criteria.

Red Salud has also developed a transfer process with a significant number of other private hospitals and medical centers to receive patients that are more appropriately treated in one of its private hospitals or medical centers.

Hospital Revenues and Reimbursement

Red Salud hospitals record gross patient services on a patient-by-patient basis in the period in which services are rendered. Patient accounts are billed after the patient is discharged. The bills are sent directly to the patient for those patients who are not insured and to the patient's insurance provider (either FONASA or the relevant Isapre) for those patients who are insured. When a patient's account is billed, Red Salud's accounting system calculates the reimbursements that it expects to receive based on the type of payor and the contractual terms of such payor. Red Salud hospitals record the difference between gross patient service charges and expected reimbursements as contractual adjustments.

In terms of insured patients, FONASA or the relevant Isapre will generally send two separate payments, one relating to medical services and one relating to non-medical services. The Red Salud hospital will in turn pay the physician the fee he/she is owed after receiving the medical services payment.

At the end of each month, Red Salud hospitals estimate the expected reimbursement for unbilled accounts. Estimated reimbursement amounts are calculated on a payor-specific basis and are recorded based on the best information available to the relevant hospital at the time regarding applicable laws, rules, regulations and contract terms. Red Salud hospitals continually review their contractual adjustment estimation process to consider and incorporate updates to laws, rules and regulations, as well as changes to managed care contract terms that result from renegotiations and renewals.

Hospital revenues depend on inpatient occupancy levels, the ancillary services and therapy programs offered by physicians and provided to patients, the volume of outpatient procedures and the charges or negotiated payment rates for such services. Charges and reimbursement rates for inpatient services vary significantly depending on the type of services.

Medical Centers

General

Red Salud owns and operates 32 medical centers in Chile, all certified by the Ministry of Health, with a total of approximately 897 medical and dental care boxes served by over 1,766 physicians and 717 dentists. Red Salud's 32 medical centers operate under the Megasalud brand name, which has been a household name in Chile since 2000.

The table below sets forth selected operating statistics for Red Salud on a consolidated basis for the periods indicated:

	As of March 31, 2012	As of December 31, 2011
Medical and dental care boxes	897	897
Medical Visits	442,313	1,886,357
Dental Visits	303,306	1,203,372
Affiliated Physicians	296	295
Affiliated Dentists	148	148
Laboratory Tests Performed	522,810	1,803,199

The Red Salud medical centers provide general outpatient medical, dental and laboratory testing services, including medical and dental consultations, medical and dental procedures, image exams such as x-rays, ultrasound tests and CT scans, lab tests, and physical therapies. Additionally, Red Salud's medical centers work in close contact with the Red Salud hospitals. For example, Red Salud's policy is to attempt, whenever possible, to resolve requests for medical treatment and referrals within its network of hospitals and medical centers before seeking assistance at other health institutions in Chile.

Medical Center Operating Model

Approximately 5.3% of the physicians and 22.7% of the dentists practicing at Red Salud medical centers are employed by them, including the medical director of each center. However, approximately 94.7% of physicians and 77.3% of dentists practice pursuant to various contracts which the medical centers have with medical and/or dental associations. Pursuant to these contracts, the medical centers receive a portion of the fee charged by the physician and/or dentist for the consultation and/or service performed. Such physicians and dentists are not separately charged for the space or the medical and/or dentist equipment used by them at the medical centers. They are also provided with all administrative support by the medical centers at no additional cost. Rather, all such items are taken into account when the fee is determined between the medical center and the professional association.

In addition, all non-physician and/or dental staff are employed directly by the Red Salud medical center, including nurses, laboratory technicians and administrative support staff.

Medical Center Revenues and Reimbursement

Red Salud's medical center revenues come primarily from the fees paid by patients for the medical services provided. These fees are determined upfront when the patient arrives at one of the private hospitals or medical centers. An ATESA self-service kiosk will inform the patient of his healthcare plan, supplementary health insurance plan, if any, and co-payment, as applicable. Once the medical and dental service has been rendered, the medical center will bill the patient's Isapre and supplementary health insurer, as applicable.

In addition, once a month, the medical center will settle accounts with the relevant medical and/or dental associations by paying them the service fees to which its doctors and/or dentists, in the aggregate, are entitled to pursuant to the contracts with such associations.

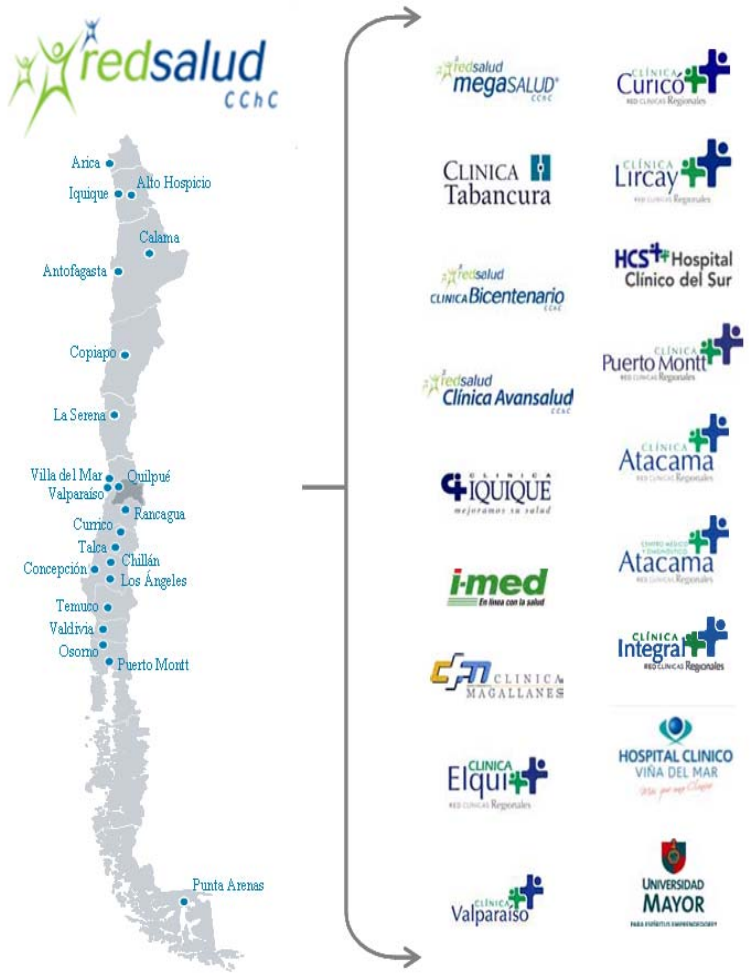
Health Information Exchange Technology Services

Red Salud owns 50.0% of ATESA and accounts for this ownership pursuant to the equity method. ATESA provides health information technology services to a large number of health providers, private hospitals, hospitals

and insurance companies in Chile. These services include the delivery of medical information through a database accessed by the patients' fingerprints. ATESA operates through the I-Med and Autentia brand names. As of March 31, 2011, ATESA had 11,300,000 clients. For the three-month period ended March 31, 2012, ATESA had total revenues of Ch$1,138 million and net income of Ch$568 million.

Principal Markets

All of Red Salud's hospitals and medical centers are located in Chile. The diagram below provides a breakdown of the location of Red Salud's facilities, including indirect affiliates.



Red Salud believes it is well positioned to grow in Chile because Chile anticipates unprecedented growth in the next 10 years in its senior population as the baby boomer generation ages and life expectancy continues to increase, which, in turn, is expected to lead to an increase in the demand for medical services. In addition, specifically in respect of its hospital segment, there is a shortage of beds in Chile, with insufficient hospitals to serve approximately 17.2 million people.

Competition

Red Salud's hospitals and medical centers operate in a market that has recently grown considerably, which is reflected in the corresponding growth of all market participants. This increasingly competitive environment makes capital investments crucial in order to preserve a competitive market position. Red Salud hospitals and medical centers have considerable strengths that allow them to take advantage of this growth in the market, such as:

well recognized brands, highly qualified medical staff, modern infrastructure and technology and access to resources in order to keep current with the evolving technology. In addition, Red Salud's hospitals and medical centers have an excellent patient information database which maximizes their efficiency and allows them to provide better value to their patients.

Red Salud's private hospitals and medical centers also have a strong and loyal client base, the result of various agreements with the major Isapres (including Consalud) and FONASA, which has led to a strong demand for Red Salud's medical services, especially among the lower and middle socioeconomic classes.

Hospitals

The following tables set forth market share data for the Red Salud hospital network and its principal private competitors based on number of beds as of December 31, 2011.[1]

Private Hospital Market Share (based on number of beds)

	As of December 31, 2011
Red Salud[2]	19.9%
Banmédica	18.0%
Las Condes	4.2%
Alemana	5.4%
Indisa	5.7%
Cruz Blanca	5.9%
Other	40.9%

Source: Annual reports of the companies as filed with the SVS, except for Clínica Alemana where the information has been derived from its website.

(1) Market share data is not shown as of March 31, 2012, given that such information is not universally produced on a quarterly basis.

(2) Includes Red Salud's subsidiaries as well as indirect affiliates.

The following table sets forth information for the Red Salud hospital network and its principal private competitors based on occupancy rates as of December 31, 2011.[1]

Occupancy Rates

	As of December 31, 2011
Alemana	79.0%
Banmédica	78.0%
Indisa	72.0%
Las Condes	70.0%
Red Salud[2]	64.7%
Cruz Blanca	57.0%

Source: Annual reports of the companies as filed with the SVS, except for Clínica Alemana where the information has been derived from its website.

(1) Market share data is not shown as of March 31, 2012, given that such information is not universally produced on a quarterly basis

(2) Includes solely Red Salud's subsidiaries.

The following table sets forth the number of surgeries and urgent care visits for the Red Salud hospital network and its principal competitors in the Santiago Metropolitan Region based on number of surgery and urgent care visits as of December 31, 2011.[1]

Number of Surgeries

	As of December 31, 2011
Banmédica[2]	95,488
Red Salud[3]	62,039
Alemana	25,397
Indisa	16,750
Las Condes	15,627

Source: Annual reports of the companies as filed with the SVS, except for Clínica Alemana where the information has been derived from its website.

(1) Market share data is not shown as of March 31, 2012, given that such information is not universally produced on a quarterly basis
(2) Excludes Clínica del Mar.
(3) Includes solely Red Salud's subsidiaries.

Number of Urgent Care Visits

	As of December 31, 2011
Banmédica[1]	240,294
Clínica Alemana	211,404
Las Condes	129,624
Indisa	59,329
Red Salud[2]	48,659

Source: Annual reports of the companies as filed with the SVS, except for Clínica Alemana where the information has been derived from its website.
(1) Market share data is not shown as of March 31, 2012, given that such information is not universally produced on a quarterly basis
(2) Excludes Clínica del Mar.
(3) Includes solely Red Salud's subsidiaries.

Medical Centers

The following tables set forth information for the Red Salud medical center network and its principal competitors based on number of medical and dental care boxes, number of medical centers and number of medical and dental visits as of the December 31, 2011.[1]

Number of Medical and Dental Care Boxes

	As of December 31, 2011
Cruz Blanca	1,028
Red Salud	897
Banmédica	309

Source: Annual reports of the companies as filed with the SVS.
(1) Market share data is not shown as of March 31, 2012, given that such information is not universally produced on a quarterly basis

Number of Medical Centers

	As of December 31, 2011		
	Santiago Metropolitan Region	Other Regions	Total
Red Salud	12	20	32
Banmédica	12	0	12
Cruz Blanca	12	2	14

Source: Annual reports of the companies as filed with the SVS.
(1) Market share data is not shown as of March 31, 2012, given that such information is not universally produced on a quarterly basis

Medical Centers - Number of Medical and Dental Visits

	As of December 31, 2011
Red Salud	3,089,729
Cruz Blanca	2,740,376
Banmédica	1,234,732

Source: Annual reports of the companies as filed with the SVS.
(1) Market share data is not shown as of March 31, 2012, given that such information is not universally produced on a quarterly basis

As shown in the tables above, Red Salud's hospitals and medical centers have maintained a market or near market leading position in Chile in all the relevant categories. Red Salud expects that each of its hospitals and medical centers will continue to excel in this competitive environment based on their competitive cost structure, commitment to excellent quality of service, and synergies among other ILC subsidiaries, such as referrals and preferred provider arrangements between and among Red Salud and Consalud.

Marketing and Sales

The main focus of Red Salud's marketing strategy is to increase public recognition of the Red Salud brand through the use of electronic and printed media distribution materials. In addition to the visibility of Red Salud's brand, Red Salud's marketing efforts seek to provide support for the sale of its products, emphasizing their main differences from other healthcare providers:

- better cost-benefit ratio; and
- better service provider network.

Environmental

Red Salud is subject to local and national environmental laws and regulations, especially in connection with hospital waste. It has a waste management plan prepared according to recommended scientific and technical procedures and the applicable laws and regulations, the purpose of which is to reduce hospital waste and to ensure the appropriate storage and disposal of such waste.

As part of the program for the prevention of environmental risks, Red Salud carries out periodic training programs for personnel involved in the management of hospital waste. It also conducts periodic internal inspections, provides information on correct waste management, and standardized materials and equipment for the generation, collection, packaging, storage and disposal of hospital waste, as required by applicable laws and regulations.

Red Salud believes that it is currently in compliance with all material governmental environmental laws and regulations and holds all material environmental permits and licenses necessary to its operations.

Intellectual Property

Red Salud has an intellectual property portfolio, including trademarks copyrights and trade secrets, which is used as a strategic tool in the protection of its business activities. Red Salud seeks to protect its intellectual property by establishing its title through trademarks, copyright and other relevant laws and conventions and by using legal and regulatory recourse in the event of infringement by a third party. Some of Red Salud's key trade names are: "Tabancura," "Avansalud," "Clínica Avansalud," "Avansalud Providencia," "Avansalud Vespucio," "Avansalud del Bio Bio," "Avansalud V Region," "MEDIC II," "*Avansalud, líder en cirugías mini invasivas*" ("Avansalud, leader in minimally invasive surgeries"), "Clínica Bicentenario S.A."

Property, Plant and Equipment

Red Salud owns its four hospitals and 32 medical centers.

Employees

As of March 31, 2012, Red Salud had, on a consolidated basis, 4,394 employees.

The table below sets forth the distribution of Red Salud's employees among its two divisions as of the dates indicated:

	Number of employees	
	As of March 31, 2012	**As of December 31, 2011**
Hospitals	2,680	2,682
Medical Centers	1,714	1,704
Total	**4,394**	**4,386**

As of March 31, 2012, none of the employees of Red Salud's medical centers were unionized and 30.2% of the employees of Red Salud's private clinics were members of a union. The main unions that represent Red Salud's

private hospital employees are: Workers Union Medical Services Company Tabancura S.A. (*Sindicato de Empresa Servicios Médicos Tabancura S.A.),* Workers Union Company Clinic Tabancura S.A. (*Sindicato de Trabajadores de la Empresa Clínica Avansalud Providencia S.A.*), Workers Union Clínica Bicentenario S.A. (*Sindicato de Trabajadores Clínica Bicentenario S.A.*), Workers Union Clínica Iquique S.A. (*Sindicato de Trabajadores de Clínica Iquique S.A.).* Red Salud believes that it has a good working relationship with all of these unions. Each of the collective bargaining agreements that Red Salud has entered into with these unions are renegotiated annually and the renegotiation processes have always been smooth. While Red Salud's employees in the Clínica Iquique went on strike in 1992, the parties reached an amicable solution without major disruption to Clínica Iquique's operations. Since that date Red Salud has not experienced any strikes by its employees.

Legal Proceedings

Red Salud and its subsidiaries are involved in various claims and legal actions arising in the ordinary course of business. We do not believe that these proceedings will have a material adverse effect on Red Salud's results of operations or financial condition.

BUSINESSES IN OTHER SECTORS

Desarrollos Educacionales

Desarrollos Educacionales operates nine private schools throughout Chile, six of which operate under the name *Colegios Pumahue*, and three of which operate under the name *Colegios Manquecura*. It also operates one subsidized school under the name *Colegio Nahuelcura*. Its schools are principally targeted at the middle and lower income segments of the Chilean population in order to lessen the education gap in Chile among socioeconomic classes.

As of March 31, 2012, Desarrollos Educacionales had approximately 9,105 students and an aggregate of approximately 70,792 square meters in school space.

The following table sets forth the operating data of Desarrollos Educacionales as of March 31, 2012:

	Total Students	Number of Courses	Number of Teachers
Colegios Pumahue			
Peñalolén	1,548	54	89
Huechuraba	1,315	47	78
Temuco.	585	26	48
Puerto Montt.	692	29	51
Chicureo	551	24	39
Curauma	445	19	35
Colegio Manquecura			
Valle Lo Campino	1,238	44	68
Ciudad del Este.	725	26	45
Ciudad de los Valles	1,017	32	60
Colegio Nahuelcura			
Machali	989	30	40
Total	**9,105**	**331**	**553**

As of March 31, 2012, Desarrollos Educacionales had, on a consolidated basis Ch$51,914 million in total assets and Ch$11,307 million in shareholders' equity, compared to Ch$46,059 million in total assets and Ch$12,356 million in shareholders' equity as of December 31, 2011. Desarrollos Educacionales' net loss for the three-month period ended March 31, 2012 totaled Ch$(1,049) million and net income for the year ended December 31, 2011 totaled Ch$765 million.

iConstruye

iConstruye provides information technology outsourcing services to companies in the Construction sector in Chile, in order to help such companies achieve a greater degree of operating efficiency. iConstruye's services include, among others, programming, electronic sale and purchasing services, payroll and expense management as

well as finance and accounting outsourcing. iConstruye processed 15,476 price quotations, 267,739 purchase orders, 144,359 bills and 7,923 subcontracts as of March 31, 2012.

As of March 31, 2012, iConstruye had, on a consolidated basis Ch$3,731 million in total assets and Ch$2,821 million in shareholders' equity, compared to Ch$3,564 million in total assets and Ch$2,631 million in shareholders' equity as of December 31, 2011. iConstruye's net income for the three-month period ended March 31, 2012 and as of December 31, 2011, totaled Ch$189 million and Ch$512 million, respectively.

Real Estate Assets

ILC maintains a portfolio of real estate assets consisting of (i) its headquarters building, (ii) five floors in the Mutual de Seguridad's headquarters building, (iii) eight floors in the CChC's headquarters building, (iv) 100 parking spots in the Mutual de Seguridad's and CChC's headquarters buildings, (v) 16 storage units in the Mutual de Seguridad's and CChC's headquarters building and (vi) five plots of land in the Santiago Metropolitan Region. Other than the floor maintained by ILC in its headquarters building, all of the property is currently rented at commercially reasonable terms to ILC's subsidiaries and affiliates as well as to third parties. As of December 31, 2010, the last date on which we had our real estate portfolio independently valued by Transsa S.A., a private consulting firm engaged in real estate valuation, the market value of these real estate holdings totaled Ch$18,168 million and as of March 31, 2012, the book value of these real estate holdings totaled Ch$21,632 million. For the three-month period ended March 31, 2012 and the year ended December 31, 2011, ILC received revenues of Ch$226.7 million (U.S.$0.5 million) and Ch$288.8 million (U.S.$0.6 million), respectively, from its rental property, of which 73% and 82% is attributable to third party rents, respectively.

REGULATORY FRAMEWORK

OUR BUSINESSES IN THE RETIREMENT & INSURANCE SECTOR

Habitat

Regulation of the Pension System

The Chilean private pension fund system was created in May 1981 pursuant to the Pension Law.

Chilean AFPs are required by law to be single-purpose companies authorized to provide the following services: the collection and management of mandatory and voluntary contributions made by its account holders, the investment of its account holders' contributions in one or more of its five pension funds, the provision of SIS insurance to account holders through the purchase of fixed insurance premiums through a bidding process with life insurance companies and the provision of a senior pension for each one of its account holders.

Under the Pension Law, each pension fund administrated by the AFP is a separate legal entity that is not affected in any way by the AFP's financial condition and results of operations.

AFPs are subject to the rules and regulations of the Chilean Corporations Law, the Pension Law and, complementarily, the provisions of Law No. 18,046 of 1981, its amendments and regulations. Additionally, the Pension Reform Law introduced amendments to the Pension Law as well as Law No. 20,366, which regulates the solidarity pension system financed by the resources of Chilean government that began granting benefits on July 1, 2008.

Regulatory and Supervisory Authorities

All AFPs are subject to extensive and continuous regulatory reviews. The principal authorities regulating AFPs in Chile are the Superintendency of Pensions, the Central Bank, the SVS, the Ratings Commission and the Pension Advisory Council, with the Superintendency of Pensions being the primary regulator.

The Superintendency of Pensions

The Superintendency of Pensions was created pursuant to the Pension Reform Law as the successor entity to the Superintendency of AFPs. It is an independent governmental agency that is supervised by the Ministry of Labor and Social Security. Its main purpose is to regulate and supervise the AFPs to ensure compliance with the laws and regulations applicable to the AFPS as well Superintendency instructions. In such capacity, the Superintendency monitors the legal, administrative and financial operations of the AFPs and ensures that they are in compliance with minimum capital and mandatory investment requirements. In cases of non-compliance, it has the ability to impose sanctions, such as warnings and fines, and in extreme cases it may order the liquidation of an AFP.

In addition, the Superintendency of Pensions authorizes the creation of new AFPs and mergers between existing ones. It also approves any amendment to an AFP's bylaws, including capital increases. The Pension Reform Law also gave the Superintendency of Pensions broad power to monitor and supervise the solidarity pension system and establish and administer the Pension Advisors Registry.

The Superintendency of Pensions imposes certain reporting requirements on AFPs. In particular, the yearly audited financial statements for each AFP must be filed with the Superintendency of Pensions within 60 days after the end of each fiscal year. AFPs are also required to submit their quarterly financial statements to the Superintendency of Pensions and periodically provide detailed information on their operations. Additionally, officials from the Superintendency of Pensions frequently inspect the AFPs' branch offices and examine their activities and records.

The Central Bank

The Central Bank is an independent legal entity created under the Chilean Constitution who is responsible for, among other things, monetary policy and exchange controls in Chile. It acts pursuant to the Central Bank Act and, to the extent applicable and not inconsistent, the laws and regulations applicable to the private sector. It is governed and administered by a Council composed of five members appointed by the President of Chile, who require a "special majority" vote of the Chilean Senate to be elected.

With respect to the pension fund business, the Central Bank plays a key part in the regulation of foreign investment. For example, in order for investors to gain access to the Formal Exchange Market, foreign investments must be registered with the Foreign Investment Committee under Decree Law No. 600 or the Central Bank under the Central Bank Act. Additionally, the Central Bank is responsible for establishing the maximum investment limits permitted for each pension fund type according to security and issuer classes within certain defined ranges. However, the Central Bank cannot establish minimum investment limits.

The SVS

The SVS is an independent governmental agency that supervises, regulates and controls the Chilean capital and insurance markets. See *"The Chilean Securities Market"* for additional information on the SVS and Chilean capital markets.

The Ratings Commission

The Ratings Commission is a regulatory entity whose main objective is to determine whether securities qualify for pension fund investment. It is comprised of one representative from the Superintendency of Pensions, one representative from the Superintendency of Banks and Financial Institutions and one representative from the SVS, whom are all appointed by their respective superintendents and four AFP representatives.

Pursuant to the Pension Reform Law, the determination of whether foreign securities qualify for pension fund investment is set forth in the investment regime, a new legal framework that regulates pension fund investments. The investment regime was created through a resolution adopted by the Superintendency of Pensions and approved by the Chilean Treasury Department, with the prior consultation of the Pension Advisory Council.

The Pension Advisory Council

The Pension Advisory Council is a legal entity whose main objective is to issue rules, regulations and pronouncements regarding investment regime matters and proposals to regulate pension fund investments, especially in connection with investment limiting structures, risk management and derivatives. Additionally, it advises the Superintendency of Pensions on matters related to pension fund investments. It is comprised of one executive appointed by the President of Chile, one executive designated by the Central Bank; one executive designated by the AFPs and two executives designated by the deans of the economics and business administration faculties of accredited universities.

Significant Pension Fund Regulations

Disability and Survivorship Benefits

The Pension Reform Law eliminated the individual responsibility of AFPs in connection with SIS insurance by establishing that the AFPs altogether should purchase a fixed and single insurance premium through a bidding process to cover this obligation. Such insurance is awarded to one or more insurance companies, providing the best economic offer. See "*Our Business—Our Businesses in the Retirement & Insurance Sector—Habitat—Disability and survivorship benefits*."

Senior Pension Benefits

As required by the Pension Law, each AFP must provide specific senior pension benefits to their participants who meet the legal age requirement: 60 years of age for women and 65 years of age for men. See "*Our Business—Our Businesses in the Retirement & Insurance Sector—Habitat—Senior pension benefits.*"

New Account Holders

The Pension Reform Law introduced a bidding process for new account holders, which takes place every two years, beginning on May 2009 to the AFP offering the lowest fee. This fee must be lower than the lowest fee operating in the industry and must apply to the AFP's entire portfolio, not only to the awarded portion.

Mandatory Investments

The Pension Law establishes that each AFP must maintain a reserve for mandatory investments equal to 1% of the value of each pension fund under management. The mandatory investment is calculated in accordance with instructions issued by the Superintendency of Pensions, and corresponds to the value of each pension fund two days prior to calculation. Since June 1995, the Pension Law has required AFPs to invest this mandatory investment in shares of the respective pension fund managed by the AFP. This legislation is intended to eliminate potential conflicts of interest that could arise between investment decisions relating to a portfolio held as an AFP's reserves and those relating to the portfolio where pension funds are invested.

The mandatory investment's purpose is to provide a guarantee in the event that the performance of a specific pension fund drops below the required minimum level of return. This requirement has been determined in accordance with the different portfolio compositions, requiring those with a greater investment in variable income securities and therefore potentially subject to higher volatility (funds type A and B) to maintain a larger margin to achieve the requirement. As a consequence, for pension funds type C, D and E, this level is the lesser of (a) the weighted average annual real return for the last 36 months of the same type of all pension funds in the system less 2% and (b) 50% of the weighted average annual real return for the last 36 months of the same type of all pension funds in the system. The minimum return for pension funds type A and B is the lesser of (a) the weighted average annual real return for the last 36 months of the same type of all pension funds in the system less 4% and (b) 50% of the weighted average annual real return for the last 36 months of the same type of all pension funds in the system.

The Pension Reform Law includes an exception to the previous paragraph for those funds that have been in operation for less than 36 months. In these cases, such AFP will be liable to the fund to the extent that the weighted annual real return of funds type A and B are less than the lesser of (a) the weighted average annual real return of all funds of the same type for the period equivalent to the months in operation of the new fund, less 6%, and (b) 50% of the weighted average real return of all funds of the same type for the period equivalent to the months in operation of the new fund type. In the case of pension funds type C, D and E, the weighted average real return may not be less than the lesser of (a) the weighted average real return of all funds of the same type for the period equivalent to the months in operation of the new fund, less 4 %, and (b) 50% of the weighted average real return of all fund types of the same type for the period equivalent to the months in operation of the new fund type. The latter will not be applicable to the AFPs with respect to any of their pension funds that have less than twelve months in operation.

The average annual real return is calculated by the Superintendency of Pensions according to a weighted formula established by the Pension Law based on the weighted average real rate of return for all pension funds in the AFP system over a 36-month period that, among other things, limits the maximum participation of any AFP in the calculation. If for a certain month the pension fund's annual real return on investment falls below the minimum return required, the difference must be covered by the mandatory investments. If the resources from mandatory investments are applied and the minimum return is still not reached, the Chilean government makes up the difference.

In the event that the pension funds managed by an AFP fail to fulfill the required minimum level of investment return, the AFP is required to cover the difference within five days of such determination by the Superintendency of Pensions. If reserves are used to fund any deficit in the required level of return, the AFP must

replenish them within 15 days. If a deficit is not covered or if reserves are not replenished, the AFP will be liquidated by the Superintendency of Pensions.

Given that all six AFPs have similar investment strategies, none of them have had to use their minimum reserves. As of the date of this offering memorandum, Habitat has been and is, in compliance with the minimum reserve and minimum return requirements.

Board Practices

The Pension Reform Law incorporates additional limitations over executives that might serve on the board of directors of AFPs and the requirement that at least two members of the AFP board of directors' members be independent.

Executive Limitations. Since October 2008, directors and/or executives of other AFPs, banks or financial institutions, stock exchanges, stock intermediaries, administrators of investment funds, administrators of mutual funds or insurance companies may not be appointed as directors of an AFP. In addition, directors of other companies, foreign or local, that belong to an AFP's business group, may not be appointed as a director of an AFP.

Independence. A director is considered independent when he has no relationship with the AFP, the other companies of the corporate group to which the AFP belongs, its controlling shareholder and the principal executives of any of the group companies that might generate a potential conflict of interest or hinder his independence. Furthermore, as a result of corporate governance changes introduced by Law No. 20,382, directors of corporations complying with certain requirements, including AFPs, must also meet the independence criteria set forth in the Chilean Corporations Law.

Committee of Investment and Conflict of Interest Resolution

The Pension Reform Law requires that AFPs establish investment policies for each of the pension fund types administered by them, designed by the board of directors. In addition, AFPs must have a conflicts of interest policy approved by their board of directors.

AFPs must submit copies of their policies on investment and conflicts of interests to the Superintendency of Pensions, which then publishes such policies on its website.

Vida Cámara

The regulatory framework of the Chilean insurance market is comprised of regulations covering insurance and reinsurance activities in Chile, which are set forth in the Chilean Code of Commerce, the Law on Insurance Companies and its amendments (DFL No. 251) and the Pension Law.

Law on Insurance Companies (DFL No. 251)

Chilean legislation reserves the development of insurance activities to Chilean publicly traded corporations that have the provision of insurance services as their sole corporate objective. Foreign insurance companies incorporated overseas may engage in certain types of insurance activity in Chile, including establishing offices in the country, establishing brokers and requesting authorization from the SVS to sell insurance. Nevertheless, any person or legal entity in Chile may procure insurance outside of Chile, except for those which are mandatory by law and those set forth in the Pension Law, which can only be underwritten from companies incorporated in Chile.

Significant Legal Requirements

Below is a summary of the principal legal requirement imposed on insurance companies by the pertinent laws and regulations:

- Before the SVS will authorize the insurance activity of a company, it must be a Chilean corporation and have a minimum capital of UF 90,000 that is completely subscribed and paid-in. If the equity of

an insurance company falls below the UF 90,000 minimum, the company is required to make up the difference and if it fails to do so, the SVS will revoke its authorization to exist. Each Chilean corporation whose exclusive purpose is reinsurance must have a minimum equity of UF 120,000 per each group in which it operates. If during the course of its operations, this equity falls below the UF 120,000 minimum, the entity is required to make up the difference and if it fails to do so, the SVS will revoke its authorization to exist.

- There are two business groups in which insurance companies can operate: (i) the first group is comprised of insurance to cover the risk of loss or deterioration of a policyholder's equity and (ii) the second group is comprised of insurance to cover risks to people or which guarantee, within or at the termination of a policy term, a capital or profit. No insurance company can participate in both groups.

- Insurance companies may reinsure risks for the group in which they are authorized to operate.

- Insurance covering personal accidents and health risks may be covered by companies operating in the first or second group.

- Credit risks (i.e. the risk of loss or deterioration of a policyholder's equity due to failure to pay a financial obligation) may only be insured by companies in the first group whose sole purpose is to cover this type of risk, *provided* that they may also cover warranty and fidelity.

Each insurance company is required to maintain the highest risk equity possible taking into account the equity necessary to keep the indebtedness ratios and solvency margins called for by the pertinent regulations and the minimum equity requirements mentioned above. In terms of indebtedness ratios, the total debt to the equity ratio may not be greater than five times for first group companies or greater than 15 times for second group companies. The total amount of debt with third parties that do not maintain technical insurance reserves may never exceed the amount of the minimum equity requirements mentioned above. In terms of solvency margins, it is a concept that is used by international insurance markets and is based on the technical behavior of the insurance company, which considers the volume of direct premium and the average load of claims in order to determine which one requires more equity according to formulas and parameters established by the SVS.

Supervision

The SVS may at any time, request insurance companies to provide information on their business, inspect their offices, examine their documentation and accounting books, set regulations related to the preparation and presentation of balance sheets, financial statements, and the management of accounting, order the appointment of external auditors to report on their general balances and appoint external auditors to perform specific activities within supervised entities.

In case of non-performance by an insurance company with the applicable laws and regulations or its bylaws, the SVS is entitled to apply the following sanctions: censure or warning, fine, suspension of the administration for up to six months, suspension of all or some operations for up to six months and revocation of the authorization of existence.

As set forth by law, insurance companies have a reporting obligation to the SVS and the public and must provide timely notice of any material events affecting them and their businesses.

Policy forms and clauses underwritten by insurance companies must be filed in the policy registry of the SVS.

Investment Regulations

Technical reserves and risk equity of insurance companies, without prejudice to the deposits held by them in bank accounts, must be backed by investments made with the instruments and assets identified in DFL 251 and by the SVS, in each case abiding by the limits established by the SVS for each kind of asset.

If any investment backing the technical reserves or risk equity of an insurance company (or the combination of these) exceeds any of the diversification limits established by law, the excess shall not be accepted as back-up technical reserves or risk equity. In addition, those investments that have failed to comply with the legal requirements for technical reserves are inapplicable.

Investments corresponding to technical reserves and risk equity may not be subject to taxes, prohibitions, seizure, lawsuit, precautionary measures, precedent or subsequent conditions, nor be the subject of any other official document or contract that restricts its free transferability. In the event that any investment is subject to these restrictions, it will not be deemed to cover technical reserves or risk equity.

Fees, Premiums and Commissions

Premiums for insurance policies may be freely set by insurers. Likewise, intermediate commissions between insurers and brokers may also be freely negotiated.

Chilean law specifies that the amount of the insurance premiums and indemnity payments shall be expressed in UFs, unless the respective contracts are denominated in foreign currency in accordance with law. Notwithstanding the foregoing, the SVS may authorize that contracts be written in other currencies.

Risk Rating of Insurance Companies' Obligations

Insurance companies are required to have at least two independent risk rating agencies listed in the special registry held by the SVS, to provide continuous and uninterrupted ratings of the insurance companies' obligations owed to their policyholders.

Insurance Sales Auxiliaries

Insurance may be underwritten directly from an insurance entity, or through one of its sales agents, or by an independent insurance intermediary.

DFL 251 sets forth that insurance claims adjustment may be performed directly by insurance companies or by an adjuster, who is an independent professional in charge of determining whether a loss has occurred, if the risk is covered, and the amount of indemnity to be paid.

Consalud

Regulatory Framework for the Isapres and FONASA

The Chilean healthcare system includes both privately and publicly funded institutions, organizations, and entities for the financing and provision of healthcare services.

The Ministry of Health defines and supervises healthcare policies, regulations, plans and programs, regulating the public as well as the private system. The building blocks for the Isapre system were set forth in the Chilean Constitution of 1980, which gives the government a primary role in guarantying access to healthcare, through public or private institutions. The Isapre system was officially created in 1981 through DFL No. 3.

With respect to financing, both the private and public sectors are financed with the mandatory payment of 7.0% of total taxable income of workers. Workers have the right to choose the public or private system according to their medical needs and/or their economic situation. The public sector also receives government funds to (i) serve poor or homeless persons who do not pay for healthcare and (ii) fund public healthcare programs.

The healthcare insurance industry is comprised of FONASA and Isapres, and a small number of mutual non-profit organizations, insurance companies, compensation funds, and social security schemes for the armed forces. These organizations collect, administer, and distribute the contributions paid by their members for the healthcare services provided by healthcare institutions.

FONASA is the public organization which administers the payment of the 7.0% of monthly income made by the members of such institution to fund their healthcare needs as well as funds allotted by the Chilean government through direct fiscal contribution. It provides healthcare coverage for private, public and self-employed workers as well as to any person paying under any legal FONASA healthcare scheme.

Isapres are private health insurers, which provide health insurance plans financed through the payment of the minimum contribution of 7.0% of monthly income and additional optional contributions intended to obtain more benefits. The costs of each insurance plan depends on the risk level of the insured and his beneficiaries. This risk level takes into account factors including, among others, age, gender, and the number of beneficiaries.

The operation, obligations, and supervision of the Isapres and FONASA, the different healthcare services, and other healthcare organizations are set forth by DFL No. 1 of 2005 of the Ministry of Health, which sets forth a text of Decree Law No. 2,763 of 1979 and Laws No. 18,993 and No. 18,491, the regulations dealing with the same matters.

Regulatory and Supervisory Authorities

Ministry of Health and Dependent Organizations

The Ministry of Health is the government entity in charge of regulating the healthcare sector and principally engages in (i) the definition and development of health-related courses of action and (ii) the establishment of the guidelines which health organizations are to comply with in their day-to-day operations in areas such as technical, administrative and financial matters.

The Ministry of Health is comprised of the Minister of Health, the Public Health Undersecretariat, the Assistance Network Undersecretariat, and the Regional Ministry Secretariats ("SEREMIS" for its acronym in Spanish).

Superintendency of Health

The Superintendency of Health is a functionally decentralized entity, with legal capacity and its own assets, which reports to the President of Chile through the Ministry of Health. It supervises and controls Isapres and FONASA, oversees compliance with obligations set forth by law and also supervises the accreditation and certification of all public and private healthcare services providers. It exercises its right to supervise and control healthcare institutions through the Superintendency of Healthfunds and Insurances.

The specific functions of the Superintendency of Health are the following:

- interpreting laws and other regulations, relating to supervising people or entities in the healthcare services industry;
- providing general instructions and ordering their application and enforcement;
- supervising Isapres in legal and financial matters in order to ensure compliance with obligations set forth by law and those arising from healthcare service agreements;
- imposing sanctions set forth by law;
- requiring that Isapres maintain equity equal to or higher than 0.3 times their total liabilities, which, under no circumstances, shall be lower than UF 5,000 (approximately U.S.$230,000);
- requiring that Isapres maintain in any entity authorized to this effect, a reserve equivalent to the amount of liabilities arising from healthcare services to be paid, services in process of liquidation, services provided but not reported, services under litigation, surplus of payments, payments made in

excess, and anticipated payments, as well as liabilities arising from healthcare services provided to the Isapre's members and beneficiaries; and

- solving any controversy arising between the Isapres or FONASA and/or their members or beneficiaries, *provided* that they are under the supervision of the Superintendency of Health, notwithstanding the right of the member and/or beneficiary to choose mediation or ordinary courts.

In addition, the Superintendency of Health has the power to (i) inspect any and all operations, assets, books, accounts, files and documents of supervised institutions and require from them, or from their administrators, advisors, external auditors or staff, the data and explanations deemed necessary in connection thereto, (ii) require the execution and presentation of balance sheets and financial statements on the dates deemed suitable (iii) request any document, or book, or data necessary to supervise the activities of supervised entities, without hindering the normal operation of the affected party. Unless otherwise authorized by the Superintendency of Health, all books, files, and documents from supervised entities are required to be available for inspection at their headquarters at all times. Furthermore, representatives, administrators, advisors, external auditors, or staff from the supervised entities may be summoned to testify before the Superintendency of Health if it deems it suitable in order to perform its duties.

Commission of Preventive Medicine and Disability

The Commission of Preventive Medicine and Disability ("COMPIN" for its acronym in Spanish) is a technical administrative department empowered to evaluate, verify, declare and certify the health condition of workers in order to determine their ability to work or to recover from their permanent or temporary illnesses or disabilities and whether they are eligible for legal, labor and/or healthcare benefits.

COMPIN is particularly relevant to the Isapres in the area of sick leave. Sick leave is the right a worker has to be absent from his employment or to reduce his work time during a given period based on the certified professional advice given by a doctor, dentist or midwife, as applicable, due to an illness, a non-labor-related accident, maternity leave or the serious illness of a child under 12 months for whom the Isapres may be legally responsible. During the effectiveness of such sick leave, the affected worker must receive a labor disability subsidy from the Isapre, his regular salary from his employer or both, in a suitable proportion to his illness. To use this benefit, workers must present the relevant documentation to their employers and, in turn, the employer must present it to the relevant Isapre. The Isapre determines the terms of the sick leave, and is entitled to authorize, reject, reduce and extend it. Nonetheless, workers who are not satisfied with the resolution from the medical authority of the Isapre on their sick leave or the amount of subsidy received may appeal such resolution by filing a complaint with COMPIN.

Social Security Superintendency

The Social Security Superintendency ("SUSESO") is regulated by Law No. 16,395 and operates under the Ministry of Labor and Social Affairs. SUSESO supervises the Isapres in matters related to paternal leave. Furthermore, it presides over complaints and appeals resulting from COMPIN decisions.

OUR BUSINESS IN THE HEALTHCARE SECTOR

Red Salud

Regulatory Framework

As previously stated, the Chilean healthcare system is dual, *i.e.*, it includes privately and publicly funded organizations and entities. See "*—Our Businesses in the Retirement and Healthcare Services—Consalud*" above.

Healthcare services are provided by different public and private service providers, either institutional or individual. Among institutional providers are those which provide hospital assistance (*i.e.* those who provide inpatient services), and those which provide outpatient services. In the private sub-sector there also are individual healthcare service providers which, depending on the institutional provider or as a result of a special agreement, provide healthcare services.

DFL No. 1 sets forth operating requirements and obligations of healthcare service providers.

Decree Law No. 161 of 1982 of the Ministry of Health provides the regulations applicable to the operation of clinics and hospitals. Such regulation requires the prior authorization from the Regional Secretary of the Ministry of Health before the establishment of healthcare service providers. Such authorization remains effective for three years, and once expired, it is automatically renewed unless there are qualified reasons for its termination.

According to Decree No. 15 of 2007 of the Ministry of Health, healthcare providers must be accredited before such Ministry, in a process supervised by the Superintendency of Health. Although the Ministry of Health has not officially established a deadline by which all hospitals and medical centers must be accredited, in 2011 the Minister of Health publicly stated that all healthcare providers must be accredited by the first half of 2013. The hospitals and medical centers that are not accredited by such deadline may be exposed to penalties and sanctions, which may include, among others, the prohibition to provide treatments related to the 69 illnesses currently covered under the Plan AUGE. Red Salud's hospitals and medical centers are all currently certified by the Ministry of Health and are in the process of obtaining the required accreditation. Currently, we do not envision any difficulties in gaining accreditation. However, if any Red Salud hospital or medical center is unable to obtain the required accreditation by the first half of 2013, Red Salud may face sanctions and may be forced to close any of its unaccredited hospitals and/or medical centers, which may have a material adverse impact on its results of operations and financial condition.

Additionally Law No. 20,584, which will become effective in October 2012, creates rights with respect to patients' healthcare assistance and medical treatment. This law establishes, among other things, the right of patients to not be discriminated against, be treated fairly and be informed and consulted in all respects regarding their treatment. In the event that any Red Salud hospital or medical center fails to comply with these provisions, it could be exposed to penalties which, depending on the seriousness of the infraction, could lead to their temporary removal from the Register of Accredited Providers of Health should they receive the accreditation mentioned above.

Regulatory and Supervisory Authorities

Ministry of Health and Dependent Organizations

The primary regulating entity of healthcare service providers is the Ministry of Health. For a detailed description of the Ministry of Health, see "*—Our Businesses in the Retirement and Insurance Sector—Consalud*" above.

In relation to healthcare service providers, the Ministry of Health has the following functions:

- setting general regulations over technical, administrative, and financial matters to which organizations and entities in the system must conform;
- supervising due compliance with healthcare regulations through the regional secretariats of the Ministry of Health;
- supervising public health and assessing the healthcare status of the public;
- setting minimum standards to which institutional healthcare service providers (such as hospitals, medical centers, and community health centers) and medical centers must conform in order to guarantee that the services provided are of high quality and protect users' safety;
- setting an accreditation system for institutional service providers;
- setting a certification system of specialties and sub-specialties for individual healthcare service providers legally entitled to practice their respective professions (i.e. natural persons providing healthcare services);

- setting protocols for healthcare assistance, which are instructions on the operative management of specific healthcare problems. These protocols are to be used for reference purposes only and are only mandatory in both the public and private sectors in the specific case of a deserving sanitary cause, which shall be set forth in a resolution from the Ministry of Health;

- implementing as set forth by law, alternative systems to solve controversies on civil liability from individual and institutional, public or private, healthcare service providers arising from the administration of health actions, notwithstanding the fact that corresponding jurisdictional actions are also available; and

- setting policies which enable health providers to incorporate an inter-cultural health approach in those districts with a high population of indigenous people.

Superintendency of Health

The specific duties of the Superintendency of Health over healthcare service providers include, among others, the following:

- performing functions related to the accreditation of institutional healthcare service providers;

- authorizing legal entities accrediting healthcare service providers to randomly appoint the entity which is to develop each process and supervising that such accrediting authority conforms to the processes and standards that have been set for the accreditation for institutional health service providers;

- supervising accredited institutional service providers for compliance with accrediting standards;

- addressing complaints filed by beneficiaries of the healthcare system in relation to the accreditation and certification of public and private healthcare service providers, *provided* that it cannot rule over the individual private hospital management of cases;

- supervising healthcare service providers to conform to restrictions set forth by DFL No. 1 where collateral cannot be requested from beneficiaries before the provision of healthcare services;

- imposing the corresponding sanctions, under law, which, depending on the seriousness of the fault or its repetition, may include:

  a) warnings;

  b) fines of up to UF 1,000 (approximately U.S.$47,000), and in case of repeated violations of the same nature within 12 months, a fine of up to four times the UF 1,000 maximum amount shall be applicable;

  c) cancelation of an entity's registration in the registry of accrediting entities; and

  d) any other authorized sanction.

To fulfill these duties, the Superintendency of Health shall have the previously stated functions described in "*—Our Businesses in the Retirement and Insurance Sector—Consalud*" above.

Regional Secretariats of the Ministry

SEREMIS are the sanitary authorities representing the Ministry of Health in each region of Chile. They are in charge of, among others, supervising compliance with regulations, plans, programs, and domestic health policies. SEREMIS are also required to adopt a health plan and program for each region of Chile within the framework established by the Ministry of Health.

Department of Patient Quality and Safety

The Department of Patient Quality and Safety is a unit within the Undersecretariat of Assistance Networks that enacts safety and quality control policies for the healthcare sector, allowing the different healthcare organizations to develop complementary plans and programs.

Public Health Institute

The Public Health Institute ("ISP" for its acronym in Spanish) is a decentralized public service organization that reports to the Ministry of Health. Its mission is to improve public health in Chile through the supervision of the workplace and overseeing the quality control of medicines, food for medical use, and other products.

The ISP's duties include the following:

- authorizing the installation of chemical-pharmaceutical production laboratories and inspecting their operation;
- authorizing and registering medicines and other products;
- controlling conditions for the import, export, manufacture, distribution, sale and usage of products for any purpose as well as the advertising and promotion thereof; and
- controlling the use and import of narcotics and pharmaceutical products causing dependence and other psychotropic substances with similar effects and the use of manufacturing pharmaceuticals.

Likewise, the ISP is in charge of supervising compliance with quality control regulations and the accreditation of chemical-pharmaceutical production laboratories.

DIRECTORS AND SENIOR MANAGEMENT

Our Board of Directors

Pursuant to Chilean Corporations Law, as amended by Law No. 19,705 and Law No. 20,382, Chilean publicly traded companies with a market capitalization of UF 1,500,000 or more (equivalent to approximately U.S.$70 million at current exchange rates), and at least 12.5% of their voting shares held by minority shareholders (shareholders with less than 10.0% of voting shares) must have no fewer than seven directors, one of which must be independent, as well as a directors' committee composed of no fewer than three board members. We are currently managed by a board of directors that consists of nine directors and the entire board is elected every year. After this offering is consummated, and if we comply with the requirements mentioned above, our board will also be legally required to appoint a directors' committee composed of three board members, a majority of which shall be independent from our controlling shareholder (if possible).

There are regularly scheduled monthly meetings of our board of directors. Extraordinary meetings are convened when called by the president of the board, when requested by any other director with the consent of the president or when requested by an absolute majority of the directors. A quorum of five directors is required for each meeting and decisions are made by the majority of the directors eligible to vote on a matter. Our board of directors represents us in all judicial and non-judicial matters, and is responsible, among other things, for the overall supervision and administration of our business activities, for the appointment and removal of the executive officers, for reviewing our financial statements, for approving our budget and for calling the shareholders' meetings when appropriate, and is invested with all powers not expressly reserved for the shareholders' meeting.

The functions of the directors in a corporation must be exercised in a legally constituted board meeting. This rule means that the resolutions of the board of directors are valid only if they are adopted at a duly convened meeting held in the appropriate place, on the appropriate date and at the appropriate time, the required quorums relating to attendance and the adoption of resolutions are met, all such factors are recorded in the minutes and such minutes are signed. A director may legally attend a meeting, even if he is not physically present, if he/she participates simultaneously with the physically present directors via the use of technological media for the entire duration of the meeting. According to the Chilean Corporations Law, board meetings are recorded by the secretary, unless the board decides not to do so, unanimously.

Moreover, the board of directors cannot subordinate the legitimate monetary interest of the corporation and its shareholders to, for example, the interest of the majority shareholder, the employees of the company or the community at large, or to other altruistic purposes. All legal public disclosure obligations, the handling of conflicts of interest and compliance with labor laws, environmental laws, other regulations and other legal obligations governing them must be fulfilled. General principles of Chilean law which forbid activities that are contrary to morality, public order and national security also apply to the board of directors.

Article 39 of the Chilean Corporations Law states that "directors elected by a group or class of shareholders have the same duties to the company and the other shareholders as the remaining directors and they may not fail one or the other under the pretext of defending the interest of those who elected them." Moreover, No. 7 of Article 42 of such law forbids directors from "generally performing illegal acts or acts contrary to the bylaws or to the corporate interest or using their position to obtain undue advantage for themselves or for related third parties to the detriment of the corporate interest." Thus, Chilean law adopts the theory that directors, as entities or management groups of companies, must act to safeguard the corporate interest and act accordingly, which is understood to be different from the protection of the particular interests of any specific majority or minority shareholders.

The board of directors must provide shareholders and the general public with sufficient, truthful and timely information on the legal, economic and financial situation of the company. The legal situation on which the board must provide information relates both to the legal structure through which it acts with third parties and the existence of any unusual legal situations that the company must confront, such as, among others, bankruptcy, attachments and interventions, and, more generally, any circumstances that would result in a change to its normal legal situation. The information on the economic and financial situation of the company involves, fundamentally, the annual preparation of the balance sheet and annual report by the board of directors that must be submitted to the shareholders at the annual shareholders' meeting. Only on an exceptional basis must the board disclose information

about certain transactions such as, among others, transactions with related persons and compensation to board members for positions other than as directors. Directors are jointly and severally liable if the duty of disclosure is not fulfilled appropriately and this causes damage to the company, to the shareholders or to third parties.

The Chilean Corporations Law also imposes individual fiduciary duties upon directors, which are the most fundamental and characteristic duties a director has to a corporation. The first of these fiduciary duties is the duty of diligence and care, consisting, according to Article 41 of the Chilean Corporations Law, of "the care and diligence in the exercise of their duties that men ordinarily use in their own businesses." The second fiduciary duty is the duty of loyalty, which requires a scrupulous observance of the obligation to act at all times in defense of the corporate interests and refrain from any action that might harm such interests.

Our current board of directors was appointed at our ordinary shareholders' meeting held on April 26, 2012. The following are the current members of our board of directors and their respective positions:

Name	Age	Position	Year First Elected
Gastón Escala Aguirre	56	President	2010
Lorenzo Constans Gorri	61	Vice-President	2008
Paulo Bezanilla Saavedra	45	Director	2011
Edgar Bogolasky Sack	61	Director	2010
Alberto Etchegaray Aubry	67	Director	2010
José Miguel García Echavarri	56	Director	2007
Ítalo Ozzano Cabezón	49	Director	2010
Sergio Torretti Costa	56	Director	2010
Francisco Vial Bezanilla	57	Director	2010

There is no family relationship among our directors and our executive officers. None of our directors has the right to receive any payment upon termination of service or employment.

Our Senior Management

The following are our current executive officers and their respective positions:

Name	Age	Position	Year First Appointed
Pablo Gonzalez Figari	36	Chief Executive Officer	2010
Ignacio Gonzalez Recabarren	34	Chief Financial Officer and Manager of Investor Relations	2012
Robinson Peña Gaete	53	Chief Operating Officer	2010
David Gallagher Blamberg	28	Deputy Manager – Development Division	2010
Nicole Winkler Sotomayor	34	Deputy Manager – Projects Division	2010
Germán Menéndez	34	Deputy Manager – Control Division	2011
Juan Olguín Tenorio	56	Controller	2011
Javier Galdames Cerda	27	Assistant Deputy Manager – Development Division	2012

Biographical Information

Set forth below are the principal occupations and employment histories of our directors and our executive officers:

Directors

Gastón Escala Aguirre has been a member of our board since 2010. Since 2010 he has also served as the President of the Cámara Chilena de la Construcción. Mr. Escala has served in various other boards, such as iConstruye, Capacita and the Social Foundation of the Cámara Chilena de la Construcción. Mr. Escala holds a degree in Civil Engineering from the Pontificia Universidad Católica de Chile.

Lorenzo Constans Gorri has been a member of our board of directors since 2008. Since 2008, Mr. Constans has also served as CEO of Inmobiliaria Ecuamar S.A. Mr. Constans has held various board positions at the Cámara Chilena de la Construcción and its affiliate companies. Mr. Constans holds a degree in Civil Construction from the University of Santiago.

Alberto Etchegaray Aubry has been a member of our board of directors since 2010. Since 2010, Mr. Etchegaray has also served as Chairman of Red Salud. Prior to joining Red Salud he served as the Chairman of Consalud. Mr. Etchegaray has served in various other boards, such as: Compañía Chilena de Tabaco, Celulosa Arauco, Banco del Desarrollo and Salfacorp, among others. Mr. Etchegaray holds a degree in Civil Engineering from the Pontificia Universidad Católica de Chile.

Paulo Felipe Bezanilla Saavedra has been a member of our board of directors since 2011. Since 2011, Mr. Bezanilla also serves as CEO of the construction company Besalco S.A. Mr. Bezanilla holds a Civil Engineering degree from the Pontificia Universidad Católica de Chile.

Edgar Bogolasky Sack has been a member of our board of directors since 2010. Since 1977, he has also served as the CEO of Salomon Sack S.A. Mr. Bogolasky has served in various other boards, such as Salomon Sack, S.A., Sociedad de Inversiones Seguravita S.A., Hipotecaria La Construcción S.A., etc. Mr. Bogolasky holds a degree in Business Administration from the University of Chile.

Francisco Vial Bezanilla has been a member of our board of directors since 2010. Since 2011, he has also served as the president of the board of directors of Ingevec S.A. Mr. Vial has been the Technical Manager of Ingevec S.A. since 1984. Mr. Vial holds a Civil Engineering degree from the Pontificia Universidad Católica de Chile.

Sergio Torretti Costa has been a member of our board of directors since 2010. Mr. Torretti has served in various other boards. He is an active member of the Cámara Chilena de la Construcción. In 2009, he was elected National Advisor to the Cámara Chilena de la Construcción. He holds a degree in Accounting from the Universidad Católica de Chile.

José Miguel García Echavarri has been a member of our board of directors since 2007. For more than 30 years, he has served as CEO of the construction company Constructora Garcia. Mr. García has served in various other boards, such as Cámara Chilena de la Construcción IX Region, Foundation Araucania Aprende, CONAF, Obispado de Temuco, Asociación Chilena de Enduro Ecuestre, etc. Mr. García holds a Civil Engineering degree from the University of Chile.

Ítalo Ozzano Cabezón has been a member of our board of directors since 2010. Since 2003 he also serves as Chief Operating Officer of Gerdau S.A. Mr. Ozzano holds a Civil Engineering degree from the University of Santiago and an MBA from Isper, Sao Paulo.

Executive Officers

Pablo Gonzalez Figari was appointed as our Chief Executive Office in February 2010. From November 2008 to February 2010, he was our Chief Development Officer. Before joining ILC, Mr. Gonzalez held various positions at BICE Chileconsult (in association with NM Rothschild). He holds a degree in Business Administration from the Pontificia Universidad Católica de Chile and an MBA from the University of Notre Dame.

Ignacio Gonzalez Recabarren has been our Manager for Investors Relations and Chief Financial Officer since 2012. Prior to joining us, Mr. Gonzalez was the Deputy Chief Operating Officer of Walmart and held investor relations positions in Walmart and Enersis S.A. He holds a degree in Business Administration from the University of Chile and an International MBA from IE Business School.

Robinson Peña Gaete was appointed as our Chief Operating Officer in 2010. From 1992 to 2010 he was the Deputy Chief Financial Officer of Invesco Internacional S.A. Prior to joining Invesco, Mr. Peña worked at Habitat from 1981 to 1996 where he held various financial positions. He holds a degree in Accounting from the Universidad Católica del Norte – Antofagasta and an MBA from the Universidad Adolfo Ibañez.

David Gallagher Blamberg has been the Deputy Manager of our Development division since March 2010. He was a Deputy Manager of Projects at Payne Capital Partners from 2009 to 2010 and worked at BICE Chileconsult (in association with NM Rothschild) from 2007 to 2009. He holds a degree in Business Administration from Pontificia Universidad Católica de Chile.

Nicole Winkler Sotomayor has been the Deputy Manager of our Projects division since November 2010. Prior to joining us, she was a Senior Financial Analyst at Feller-Rate ratings agency from 2009 to 2010. She was a Deputy Research Manager at Cruz del Sur Inversiones from 2008 to 2009. Ms. Winkler worked as a Financial Analyst at the Central Bank of Chile from 2005 to 2008. She holds a degree in Agricultural Engineering from the Pontificia Universidad Católica de Chile and a master's degree in Economics from the Pontificia Universidad Católica de Chile.

German Menéndez Romero has been Deputy Manager for our Control division since October 2011. Prior to joining us, he was Manager of the Control division at CGE Distribución and worked as an Analyst for New Businesses at Empresas EMEL S.A. He holds a degree in Business Administration from the Pontificia Universidad Católica de Chile.

Juan Olguin Tenorio has been our Controller since 2011. Prior to joining us, he was held various senior accounting positions in Bice Vida and its affiliated companies. He holds a degree in Accounting from the University of Chile.

Javier Galdames Cerda has been our Assistant Deputy Manager since 2012. Prior to joining us, he worked in development at Empresas Copec. He holds a degree in Business Administration from the Pontificia Universidad Católica de Chile and a master's degree in Economics from the Pontificia Universidad Católica de Chile.

Directors' Committee

Pursuant to the Chilean Corporations Law, as amended by Law No. 19,705 and Law No. 20,382, publicly traded companies with a market capitalization of UF 1,500,000 or more (equivalent to approximately U.S.$70 million at current exchange rates), and at least 12.5% of their voting shares held by minority shareholders (shareholders with less than 10.0% of voting shares) must have at least one independent director and a directors' committee composed of no less than three board members. According to Chilean law, the board of directors' committee is responsible for, among other duties:

- examining the reports prepared by the external auditors, the balance sheets and other financial statements submitted by the administrators of the company to the shareholders, and issuing an opinion with respect thereto prior to their presentation to the shareholders for their approval;
- proposing external auditors and rating agencies, as appropriate, to the board of directors, who shall propose them at the respective shareholders' meeting;
- examining the background information concerning related party transactions and producing a report about such transactions to the chairman of the board of directors;
- examining officers' compensation systems and plans; and
- examining other matters prescribed by the respective bylaws, or entrusted to the directors' committee by a general shareholders' meeting or the board of directors, if applicable.

Under Chilean law if we comply with the requirements mentioned above, we will be required, to the extent possible, to appoint a majority of independent directors to the directors committee. The corresponding independence requirements are set forth in the Chilean Corporations Law, as amended by Law No. 20,382.

In compliance with the provisions of article 50 bis of Law No. 18,046, the directors' committee is required to prepare a report on the activities of the directors' committee during each fiscal year, including expenses incurred by it and its advisors, that is to be presented in the annual report and reported on during the annual general shareholders' meeting. In addition, the directors' committee makes a report of its principal recommendations to the shareholders.

After this offering is consummated, our board will be legally required to appoint a director's committee to comply with the requirements above. The committee members will be Paulo Bezanilla Saavedra, Sergio Torretti Costa and Ítalo Ozzano Cabezón.

Compensation

For the years ended December 31, 2011 and 2010, the aggregate compensation paid by us to our directors was Ch$105 million and Ch$80 million, respectively. For the year ended December 31, 2011 and 2010, the aggregate compensation paid by us to our senior management was Ch$1,895 million and Ch$1,823 million, respectively.

TRANSACTIONS WITH RELATED PARTIES

Under the Chilean Corporations Law, transactions of a publicly traded company with a "related" party must be in the interest of the corporation, conducted on an arm's-length basis and must satisfy certain approval and disclosure requirement which are different from the ones that apply to a privately held company. The conditions apply to the publicly traded company and to all of its subsidiaries.

These transactions include any negotiation, act, contract or operation in which the publicly traded company intervenes together with either (i) parties which are legally deemed related pursuant to article 100 of the Chilean Securities Market Law, (ii) a director, senior manager, administrator, main executive or liquidator of the company, either on their own behalf or on behalf of a third party, including those individuals' spouses or close relatives, (iii) companies in which the foregoing individuals own at least 10.0% (directly or indirectly), or in which they serve as directors, senior managers, administrators or main executives, (iv) parties indicated as such in the publicly-traded company's bylaws, or identified by the directors' committee or (v) those who have served as directors, senior managers, administrators, main executives or liquidators of the counterparty in the last eighteen months and are now serving in one of those positions at the publicly traded company.

Corporations may enter into transactions with interested parties if (i) the transaction is in the interest of the corporation, (ii) the transaction is made on an arm's-length basis at market conditions, (iii) the individuals involved in the transaction report it immediately to the board, (iv) the transaction is approved after a reasoned explanation by the majority of the board, excluding those directors or liquidators that are involved in the transaction (who shall, nonetheless, render an opinion on the matter if required by the board), (v) the decisions of the board are disclosed at the next shareholders' meeting and (vi) in case the majority of the board is disqualified to vote, all of the non-involved directors have approved the transaction, or two-thirds of the voting shares have approved the transaction.

If, as noted in (vi) above, the transaction is to be approved by the shareholders' meeting, the following additional rules apply: (a) the board shall appoint an independent appraiser that shall report to the shareholders on the transaction; (b) the director's committee or the non-involved directors may appoint a second independent appraiser; (c) the appraiser's reports shall be made available for fifteen days; (d) the receipt and availability of the reports shall be disclosed as a material fact; (e) directors shall render an opinion on the transaction within five business days after receiving the reports.

Transactions which do not meet the foregoing requirements are valid and enforceable, but neither the corporation nor its shareholders shall have a cause of action to sue the infringing party for reimbursement on behalf of the corporation, for a total of the benefits reported to the interested party, in addition to indemnification for the damages caused. In such proceedings, the defendant shall prove that the transaction met the legal requirements.

The Chilean Corporations Law sets forth a number of exceptions to the foregoing rules. In the following situations, transactions with related parties may be carried out without complying with the foregoing rules: (i) if a transaction does not involve a substantial amount (if it does not exceed 1.0% of the net worth of the company and does not exceed the equivalent of UF 2,000) unless such a transaction exceeds UF 20,000 (for this calculation all similar transactions carried out within a consecutive 12-month period between the same parties, or for the same subject matter, shall be deemed as a single transaction), (ii) transactions which according to the policies determined by the board of directors are deemed to be within the ordinary course of business (the determination of such policies shall be disclosed as a material fact and made available to shareholders) and (iii) if the counterparty is an entity in which the publicly-traded company has, directly or indirectly, at least a 95.0% ownership.

During 2010 and 2011 and through the date of this offering memorandum, we have not been involved in any related-party transactions that are material to us or any of our related parties and that are not in the ordinary course of business. See Note 9 of our audited consolidated financial statements for further information on our transactions with related parties.

PRINCIPAL AND SELLING SHAREHOLDERS

Share Ownership

Our capital stock consists of common shares. The following table shows our principal shareholders as of the date of this offering memorandum and the expected holdings of each such person after completion of this offering. Two of the shareholders in the table below are the selling shareholders described under "—*Selling Shareholders*" below.

	As of the date of this offering memorandum		After completion of this offering	
Shareholders	**Common Shares**	**(%)**	**Common Shares**	**(%)**
Cámara Chilena de la Construcción A.G. (CChC)	83,457,730	86.7%	67,000,000	67.0%
Fondo de Inversión Privado ILC ("FIP ILC")	12,048,171	12.5%	0	0%
Others	776,137	0.8%	32,970,029	33.0%
Total	96,282,038	100%	99,970,029[1]	100%

[1] Does not include the 29,971 shares subject to a preemptive rights offering beginning on July 20, 2012.

Selling Shareholders

28,505,901 of our common shares offered pursuant to the global offering are being sold by CChC and Fondo de Inversión Privado ILC ("FIP ILC"). Assuming no exercise of preemptive rights by our minority shareholders in the preemptive rights offering, our controlling shareholder will hold 67% of our outstanding common shares after giving effect to the global offering.

Cámara Chilena de la Construcción A.G.

CChC is a non-profit organization formed in Santiago, Chile in 1951. It is regulated by Decree Law No. 2,757, published in the Official Gazette on July 4, 1979, as amended. CChC's 2,300 members have more than 60 years of experience in the construction sector. CChC's objective is to promote the development of the construction sector in Chile and provide workers with excellent retirement, insurance, healthcare and educational services, with an emphasis on the emerging middle class.

CChC also aims to promote the general social welfare of the Chilean labor force through its social endowment, by which it provides services in the areas of social welfare, sports, culture and recreation, education and development, health and housing by means of a variety of non-profit entities.

CChC organizational structure:

CChC operates through two principal entities:

- ILC which is responsible for managing the for-profit activities of the CChC; and
- *Consejo del Área Social* (Social Council), which is responsible for managing the social endowment of CChC.

The following chart sets forth the principal divisions of CChC as of the date of this offering memorandum:

Administrative Structure

CChC is managed by a national council, a board of directors, guild committees, regional councils and the regional delegations, among other collegial bodies.

National Council

The national council is a collegial body composed by 336 members who must represent all strata of the CChC's membership. National council members are selected by direct voting, as well as through appointments based on union, social and public service merits. The national council's main objective is to set the general policies of CChC.

Board of Directors

The board of directors is the entity responsible for defining the activities of CChC in such a way that the general policies established by the national council and the fundamental objectives of the CChC are fulfilled.

The board of directors is composed of:

- A chairman and two vice-chairmen who are elected by the national council based on absolute majority voting every year.
- The person who held the position of chairman in the previous period.
- One director elected by the national council to represent each of the guild committees.
- One director elected by the national council to represent each of the four areas into which the regional delegations are divided.

Guild Committees

Guild committees are meant to bring together members of CChC who are performing similar activities or have common professional interests. Currently there are eight guild committees.

Regional Delegations

Regional delegations are created by the board of directors in order to develop CChC's activities throughout the country.

Currently there are 18 regional delegations which are divided geographically into four key areas: *Zona Norte Grande, Zona Norte Chico, Zona Sur Central, Zona Sur Austral*.

Regional Council

Regional councils are responsible for administering and managing the regional delegations. Each regional council consists of seven members who are elected every two years; six of the council members are elected by the members of the respective regional delegation, and the seventh member is the person who held the position of president of the respective regional council in the previous period.

Endowment

Since 2002, the CChC has had an endowment administrated by Administradora de Inversiones La Construcción S.A. composed of three privately held funds (FIP CChC–A, FIP CCHC–C and FIP CChC–E) in which the CChC is the only quota holder. Each of these funds has a different investment policy, which attempts to mirror the investment policies of the AFPs. The FIP CChC–A fund mirrors the investment of the fund type A of the AFPs, the FIP CCHC–C fund mirrors the investment of fund type C of the AFPs and the FIP CChC–E fund mirrors the investments of fund type E of the AFPs. The endowment's total assets under management totaled Ch$107,411 million (U.S.$220.4 million) as of March 31, 2012.

The CChC endowment is similar to traditional U.S. endowments, in that it is designed to ensure that the principal amount remains intact while the investment income from dividends is used for the day-to-day operations and non-profit activities of the CChC.

Administradora de Inversiones La Construcción S.A. is controlled by the Fundación Cincuentenario de la CCHC ("Fundación Cincuentenario"), a foundation created, but not controlled, by the CChC. The board of directors of the Fundación Cincuentenario is composed by the former presidents of the CChC until they are 76 years old.

FIP ILC

FIP ILC is a privately held fund, created by Administradora de Inversiones La Construccion S.A. in 2012. It is regulated by Title VII of "Private Investment Funds" of Law No. 18,815, and its regulations, published in the Official Gazette on July 29, 1989, as amended. FIP ILC is administrated by Administradora de Inversiones la Construcción S.A. and its only quota holder is the CChC. As of the date of this offering memorandum, FIP ILC's only investments are ILC shares.

DESCRIPTION OF CAPITAL STOCK

Set forth below is certain information concerning our capital stock and a brief summary of certain significant provisions of our bylaws (*estatutos*) and Chilean law. This description contains all material information concerning our shares but does not purport to be complete, and is qualified in its entirety by reference to our bylaws, the Chilean Corporations Law and the Chilean Securities Market Law, each referred to below.

General

Shareholders' rights in an open stock corporation (*sociedad anónima abierta*) are governed by the corporation's *estatutos* (which effectively serve the purpose of both the articles or certificate of incorporation and the bylaws of a company incorporated in the United States) and by the provisions of the Chilean Corporations Law applicable to open stock corporations. Article 137 of the Chilean Corporations Law provides that all provisions of such law take precedence over any contrary provision in a corporation's *estatutos*. Both the Chilean Corporations Law and our bylaws provide that legal actions by shareholders against us (or our officers or directors) to enforce their rights as shareholders or by one shareholder against another in their capacity as such are to be brought in Chile in arbitration proceedings or, at the option of the plaintiff, in the ordinary courts in Santiago, Chile.

Corporate Purpose

According to our bylaws, we are currently limited to operating in the Retirement & Insurance, Healthcare, Education and Information Technology sectors. If we want to expand our operations beyond these sectors, our bylaws must be amended with the absolute majority vote of our shareholders.

Ownership Restrictions

Under Article 12 of the Chilean Securities Market Law and General Rule No. 269 of the SVS, certain information regarding transactions in shares of open stock corporations must be reported to the SVS and the Chilean Stock Exchanges (as defined below).

Shareholders of a publicly-held corporation are required to report the following to the SVS and the Chilean stock exchanges:

- any direct or indirect acquisition or sale of shares or options to buy or sell shares, in any amount, if made by a holder of 10.0% or more of the publicly-held corporation's capital;
- any direct or indirect acquisition or sale of shares or options to buy or sell shares, in any amount, if made by a director, receiver, senior officer, chief executive officer or manager of such corporation; and
- any direct or indirect acquisition of shares resulting in a person acquiring, directly or indirectly, 10.0% or more of a publicly-held corporation's capital stock.

A beneficial owner of shares representing 10.0% or more of our capital stock will be subject to these reporting requirements under Chilean law.

Capitalization

Under Chilean law, the shareholders of a company, acting at an extraordinary shareholders' meeting, have the power to authorize an increase in such company's capital. When an investor subscribes for issued shares, the shares are registered in such investor's name, even if not paid for, and the investor is treated as a shareholder for all purposes except with respect to receipt of dividends and the return of capital. The investor becomes eligible to receive dividends and return of capital once it has paid for the shares (if it has paid for only a portion of such shares, it is entitled to receive a corresponding pro rata portion of the dividends declared or return of capital with respect to such shares unless the company's bylaws provide otherwise). If an investor does not pay for shares for which it has subscribed on or prior to the date agreed upon for payment, the company is entitled under Chilean law to auction the shares on the stock exchange where such shares are traded, and it has a cause of action against the investor for the

difference, if any, between the subscription price and the auction proceeds. However, until such shares are sold at auction, the subscriber continues to exercise all the rights of a shareholder (except the right to receive dividends and return of capital). Article 22 of the Chilean Corporations Law states that the purchaser of shares of a company implicitly accepts its bylaws and any agreements adopted at shareholders' meetings.

Preemptive Rights and Increases of Capital Stock

The Chilean Corporations Law provides that, whenever a Chilean company issues new shares for cash, subject to the exception provided in Article 24 of such law (stock options plans), it must offer its existing shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentages in the company.

Under Chilean law, preemptive rights are required to be exercised, freely transferred or waived by shareholders during the 30-day period following the grant of such rights. During such 30-day period (except for shares as to which preemptive rights have been waived), Chilean companies are not permitted to offer any newly issued shares for sale to third parties. For an additional 30-day period thereafter, Chilean companies are not permitted to offer any unsubscribed shares or convertible debentures for sale to third parties on terms which are more favorable than those offered to their shareholders. Thereafter, such unsubscribed shares or convertible debentures may be offered through any Chilean stock exchange without any limitation on price.

On April 16, 2012, our shareholders adopted a resolution by which they increased our capital stock by 13,717,962 shares, delegating the power to our Board of Director for the issuance of such shares in whole or in part. Pursuant thereto, on July 11, 2012, our Board of Directors adopted a resolution to issue 3,717,962 shares of our common stock, part of which are the subject of this offering. In connection with the capital increase, we are required by Chilean law to make a preemptive rights offering to our existing shareholders. In the preemptive rights offering, we will be offering holders of shares of our common stock the right to subscribe for newly issued shares of common stock in proportion to their holdings of shares of common stock as registered on the fifth Chilean business day (including Saturday for this purpose) prior to the commencement of the preemptive rights offering.

In order to make shares available for sale directly by us in the global offering, the selling shareholders, whom collectively hold approximately 99.2% of our outstanding shares, have indicated their intention to waive their rights with respect to all of their shares of our common stock subject to such preemptive rights offering. However, the selling shareholders are not obligated to so waive. Nevertheless, the signing of the international placement facilitation agreement in respect of the international offering is conditioned on such waiver. Accordingly, the number of shares available for sale directly by us in the global offering is contingent upon the waiver by the selling shareholders of their rights with respect to such shares that are subject to the preemptive rights offering.

Shareholders' Meetings and Voting Rights

Shareholders' meetings may be ordinary or extraordinary meetings. We are required to convene an ordinary annual meeting of shareholders within the first quarter of each year and such meeting must be called by the board of directors. The ordinary annual meeting of shareholders is the corporate body that approves the annual financial statements, approves all dividends in accordance with the dividend policy proposed by the board of directors, elects the board of directors and approves any other matter which does not require an extraordinary shareholders' meeting. The last ordinary shareholders' meeting was held on April 26, 2012. Extraordinary meetings may be called by the board of directors when deemed appropriate, and ordinary or extraordinary meetings must be called by the board of directors when requested by shareholders representing at least 10.0% of the issued voting shares or by the SVS. Notice to convene the ordinary annual meeting or an extraordinary meeting is given by means of three notices which must be published in a newspaper of our corporate domicile (currently Santiago, Chile) designated by the shareholders at their annual meeting and, if the shareholders fail to make such designation, the notice must be published in the Official Gazette pursuant to legal requirements. The first notice must be published not less than 15 days nor more than 20 days in advance of the scheduled meeting. Notice must also be mailed not less than 15 days in advance of the meeting to each shareholder and to the SVS and the Chilean Stock Exchanges. We plan on publishing our official notice in the Chilean newspaper, *La Segunda.*

The quorum for a shareholders' meeting is established by the presence, in person or by proxy, of shareholders representing at least an absolute majority of all of our issued shares. If the minimum quorum is not reached at the first meeting, the meeting can be reconvened in accordance with the procedure described in the previous paragraph, and at a second meeting the shareholders present are deemed to constitute a quorum regardless of the percentage of the shares represented.

Only shareholders registered with us on the fifth business day prior to the date of a meeting are entitled to attend and vote their shares. A shareholder may appoint another individual (who need not be a shareholder) as his proxy to attend and vote on his behalf. Proxies addressed to us that do not designate a person to exercise the proxy are taken into account in order to determine if there is a sufficient quorum to hold the meeting, but the shares represented thereby are not entitled to vote at the meeting. Every shareholder entitled to attend and vote at a shareholders' meeting has one vote for every share subscribed.

The following matters can only be considered at an extraordinary shareholders' meeting:

- our dissolution;
- a merger, transformation, division or other change in our corporate form or the amendment of our bylaws;
- the issuance of bonds or debentures convertible into shares;
- the conveyance of our fixed assets or our liabilities or all of our assets;
- granting of a security interest or a personal guarantee in each case to secure the obligations of third parties, unless to secure or guarantee the obligations of a subsidiary, in which case the approval of the board of directors will suffice; and
- other matters that require shareholder approval according to Chilean law or the bylaws.

The matters referred to in the first four items listed above may only be approved at a meeting held before a notary public, who shall certify that the minutes are a true record of the events and resolutions of the meeting.

The bylaws establish that resolutions are passed at shareholders' meetings by the affirmative vote of an absolute majority of those shares present or represented at the meeting. However, under the Chilean Corporations Law, the vote of a two-thirds majority of the outstanding voting shares is required to approve any of the following actions:

- a change in our corporate form, division or merger with another entity;
- an amendment to our term of existence or our early dissolution;
- change in our corporate domicile;
- decrease of our corporate capital;
- approval of capital contributions in kind and a valuation of the assets contributed;
- any modification of the authority reserved for the shareholders' meetings or limitations on the powers of the board of directors;
- decrease in the number of members of the board of directors;

- the conveyance of 50% or more of our assets, regardless of whether it includes liabilities, or the submission of, or changes to, any business plan that contemplates the conveyance of assets in an amount that exceeds the percentage mentioned above;

- the form that dividends are paid in;

- granting a security interest or a personal guarantee in each case to secure obligations of third parties that exceeds 50% of our assets, unless to secure or guarantee the obligations of a subsidiary, in which case only approval of the board of directors will be sufficient;

- the acquisition of our own shares, when, and on the terms and conditions, permitted by law;

- the correction of any formal defect in our incorporation or any amendment to our bylaws that refers to any of the matters indicated in the items listed above;

- the setting up of the right of the controlling entity of a corporation to buy the shares of the minority shareholders not opting for the withdrawal rights in case of acquisition of more than 95% of the shares by the controller;

- the approval or ratification of related party transactions; and

- all other matters provided for in the *estatutos*.

An amendment of the *estatutos* aimed at the creation, modification or suppression of preferences must be approved with a favorable vote of two-thirds of the shares of the affected series.

In general, Chilean law does not require a publicly held corporation to provide the level and type of information that the U.S. securities laws require a reporting company to provide to its shareholders in connection with a solicitation of proxies. However, shareholders are entitled to examine the books of the company and its subsidiaries within the 15-day period before the scheduled meeting. Not later than the date of the first notice summoning an ordinary shareholders' meeting, the board of directors of a publicly held corporation shall make available to every shareholder a copy of the annual report and the financial statements of the company.

The Chilean Corporations Law provides that, whenever shareholders representing 10.0% or more of the issued voting shares so request, a Chilean company's annual report must include such shareholders' comments and proposal in relation to the company's affairs. Similarly, the Chilean Corporations Law provides that whenever the board of directors of a publicly held corporation convenes an ordinary meeting of the shareholders and solicits proxies for that meeting, or distributes information supporting its decisions or other similar material, it is obligated to include as an annex to its annual report any pertinent comments and proposals that may have been made by shareholders owning 10.0% or more of the company's voting shares who have requested that such comments and proposals be included.

Withdrawal

The Chilean Corporations Law provides that shareholders may withdraw their shares if any of the following actions is approved during a shareholders' meeting:

- a change in our corporate form;

- a merger with another entity;

- the conveyance of 50% or more of our assets, regardless of whether it includes liabilities, or the submission of, or changes to, any business plan that contemplates the conveyance of assets in an amount that exceeds the percentage mentioned above;

- granting a security interest or a personal guarantee in each case to secure obligations of third parties that exceeds 50% of our assets, unless to secure or guarantee the obligations of a subsidiary, in which case only approval of the board of directors will be sufficient;

- the creation, modification or suppression of preferences. In this case, only the affected dissident shareholders may withdraw;

- the correction of any formal defect in our incorporation or any amendment to our bylaws that refers to any of the matters indicated in the items listed above; and

- the acquisition of more than 95% of the shares by the controller.

In these cases, we will have to pay to the withdrawing shareholders the weighted average of the shares' market value during the two months prior to the approval of the relevant matter.

Dividends, Liquidation and Appraisal Rights

In accordance with Chilean law, we must distribute an annual cash dividend equal to at least 30% of our annual net income for the preceding fiscal year calculated in accordance with IFRS, unless otherwise decided by a unanimous vote of the holders of all issued shares, except to the extent we have accumulated losses. If there is no net income in a given year, we can elect but are not legally obligated to distribute dividends out of retained earnings. All outstanding shares are entitled to share equally in all dividends declared by us.

We may grant an option to our shareholders to receive any dividend in excess of 30% of net income in cash, in its own shares or in shares of publicly held corporations held by us. Shareholders who do not expressly elect to receive a dividend other than in cash are legally presumed to have decided to receive the dividend in cash.

Dividends that are declared but not paid within the required time period set forth in the Chilean Corporations Law (as to minimum dividends, 30 days after declaration; as to additional dividends, the date set for payment at the time of declaration) are adjusted to reflect the change in the value of the UF. Such dividends also accrue interest at the then-prevailing rate for UF-denominated deposits during such period. The right to receive a dividend lapses if it is not claimed within five years from the date such dividend is payable. After that period, the amount not claimed is given to a non-profit organization, the *Junta Nacional de Cuerpos de Bomberos de Chile*, or the National Corporation of Firefighters.

In the event of our liquidation, the holders of fully paid shares would participate pro rata in the distribution of assets remaining after payment of all creditors. Holders of shares not fully paid will participate in such distribution in proportion to the amount paid.

Approval of Financial Statements

The board of directors is required to submit our audited financial statements to the shareholders for their approval at the annual ordinary shareholders' meeting. The approval or rejection of such financial statements is entirely within the shareholders' discretion. If the shareholders reject the financial statements, the board of directors must submit new financial statements not later than 60 days from the date of such rejection. If the shareholders reject the new financial statements, the entire board of directors is deemed removed from office, and a new board is elected at the same meeting. Directors who individually approved such financial statements are disqualified for re-election for the ensuing period.

Registrations and Transfers

The *Depósito Central de Valores*, or the DCV, acts as our registration agent. In the case of jointly owned shares, an attorney-in-fact must be appointed to represent the joint owners in dealings with us.

THE CHILEAN SECURITIES MARKETS

General

Our shares have been approved for listing and trade on the Santiago Stock Exchange, the *Bolsa de Corredores – Bolsa de Valores* (the "Valparaiso Stock Exchange") and *Bolsa Electrónica de Chile* (the "Electronic Stock Exchange," and together with the Santiago Stock Exchange and the Valparaiso Stock Exchange, the "Chilean Stock Exchanges") under the symbol "ILC".

Trading on the Chilean Securities Markets

The Santiago Stock Exchange is a corporation incorporated on November 27, 1893, as authorized by Decree Law No. 3015, of December 29, 1893 of the Ministry of Public Finance, is Chile's principal exchange and accounts for approximately 86.23% of securities traded in Chile as of 2011. Approximately 13.36% of equity trading is conducted on the Electronic Stock Exchange, an electronic trading market created by banks and non-member brokerage houses. The remaining equity trading is conducted on the Valparaiso Stock Exchange. Trading on the Chilean Stock Exchanges is limited to member brokers and listed exchanges. In Chile, only stock exchange brokers, security agents and other authorized entities may act as securities brokers. The Chilean securities markets are smaller, less liquid and more volatile than major securities markets in the United States.

Regulation of the Chilean Securities Markets

The Chilean securities markets are principally regulated by rules of the SVS, the Chilean Securities Market Law and the Chilean Corporations Law. The SVS was created and is regulated by Decree Law No. 3,538, or the "SVS Law". The SVS Law determines the functions, authority and organization of the SVS.

The Chilean Securities Market Law sets forth requirements relating to public offerings, stock exchanges and brokers, outlines disclosure requirements for companies that issue publicly offered securities, regulates insider trading, prohibits price manipulation activities, and grants protection to minority investors. Such law also governs the activities of the stock exchanges, stock brokers and securities agents in order to regulate their performances and set forth several requirements, such as the constitution of a guarantee, the obligation to inform the public through the SVS and the Chilean Stock Exchanges on a regular basis and the obligation to comply with all laws and regulations. Stock exchanges are regulated by the Chilean Securities Market Law, the SVS Law and SVS regulations and each respective stock exchange's regulations.

The Chilean Corporations Law sets forth the rules and requirements to create stock corporations, classifying them as open stock corporations (subject to governmental supervision through the SVS) and closed stock corporations, not subject to such supervision. However, the Chilean securities markets are not as highly regulated and supervised as the U.S. securities markets or securities markets in other jurisdictions.

Open stock corporations, as defined in Article 2 of the Chilean Corporations Law, are those that voluntarily or mandatorily, as required by law, register their shares in the Securities Registry of the SVS.

All open stock corporations are subject to the supervision of the SVS, which obliges them to maintain the registration of the company and its shares in the Securities Registry of the SVS and comply with all of the provisions applicable to listed corporations.

Chilean securities market regulations have several mechanisms that permit investors and the market to know, on a periodic basis, any changes or material events related to entities supervised by the SVS. All listed corporations must provide historical, legal, financial, accounting and administrative information, submitted in accordance with the instructions given by the SVS, which attempt to create uniform presentation of the type and the form of the information provided, thus facilitating compliance with such regulations as well as the analysis and comparison of all SVS-regulated entities.

SVS periodic reporting obligations are established in Articles 9 and 10 of the Chilean Securities Market Law and General Rule No. 30 and its amendments of the SVS Law. Article 9 of the Chilean Securities Market Law

establishes that registration in the securities registry of the SVS creates the obligation to truthfully, sufficiently and promptly disclose all material information about the relevant company, the securities offered and this offering. When we registered with the securities registry of the SVS, we had to deliver all relevant and material information about us and our securities to the SVS in order to make it accessible to the market and the general public.

Moreover, Chilean regulations provide that the information that should be provided is "any such information that a person of good judgment would consider important in his investment decisions."

Article 10 of the Chilean Securities Market Law establishes that all registered entities must comply with the information obligations established for listed corporations, in the frequency determined by the SVS regulation.

General Rule No. 30 and its amendments regulate the frequency and the type of information that registered entities must provide to the public, the SVS and the Chilean Stock Exchanges.

Public offerings of shares are regulated by the Chilean Securities Market Law. Article 4 of this law defines a public offering to be an offer made to the general public or to certain sectors or specific groups. The SVS has the power to determine if certain securities offers do not constitute public offerings and also has the power to exempt some public offerings from the need to comply with applicable requirements, if stipulated in a general regulation.

The Chilean Securities Market Law also sets forth certain regulations on takeovers of corporations.

Under Article 54 of the Chilean Securities Market Law, persons or entities aiming to acquire direct or indirect control of an open stock corporation are also required to:

- send a written communication to the target corporation, the entities controlled by such corporation and the entities that control such corporation, as well as to the SVS and the Chilean Stock Exchanges and

- inform the general public, in advance, through notice published in two Chilean newspapers of national distribution and in the website of those entities trying to obtain control, in the case where they have an available website.

This written communication and notice must be published at least ten business days in advance of the date of the execution of the documents that will entitle the person to acquire control of the open stock corporation and, in all cases, concurrently with the commencement of negotiations that include delivery of information and documentation about the corporation. The content of the notice and written communication are determined by SVS regulations and include, among other information, the identification of persons or entities purchasing or selling and the price, as well as other essential conditions of negotiation.

In addition to the foregoing, Article 54(A) of the Chilean Securities Market Law requires that, within two business days of the completion of the transactions pursuant to which a person has acquired control of a publicly traded company, a notice of such control acquisition must be published in the same newspapers in which the notice referred to above was published, and notices shall be sent to the same persons mentioned above.

Article 200 of the Chilean Securities Market Law prohibits any shareholder that has taken control of a publicly traded company to acquire, within 12 months from the date of the transaction that permitted such shareholder to take control of the company, a number of shares equal to or higher than 3.0% of the outstanding issued shares without making a tender offer at a price per share not lower than the price paid at the time of the change of control operation. Should the acquisition from the other shareholders of the company be made on the floor of a stock exchange and on a pro rata basis, the controlling shareholder may purchase a higher percentage of shares, if so permitted by the regulations of the stock exchange.

Title XV of the Chilean Securities Market Law sets forth the basis for determining what constitutes control, a direct holding and a related party, while Title XXV establishes a special procedure for acquiring control of an open stock corporation.

The Chilean Securities Market Law defines control as the power of a person, or group of persons acting pursuant to a joint action agreement, to direct the majority of the votes in the shareholders' meetings of a corporation and to elect the majority of the members of its board of directors or to influence the management of the corporation significantly. Significant influence is deemed to exist for a person or group holding, directly or indirectly, at least 25.0% of the shareholders' votes, unless:

- another person or group of persons acting pursuant to joint action agreement, directly or indirectly, controls a stake equal to or higher than the percentage controlled by such person;
- the person or group does not control, directly or indirectly, more than 40.0% of the voting share capital and the percentage controlled is lower than the sum of the shares held by other shareholders holding more than 5.0% of the share capital; and
- in cases where the SVS has ruled otherwise, based on the distribution or atomization of the overall shareholding.

According to the Chilean Securities Market Law, a joint action agreement is an agreement among two or more persons which, directly or indirectly, own shares in a corporation at the same time and whereby they agree to participate with the same interest in the management of the corporation or to take control of the same. The law presumes that such an agreement exists between:

- a principal and its agents;
- spouses and relatives up to a certain level of kinship;
- entities within the same business group; and
- an entity and its controller or any of its members.

Likewise, the SVS may determine that a joint-action agreement exists between two or more entities considering, among others things, the number of companies in which they participate and the frequency with which they vote identically in the election of directors, appointment of managers and other resolutions passed at shareholders' meetings.

According to Article 96 of the Chilean Securities Market Law, a business group is a group of entities that possesses such ties in their ownership, management or credit liabilities that it may be assumed that the economic and financial action of such members is directed by, or subordinated to, the joint interests of the group, or that there are common credit risks in the credits granted to, or securities issued by them. According to the Chilean Securities Market Law, the following entities are part of the same business group:

- a company and its controlling entity;
- all the companies with a common controller and the common controlling entity;
- all the entities that the SVS declares to be part of the business group due to one or more of the following reasons:
    - a substantial part of the assets of the company are involved in the business group, whether as investments in securities, equity rights, loans or guaranties;
    - the company has a significant level of indebtedness and the business group has a material participation as a lender or guarantor; and
    - when the controlling entity is a group of entities and the company is a member of a controlling entity of the entities mentioned above, and there are grounds to include it in the business group.

Settlement and Clearance

The Chilean Stock Exchanges regulate stock purchases and sales, and every person that intends to buy or sell securities on the Chilean Stock Exchanges must provide a broker (who will carry out the sale or purchase) a security purchase/sale order which contains the following information:

- name of the client (person that is placing the order);
- date and hour of the order;
- type of order (to buy or to sell);
- name of the security;
- amount of the security;
- conditions for settlement, which may be (i) (a) payable on day one (T), (b) payable on one business day after acquisition (T+1) or (c) payable two business days after acquisition (T+2), which is the standard settlement, or (ii) payable at a term between three business days after settlement (T+3) and 180 calendar days; and
- time at which the order expires.

Once the order is received, the broker must settle the operation. The document issued by the broker in with whom the settlement is made has a right to expedited judicial enforcement.

Settlement of stock transactions is a regulated process. The selling party must provide the selling broker one or more duly signed transfer forms and the selling broker must provide those transfer forms to the buying broker, which has to ensure that his client will comply with the terms of the sale. Once signed, the transfers are sent to the relevant corporation so that the new owner of the stock can be registered in the corporation's shareholders' registry.

Settlement of the relevant transaction occurs as agreed by the parties according to the rules, timing and procedures established by the board of directors of each Chilean Stock Exchange. In the event the purchaser fails to pay, the selling brokers are personally obligated to pay the purchase price and to deliver the securities sold, and no defense of lack of provision of funds will be admissible.

The SVS may suspend trading of a certain security for up to 30 days, if so justified by the public interest or the protection of the investors' interests. Such suspension may be extended for up to 120 days if such circumstances persist. If such circumstances continue subsequent to the expiration of the 120-day period, the SVS may cancel the registration of such securities.

PLAN OF DISTRIBUTION

The global offering consists of (i) an international offering by us and the selling shareholders in the United States and elsewhere outside Chile and (ii) a Chilean offering by us and the selling shareholders shares inside Chile.

General

Subject to the terms and conditions set forth in the international placement facilitation agreement, dated July 17, 2012, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and IM Trust S.A. Corredores de Bolsa are acting as joint book-running managers and international placement agents with respect to the offering of shares by us and the selling shareholders in the international offering. The Chilean Brokers have agreed with us and the selling shareholders to place the common shares in the Chilean offering and to provide certain trading and settlement services in connection with the *subasta de libro de órdenes* (special auction) described in "*Process for Purchase and Settlement*" below. The Chilean offering is being made pursuant to a Spanish language offering document. The closing of the international offering will be conditioned upon the closing of the Chilean offering.

Under the international placement facilitation agreement, we, and in the case that the international placement agents cannot collect on the indemnity, the selling shareholders, have agreed to indemnify the international placement agents and their controlling persons against certain liabilities in connection with the global offering, including liabilities under the Securities Act.

Each of the international placement agents has advised us that it proposes to place the common shares, (a) in the United States to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act, in reliance on exemptions from the registration requirements of the Securities Act and (b) outside the United States and Chile to non-U.S. persons in reliance on Regulation S under the Securities Act.

In connection with sales outside the United States and Chile, each of the international placement agents has agreed that it will not offer, sell, place or deliver the common shares to, or for the account or benefit of, U.S. persons (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the international offering or the date the common shares were originally issued. Each of the international placement agents will send to each dealer to whom it places such common shares during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the common shares within the United States or to, or for the account or benefit of, U.S. persons. In addition, with respect to common shares initially sold pursuant to Regulation S, until 40 days after the commencement of the offering, an offer, placement or sale of such common shares within the United States by a dealer that is not participating in the international offering may violate the registration requirements of the Securities Act.

The initial offering price per common share is identical in the Chilean offering and international offering (adjusting for the Chilean peso/U.S. dollar exchange rate). The common shares will initially be offered at the price indicated on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

The international placement agents and/or their affiliates may enter into derivative transactions in connection with the common shares, acting at the order and for the account of their clients. The international placement agents and/or their affiliates may also purchase some of the securities in this offering as a hedge for such transactions. Such transactions may have an effect on demand, price or other terms of the offering.

Process for Purchase and Settlement

The global offering is being made pursuant to a special auction conducted on the Santiago Stock Exchange. In connection with the special auction, the Chilean Brokers have agreed to provide certain trading and settlement services in Chile through the secondary trading facilities of the Santiago Stock Exchange. All orders of common shares made by prospective investors, including by the international placement agents for purposes of this international offering, must be placed through the Chilean broker. In order to be eligible to purchase common shares directly, each prospective investor that is not a Chilean resident must (i) establish a foreign investment capital

funds account with the Chilean broker, (ii) obtain a Chilean tax code ("RUT") and (iii) provide the Chilean broker with a fully executed broker letter of instruction, which will include the maximum number of shares to be purchased and maximum purchase price.

Prospective investors of common shares may place orders with the Chilean broker at any time after the offer period commences until 2:00 pm, Santiago time, on July 19, 2012, unless otherwise indicated pursuant to an agreement among us, the selling shareholders, the international placement agents and the Chilean Brokers ("Offer Period"). At the commencement of the Offer Period, we and the selling shareholders, acting through the Chilean Brokers, will register this offering with the Santiago Stock Exchange and the registration will specify its characteristics and conditions.

Upon the expiration of the Offer Period, the order book will close, all orders for common shares placed by prospective investors (including any orders placed by the international placement agents for purposes of the international offering) will become irrevocable and cannot be withdrawn and the purchase price and allocation of the common shares will be determined by us and the Selling Shareholders, based on the demand for the common shares and certain other discretionary matters (the "Pricing Date"). If the conditions of the global offering, including minimum price and minimum number of common shares, in each case designated by us and the selling shareholders, are satisfied at the expiration of the Offer Period, then the special auction will be declared successful by the Santiago Stock Exchange.

On the business day immediately following the Pricing Date at 9:15 a.m., Santiago time, on July 20, 2012, the Chilean Brokers through the BSC will formally allocate the common shares to prospective purchasers pursuant to the special auction.

Pursuant to requirements under Chilean law, we and the selling shareholders expect to deliver the shares against payment thereof in Chilean pesos on the second business day in Chile following the formal award of these shares to prospective purchasers (this settlement cycle being referred to as "T+2") through the book-entry system of the DCV.

Electronic Distribution

An offering memorandum in electronic format may be made available by e-mail or on the web sites or through other online services maintained by the international placement agents or their affiliates. Other than the offering memorandum in electronic format, the information on the international placement agents' web sites and any information contained in any other web site maintained by the international placement agents are not part of the offering memorandum, has not been approved and/or endorsed by us or the international placement agents and should not be relied upon by investors.

No Sales of Similar Securities

We, the selling shareholders and certain of our executive officers will agree that for a period of 180 days after the date of this offering memorandum, we will not without the prior written consent of the international placement agents (i) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or file (or participate in the filing of) a registration statement with the SEC in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Act, any common shares or any securities convertible into or exercisable or exchangeable for common shares, or warrants or other rights to purchase common shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of common shares or any securities convertible into exercisable or exchangeable common shares, or warrants or other rights to purchase common shares, whether any such transaction is to be settled by delivery of common shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any of the foregoing. Such restrictions do not apply to (a) the shares to be sold to prospective purchasers pursuant to the global offering and (b) the shares to be sold to existing shareholders pursuant to the preemptive rights offering. In addition, in our case, such restrictions do not apply (i) to the shares that remain unsubscribed following the preemptive rights offering if (x) such shares are sold in the Chilean local markets after the completion of the global offering, (y) such sales are not required to be reported in any public report or filing with

the SEC and (z) we do not otherwise voluntarily effect any public filing or report regarding such sales and (ii)18 shares that remain outstanding from our recent stock split on April 16, 2012. In the case of our selling shareholders and certain of our executive officers, the restrictions also do not apply to (A) the transfer of shares to affiliates, (B) the transfer of shares as a bona fide gift, (C) transactions related to shares acquired in open market transactions after the completion of the global offering so long as such sales are not required to be reported in any public report or filing with the SEC and we or they do not otherwise voluntarily effect any public filing or report regarding such sales; provided that in the case of (A) and (B), each transferee or donee, as applicable, is or agrees to be bound by the terms of this lock-up prior to such transfer.

Securities Are Not Being Registered

The offering of the common shares has not been, and will not be, registered under the Securities Act or qualified for sale under the securities laws of any U.S. state. Accordingly, the common shares will be subject to significant restrictions on resale and transfer as described under "*Transfer Restrictions*."

New Issue of Securities

No established trading market currently exists for the common shares. The common shares have been approved for listing on the Santiago Stock Exchange, under the symbol "ILC". The international placement agents have advised us that, following the completion of this offering, they currently intend to make a market in the common shares as permitted by applicable laws and regulations. However, the international placement agents are not obligated to do so, and the international placement agents may discontinue any market making activities with respect to the common shares at any time in their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the common shares, that you will be able to sell any of the common shares held by you at a particular time or that the prices that you receive when you sell will be favorable. Each purchaser of the common shares in the international offering, by its purchase of the common shares, will be deemed to have made certain acknowledgements, representations, warranties and agreements as set forth under "*Transfer Restrictions*."

Pursuant to regulation of the Santiago Stock Exchange, the Chilean placement agents are required to make a market in the common shares for at least one year after the placement of the common shares in the Chilean offering.

Sales outside the United States and Chile

Other than in Chile, no action has been taken by us or the international placement agents that would permit a public offering of the securities offered by this offering memorandum in any jurisdiction where action for that purpose is required. The securities offered by this offering memorandum may not be offered or sold, directly or indirectly, nor may this offering memorandum or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this offering memorandum. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this offering memorandum in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The common shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), from and including the date on which the European Union Prospectus Directive (the "EU Prospectus Directive") was implemented in that Relevant Member State (the "Relevant Implementation Date") an offer to the public of any common shares which are the subject of this offering memorandum may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, in accordance with the EU Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of any common shares described in this offering memorandum may be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive.

provided that no such offer of securities described in this offering memorandum shall result in a requirement for the publication by us of a prospectus pursuant to Article 3 of the EU Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common shares to be offered so as to enable an investor to decide to purchase or subscribe for the common shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression "EU Prospectus Directive" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

We and the selling shareholders have not authorized and do not authorize the making of any offer of the shares through any financial intermediary on our behalf, other than offers made through the Chilean Brokers with a view to the final placement of the common shares as contemplated in this offering memorandum and the Spanish language offering document. Accordingly, no purchaser of the shares, other than the Chilean Brokers, is authorized to make any further offer of the common shares on behalf of us, the selling shareholders or the Chilean Brokers.

Notice to Prospective Investors in Switzerland

The common shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the common shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the common shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the common shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of common shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection

afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of common shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The common shares to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the common shares offered should conduct their own due diligence on the common shares. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to Prospective Investors in Brazil

The offer and sale of the common shares will not be carried out by any means that would constitute a public offering in Brazil under Law No. 6,385, of December 7, 1976, as amended, and under CVM Rule (*Instrução*) No. 400, of December 29, 2003, as amended. The offer and sale of the common shares have not been and will not be registered with the *Comissão de Valores Mobiliários* in Brazil. Any representation to the contrary is untruthful and unlawful. Any public offering or distribution, as defined under Brazilian laws and regulations, of the interests in Brazil is not legal without such prior registration. Documents relating to the offering of the common shares, as well as information contained therein, may not be supplied to the public in Brazil, as the offering of the common shares is not a public offering of securities in Brazil, nor may they be used in connection with any offer for sale of the common shares to the public in Brazil.

This offer of the common shares is addressed to you personally, upon your request and for your sole benefit, and is not to be transmitted to anyone else, to be relied upon by anyone else or for any other purpose either quoted or referred to in any other public or private document or to be filed with anyone without our prior, express and written consent.

Notice to Prospective Investors in Colombia

The common shares have not been and will not be registered on the Colombian National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*) or in the Colombian Stock Exchange. Therefore, the common shares may not be publicly offered in Colombia. This material is for your sole and exclusive use as a determined entity, including any of your shareholders, administrators or employees, as applicable. You acknowledge the Colombian laws and regulations (specifically foreign exchange and tax regulations) applicable to any transaction or investment consummated pursuant hereto and represent that you are the sole liable party for full compliance with any such laws and regulations.

Notice to Prospective Investors in Peru

The common shares have not been and will not be approved by or registered with the Peruvian securities regulatory authority, the Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*). However, the common shares have been registered with the Superintendency of Banking, Insurance and Private Pension Funds (*Superintendencia de Bancos, Seguros y Administradoras Privadas de Fondos de Pensiones*) in order to be offered or sold in private placement transactions addressed to Peruvian institutional investors such as Peruvian private pension funds.

Other Relationships

The international placement agents and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage

activities. Some of the international placement agents and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the international placement agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The international placement agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ORDER BOOK AUCTION

The global offering is being made pursuant to a *subasta de libro de órdenes* (a "special auction") conducted on the Santiago Stock Exchange as further described below. All orders of common shares made by prospective investors, including by the international placement agents for purposes of the international offering, must be placed through an authorized Chilean broker under Chilean law. J.P. Morgan Corredores de Bolsa SpA, Merrill Lynch Corredores de Bolsa SpA and IM Trust S.A. Corredores de Bolsa will serve as the authorized Chilean brokers in connection with our special auction. See also "*Plan of Distribution—Process for Purchase and Settlement*."

Sales of large blocks of shares in the Santiago Stock Exchange are normally conducted in one block through a special auction. This special auction procedure sorts purchase orders by price in descending order and awards the offered shares, at a single price, to the cumulative demand that satisfies the conditions set forth in advance by the seller. The terms and conditions of the offer are set forth by the seller acting through a stock broker. These conditions may include a minimum price and the creation of specific demand segments based on objective criteria (*e.g.*, type of investors and order size). All the purchase orders entered into the system are compiled by the Santiago Stock Exchange in a single cumulative order book, which will be delivered to the stock broker designated by the seller. Based on such order book, the stock broker will determine whether the offer was successful or not. The offer must be declared successful if the competitive demand (*i.e.*, orders with a price equal to or above the minimum price (if there is one)) plus the demand at market exceeds the number of shares offered and complies with the conditions established for each of the segments.

If the offer is declared successful, the stock broker will then define the percentage that will be allocated to each segment, if applicable, and the allocations within each segment, if applicable, based on the conditions previously agreed to. When the offer includes different demand segments, the offer price cannot be set more than 10.0% lower than the price at which cumulative competitive demand (*i.e.*, all orders with a price, regardless of demand segment, sorted in descending order) is equal to the total shares offered. The offer is then allocated within the respective demand segments among those orders that have a price equal or above the offer price and orders at market. Once the allocations have been completed, the book is delivered back to the Santiago Stock Exchange, which then proceeds to formally award the auction, register the transfers of the shares, and announce the results of the auction.

TRANSFER RESTRICTIONS

The international offering is being made in accordance with Rule 144A and Regulation S under the Securities Act. Our common shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction except Chile and, accordingly, may not be offered, sold, pledged or otherwise transferred or delivered (i) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except to qualified institutional buyers ("QIBs") in reliance on exemptions from the registration requirements of the Securities Act or (ii) outside the United States to non-U.S. persons in accordance with Regulation S.

Rule 144A

Each purchaser of common shares offered to U.S. persons will be deemed to have represented and agreed that it understands that:

- such common shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction except Chile;

- such common shares may not be offered, sold, pledged or otherwise transferred except (A) to a person whom the seller and any person acting on its behalf reasonably believe is a QIB in a transaction meeting the requirements of Rule 144A, (B) in accordance with Regulation S under the Securities Act, (C) in accordance with Rule 144 under the Securities Act (if available) or (D) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and other jurisdictions; and

- such common shares will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHO THE BENEFICIAL OWNER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (3) IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND OTHER JURISDICTIONS.

Regulation S

Each purchaser of common shares offered to non-U.S. persons outside the United States, and therefore in reliance on Regulation S, will be deemed to have represented and agreed that it understands that;

- such common shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction except Chile; and

- such common shares will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE CONSUMMATION OF THIS OFFERING, EXCEPT (1) OUTSIDE THE UNITED STATES IN

ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (2) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND OTHER JURISDICTIONS.

TAXATION

Chilean Taxation

The following discussion is based on certain Chilean income tax laws presently in force, and summarizes the material Chilean income tax consequences of an investment in our common shares by an individual who is not domiciled or resident in Chile or a legal entity that is not organized under the laws of Chile and does not have a permanent establishment located in Chile, which we refer to as a "Foreign Holder". This discussion is based upon Chilean income tax laws presently in force and other applicable regulations and rulings applicable. For purposes of Chilean law, an individual holder is a resident of Chile if he or she has resided in Chile for more than six consecutive months in one calendar year or for a total of more than six months in two consecutive tax years. An individual holder is domiciled in Chile if he or she resides in Chile with the purpose of staying in Chile (such purpose to be evidenced by circumstances such as the acceptance of employment within Chile or the relocation of his or her family to Chile). This discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor's particular tax situation. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS ABOUT THE CHILEAN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SHARES.

Under Chilean law, tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may only be established or amended by another law. In addition, the Chilean tax authorities enact rulings and regulations of both general and specific application and interpret the provisions of Chilean tax law. Chilean tax may not be assessed retroactively against taxpayers who rely in good faith on such rulings, regulations and interpretations, but Chilean tax authorities may change such rulings, regulations and interpretations. Chile has double tax treaties in force on the subject of double taxation with the following countries: Argentina, Belgium, Brazil, Canada, Colombia, Korea, Croatia, Denmark, Ecuador, Spain, France, Ireland, Malaysia, Mexico, Norway, New Zealand, Paraguay, Peru, Poland, Portugal, United Kingdom, Sweden, Thailand and Switzerland. Also, Chile has signed treaties on the subject of double taxation with Russia, the United States and Australia. Such treaties will be enforced once they are approved by the legislatures of the respective countries and Chile.

Cash dividends and other distributions

Cash dividends paid by our company with respect to shares held by a Foreign Holder will be subject to a 35% Chilean withholding tax, which is withheld and paid to the Chilean tax authorities by us (the "Withholding Tax"). A credit against the Withholding Tax is available based on corporate income tax actually paid by us, or our Chilean subsidiaries, on the income to be distributed (the "First Category Tax"). However, this credit does not reduce the Chilean withholding tax on a one-for-one basis because it also increases the base on which the Chilean withholding tax is imposed. If we distribute less than all of our distributable taxable income, the credit for First Category Tax is used proportionately. In addition, distribution of book income in excess of retained taxable income is subject to the Chilean Withholding Tax, but such distribution is not eligible for the credit.

According to Law No. 20,455/2010, the First Category Tax was temporarily increased from 17% to 20% for income accrued in 2011 and 18.5% for income accrued in 2012, with the rate returning to 17% in 2013. However, on April 30, 2012, the Executive Branch of the Chilean government submitted a bill proposing an amendment to the Income Tax Law which, among other things, would increase the First Category Tax to 20% on a permanent basis retroactively as of January 2012. Whether the First Category Tax is imposed or not, the effective overall combined rate of Chilean taxes imposed with respect to our distributed profits would be 35%. Nevertheless, in the case that the retained taxable profits or exempted profits as of December 31 of the year preceding a dividend are not sufficient to attribute to such dividend, we will make a withholding of 35% of the amount that exceeds those retained taxable or exempted profits. In case such withholding is determined to be excessive at the end of the year, Foreign Holders will have rights to file for the reimbursement of the excess withholding.

Under Chilean income tax law, dividends generally are assumed to have been paid out of our oldest retained taxable or exempt profits for the purpose of determining the level of First Category Tax that we paid. For information as to our retained earnings for tax purposes and the tax credit available on the distribution of such retained earnings, see Note 2.3 to the audited consolidated financial statements.

The example below illustrates the effective Chilean Withholding Tax burden on a cash dividend received by a Foreign Holder, assuming a Withholding Tax rate of 35% and the following scenarios regarding the First Category Tax rate: 17% (current rate on a permanent basis), 18.5% (current transitory rate for 2012) and 20% (rate that would be applicable retroactively as of January 2012, if the Income Tax Law amendment bill is approved by the Chilean congress). The example also assumes a distribution of 30% of our consolidated net income distributable after payment of the First Category Tax.

	17%	18.5%	20%
The Company's taxable income	100.0	100.0	100.0
First Category Tax (X% of Ch$100)	(17.0)	(18.5)	(20.0)
Net distributable income	83.0	81.5	80.0
Dividend distributed (30% of net distributable income)	24.9	24.45	24.0
Withholding Tax (35% over Ch$30, sum composed by (i) the dividend distributed (30% of net distributable income) plus (ii) a credit consisting of the 30% of the First Category Tax paid)	(10.5)	(10.5)	(10.5)
Credit for First Category Tax paid	5.1	5.55	6.0
Net additional tax withheld	5.4	4.95	4.5
Net dividend received	19.5	19.5	19.5
Effective dividend withholding rate	21.7%	20.2%	18.75%

Dividend distributions made in property would be subject to the same Chilean tax rules as cash dividends. Stock delivered in a capital increase is not subject to Chilean taxation. A dividend in stock will be treated as a dividend distribution made in kind and will be subject to the same Chilean tax rules as cash dividends. Consequently, it may be subject to the taxation set for in the section "*Taxable capital gains*" below.

Capital Reductions

A capital reduction is tax exempt only if we register no taxable income, or book income in excess of taxable income, as of December 31 of the year preceding such capital reduction.

If we do have taxable income and/or book income in excess of taxable income registered as of December 31 of the year preceding the capital reduction, then the distribution will be subject to a taxation regime similar to that applicable to dividend distribution, as discussed above. For these distributions, Chilean income tax law sets forth the following order of imputation:

- First, it will be deemed that the distribution to Foreign Holders corresponds to our retained taxable income and, up to the amount of our retained taxable income, the capital distribution will be subject to a 35.0% Withholding Tax, and the income tax payment will be a credit against this withholding tax.

- Second, the distribution will be imputed against our registered book income in excess of taxable income, also subject to a 35.0% Withholding Tax, but with no credit.

- Finally, once it is reputed that all the income registered as of December 31 of the year preceding the capital reduction has been distributed, then the distribution will be tax exempt, being imputed against exempt income or capital.

The Withholding Tax, if any, would be withheld and paid to the Chilean tax authorities by us.

Taxable capital gains

Gain from the sale of shares by a Foreign Holder will be subject to both the First Category Tax and the Withholding Tax (the former being creditable against the latter) if either:

- the Foreign Holder has held the shares for less than one year;

- the Foreign Holder acquired and disposed of the shares in the ordinary course of its business or as a habitual trader of shares;

- the Foreign Holder and the purchaser of the shares are "related parties."

For these purposes, a "related party" is an entity in which the Foreign Holder is:

- a partner;
- a shareholder if the entity is a closed stock corporation; or
- a shareholder with more than 10.0% of the shares if the entity is an open stock corporation.

When a capital gain obtained by a Foreign Holder is subject to both the First Category Tax and the Withholding Tax, then, according to a Chilean Internal Revenue Service ruling (*Oficio No. 1481/04*), a 20.0% withholding should be imposed on the total amount paid for the shares to the Foreign Holder, without any deductions, as a provisional payment of the total tax due (which is to be determined on April of the year following that in which the sale was executed). Amounts withheld in excess of the First Category Tax and the Withholding Tax give to Foreign Holder the right to file for the reimbursement of the excess withholding.

Save for exempt capital gains discussed below, in all other cases, gain on the disposition of shares will be subject to a flat 17.0% First Category Tax (such rate being 20.0% or 18.5% if accrued in 2011 or 2012, respectively), and no Withholding Tax will apply. However, if it is not possible to determine the taxable capital gain, a 5.0% withholding will be imposed on the total amount to be remitted abroad without any deductions as a provisional payment of the total tax due. Amounts withheld in excess of the First Category Tax give to Foreign Holder the right to file for the reimbursement of the excess withholding.

The tax basis of our shares will be the acquisition value of those shares, adjusted according to the Chilean Consumer Price Index (domestic inflation) variation between the month preceding the acquisition and the month preceding the sale.

The distribution and exercise of preemptive rights relating to our shares will not be subject to Chilean taxation. Any gain on the sale or assignment of preemptive rights relating to the shares will be subject to both the First Category Tax and the Withholding Tax (the former being creditable against the latter).

Exempt capital gains

Article 106 of the Chilean Income Tax Law

According to Article 106 of the Chilean Income Tax law, the sale and disposition of shares of Chilean public corporations which are significantly traded on a Chilean stock exchange by foreign institutional investors, such as mutual funds, pension funds and others, is exempted from any Chilean tax on capital gains if the sale or disposition was made through a Chilean stock exchange or a tender offer.

A foreign institutional investor is an entity that is either:

- a fund that makes public offers of its shares in a country whose public debt has been rated investment grade by an international risk classification agency qualified by the SVS;
- a fund that is registered with a regulatory entity of a country whose public debt has been rated investment grade by an international risk classification agency qualified by the SVS, provided that the investments in Chile, including securities issued abroad that represent Chilean securities, held by the fund represent less than 30% of its share value;
- a fund that holds investments in Chile that represent less than 30% of its share value, provided that it proves that no more that 10.0% of its share value or right for benefits is directly or indirectly owned by Chilean residents;

- a pension fund that is exclusively formed by individuals that receive their pension on account of capital accumulated in the fund, or whose main purpose is to finance the funds of individuals, and it is regulated and supervised by the competent foreign authority;

- a fund regulated by Chilean Law No. 18,657 (referred to as Foreign Capital Investment Funds Law), in which case all holders of its shares must reside abroad or be qualified as local institutional investors; or

- another kind of institutional foreign investor that complies with the characteristics defined by a regulation with the prior report of the SVS and the Chilean Internal Revenue Service.

In order to be entitled to the exemption, a foreign institutional investor, during the time in which they operate in Chile, must:

- be organized abroad and not be domiciled in Chile;

- prove their qualification as a foreign institutional investor as mentioned above;

- not participate, directly or indirectly, in the control of the issuers of the securities in which it invests and not hold, directly or indirectly, 10.0% or more of such companies' capital or profits;

- execute an agreement in writing with a Chilean bank or securities broker in which the intermediary is responsible for the execution of purchase and sale orders and for the verification, at the time of the respective remittance, that such remittances relate to capital gains that are exempt from income tax in Chile or, if they are subject to income tax, that the applicable withholdings have been made; and

- register in a special registry with the Chilean Internal Revenue Service.

Article 107 of the Chilean Income Tax Law

According to Article 107 of the Chilean Income Tax Law, the sale and disposition of shares of Chilean public corporations which are significantly traded on a Chilean stock exchange is not levied by any Chilean tax on capital gains if the sale or disposition was made:

a) on a local stock exchange authorized by the SVS or in a tender offer process according to Title XXV of the Chilean Securities Market Law, so long as the shares (i) were purchased on a public stock exchange or in a tender offer process pursuant to Title XXV of the Chilean Securities Market Law, (ii) are newly issued shares issued in a capital increase or incorporation of the corporation or (iii) were acquired as a result of the exchange of convertible bonds. In this case, gains exempted from Chilean taxes shall be calculated using the criteria set forth in the Chilean Income Tax Law; or

b) within 90 days after the shares would have ceased to be significantly traded on the stock exchange. In such case, the gains exempted from Chilean taxes on capital gains will be up to the average price per share of the last 90 days in which the shares were significantly traded on the stock exchange. Any gains above the average price will be taxable capital gains.

For purpose of letter (a) and (b) above, shares are considered to be *significantly traded on a Chilean stock exchange* when they (i) are registered in the Securities Registry, (ii) are registered in a Chilean Stock exchange and (iii) have an adjusted presence equal to or above 25%.

To the extent shares are acquired and disposed of in the ways described in letters (a) and (b) above, the tax exemption will apply irrespective if the shares were held for less than one year or if they were acquired and disposed of in the ordinary course of the Foreign Holder's business or as a habitual trade.

Other Chilean taxes

There are no Chilean inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of shares by a Foreign Holder, but such taxes generally will apply to the transfer at death or by gift of the shares by a Foreign Holder. There are no Chilean stamp, issue, registration or similar taxes or duties payable by holders of shares.

Withholding tax certificates

Upon request, we will provide to Foreign Holders appropriate documentation evidencing the payment of Chilean withholding taxes.

Certain U.S. Federal Income Tax Consequences

PURSUANT TO INTERNAL REVENUE SERVICE ("IRS") CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DISCUSSION CONTAINED IN THIS OFFERING MEMORANDUM WITH RESPECT TO U.S. FEDERAL INCOME TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND THAT SUCH DISCUSSION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES. SUCH DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF OUR COMMON SHARES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of our common shares as of the date hereof. Except where noted, this discussion applies only to beneficial owners of our common shares that are U.S. Holders (as defined below) that hold our common shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). This discussion is intended as general information only, and does not address the U.S. federal income tax consequences applicable to investors who are subject to special treatment under the U.S. federal income tax laws, including, for example:

- a broker or dealer in securities or currencies;
- a bank or other financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a grantor trust;
- a tax exempt organization;
- a person that received our common shares as compensation for the performance of services;
- a person holding our common shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for holding securities;
- a person liable for alternative minimum tax;
- a U.S. expatriate;

- a person that directly, indirectly or constructively owns or has owned 10.0% or more of the total combined voting power of our common shares;

- a partnership or other pass-through entity for U.S. federal income tax purposes; or

- a person whose "functional currency" for U.S. federal income tax purposes is not the U.S. dollar.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing final, temporary and proposed U.S. Treasury regulations, administrative pronouncements by the IRS and judicial decisions, all as of the date hereof and all of which are subject to change (possibly on a retroactive basis) and to different interpretations.

This discussion does not contain a detailed description of all the U.S. federal income tax consequences to a particular investor in light of its particular circumstances. This discussion also does not address the U.S. federal estate and gift, state, local or non-U.S. tax consequences of the acquisition, ownership and disposition of our common shares. On February 4, 2010, a comprehensive income tax treaty between the United States and Chile was signed. However, such treaty has not yet been ratified by each country and therefore is not effective. It is unclear at this time when such treaty will be ratified by both countries. U.S. Holders should consult their tax advisors regarding the ongoing status of this treaty and, if ratified, the impact such treaty would have on the consequences described in this offering memorandum.

As used herein, the term "U.S. Holder" means a beneficial holder of our common shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;

- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if (1) it is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds our common shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership holding our common shares. Each investor that is a partnership or a partner in a partnership holding our common shares should consult its tax advisors with regard to the U.S. federal income tax consequences of the acquisition, ownership and disposition of our common shares.

Except where specifically described below, this discussion assumes that we are not a "passive foreign investment company," or "PFIC", for U.S. federal income tax purposes.

Taxation of Distributions

The gross amount of any distributions of cash or property with respect to our common shares (including the net amount of the Chilean taxes withheld on the distribution, after taking into account the credit for the First Category Tax, as described above under "*—Certain Chilean Income Tax Consequences—Cash dividends and other distributions*") generally will be taxable as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such dividends generally will be includable in a U.S. Holder's gross income as ordinary income on the day such dividends are actually or constructively received by the U.S. Holder. Distributions in excess of our current and accumulated earnings and profits will be treated first as a non-taxable return of capital, thereby reducing a U.S. Holder's adjusted-tax basis in our common shares (but not below zero), and thereafter as either long-term or

short-term capital gain depending upon whether the U.S. Holder has held our common shares for more than one year as of the time such distribution is actually or constructively received. Because we do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect that a distribution generally will be treated as a dividend for U.S. federal income tax purposes. Distributions of additional common shares to U.S. Holders that are part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax. As used below, the term "dividend" means a distribution that constitutes a dividend for U.S. federal income tax purposes.

Dividends paid by us generally will not be eligible for the dividends received deduction available under the Code to certain corporate U.S. Holders. Under current law, dividends received by non-corporate U.S. Holders (including individuals) on shares of certain foreign corporations generally will be subject to U.S. federal income tax at lower rates than other types of ordinary income if (1) certain holding period requirements are met, (2) the common shares are readily tradable on an established securities market in the United States, or we are eligible for benefits of a comprehensive income tax treaty with the United States, and (3) we are not, for the taxable year in which the dividend is paid, and were not, for the preceding taxable year, a PFIC. We do not expect that dividends on our common shares will meet these conditions because our common shares are not readily tradable on an established securities market in the United States and, although a comprehensive income tax treaty between Chile and the United States has been signed, such treaty is not currently in force.

The amount of any cash dividend paid in Chilean pesos to a U.S. Holder will be included in the U.S. Holder's gross income in an amount equal to the U.S. dollar value of the Chilean pesos received, calculated by reference to the exchange rate in effect on the date the dividend is actually or constructively received by the U.S. Holder, regardless of whether the payment in Chilean pesos is in fact converted into U.S. dollars at that time. If the Chilean pesos received as a dividend are converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not recognize foreign currency gain or loss with respect to such dividend. If the Chilean pesos received as a dividend are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the Chilean pesos equal to their U.S. dollar value on the date of receipt. Any foreign currency gain or loss realized on a subsequent conversion or other disposition of the Chilean pesos will be treated as U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

A U.S. Holder will be entitled, subject to a number of complex limitations and conditions (including a minimum holding period requirement), to claim a U.S. foreign tax credit in respect of any Chilean income taxes withheld and paid over to Chile (after taking into account the credit for First Category Tax, when it is available) on dividends received on our common shares. If the amount of Chilean withholding tax initially withheld from a dividend is determined to be excessive, however (as described above under "*—Certain Chilean Income Tax Consequences—Cash dividends and other distributions*"), the excess tax may not be creditable. U.S. Holders that do not elect to claim a credit for any foreign income taxes paid during the taxable year may instead claim a deduction in respect of such Chilean income taxes (to the extent such taxes are otherwise creditable, as described in the preceding sentence), provided that the U.S. Holder elects to deduct (rather than credit) all foreign income taxes paid or accrued for the taxable year. Dividends received with respect to our common shares generally will be treated as foreign source income. For purposes of the U.S. foreign tax credit limitation, dividends received with respect to our common shares generally should constitute "passive category income" for most U.S. Holders. This discussion does not address special rules that apply to U.S. Holders who, for purposes of determining the amount of the foreign tax credit, take foreign income taxes into account when accrued. The rules governing foreign tax credits are complex and each U.S. Holder is urged to consult its independent tax advisors regarding the availability of foreign tax credits under its particular circumstances.

Sale, Exchange or Other Taxable Disposition of Common Shares

A U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon the sale, exchange or other taxable disposition of our common shares measured by the difference between the U.S. dollar value of the amount realized on the sale, exchange or other taxable disposition of our common shares and the U.S. Holder's adjusted tax basis in such common shares. Any such gain or loss will be long-term capital gain or loss if our common shares have been held for more than one year. Certain non-corporate U.S. Holders (including

individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

The initial tax basis of a U.S. Holder's common shares will be the U.S. dollar value of the Chilean peso-denominated purchase price determined on the date of purchase. If the common shares are treated as being traded on an "established securities market," a cash basis U.S. Holder, or, if it elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of the cost of such common shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. If a U.S. Holder converts U.S. dollars to Chilean pesos and immediately uses the currency to purchase common shares, such conversion generally will not result in taxable gain or loss to the U.S. Holder.

With respect to the sale, exchange or other taxable disposition of our common shares, the amount realized generally will be the U.S. dollar value of the payment received determined on (1) the date of receipt of payment in the case of a cash basis U.S. Holder or (2) the date of disposition in the case of an accrual basis U.S. Holder. If our common shares are treated as being traded on an "established securities market," a cash basis U.S. Holder, or, if it elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale.

If Chilean income tax is withheld on the sale, exchange or other taxable disposition of our common shares, the amount realized by a U.S. Holder will include the gross amount of the proceeds of that sale, exchange or other taxable disposition before deduction of the Chilean income tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale, exchange or other taxable disposition of common shares generally will be treated as U.S. source gain or loss for U.S. foreign tax credit purposes. Consequently, in the case of a gain from the disposition of a common share that is subject to Chilean income tax (see "*—Certain Chilean Income Tax Consequences—Taxable capital gains*"), the U.S. Holder may not be able to benefit from the foreign tax credit for that Chilean income tax (*i.e.*, because the gain from the disposition would be U.S. source), unless the U.S. Holder can apply the credit against U.S. federal income tax payable on other income from foreign sources. Alternatively, the U.S. Holder may take a deduction for the Chilean income tax, provided that the U.S. Holder elects to deduct (rather than credit) all foreign income taxes paid or accrued for the taxable year.

Passive Foreign Investment Companies

Special U.S. federal income tax rules apply to U.S. persons owning shares of a PFIC. A foreign corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look through rules with respect to the income and assets of subsidiaries, either:

- at least 75% of its gross income is "passive income"; or
- at least 50% of its assets, on average (as determined in accordance with the Code), produces passive income or are held for the production of passive income.

For this purpose, passive income generally includes, among other things, dividends, interest, rents, annuities, royalties and gains from the disposition of assets that produce passive income. The Code provisions regarding PFICs specifically exclude from the definition of passive income any income "derived in the active conduct of an insurance business by a corporation which is predominantly engaged in an insurance business and which would be subject to tax under subchapter L if it were a domestic corporation." This exception is intended to ensure that income derived by a bona fide insurance company is not treated as passive income, provided that any such income attributable to financial reserves is not in excess of the reasonable needs of the insurance business. Additionally, in determining whether a foreign corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least 25% interest (by value) is taken into account.

We believe that Consalud and Vida Cámara are predominantly engaged in insurance businesses. We further believe that such subsidiaries do not maintain financial reserves in excess of the reasonable needs of their insurance businesses. Nevertheless, U.S. Holder's should be aware that there is little guidance on the circumstances under which a non-U.S. company will be treated as predominantly engaged in an insurance business, and as to what

constitutes "reasonable needs" of an insurance business. Accordingly, there can be no assurance that the IRS will not challenge our position, or that any such challenge, if asserted, will not be sustained by a court.

Subject to the foregoing, based on current estimates of our gross income, gross assets and the nature of our business, we do not expect to be classified as a PFIC for our current taxable year (although the determination cannot be made until the end of such taxable year), and we intend to continue our operations in such a manner that we do not expect to be classified as a PFIC in the foreseeable future. There can be no assurances in this regard, however, because the application of the relevant rules (including the insurance exception) is complex and, as mentioned above, involves some uncertainty. In addition, the PFIC determination is made annually and is based on the portion of our assets (including goodwill) and income that is characterized as passive under the PFIC rules. Our actual PFIC status for our current taxable year ending December 31, 2012 will not be determinable until after the close of our current taxable year and, accordingly, there is no guarantee that we will not be a PFIC for 2012 or any future taxable year. Moreover, our business plans may change, which may affect the PFIC determination in future years.

If we are treated as a PFIC for any year, U.S. Holders may be subject to adverse tax consequences upon a sale, exchange or other taxable disposition (including certain pledges) of our common shares, or upon the receipt of certain "excess distributions" from us. In this event, unless a U.S. Holder elects to be taxed annually on a mark-to-market basis with respect to our common shares, as described below, any gain realized on a sale or other disposition of our common shares and certain "excess distributions" (generally distributions in excess of 125.0% of the average distribution over the shorter of a three-year period or the U.S. Holder's holding period for our common shares) would be treated as realized ratably over the U.S. Holder's holding period for our common shares, and amounts allocated to prior years during which we were a PFIC would be taxed at the highest tax rate in effect for each such year. An additional interest charge may apply to the portion of the U.S. federal income tax liability on such gains or distributions treated under the PFIC rules as having been deferred by the U.S. Holder. Amounts allocated to the taxable year in which the sale or "excess distribution" occurs and to any year before we became a PFIC would be taxed as ordinary income in the taxable year in which the sale or "excess distribution" occurs. The tax liability for amounts allocated to years prior to the year in which the sale or "excess distribution" occurs cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the common shares cannot be treated as capital gains, even if the common shares have been held as capital assets. If we were a PFIC, certain subsidiaries and other entities in which we have a direct or indirect interest may also be PFICs ("Lower-tier PFICs"). Under attribution rules, U.S. Holders would be deemed to own their proportionate shares of Lower-tier PFICs and would be subject to U.S. federal income tax according to the rules described above on (i) certain distributions by a Lower-tier PFIC and (ii) certain dispositions of shares of a Lower-tier PFIC, in each case as if the U.S. Holder held such shares directly, even though such U.S. Holder had not received the proceeds of those distributions or dispositions.

If we are treated as a PFIC, the rules described in the foregoing paragraph can be avoided by a U.S. Holder that makes a "mark-to-market" election. A U.S. Holder may make a mark-to-market election for our common shares (but not for the shares of any Lower-tier PFIC) only if our common shares constitute "marketable stock" as defined in the U.S. Treasury regulations. Our common shares will be marketable stock if they are regularly traded on a "qualified exchange or other market" within the meaning of the U.S. Treasury regulations. We cannot provide any assurance that our common shares are or will be considered "marketable stock" for this purpose. In particular, it is unclear whether the Santiago Stock Exchange would meet the requirements for a "qualified exchange or other market" and no assurance can be given that our common shares are or will be "regularly traded" for purposes of the mark-to-market election. If a mark-to-market election were made, a U.S. Holder would take into account each year the appreciation or depreciation in value of its common shares as if our common shares were sold at fair market value at the end of the year. Such appreciation or depreciation generally would be treated as ordinary income or ordinary loss (but, with respect to losses, only to the extent of the net amount previously included in income as a result of the mark-to-market election, with any excess losses generally treated as capital losses), as would gains or losses on actual dispositions of common shares. Any amounts treated as ordinary income under a mark-to-market election will not be eligible for favorable tax rates applicable to qualified dividend income or long-term capital gains. A U.S. Holder's adjusted tax basis in its common shares will be increased by the amount of income inclusion and decreased by the amount of deductions under the mark-to-market rules. U.S. Holders should be aware, however, that if we are determined to be a PFIC, the interest charge regime described above could be applied to indirect distributions or gains deemed to be attributable to U.S. Holders in respect of any of our Lower-tier PFICs, and the mark-to-market election generally would not be effective for such Lower-tier PFICs.

The rules described in the second preceding paragraph can also be avoided by a U.S. Holder that elects to treat us as a "qualified electing fund." However, this option generally will not be available to U.S. Holders because we do not intend to provide the information necessary for U.S. Holders to make such election.

A U.S. Holder that owns shares during any taxable year that we are treated as a PFIC generally would be required to file IRS Form 8621. U.S. Holders should also be aware that recently enacted legislation may broaden the current IRS Form 8621 filing requirement or impose an additional annual filing requirement for U.S. persons owning shares of a PFIC. The legislation does not describe what information would be required to be included in either situation, but grants the Secretary of the U.S. Treasury Department power to make this determination. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to our common shares, the availability and advisability of making an election to avoid the adverse tax consequences of the PFIC rules should we be considered a PFIC for any taxable year and the application of the recently enacted legislation to their particular situation.

Information Reporting and Backup Withholding

In general, dividends on our common shares are subject to information reporting, and payments of the proceeds of a sale, exchange or other taxable disposition of our common shares paid within the United States or through certain U.S. connected financial intermediaries to a U.S. Holder may be subject to information reporting unless such U.S. Holder is an exempt recipient. Backup withholding also may apply to such payments unless the U.S. Holder (1) establishes that it is an exempt recipient or (2) provides an accurate taxpayer identification number and certifies that it is a U.S. person and that no loss of exemption from backup withholding has occurred. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

In addition, U.S. Holders should be aware that recently enacted legislation imposes new reporting requirements with respect to the holding of certain foreign financial assets, including stock of foreign issuers which is not held in an account maintained by a U.S. financial institution, if the aggregate value of all of such assets exceeds U.S.$50,000. This new legislation also imposes penalties if an investor is required to submit information to the IRS and fails to do so. U.S. Holders should consult their own tax advisors regarding the application of the information reporting rules to our common shares and the application of the recently enacted legislation to their particular situations.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of our common shares. Each U.S. Holder should consult its own tax advisor concerning the tax consequences in its particular situation.

LEGAL MATTERS

Certain legal matters will be passed upon for us and the selling shareholders by Shearman & Sterling LLP, New York, New York, as to certain matters of New York law. The international placement agents have been represented by Milbank, Tweed, Hadley & McCloy LLP. The validity of the common shares will be passed upon for us and the selling shareholders by Prieto y Cía., and for the international placement agents by Philippi, Yrarrazaval, Pulido & Brunner.

INDEPENDENT AUDITORS

Our consolidated financial statements as of December 31, 2011, 2010 and January 1, 2010 and for the years ended December 31, 2011 and 2010 included in this offering memorandum have been audited by KPMG, independent auditors, as stated in their report appearing therein, which contains an explanatory paragraph that states that the our subsidiary, Vida Cámara was informed that it will not continue to be the provider for the Chilean government's SIS insurance for the two-year period beginning on July 1, 2012.

With respect to our unaudited consolidated statements, as of March 31, 2012, and for the three-month periods ended March 31, 2012 and 2011 included in this offering memorandum, KPMG has reported that they applied limited procedures in accordance with the review standards established by the Colegio de Contadores de Chile A.G. However, their separate report included herein, states that they did not audit and they do not express an opinion on those consolidated interim financial statements. Accordingly, the degree of reliance on their report on such financial statements should be restricted in light of the limited nature of the review procedures applied. The separate report, included herein, contains an explanatory paragraph that states that Vida Cámara was informed that it will not continue to be the provider for the Chilean government's of SIS insurance for the two-year period beginning on July 1, 2012.

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Unaudited Consolidated Financial Statements as of March 31, 2012 and December 31, 2011 and for the three-month periods ended March 31, 2012 and 2011

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Audited Consolidated Financial Statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011 and 2010

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Currency Legends

ThCh$: Amounts expressed in thousands of Chilean pesos
ThUS$: Amounts expressed in thousands of United States dollars
UF: Amounts expressed in Unidades de Fomento

Independent Auditors' Report

The Shareholders and Board of Directors
Inversiones La Construcción S. A.:

1. We have reviewed the accompanying consolidated interim statements of financial position of Inversiones La Construcción S.A. and subsidiaries ("the Company"), as of March 31, 2012 and the related consolidated of comprehensive income, changes in equity and cash flows for the three-month periods ended as of March 31, 2012 and 2011. A review includes primarily applying analytical procedure to management's financial data and making inquiries of the Company's management's. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

2. Management is responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated interim financial statements.

3. Our responsibility is to conduct the review in accordance with standards established by the Colegio de Contadores de Chile A.G. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated interim financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

4. Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements in order for it to be in conformity with International Financial Reporting Standards.

5. We have previously audited, in accordance with auditing standards generally accepted in Chile the accompanying consolidated financial position of Inversiones La Construcción S.A. and subsidiaries as of December 31, 2011 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended (not presented herein); and in our report dated June 6, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated statement of financial position as of December 31, 2011, is fairly stated, in all material respects in relation to the consolidated financial position from which it has been derived.

6. As indicated in Note 37 (d) to the consolidated interim financial statements, subsequent to March 31, 2012, the Company's subsidiary Compañía de Seguros Vida Cámara, was informed that they will not continue to be the provider for the Chilean government's disability and survivors insurance associated with pensions for the two-year period beginning on July 1, 2012.

Joaquín Lira H.

/s/ Joaquín Lira H. KPMG Ltda.

Santiago, June 6, 2012

INVERSIONES LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position
March 31, 2012 and December 31, 2011

Assets	**Note**	**2012 ThCh$**	**2011 ThCh$**
Current assets:			
Cash and cash equivalents	(6)	155,478,470	94,043,237
Financial assets	(10)	162,489,354	161,115,961
Non-financial assets	(12)	9,840,222	8,922,748
Trade and other receivables, net	(7)	77,395,950	68,599,461
Accounts receivable due from related parties	(8)	973,935	774,172
Inventories	(9)	1,653,177	1,733,237
Other assets		37,290	37,290
Current tax receivable	(11)	1,548,703	931,654
Total current assets		409,417,101	336,157,760
Non-current assets:			
Financial assets	(10)	199,570,087	188,831,393
Non-financial assets	(12)	12,864,086	12,350,996
Trade and other receivables, net	(7)	4,304,858	4,277,305
Equity accounted investees	(14)	19,054,117	17,083,021
Intangible assets other than goodwill	(15)	73,348,163	74,221,556
Goodwill	(17)	101,506,809	101,506,809
Property, plant and equipment, net	(16)	230,102,848	227,580,991
Investment property	(18)	21,631,703	21,682,753
Deferred tax assets	(11)	26,085,801	20,400,042
Total non-current assets		688,468,472	667,934,866
Total assets		1,097,885,573	1,004,092,626

The accompanying notes are an integral part of this consolidated financial statement.

INVERSIONES LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position
March 31, 2012 and December 31, 2011

Liabilities and Shareholders' Equity	**Note**	**2012 ThCh$**	**2011 ThCh$**
Current liabilities:			
Financial liabilities	(19)	16,933,175	22,425,242
Trade and other payables	(20)	65,667,283	61,794,615
Accounts payable due to related parties	(8)	500,190	390,110
Other provisions	(21)	28,023,358	26,619,490
Current tax payable	(11)	6,231,876	4,171,603
Provisions for employee benefits, current	(22)	5,814,732	10,687,674
Other non-financial liabilities	(23)	11,075,036	4,942,596
Total current liabilities		134,245,650	131,031,330
Non-current liabilities:			
Financial liabilities	(19)	194,435,369	149,676,759
Other provisions	(21)	97,450,434	98,555,757
Deferred tax liabilities	(11)	53,670,809	47,926,740
Provisions for employee benefits	(22)	391,395	362,232
Total non-current liabilities		345,948,007	296,521,488
Total liabilities		480,193,657	427,552,818
Shareholders' equity:			
Share capital	(27a)	213,772,622	213,772,622
Share premium		269,894	269,894
Retained earnings	(27d)	151,791,634	119,249,470
Other reserves	(27c)	99,989,637	99,889,726
Equity attributable to owners of the parent		465,823,787	433,181,712
Non-controlling interests	(28)	151,868,129	143,358,096
Total equity		617,691,916	576,539,808
Total liabilities and shareholders' equity		1,097,885,573	1,004,092,626

The accompanying notes are an integral part of this consolidated financial statement.

INVERSIONES LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position
March 31, 2012 and December 31, 2011

Statements of Income	**Note**	**2012**	**2011**
		ThCh$	**ThCh$**
Revenue	(29)	178,233,446	153,578,391
Cost of sales		(110,208,093)	(94,221,253)
Gross profit		68,025,353	59,357,138
Other income		142,827	165,964
Administrative expenses	(33)	(29,171,808)	(27,122,510)
Other expenses		(68,285)	(130,751)
Other gains	(31)	258,074	(159,799)
Finance income	(30)	13,369,890	6,613,630
Finance expenses	(32)	(2,829,247)	(2,768,948)
Share of profit (loss) of affiliates accounted for using the equity method		1,188,672	772,204
Foreign currency exchange gain (loss)	(34)	(135,231)	590,073
Gain (loss) from inflation-indexed unit	(35)	(1,241,526)	244,328
Profit before tax		49,538,719	37,561,329
Income tax expense	(11)	(8,668,538)	(7,270,553)
Income (loss) from continuing operations		40,870,181	30,290,776
(Loss) from discontinued operations		-	-
Net Income		40,870,181	30,290,776
Income attributable to owners of the parent		32,318,211	24,308,364
Income attributable to non-controlling interest	(28)	8,551,970	5,982,412
Net Income		40,870,181	30,290,776

The accompanying notes are an integral part of this consolidated financial statement.

INVERSIONES LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position
March 31, 2012 and December 31, 2011

Statements of Comprehensive Income	**2012 ThCh$**	**2011 ThCh$**
Total Income for the period	40,870,181	30,290,776
Total comprehensive income	40,870,181	30,290,776
Total comprehensive income attributable to:		
Owners of the parent	32,318,211	24,308,364
Non-controlling interests	8,551,970	5,982,412
Total comprehensive income	40,870,181	30,290,776
Earnings per share		
Basic earnings per share	1.10	0.82
Basic earnings per share from continuing operations	1.10	0.82

The accompanying notes are an integral part of this consolidated financial statement.

INVERSIONES LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Changes in Equity
for the three-month periods ended as of March 31, 2012 and 2011

Statement of changes in equity	Note	Share capital ThCh$	Share premium ThCh$	Other reserves ThCh$	Total other reserves ThCh$	Retained earnings ThCh$	Equity attributable to owners of the parent ThCh$	Non-controlling interest ThCh$	Total equity ThCh$
Opening balance as of January 1, 2012		213,772,622	269,894	99,889,726	99,889,726	119,249,470	433,181,712	143,358,096	576,539,808
Comprehensive income:									
Other adjustments		-	-	99,911	99,911	223,953	323,864	(41,937)	281,927
Income for the period		-	-	-	-	32,318,211	32,318,211	8,551,970	40,870,181
Total changes in equity		-	-	99,911	99,911	32,542,164	32,642,075	8,510,033	41,152,108
Final balance as of March 31, 2012	(27a)	213,772,622	269,894	99,989,637	99,989,637	151,791,634	465,823,787	151,868,129	617,691,916

The accompanying notes are an integral part of this consolidated financial statement.

INVERSIONES LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Changes in Equity
for the three-month periods ended as of March 31, 2012 and 2011

	Note	Share capital ThCh$	Share premium ThCh$	Other reserves ThCh$	Total other reserves ThCh$	Retained earnings ThCh$	Equity attributable to owners of the parent ThCh$	Non-controlling interest ThCh$	Total equity ThCh$
Opening balance as of January 1, 2011		213,772,622	269,894	93,913,998	93,913,998	88,355,172	396,311,686	126,736,958	523,048,644
Comprehensive income:									
Other comprehensive income		-	-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-	-	-
Opening balance, restated	(27a)	213,772,622	269,894	93,913,998	93,913,998	88,355,172	396,311,686	126,736,958	523,048,644
Income for the period		-	-	-	-	24,308,364	24,308,364	5,982,412	30,290,776
Equity method		-	-	2,236,506	2,236,506	(2,279,169)	(42,663)	22,710	(19,953)
Total changes in equity		-	-	2,236,506	2,236,506	22,029,195	24,265,701	6,005,122	30,270,823
Final balance as of March 31, 2011	(27a)	213,772,622	269,894	96,150,504	96,150,504	110,384,367	420,577,387	132,742,080	553,319,467

The accompanying notes are an integral part of this consolidated financial statement.

INVERSIONES LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Cash Flows
for the three-month periods ended as of March 31, 2012 and 2011

Statement of Cash Flows	**2012 ThCh$**	**2011 ThCh$**
Cash flows from (used in) operating activities:		
Proceeds from sale of services	188,293,207	158,585,845
Proceeds from royalties, deposits, fees and other revenue	8,290,062	8,089,440
Other proceeds from operating activities	4,528,043	5,268,717
Payments to suppliers related to the supply of goods and services	(36,623,791)	(31,551,255)
Payments for brokerage contracts	-	(2,043,672)
Payments to and on behalf of employees	(22,040,311)	(16,648,354)
Payments for premiums and healthcare services, annuities and other obligations arising from written insurance policies	(99,714,023)	(82,060,479)
Other payments for operating activities	(3,886,079)	(844,804)
Dividends received	237,208	984,659
Interest paid	(160,992)	(339,385)
Interest received	848, 788	619,957
Income taxes (paid)	(7,403,094)	(4,459,884)
Other cash inflows (outflows)	(1,073,316)	(6,217)
Net cash provided by operating activities	**31,295,702**	**35,594,568**
Cash flows from (used in) investing activities:		
Cash flows from the loss of control of subsidiaries or other businesses	-	188,955
Cash flows used to obtain control of subsidiaries or other businesses	-	(9,000)
Cash flows used to acquire non-controlling interest	-	(606,450)
Proceeds from the sale of other entities' equity and other financial instruments	9,704,469	3,993,193
Other payments to acquire other entities' equity and other financial instruments	(8,453,912)	(20,321,908)
Proceeds from sale of investments in joint ventures		10,000
Loans to related parties	(1,350,000)	
Proceeds from sale of property, plant and equipment	22,393	1,657
Acquisitions of property, plant and equipment	(2,376,664)	(5,363,466)
Acquisitions of intangible assets	(144,102)	(128,108)
Acquisitions of other long-term assets	(594,521)	(284,049)
Proceeds from reimbursement of advances and loans to third parties	-	-
Due from related companies	1,032,871	-
Interest received	8,989	-
Other cash (outflows)	(349)	(491,530)
Net cash used in investing activities	**(2,150,826)**	**(23,010,706)**

The accompanying notes are an integral part of this consolidated financial statement.

INVERSIONES LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Cash Flows
for the three-month periods ended as of March 31, 2012 and 2011

Cash flows from (used in) financing activities	**2012**	**2011**
	ThCh$	**ThCh$**
Proceeds from the issuance of share capital	44,467,112	-
Proceeds from long-term loans	669,791	-
Proceeds from short-term loans	2,291,443	4,057
Proceeds from loans from related parties	1,240,270	-
Repayment of borrowings	(12,562,386)	(1,072,148)
Payment of finance lease liabilities	(1,475,844)	(412,265)
Repayment of loans to related parties		
Dividends paid	(3,040,903)	(3,067,142)
Interest paid	(412,752)	(3,087,551)
Other cash inflows (outflows)	1,082,481	-
Net cash from(used in) financing activities	**32,259,212**	**(7,635,049)**
Net increase in cash and cash equivalents before exchange rate fluctuations	61,404,088	4,948,813
Effect of exchange rate fluctuations on cash and cash equivalents	(33,045)	(184,753)
Increase on cash and cash equivalents	61,371,043	4,764,060
Cash and cash equivalents at January 1	94,107,427	109,050,042
Cash and cash equivalents at March 31	**155,478,470**	**113,814,102**

The accompanying notes are an integral part of this consolidated financial statement.

Notes to the Consolidated Financial Statements

(1) Reporting Entity

Inversiones La Construcción S.A. (hereinafter the "Parent" or "ILC") and its subsidiaries are part of the ILC Group (hereinafter the "Group").

Inversiones La Construcción S.A., is a closely held corporation incorporated as a result of the division of Compañía de Seguros de Crédito La Construcción S.A. which occurred on April 20, 1980. At the Extraordinary Shareholders Meeting held on April 12, 1982 the company's name was changed to Sociedad de Inversiones y Servicios La Construcción S.A. (ILC). The Parent's activities take place at No.10 Marchant Pereira floor 17, Providencia, Santiago (Cámara Chilena de la Construcción's building).

The Group is controlled by the Cámara Chilena de la Construcción A.G. (ultimate parent).

On July 12, 2011, ILC was recorded under Number 1.081 in the Securities Registry maintained by the Superintendency of Securities and Insurance. It is noted that this recording was made with the sole purpose of issuing publicly offered securities in conformity with Law No.8.045.

(2) Description of Business

The Group focuses its activities in Chile. and its business includes retirement and insurance services, healthcare and other segments.

Retirement and insurance segment: this includes the management of pension funds as well as the granting and managing of services and benefits established by Decree Law No.3,500 and its subsequent amendments, the administration health premiums and the coverage of disability and survivorship insurance as established by Decree Law No.3,500.

Healthcare segment includes healthcare services whether directly or through financing as well as performing similar or complementary activities in conformity with the provisions of Law No.18,893 and complementary information.

Other segment, in accordance with its by-laws, ILC's objective includes the ability to invest in a variety of real estate and transferable securities such as stock, bonds, debentures, deposits and rights in companies, mutual funds, saving and capitalization plans, etc. ILC manages and disposes such investments as well as receives the benefits resulting from them.

(2) Description of Business, Continued

The Group operates in the Retirement & Insurance sector through Habitat, the second-largest pension fund administrator in Chile in terms of number of contributors, account holders and assets under management as of December 31, 2011; Vida Cámara, a life insurance company who, prior to the third disability and survivorship insurance auction, was the largest disability and survivorship insurance provider in Chile and who also offers supplemental health and voluntary life insurance products; and Consalud, the largest private health insurance provider in Chile. In addition the Group operates in the Private Healthcare sector through Red Salud, one of the largest networks of private healthcare clinics and medical centers in Chile in terms of number of patient beds and medical and dental care boxes as of December 31, 2011. The Group also participates in the Education sector through Desarrollos Educacionales, S.A. ("Desarrollos Educacionales"), which operates nine private schools and one subsidized school in Chile as well as in the Information Technology sector through Iconstruye, S.A. ("Iconstruye"), an information technology outsourcing company which offers a business-to-business platform capacity and other information technology solutions.

(3) Basis of Presentation of the Consolidated Financial Statements

(a) Statement of Compliance

The consolidated financial statements of ILC as of March 31, 2012, have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standard Board (hereinafter, the "IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on June 6, 2012.

(b) Comparative Information

These consolidated financial statements include the following comparative information:

- Statement of financial position as of March 31, 2012 and December 31, 2011.
- Statement of comprehensive income for the periods ended March 31, 2011 and 2011.
- Statement of changes in equity for the periods ended March 31, 2012 and 2011.
- Statement of cash flows for the periods ended March 31, 2012 and 2011.

(c) Basis of Measurement

The consolidated financial statements of ILC and subsidiaries have been prepared on the historical cost basis, except for the following:

- No derivative financial instruments classified at fair value through profit or loss, are measured at fair value through profit or loss.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(c) Basis of Measurement, Continued

- No derivative financial instruments available for sale are measured at fair value with changes other than impairment losses or gains, or losses from translation of monetary items available for sale, recognized directly in equity. When an investment is derecognized, the accumulated gain or loss in equity is reclassified in profit or loss.
- Derivatives are measured at fair value.
- Post-employment benefits are measured using actuarial methods.
- Financial liabilities are measured at amortized cost applying the effective interest method.
- Insurance reserves are valued using actuarial methods.

(d) Presentation of the Financial Statements

(i) Consolidated statement of financial position

In the consolidated statement of financial position, balances are classified based on their maturity; that is, balances maturing within twelve months or less are classified as current and those maturing after twelve months, as non-current.

(ii) Consolidated comprehensive statement of income

ILC and its subsidiaries have chosen to present their statements of income classified by function.

(iii) Consolidated statements of cash flows

ILC and its subsidiaries have chosen to present their statements of cash flows using the direct method.

(e) Basis of Consolidation

The consolidated financial statements include the financial statements of ILC and its subsidiaries. Effective control exists when ILC has the power to govern financial and operating policies of an entity so as to obtain benefits from its activities.

Gains or losses from subsidiaries acquired or disposed are included in the consolidated statement of comprehensive income from the effective date of the acquisition and/or the effective date of the disposal, as applicable.

Intra-group balances and transactions have been eliminated in preparing the consolidated financial statements.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(e) Basis of Consolidation, Continued

The equity value of the share of minority shareholders in the equity and profit or loss of the consolidated companies is stated within *Non-controlling interest* in the consolidated statement of financial position and *Gain attributable to non-controlling interest* in the consolidated statement of comprehensive income.

Subsidiaries: Subsidiaries are entities over which ILC maintains control; control exists when the Company has the power to govern financial and operating policies of an entity so as to obtain benefits from its activities.

Generally, control is shown by direct or indirect ownership over more than 50% of an entity's interest. In addition, the Company also consolidates those entities in which it holds less than 50% interest when their activities are performed for the Group's benefit and the Group is exposed to most of the risks and rewards of the dependent entity.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Subsidiaries are consolidated from the moment when control is transferred to the Group and are excluded from consolidation when control ceases.

The subsidiaries included in these consolidated financial statements are as follows:

				Ownership percentage			
Tax ID			**Functional**		**03-31-2012**		**12-31-2011**
Number	**Company**	**Country**	**currency**	**Direct**	**Indirect**	**Total**	**Total**
96.608.510-K	Invesco Internacional S.A.	Chile	Chilean peso	61.5600	12.4300	73.9900	73.9900
96.834.400-5	Desarrollos Educacionales S.A.	Chile	Chilean peso	99.9988	0.0000	99.9988	99.9988
98.000.100-8	AFP Habitat S.A.	Chile	Chilean peso	0.0000	67.4900	67.4900	67.4900
96.941.720-0	Iconstruye S.A. (1)	Chile	Chilean peso	32.9500	0.0000	32.9500	32.9500
96.856.780-	Isapre Consalud S.A.	Chile	Chilean peso	99.9999	0.0000	99.9999	99.9999
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	Chile	Chilean peso	99.9999	0.0000	99.9999	99.9999
76.020.458-7	Empresas Red Salud S.A.	Chile	Chilean peso	80.8200	0.0000	80.8200	80.8200
76.093.446-1	Inversiones Previsionales Dos S.A.	Chile	Chilean peso	99.9900	0.0000	99.9900	99.9900
76.090.153-9	Inversiones La Construcción Ltda.	Chile	Chilean peso	99.9900	0.0000	99.9900	99.9900
96.942.400-2	Megasalud S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900
96.885.930-7	Clínica Bicentenario S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900
96.598.850-5	Clínica Iquique S.A.	Chile	Chilean peso	0.0000	52.1500	52.1500	52.1500
78.053.560-1	Clínica Tabancura S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900
78.040.520-1	Clínica Avansalud S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900
76.123.853-1	Inmobiliaria Clínica S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900
76.110.809-3	Megasalud Oriente Ltda.	Chile	Chilean peso	1.0000	99.0000	100.0000	100.0000
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	Chilean peso	0.0030	99.9970	100.0000	100.0000
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000
96.987.460-1	Sociedad Educacional Puerto Montt S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000
96.946.770-4	Sociedad Educacional Valle Lo Campino S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000
96.980.350-K	Sociedad Educacional Ciudad del Este S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000
99.558.380-1	Sociedad Educacional Lo Aguirre S.A.	Chile	Chilean peso	0.1000	99.9000	100.0000	100.0000
76.895.340-6	Sociedad Educacional Curauma S.A.	Chile	Chilean peso	0.1000	99.9000	100.0000	100.0000
76.899.160-K	Sociedad Educacional Chicureo S.A.	Chile	Chilean peso	0.1000	99.9000	100.0000	100.0000

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(e) Basis of Consolidation, Continued

Tax ID Number	Company	Country	Functional currency	Ownership percentage 03-31-2012 Direct	Indirect	Total	12-31-2011 Total
99.516.290-3	Servicios Educacionales S.A.	Chile	Chilean peso	0.0000	100.0000	100.0000	100.0000
76.066.282-8	Gestión Educativa S.A.	Chile	Chilean peso	0.0000	100.0000	100.0000	100.0000
96.841.470-4	Inmobiliaria Tierra Fértil S.A.	Chile	Chilean peso	0.0200	99.9800	100.0000	100.0000
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	Chilean peso	0.0000	100.0000	100.0000	100.0000

(1) Iconstruye S.A is considered to be part of the Group because ILC maintains control over more than half of the voting rights and thus elects Iconstruye S.A.'s Board of Directors and also has control of management.

(f) Basis of Translation

Assets and liabilities in United States dollars (US$) and *Unidades de Fomento* (UF: an inflation-indexed monetary unit commonly used in Chile) have been translated to Chilean pesos (the presentation currency, CLP) at the exchange rates at each reporting date as follows:

Period	US$	UF
March 31, 2012	487.44	22,533.51
December 31, 2011	519.20	22,294.03
March 31, 2011	479.46	21,578.26

(g) Functional Currency

The financial statements of each company included in these consolidated financial statements are presented in the currency of the main country in which the companies operate (the "functional currency").

The functional currency of the Chilean companies is the Chilean peso.

For purposes of the consolidated financial statements, the profit or loss and financial position of each company are expressed in Chilean pesos, which is the functional currency of the Parent and of the Group and the presentation currency of the consolidated financial statements.

In preparing the financial statements of subsidiaries, transactions in currencies other than the Group's functional currency (i.e. foreign currency) are translated at the applicable exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(g) Functional Currency, Continued

For purpose of presenting the consolidated financial statements, the financial statements of subsidiaries whose functional currency is not the Chilean peso, have been translated into Chilean pesos in conformity with the provisions of IAS 21, which calls for translating assets and liabilities at the applicable exchange rate at average monthly the closing of the period, and revenues and expenses at average exchange rates.

(4) Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Financial Assets

(i) Recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs directly attributable to their acquisition or issue.

(ii) Classification

A financial asset is initially classified as measured at amortized cost or fair value.

A financial asset shall be measured at amortized cost if the following conditions are met:

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

If a financial asset does not meet these conditions it is measured at fair value.

ILC and its subsidiaries assess their investment model at the portfolio level as it is a more accurate reflection of the manner in which the business is managed and the information is provided to their Board of Directors.

Financial assets held for trading are held within a business model whose objective is to hold assets in order to collect contractual cash flows.

ILC has measured certain financial assets at fair value through profit or loss as such measurement eliminates or significantly reduces the accounting mismatch that could otherwise arise.

(4) Significant Accounting Policies, Continued

(a) Financial Assets, Continued

(iii) Derecognition

ILC derecognizes a financial asset in its statement of financial position when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by ILC is recognized as a separate asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain and loss that had been recognized in other comprehensive income is recognized in profit for the year.

(iv) Offsetting

Financial assets are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(v) Amortized cost measurement

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus capital reimbursements, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the reimbursement value, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

ILC measures an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

(4) Significant Accounting Policies, Continued

(a) Financial Assets, Continued

(vi) Fair value measurement, Continued

If a market for a financial instrument is not active, ILC establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. ILC incorporates all factors that market participants would consider in setting a price, and that are consistent with accepted economic methodologies for pricing financial instruments.

(vii) Identification and measurement of impairment

ILC assesses regularly whether there is objective evidence that financial assets that are not carried at fair value through profit or loss are impaired, except loans and advances to customers. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

(viii) Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, investments held-to-maturity and financial assets available for sale, as applicable. Upon initial recognition financial instruments are measured at fair value plus (in the case of investments not at fair value through profit or loss) any directly attributable transaction costs.

ILC analyzes whether a contract contains an embedded derivative when it becomes a party to the contract. Embedded derivatives are separated from the host contract and are not measured at fair value through profit or loss, when the analysis shows that the economic characteristics and risks of the host contract and the risks of the embedded derivative are not closely related.

(ix) Effective interest method

The effective interest method corresponds to the method used to estimate the amortized cost of a financial asset and the allocation of interest income during the period. The effective interest rate is the rate that exactly discounts future estimated cash flows receivable (including all charges on amounts paid or received that form an integral part of the effective interest rate, transaction cost and other credits or discounts), during the expected life of the financial asset. All ILC and its subsidiaries' long-term bank and financial liabilities are recorded under the effective interest method.

(4) Significant Accounting Policies, Continued

(a) Financial assets, Continued

(ix) Effective interest method, Continued

The Group determines the classification of financial assets after initial recognition and, when allowed and appropriate, reassesses the designation at the end of each financial year. All regular purchases and sales of financial assets are recorded at the date of the transaction, which is the date in which the Group commits to acquire the asset. Regular purchases or sales are those that require the delivery of the asset within the period established by regulations or market convention. The classifications of investments used by the Group are as follows:

(x) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those investments made with the objective of generating short-term profits due to price variations, and are classified at fair value through profit or loss and presented as current assets. All financial assets within this category are recorded at fair value which is obtained using observable market data and charged against realized or unrealized gains or losses from changes in fair value at each year-end.

Observable market data are obtained using price bands generated on a daily basis by the Superintendency of Pensions and/or deposit values reported on a daily basis by mutual funds and the implicit interest rates for long-term deposits, as applicable.

(xi) Investments held-to-maturity

Investments held-to-maturity are those non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, financial investments held-to-maturity are measured at their amortized cost. Such cost is calculated as the amount initially recognized less principal advanced payments, plus or less accumulated amortization under the effective interest method of any difference between the amount initially recognized and the amount at maturity less any provision for impairment. This estimate includes all commissions and “credits” paid or received between the parties that are an integral part of the effective interest rate, transaction costs and all premiums and discounts. Gains or losses are recorded in profit or loss when investments are derecognized or impaired, as well as through the amortization process.

(4) Significant Accounting Policies, Continued

(a) Financial assets, Continued

(xii) Financial investments available for sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. These investments are recorded at fair value when it can be estimated reliably. Subsequent to initial recognition, financial assets available for sale are measured at fair value with any unrealized gains or losses recognized directly in equity within the reserve for unrealized gains. When the investment is disposed of, accumulated gains or losses previously recognized in equity are reclassified to profit or loss. Interest earned or paid for the investment is reported as interest income or expense using the effective interest method. Dividends earned are recognized in profit or loss as Dividends received when the right to the payments has been established.

As of March 31, 2012 and December 31, 2011, there are no financial assets classified as available for sale.

(xiii) Impairment of financial assets

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset.

(xiv) Trade and other receivables and accounts receivable due from related parties

Trade and other receivables and accounts receivable due from related parties are recorded at amortized cost, which corresponds to the initial market value less principal repayments plus interest accrued but not received.

(b) Use of Estimates and Judgments

Preparation of these consolidated interim financial statements has required the use of certain estimates made by the management of ILC to estimate some of the recorded assets, liabilities, revenues and expenses and commitments. Such estimates are based on the Group management's best knowledge and belief regarding the amounts, actions or events and relate mainly to the following:

(4) Significant Accounting Policies, Continued

(b) Use of Estimates and Judgments, Continued

(i) Impairment of assets

The Group reviews the carrying amount of assets subject to impairment to determine whether there is any indication that the carrying amount could not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment. In assessing impairment, those assets not generating cash inflows independent of the cash inflows of other assets are grouped in the Cash Generating Unit (CGU) to which the asset belongs. The recoverable amount of these assets or CGUs is measured as the higher of their fair value or carrying amount.

Management necessarily applies judgment in grouping assets not generating independent cash inflows as well as in the cash flow estimate, periodicity and amounts underlying the estimate. Subsequent changes in the grouping of the CGUs or periodicity of cash inflows could affect the carrying amount of the assets.

(ii) Useful lives of property, plant and equipment

ILC's management determines the useful lives and depreciation charges of property, plant and equipment. This estimate is based on the projected life cycles of products within its segment. The Group reviews the estimated useful lives of property, plant and equipment at each annual reporting date.

(iii) Fair value of derivatives and other financial instruments

The fair value of financial instruments not quoted in an active market is determined using valuation techniques. The Group applies judgment to select a variety of methods and make hypotheses based mainly on market conditions at the reporting date. For derivative instruments, assumptions made are based on quoted market rates adjusted for the specific features of the instrument. Other financial instruments are measured using an analysis of discounted cash flows based on assumptions supported, when possible, by observed prices or market rates.

(iv) Criteria used to estimate the net realizable value of inventories

The input used to estimate the net realizable value is mainly the estimated sale price of inventories, but also considers product obsolescence, sales patterns, etc.

(4) Significant Accounting Policies, Continued

(b) Use of Estimates and Judgments, Continued

(v) Criteria used for the actuarial estimate of employee liabilities

Liabilities for contractual employee benefits are measured using an actuarial estimate that considers mainly personnel turnover due to retirement, mortality and disability rates, actual salary increase and survivors' rates, permanence to age of retirement.

(vi) Probability of occurrence and amount of uncertain or contingent liabilities

Estimates have been made considering the information available at the date of issuance of these consolidated financial statements; however, future events could make it necessary to modify these contingent liabilities in future periods (prospectively as a change in accounting estimate).

(vii) Criteria used for the actuarial estimate of insurance reserves

Insurance reserves for Compañía de Seguros de Vida Cámara S.A.'s disability and Survivorship insurance are valued considering mortality, morbidity and interest rates using an actuarial method.

(c) Equity Accounted Investees

Investments in entities over which ILC and its subsidiaries maintain joint control with other companies or those in which they have significant influence are accounted for under the equity method. In general, significant influence is presumed to exist when the Group holds an ownership exceeding 20%.

The equity method consists of recording the ownership percentage maintained by ILC and subsidiaries in the equity of the issuer. If the resulting amount is negative, the investment is recorded at zero unless the Group is committed to support the equity situation of the issuer, in which case a related provision for risks and expenses is recorded.

Dividends received from these entities are recorded, reducing the amount of the investments, and the equity in the profit of each investee is recorded, net of its tax effect, within Share of profit of equity accounted investees in the statement of income.

(d) Offsetting of Balances and Transactions

As a general standard, assets and liabilities and revenues and expenses are not offset in the financial statements, except when the offsetting is required or allowed by a standard and the presentation reflects the substance of the transaction.

(4) Significant Accounting Policies, Continued

(d) Offsetting of Balances and Transactions, Continued

Those revenues or expenses arising from transactions that, contractually or by requirement of a legal standard, can be offset by ILC and subsidiaries, that is that can be settled for their net amount or in which the asset can be realized and the liability paid simultaneously, are stated net in profit or loss.

(e) Property, Plant and Equipment

Property, plant and equipment costs includes the acquisition costs plus all costs directly attributable to bringing the asset to its working condition and location.

In addition, financing costs directly attributable to the acquisition or construction of assets that require a substantial time period to be ready for use or sale, are also considered as part of property, plant and equipment costs.

Items included within property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Repair, preservation and maintenance expenses are expensed as incurred. Some of the property, plant and equipment of ILC and its subsidiaries require periodical reviews. Accordingly, replaced items are recognized separately from the rest of the asset and at a level of disaggregation that allows amortizing them over the average period from the current and the following repair.

Costs related to asset extension, upgrade or improvement that represent an increase in the productivity, capacity or efficiency of the assets or an increase in their useful life, are capitalized as an increase in the value of the assets.

Property, plant and equipment include investments in assets acquired under financing lease agreements. These assets do not legally belong to the Group as it has not exercised its purchase option, if applicable.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

(f) Investment Property

Investment property corresponds to real estate held to earn rental income, appreciation or both.

Investment property is measured at cost less accumulated depreciation and impairment losses.

(4) Significant Accounting Policies, Continued

(f) Investment Property, Continued

As of January 1, 2010, the cost of investment property includes the remeasured value at that date. Subsequently, investment property is recognized at acquisition cost.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each item of investment property. This is the method that better reflects the pattern of consumption of the assets.

The depreciation and economic useful lives of investment property reviewed annually and adjusted, as necessary.

Rental income from the lease of investment property is recognized within *Other investment gain (losses)* in the statement of income on a straight-line basis over the lease term.

The property, plant and equipment of ILC and subsidiaries include the interest cost incurred for constructing and/or acquiring the assets. Such cost is capitalized until the moment the related assets are ready for use. The amount of capitalized financing is determined using the interest rate of the related credits.

(g) Depreciation

Items of property, plant and its equipment are depreciated on a straight-line basis by allocating the acquisition cost of the assets less their estimated residual value based on the estimated useful lives of the items. The main items of property, plant and equipment and their useful lives are as follows:

Useful life	**Range in years**
Buildings	20-80
Plant and equipment	3-10
Information technology equipment	2-5
Fixed facilities and accessories	10-20
Vehicles	3-5
Improvements to leased assets:	
Facilities	(*)

(*) Or the term of the agreement, whichever is lower.

The useful lives and residual values of items of property, plant and equipment are revised annually and depreciations commences when they are ready for use.

Land is recorded separately from the buildings or facilities built on them and deemed to have an indefinite useful life; accordingly, land is not depreciated.

(4) Significant Accounting Policies, Continued

(g) Depreciation, Continued

The Group assesses at least annually whether there are any indicators of impairment in its items of property, plant and equipment. Reversals of impairment losses are recorded in profit or loss or equity, as applicable.

(h) Intangible assets

Intangible assets relating to software, trademarks and the portfolio of AFP Hábitat S.A., have been acquired separately and are measured at cost on initial recognition.

The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition. Subsequent to initial recognition, intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are defined as definite or indefinite. For intangible assets with indefinite useful lives, impairment testing is conducted individually or at the cash generating unit (CGU) level.

Intangible assets with definite useful lives are amortized over their economic useful life and are assessed for impairment whenever impairment indicators exist. The amortization period and method for intangible assets with definite useful lives are assessed at least at each reporting date. Expected changes in the useful life are recognized as changes in the amortization period or method, as applicable, and treated as a change in accounting estimates. The amortization expense for intangible assets with definite useful lives is recognized in profit or loss within the expense category consistent with the function of the intangible asset.

(i) Impairment

ILC and subsidiaries use the following criteria to assess impairment:

(i) <u>Financial assets</u>

A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate

An impairment loss for an asset available for sale is estimated based on its fair value.

(4) Significant Accounting Policies, Continued

(i) Impairment, Continued

(i) Financial assets, Continued

All impairment losses are recognized in profit or loss. Any accumulated impairment loss relating to a financial asset available for sale which had been previously recognized in equity is reclassified to profit or loss when impairment indicators exist.

At each reporting date, ILC and its subsidiaries assess whether there are any indicators that an asset could be impaired. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell and is determined for individual assets unless assets do not generate cash inflows independent of the cash inflows of other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is reduced to its recoverable amount.

Impairment losses from continuing operations are recognized in the statement of income within the expenses categories related to the function of the impaired asset, except for previously reassessed property in which case the reassessment was previously recorded in equity. In this case impairment is recognized in equity up to the amount of any previous reassessment.

For non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. If any such indicator exists, ILC and its subsidiaries estimate the recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. If so, the carrying amount of the asset is increased to its recoverable amount. Such amount cannot not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The following criteria are also applied in assessing impairment of specific assets:

(ii) Goodwill

Goodwill arising from consolidation represents the excess of the acquisition cost over the Group's interest in the fair value of its assets and liabilities (including the identifiable contingent liabilities of a subsidiary on the date of acquisition).

The impairment of goodwill is determined by assessing the recoverable amount of the cash generating unit to which such goodwill relates. When the recoverable amount of the cash generating unit is lower than the carrying amount of the cash generating unit to which goodwill has been allocated, an impairment loss is recognized. An impairment loss in relation to goodwill is not reversed.

Goodwill is tested annually for impairment.

(4) Significant Accounting Policies, Continued

(i) Impairment, Continued

(iii) Inventories

In general, inventories relate to medical materials and supplies that are used during the course of operating activities. The cost of inventories is adjusted when it exceeds their net realizable value.

(iv) Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested annually for impairment. As of December 31, 2011, these assets and goodwill were tested for impairment and the Group did not identify any impairment to be recorded.

(v) Investments in affiliates

After applying the equity method, ILC determines whether it is necessary to recognize an additional impairment loss for its investment in affiliates. At each reporting date, ILC and its subsidiaries determine whether there is indication that the investment in an affiliate is impaired. If such indication exists, the investment is measured for impairment.

(j) Trade Receivables

Trade receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest method, less the provision for impairment losses.

A provision for impairment losses on trade receivables is recognized when there is evidence that ILC and its subsidiaries will not be able to recover all the indebted balances. The provision is recorded in profit or loss.

(k) Inventories

Medical supplies, clinical materials, medication and other materials are measured at the lower of their acquisition cost or their net realizable value.

The cost of inventories includes all costs related to the acquisition, transport, distribution and other costs incurred to bring them to their current condition and location at stores and warehouses.

The estimate of the cost is based on the “average weighted price”.

(4) Significant Accounting Policies, Continued

(l) Revenue Recognition

Revenue is recognized when it is probable that the economic benefits that will flow to ILC can be measured reliably. The following specific revenue recognition criteria must be met before recognizing revenue.

(i) Revenue from services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion at the reporting date, provided that the result of the transaction can be estimated reliably.

(ii) Interest income

Interest income is recognized as it accrues in profit or loss based on the capital balance pending payment and the applicable interest rate.

(iii) Real estate sale

Revenues from building leasing are recognized once the service has been rendered.

(iv) Investment dividends

Revenues from investments are recognized when the right to receive the payment has been established. When dividends have been declared.

(v) Insurance premiums

Revenues from insurance premiums correspond to the disability and survivorship insurance managed by the Subsidiary Compañía de Seguros de Vida Cámara S.A and are recognized throughout the contract period in function of the time lapsed.

(vi) Revenues from pension plan businesses

These include the commissions earned by AFP Habitat for the management of pension funds, which are accrued and recognized in profit or loss based on the retirement contributions credited in the individual accounts of its members as stated in Circular No. 1.540 of the Superintendency of Pensions. The above-mentioned standard does not generate any significant distortions with the criteria established by IAS 18.

Revenues related to the rendering of other services are charged to profit or loss when the services are rendered by AFP Habitat S.A.

(4) Significant Accounting Policies, Continued

(l) Revenue Recognition, Continued

(vi) Revenues from pension plan businesses, continued

Revenues related to the profitability of the reserve are charged to profit or loss based on the variations in the deposit values of the managed pension funds.

Revenue for the disability and survivorship coverage is recorded over the life of the contract based on rates contractually established with the insurance companies per the contracts agreed as of June 30, 2009.

(vii) Revenues from educational business

Revenues from enrollment and tuitions are deferred and recognized as revenue throughout the school year on a straight time basis.

(m) Other Non-Financial Assets

Corresponds to the application of the effective interest rate method to the commissions earned by the subsidiary Isapre Consalud S.A on certain products, which in accordance with IFRS are discounted at the effective interest rate and therefore recognized at maturity. Furthermore, the additional requirements of IAS 39 in respect of the identification of losses relating the up-to-date portfolio (impairment incurred, but not reported – AG 90) and the requirement of making adjustments to the historical loss rates under current market conditions (AG 91) have been applied.

(n) Trade and Other Payables

Trade accounts and other accounts payable are recognized at their nominal value, as their average payment is reduced and there is no material difference in fair value.

The obligations considered under this line item-global are valued at amortized cost.

(o) Other Current Non-Financial Liabilities

This line item mainly records those unearned income from tuitions, contributions and joining fees, which differ in the item life term of the right.

Loans and similar financial liabilities are initially recognized at their fair value, net of transaction costs. They are subsequently valued at their amortized cost and any differences between the funds obtained (net of the costs necessary for them to be obtained) and the reimbursement value, are recognized in the statement of income during the life of the debt in accordance with the effective interest rate method.

Financial obligations are classified as current liabilities unless ILC has an unconditional right to defer its settlement during at least twelve months after the latest balance sheet date.

(4) Significant Accounting Policies, Continued

(p) Provisions

ILC's current legal or implicit obligations existing at the date of the financial statements which result from past events, may generate probable equity damages for ILC, and whose amount and timing of settlement are uncertain are recorded in the statement of financial position as provisions based on ILC's current estimate of the most likely amount to be disbursed when settling the obligation.

Provisions are quantified based on the best information available on the date the financial statements are issued in respect to the consequences of the events that cause them and are re-estimated at each subsequent reporting date. In general, provisions are determined based on the historical data of ILC and its subsidiaries.

(i) Provisions and contingent liabilities

Provisions are liabilities whose amount or timing is uncertain. These provisions are recognized in the balance sheet when the following requirements are met:

- The liability relates to a present obligation arising from a past event and,
- At the date of the financial statements it is probable that an outflow of resources from the Group will be required to settle the obligation and the amount of these resources can be measured reliably.

A contingent liability is an obligation from past events whose existence will only be confirmed if one or more future uncertain events occur which are not under the control of the Group.

(q) Provisions for Employee Benefits

ILC and its subsidiaries have provisioned the cost of vacations and other employee benefits on an accrued basis. These benefits are accounted for as expenses at the moment in which the obligation is incurred from the underlying service received.

Some subsidiaries have recorded a provision to cover post-employment benefits for unlimited severance indemnity payments, in accordance with collective and/or individual agreements subscribed with their employees, which is recorded at actuarial value. The positive or negative effect on the indemnities derived from changes in estimates (turnover rates, mortality, retirement, etc.) are directly recorded in profit or loss.

(4) Significant Accounting Policies, Continued

(r) Provisions for Credit Risk

The provisions to cover asset loss risks have been recorded in accordance with IAS 39, which considers the estimate of losses incurred.

(s) Statement of Cash Flows

For the purposes of the preparation of the statement of cash flows, ILC and its subsidiaries have established the following parameters:

Cash and cash equivalents comprise cash, balances in bank current accounts, time deposits in credit entities and any other short-term, highly liquid investments with maturities of three months or less.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

(t) Current and Deferred Income Taxes

The Group accounts for income taxes based on the net taxable income determined in conformity with the standards established in the Income Tax Law in Chile.

Deferred taxes originated by temporary differences and other events that create differences between the accounting and tax base of assets and liabilities are recorded in accordance with the standards established in IAS 12 “Income Taxes”.

The income tax result for the period is determined as the sum of the current taxes of the different subsidiaries and taxes resulting from the application of the relevant tax rate over the taxable base of the period (once the applicable tax deductions have been applied) plus any variations in deferred tax assets, liabilities and tax credits. The differences between the carrying amount of assets and liabilities and their tax base generate the deferred tax assets and liabilities balances, which are calculated by using tax rates enacted or substantially enacted when the assets and liabilities are expected to be incurred.

Current tax and the variations in deferred taxes are recorded in profit or loss or in the line item *Income tax income (expense)* or in the line item *Equity* in the statement of financial position, depending on where the gains or losses to which it relates were recorded, except for assets or liabilities arising from business combinations.

(4) Significant Accounting Policies, Continued

(t) Current and Deferred Income Taxes, Continued

Deferred tax assets and tax credits are only recognized when it is probable that there will be future tax gains sufficient for recovering any temporary difference in deductions and applying tax credits. A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of purchased goodwill and those whose origin is determined by the valuation of investments in subsidiaries, affiliates and interests in joint ventures where the Group can control the timing of their reversal and it is probable that the temporary difference will not be reversed in the foreseeable future.

(u) Dividends

Interim and final dividends are recorded as a valuation of "Total Equity" upon their approval by the corresponding entity, which in the first instance is the Board of Directors of each company and in the second instance is the Shareholders of each company at the Ordinary General Shareholders' Meeting.

(v) Finance Costs (of Non-Financial Activities)

Interest income and expenses are recognized over on the accrued period and the effective interest rate over the outstanding balance.

(w) Finance Leases

The Group's policy establishes that when the lessor substantially transfers all the risks and rewards of ownership of the asset to the leases, the ownership of the asset, in this case, may or may not be transferred. When ILC and its subsidiaries act as the lessee of an asset subject to a finance lease, the cost of the leased assets are presented in the consolidated statement of financial position, as per the nature of the asset subject to the agreement and, simultaneously, a liability is recorded in the statement of financial position for the same amount.

Such amount will be the lower of the fair value of the leased asset or the sum of the present values of the amounts payable to the lessor plus, the exercise price of the purchase option. These assets are amortized with criteria similar to the ones applied to property, plant and equipment or over the lease term, when this is shorter.

Finance costs derived from the financial update of the recorded liability are charged in the line item *Finance costs* of the consolidated comprehensive income.

(4) Significant Accounting Policies, Continued

(x) Operating Leases

Leases where the ownership of the leased asset and substantially all the risks and rewards of the asset remain with the lessor are classified as operating leases.

Income or expenses from lease agreements are recognized in the line item *Other income* or *Other expenses* of the profit or loss account, as incurred.

(y) Segment Reporting

The Group presents segment reporting based on the financial information made available to the key decision-makers in respect of matters such as profitability measurement and investment allocation.

(z) Earnings (Losses) per Share

Basic earnings per share is calculated by dividing the net profit (loss) of the period attributable to ILC by the weighted average number of ordinary shares outstanding during the period, without including the average number of shares of ILC owned by any of the subsidiaries, if this was the case. In 2011, ILC and its subsidiaries did not conduct any operations with a potential dilutive effect implying an earning per diluted share other than the basic benefit per share.

(aa) Insurance Reserves of the Subsidiary Compañía de Seguros de Vida Cámara S.A.

The disability and survivorship insurance (SIS) is acquired by the Pension Fund Administrators (AFPs) as a whole to provide SIS benefits to their members in case they become disabled or die. As of March 31, 2012 and December 31, 2011, Vida Cámara maintains two policies in force with the AFPs relating to SIS insurance.

The SIS insurance reserves are required to be calculated based on the estimated present value of the expected future payments to which the member has rights to receive.

The constituted insurance reserves are reviewed on a monthly basis and are subject to a liability adequacy test to determine the sufficiency of the insurance reserves to cover the projected future cash flows derived from in force insurance contracts, taking into account the estimations of mortality, morbidity and interest rates based on historical data and the characteristics of the client's portfolio. If a deficiency in the insurance reserves is determined when applying the liability adequacy test, the company has to record an additional reserve with charge to profit and loss.

(4) Significant Accounting Policies, Continued

(bb) Pension Reserve of the Subsidiary Administradora Fondos de Pensiones Hábitat S.A.

With the purpose of guaranteeing a minimum profitability of the pension funds referred to in Article No.37 of D.L. No.3,500 of 1980 and in conformity with Article No.40 of the same legal instrument, AFP Habitat S.A. must maintain an asset called "Reserve" for each type of fund it manages equivalent to 1% of the value of each such pension fund, which shall be invested in deposits. This investment will be valued multiplying the number of equivalent deposits per fund at their closing value on the day the information must be provided.

(cc) Standards and Interpretations of IFRS

(a) Standards and Interpretations effective as from January 1, 2010:

The following new Standards and Interpretations have been adopted in these financial statements.

Amendments to IFRS	**Mandatory application for**
IAS 24, *Related Party Disclosures*	Annual periods beginning on or after January 1, 2011
IAS 32, *Classification of Issuance Rights*	Annual periods beginning on or after February 1, 2010
Improvements to IFRS May 2010 – *collection of amendments to seven International Financial Reporting Standards*	Annual periods beginning on or after January 1, 2011

New Interpretations	**Mandatory application for**
IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*	Annual periods beginning on or after July 1, 2010
IFRS 9, *Financial Instruments :Classification and Measurement*	Annual periods beginning on or after January 1, 2015

Amendments to Interpretations	**Mandatory application for**
IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	Annual periods beginning on or after January 1, 2011

The application of these standards has not had a significant impact on the amounts reported in these financial statements; however, the standards may affect the accounting for future transactions or agreements.

(4) Significant Accounting Policies, Continued

(cc) Standards and Interpretations of IFRS, Continued

(b) The following new standards and Interpretations have been issued but their date of application is still not in force:

New IFRS	**Mandatory application for**
IFRS 9, *Financial Instruments*	Annual periods beginning on or after January 1, 2015
IFRS 10, *Consolidated Financial Statements*	Annual periods beginning on or after January 1, 2013
IFRS 11, *Joint Arrangements*	Annual periods beginning on or after January 1, 2013
IFRS 12, *Disclosure of Interests in Other Entities*	Annual periods beginning on or after January 1, 2013
IFRS 13, *Fair Value Measurement*	Annual periods beginning on or after January 1, 2013

Amendments to IFRS	**Mandatory application for**
IAS 1, *Presentation of Financial Statements– Presentation of Components of Other Comprehensive Income*	Annual periods beginning on or after July 1, 2012
IAS12, *Deferred taxes – Recovery of Underlying Assets*	Annual periods beginning on or after January 1, 2012
IAS19, *Employee Benefits (2011)*	Annual periods beginning on or after January 1, 2013
IFRS 1 (Revised), *First-time adoption of International Financial Reporting Standards – (i) Removal of Fixed Dates for First-time Adopters – (ii) Severe Hyperinflation*	Annual periods beginning on or after July 1, 2011.
IFRS 7, Financial Instruments: Disclosures - *Disclosures – Transfers of Financial Assets*	Annual periods beginning on or after July 1,2011
IAS 27 *Separate Financial Statements*	Annual periods beginning on or after July 1, 2013
IAS 38 *Investments in Affiliates and Joint Ventures*	Annual periods beginning on or after July 1, 2013
IFRS 7, *Exposure– compensation of financial assets and liabilities*	Annual periods beginning on or after July 1, 2013

Management is evaluating the future impact of the adoption of IFRS 9. In regards to the other abovementioned standards, it is anticipated that they will not have a significant impact on the amounts reported in these financial statements; however, they may affect the accounting for future transactions or agreements.

(5) Risk Management

ILC is a holding that develops its businesses in the retirement and insurance services, healthcare and other sectors in a decentralized manner. The business decisions of each of these activities are analyzed and materialized by the Management and the Board of Directors of each of the subsidiaries taking into account their own risks and the ways to mitigate them.

The main risks to which the group's businesses are exposed are regulatory, market, insurance technical, operational, credit and liquidity risks.

5.1 Regulatory Risk

The regulations, standards and stable criteria allow the proper evaluation of projects and the reduction of investment risks; therefore, an adequate follow-up of the evolution of the regulation is relevant. Most of the businesses developed by ILC are regulated by the Superintendencies of Securities and Insurance, Pensions and Health, which by means of their own standards aim to watch over the transparency and timely inspection of their regulated entities in several aspects, especially risk management of different natures.

(i) Pension fund management business risk

The pension system reform of 2008 consolidated the existing pension system with broad support from Congress. This reform implied some changes in the industry's business such as commencing an auction process for SIS insurance and the auction process for the new affiliates market. At the same time, the reform established a long-term scenario that minimized the threats of relevant regulatory changes existing prior to such law.

(ii) Private health insurer (ISAPREs) risk

On December 21, 2011, a bill was filed to Congress modifying the Private Healthcare System creating, among others, a Guaranteed Plan (PGS) whose price would be the same for all the beneficiaries of a private health insurer (ISAPRE). This bill will generate an intense discussion as it implies significant changes to the health insurance system. Its application would cause all current ISAPRE beneficiaries to change their current healthcare plan for a new plan structure based on the PGS coverage plus, in some instances, a complementary plan, thus modifying elements such as the pricing, access, captivity, and risk control, among others.

5.2. Operational Risk

Operational risk is the risk of a direct or indirect loss originated by causes related to the ILC's processes, personnel, technology and infrastructure. ILC and subsidiaries have policies and internal control procedures that minimize operational risks.

(5) Risk Management, Continued

5.2. Operational Risk, Continued

(i) Internal Audit Committee

The internal audit committee, which is similar to a directors' committee, periodically reviews the transparency of ILC's activities and comprises of two ILC Directors as well as ILC's controller. The Committee's main tasks are: (i) supervising the functioning and efficiency of our internal control systems, (ii) detecting and analyzing issues that may result in risks for ILC, (iii) reviewing and proposing internal controls, (iv) reviewing internal and external audit reports, and (v) expressing an opinion on the issues that may generate effects on our equity. The committee meets on a monthly basis and regularly reports to our Board of Directors about its activities and work.

5.3. Market Risk

(i) Investment Committee

The Investment Committee of ILC comprises of two Directors and several Executive Officers of the Company and its role is to monitor the proper compliance with the issues established in the investment policy of ILC and the watching over the appropriate speed in investment decision-making. This committee meets regularly and periodically reports to the Board of Directors about its principal decisions and agreements reached.

(ii) Interest Rate Risk

Interest rate risk is expressed as the sensitivity of the value of ILC's financial assets and liabilities when facing fluctuations of market interest rates.

ILC and its subsidiaries' financial liabilities correspond to loans from financial entities, finance leases and debt obligations. As of March 31, 2012, 100% of these liabilities are structured at fixed interest rates and, accordingly, there is no exposure to the fluctuations of rates in the market.

The abovementioned reflects that the only exposure to these liabilities is the variation of UF, which is mitigated by the fact that changes in our revenue correlate to changes in the UF.

ILC's assets subject to interest rate risk include time deposits, fixed income mutual funds and other similar investments. Considering the average annual investment of ThCh$111,694,913 ILC recorded during 2012 with a maturity date of less than one year, a positive or negative variation of 100 basis points in the market interest rate obtained, would have increased or decreased, respectively, our income before taxes by ThCh$279,237, representing 0.6% of the total.

(5) Risk Management, Continued

5.3. Market Risk, Continued

(iii) Financial Investment Profitability Risk

Financial investment profitability risk relates to changes in the price of the instruments in which ILC invests, which are mainly exposed to the risks of volatility in the local and international financial markets and the variations in exchange and interest rates. ILC and its subsidiaries seek to mitigate this risk by following a policy of diversification. Additionally, ILC's investment policy calls for investing in instruments similar to the ones in which the five pension fund types invest, preferring geographic and asset type diversification and good credit risk.

In Vida Cámara, the investment portfolio is based on the policy set by its Board of Directors, which focuses on investments in financial instruments with tenors similar to Vida Cámara's liabilities, denominated in UF and with risk ratings equal to or higher than A+. Additionally, Vida Cámara's investment policy requires that at least 35% of its portfolio is in instruments issued by the Central Bank or the Treasury Department.

Considering a financial investment base of Ch$174,193 million recorded during 2011, a positive or negative variation of 100 basis points in the market interest rate obtained would have increased or decreased, respectively, Vida Cámara's income before taxes by Ch$1,742 million, or 1.4%.

(iv) Reserve profitability risk

The investments of pension funds are primarily exposed to the volatility risks of local and international financial markets and variations in exchange and interest rates. These risks directly affect the profitability of the pension funds and consequently the profitability of the reserve, which is reflected directly in the P&L for the year of the Managing Company.

Considering an investment base in the reserve of ThCh$186,784,027, a positive or negative variation of 100 basis points in the profitability of the reserve, would have increased or decreased, respectively, profits before taxes by ThCh$1,867,840, representing 3.8% of the total.

(v) Exchange rate risk

Excluding the effect of the exchange rate on the financial investments and the Reserve, ILC and its subsidiaries have not been significantly affected by the variation in exchange rates.

(5) Risk Management, Continued

5.4. Technical Risk of Insurances

In the private health insurance business, the main risk element regarding the claims ratio is the correct pricing of the healthcare plans commercialized and the adequate correspondence with the costs and tariffs of the agreements with healthcare service suppliers, the intensity of use and the frequency of its contributors. This is a significant risk in the industry due to the low net margins with which it operates; in order to mitigate this risk, Isapre Consalud has sophisticated pricing models and a team expert in these matters.

The disability and survivorship insurance business is affected by five elements: the number of disability requests filed and the number of deaths during the coverage period, the evolution of the selling rate of Life Annuities, the evolution of the profitability of Pension Funds, the approval rate for the disability requests filed and the evolution of the taxable income of the contributors of the AFP system.

The pricing process of the SIS was based on a in-depth statistical and financial analysis performed by the company which helped project the variables; additionally Compañía de Seguros de Vida Cámara has a set of financial matching policies of its investment portfolio with the average term of its liabilities, which mitigates the effect of decreases in interest rates and a complete team focused on the management in the process of settlement of the insurance complementary to the Department of Disability and Survivors', an entity that centralizes the back-office of the SIS and which is dependent on the Asociación de Aseguradores de Chile (Chilean Association of Insurers).

5.5. Liquidity Risk

Liquidity risk is the risk that ILC will encounter difficulty in meeting ITS commitments, financial obligations, working capital needs and investments in property, plant and equipment.

ILC generally finances its activities and investments with dividends and other distributions received from its subsidiaries and investees and funds obtained from the sale of assets and/or in the issuance of debt and equity securities.

ILC has liquid financial resources to meet its short and long-term obligations. In addition its businesses generate a significant amount of cash, and ILC has wide access to banking and capital markets, especially supported by credit ratings of AA and AA+, given by Feller-Rate and Humphreys, respectively. This was reflected in ILC's sale of bonds in the amount of UF 2,500,000 in 2011, and Red Salud's sale of bonds in January 2012.

Additionally, ILC constantly analyses its financial position by making projections of cash flows and the general economic environment with the purpose of, if necessary, assuming new pre-approved, short-term lines of credit that allow ILC to cover any liquidity risks.

Detailed information on the maturities of financial liabilities can be found in Note 19.

(5) Risk Management, Continued

5.6. Credit Risk

Credit risk is the risk ILC faces of experiencing a financial loss in the event of nonperformance by counterparties to its financial instruments. Most of ILC's financial instruments, such as its reserves and its investment portfolio, have high standards set by Chilean regulators and our own investment policies. These policies consider minimum risk ratings, maximum interest ownership in industries or companies and high levels of investment in low-risk instruments issued by the Central Bank or the Treasury Department. Therefore, ILC's credit risk is reduced to almost the same risk faced by the largest institutional investors in Chile.

(6) Cash and Cash Equivalents

As of March 31, 2012 and December 31, 2011, this line item included the following:

	Currency	03-31-2012 ThCh$	12-31-2011 ThCh$
Cash on hand and bank balances	Ch$	11,525,352	14,606,530
Short-term time deposits	Ch$	58,897,629	35,596,816
Money market funds	Ch$	74,004,269	33,466,081
Other investments	Ch$	11,051,220	10,373,810
Total		155,478,470	94,043,237

Time deposits have maturities of less than three months since their date of acquisition and they accrue interest at market rates for these types of investments.

Fixed income mutual funds correspond to investments in mutual fund deposits, valued daily.

Cash and cash equivalents do not have availability restrictions.

(7) Trade and Other Receivables, Net

As of March 31, 2012 and December 31, 2011, trade and other receivables (net of impairment estimate) included the following:

Current

2012	Assets before provisions ThCh$	Impairment provisions recorded ThCh$	Net asset ThCh$
Premiums receivable	27,027,766	-	27,027,766
Promisory notes	10,603,057	(1,978,152)	8,624,905
Trade receivables	34,054,733	(1,431,225)	32,623,508
Contribution receivables	3,566,508	(367,836)	3,198,672
Other	8,102,261	(2,181,162)	5,921,099
Total	83,354,325	(5,958,375)	77,395,950

(7) Trade and Other Receivables, Net, Continued

2011	**Assets before provisions ThCh$**	**Impairment provisions recorded ThCh$**	**Net asset ThCh$**
Premiums receivable	28,299,453	-	28,299,453
Promisory notes	7,135,873	(1,636,117)	5,499,756
Trade receivables	26,682,197	(1,307,995)	25,374,202
Contribution receivables	2,889,090	(262,239)	2,626,851
Other	9,049,186	(2,249,987)	6,799,199
Total	74,055,799	(5,456,338)	68,599,461

Non-Current 2012	**Assets before provisions ThCh$**	**Provisions recorded ThCh$**	**Net asset ThCh$**
Mortgage loans	1,050,595	-	1,050,595
Trade accounts receivable	7,730,274	(4,476,011)	3,254,263
Total	8,780,869	(4,476,011)	4,304,858

2011	**Assets before provisions ThCh$**	**Provisions recorded ThCh$**	**Net asset ThCh$**
Mortgage loans	1,064,399	-	1,064,399
Trade accounts receivable	8,094,678	(4,881,772)	3,212,906
Total	9,159,077	(4,881,772)	4,277,305

(7) Trade and Other Receivables, Net, Continued

	Promisory notes ThCh$	Trade receivables ThCh$	Contribution receivables ThCh$	Other ThCh$	Total ThCh$
Balance as of January 1, 2012	1,636,117	1,307,995	262,239	2,249,987	5,456,338
Additional provisions	378,755	145,916	105,597	-	630,268
Reductions derived from write-downs	-	(8,404)	-	-	(8,404)
Release of provisions	(36,720)	(14,282)	-	(68,825)	(119,827)
Total March 31, 2012	1,978,152	1,431,225	367,836	2,181,162	5,958,375

	Promissory notes ThCh$	Trade receivables ThCh$	Contribution receivables ThCh$	Other ThCh$	Total ThCh$
Balance as of January 1, 2011	225,978	1,696,188	247,595	811,147	2,980,908
Additional provisions	1,614,001	1,439,454	39,058	1,438,840	4,531,353
Reductions derived from write-downs	(203,862)	(1,025,369)	-	-	(1,229,231)
Release of provisions	-	(802,278)	(24,314)	-	(826,592)
Total	1,636,117	1,307,995	262,339	2,249,987	5,456,438

The Group has the following balances of trade and other receivables portfolio that is past due but not impaired:

	03-31-2012 ThCh$	12-31-2011 ThCh$
With maturities of less than three months	1,966,880	7,883,032
With maturities between three and six months	312,248	805,650
With maturities between six and twelve months	347,665	1,104,530
With maturities of more than twelve months	3,077	1,927
Total	2,629,870	9,795,139

(8) Balances and Transactions with Related Parties

The transactions between entities within the Group correspond to regular operations as to their purpose and conditions. These transactions have been eliminated in the consolidation process and are not detailed in this note.

The balances of trade accounts receivable and payable between the Group and its non-consolidated related parties are detailed as follows:

(i) Trade receivables due from related parties

Tax ID No.	Company	Country of origin	Transaction	Currency	Current 03-31-2012 ThCh$	Current 12-31-2011 ThCh$
70.285.100-9	Mutual de Seguridad Cámara Chilena de la Construcción	Chile	Medical assistance	Ch$	107,482	86,669
96.929.390-0	Servicios de Administración Previsión S.A.	Chile	Rendering of services	Ch$	266,167	266,167
96.981.130-8	Administradora de Fondos de Cesantía Chile S.A.	Chile	Rendering of services	Ch$	25,543	32,440
55.555.555.5	CCI Marketplace S.A.	Colombia	Rendering of services	Ch$	35,422	24,944
81.826.800-9	C.C.A.F. de los Andes	Chile	Rendering of services	Ch$	31,301	70,213
70.016.010-6	Servicio Médico Cámara Chilena de la Construcción	Chile	Medical assistance	Ch$	235,608	228,585
99.533.790-8	Clínica Elqui S.A.	Chile	Medical assistance	Ch$	53,675	53,674
71.330.800-5	Fundación de Asistencia Social	Chile	Medical assistance	Ch$	-	1,032
74.422.770-0	Clínica San Marcos	Chile	Medical assistance	Ch$	-	1,765
96.995.840-6	Administradora de Inversiones La Construcción S.A.	Chile	Medical assistance	Ch$	-	2,924
96.502.530-8	Isapre Vida Tres S.A.	Chile	Rendering of services	Ch$	-	5,759
96.567.920-8	Clinica Magallanes S.A.	Chile	Rendering of services	Ch$	68,668	-
81.458.500-k	Cámara Chilena de la Construcción A.G.	Chile	Rendering of services	Ch$	69	-
77.532.050-8	Centro de Formación Técnica Aconcagua	Chile	Current Account	Ch$	150,000	-
	Total				973,935	774,172

Tax ID No.	Company	Country of origin	Transaction	Currency	Current 03-31-2011 ThCh$	Current 12-31-2011 ThCh$
70.285.100-9	Mutual de Seguridad Cámara Chilena de la Construcción	Chile	Medical assistance	Ch$	105,998	162,996
96.981.130-8	Administradora de Fondos de Cesantía Chile S.A.	Chile	Rendering of services	Ch$	3,174	2,917
96.929.390-0	Servicio de Administración Previsión S.A.	Chile	Rendering of services	Ch$	139,228	142,624
56.032.920-2	Comunidad Edificio La Construcción	Chile	Maintenance expenses	Ch$	39,876	37,512
95.572.800-7	Isapre Banmédica S.A.	Chile	Rendering of services	Ch$	-	19,762
96.793.370-8	Laboratorio de Neurofisiología Digital y Estudio del Sueño S.A.	Chile	Rendering of services	Ch$	28,349	17,114
55.555.555-5	CCI Marketplace S.A.	Colombia	Rendering of services	Ch$	-	7,185
81.458.500-K	Cámara Chilena de la Construcción AG	Chile	Rendering of services	Ch$	94,004	-
96.567.920-8	Clinica Magallanes S.A.	Chile	Dividends	Ch$	89,561	-
	Total				500,190	390,110

The rest of the balances receivable and payable are denominated in Chilean pesos and do not bear interests. The collection term of short-term balances receivable and payable fluctuates between 30 and 180 days.

(8) Balances and Transactions with Related Parties, Continued

(ii) Significant transactions and their effect in profit or loss

The effects of the transactions with non-consolidated related parties on the statement of comprehensive income are the following:

				03-31-2012		12-31-2011	
Tax ID No.	**Company**	**Relationship**	**Transaction**	**Amount ThCh$**	**Effect on P&L (charge) / credit ThCh$**	**Amount ThCh$**	**Effect on P&L (charge) / credit ThCh$**
70.285.100-9	Mutual de Seguridad Cámara Chilena de la Construcción	Shareholder	Lease payments received	326,235	326,234	18,736	18,736
70.285.100-9	Mutual de Seguridad Cámara Chilena de la Construcción	Shareholder	Rendering of services	12,127	12,127	15,084	15,084
96.929.390-0	Servicio de Administración Previsional S.A.	Affiliate	Lease payments received	34,347	38,347	35,218	35,218
96.929.390-0	Servicio de Administración Previsional S.A.	Affiliate	Collection services	331,339	(331,339)	219,605	(219,605)
96.929.390-0	Servicio de Administración Previsional S.A.	Affiliate	Technological service	88,601	(88,601)	65,574	(65,574)
96.981.130-8	Administradora de Fondos de Cesantía de Chile S.A.	Affiliate	Rendering of services	24,155	24,070	69,112	69,030
81.826.800-9	CCAF Los Andes	Shareholder	Collection and typing services	94,064	(94,064)	120,900	(120,900)
81.826.800-9	CCAF Los Andes	Shareholder	Lease payments received	94,064	-	-	-
81.826.800-9	CCAF Los Andes	Shareholder	Services for collected agreements	23,681	-	-	-
81.826.800-9	CCAF Los Andes	Shareholder	Lease payments received and maintenance expenses	13,982	13,982	128	128
71.800.700-3	Ciedess	Common parent	Lease payments received	6,807	6,807	-	-
73.213.000-4	Corporación Cultural Cámara Chilena de la Construcción	Common parent	Lease payments received	3,265	3,265	-	-
78.029.910-3	Gestión de Personas y Servicios S.A-	Common parent	Security and cleaning services	17,203	(17,203)	10,682	(10,682)
55.555.555-5	CCI Marketplace S.A.	Affiliate	Hosting services	19,388	19,388	12,434	12,434
70.016.010-6	Servicio Médico de la Cámara Chilena de la Construcción	Shareholder	Collective health insurance	-	-	1,074	1,074
70.016.010-6	Servicio Médico de la Cámara Chilena de la Construcción	Shareholder	Paid agreement services and expense recovery	3,490,569	-	1,506,558	-
70.016.010-6	Servicio Médico de la Cámara Chilena de la Construcción	Shareholder	Collectable agreement services	3,661,511	397,018	1,558,499	-
99.533.790-8	Clínica Elqui S.A.	Indirect affiliate	Current account	53,674	-	-	-
76.381.130-1	Inversiones Farmacéuticas Air S.A.	Affiliate	Current account	-	-	10,329	-

(8) Balances and Transactions with Related Parties, Continued

(iii) Management and senior management

The members of senior management and others who assume the management of the Group, as well as the shareholders or natural or legal persons they represent, have not participated as of March 31, 2012 and December 31, 2011 in any unusual and/or relevant transactions of the Group.

As of March 31, 2012 and December 31, 2011, the Group is managed by a Board of Directors consisting of 9 members, which hold their positions for two years with the possibility of being reelected.

(vi) Compensation of the Board of Directors

As of March 31, 2012 and December 31, 2011, the compensation paid to 10 members of the Board of Directors of ILC amounted to ThCh$28,509 and ThCh$105,607, respectively.

(v) Compensation of managers and senior executives of the group

As of March 31, 2012 and December 31, 2011, the compensation paid to the managers and senior executives amount to ThCh$254,669 and ThCh$1,894,704, respectively. There are no long-term or post-employment benefits for the key personnel of the Group.

(9) Inventories

(a) As of March 31, 2012 and December 31, 2011, this line item (net of provisions for obsolescence and others) included the following:

	03-31-2012 ThCh$	12-31-2011 ThCh$
Clinical materials	332,996	368,310
Medical supplies	546,708	554,596
Drugs	514,152	559,772
Materials	259,321	250,559
Total	1,653,177	1,733,237

(b) Movements in inventories during 2012 and 2011 are the following:

	Clinical materials ThCh$	Medical supplies ThCh$	Drugs ThCh$	Other Materials ThCh$	Total ThCh$
Balance as of 01-01-2012	368,310	554,596	559,772	250,559	1,733,237
Additions	1,919,534	1,116,270	722,975	439,185	4,197,964
Consumables recorded in P&L	(1,954,848)	(1,124,158)	(768,595)	(430,423)	(4,278,024)
Balance as of 03-31-2012	332,996	546,708	514,152	259,321	1,653,177

	Clinical materials ThCh$	Medical supplies ThCh$	Drugs ThCh$	Other Materials ThCh$	Total ThCh$
Balance as of 12-31-2010	262,781	566,929	144,109	49,115	1,022,934
Additions	6,845,272	3,878,447	3,887,875	857,438	15,469,032
Consumables recorded in P&L	(6,739,743)	(3,890,780)	(3,472,212)	(655,994)	(14,758,729)
Balance as of 12-31-2011	368,310	554,596	559,772	250,559	1,733,237

At March 31, 2012 and December 31, 2011, there were no inventories pledged as collateral or disposals for revaluation of inventories.

(10) Financial Instruments

The balances of the financial instruments measured at fair value for the periods ended as of March 31, 2012 and December 31, 2011 are the following:

	Fair value	
	2012 ThCh$	**2011 ThCh$**
Other current financial assets		
Shares	7,503,717	6,942,944
Domestic investment funds	3,972,899	3,970,220
Foreign investment funds	17,071,021	16,569,843
Fixed income instruments issued by the Government	44,791,452	37,373,987
Fixed income instruments issued by financial institutions	38,004,559	37,031,452
Fixed income instruments issued by private institutions	41,554,195	42,164,434
Time deposits	8,047,801	15,532,438
Financial instruments and trade accounts receivables	1,543,710	1,530,643
Total other current financial assets	162,489,354	161,115,961
Other non-current financial assets		
Reserve maintained in Pension Fund Type A	33,504,069	30,531,489
Reserve maintained in Pension Fund Type B	38,680,142	36,159,016
Reserve maintained in Pension Fund Type C	74,624,870	71,086,669
Reserve maintained in Pension Fund Type D	24,288,891	23,381,023
Reserve maintained in Pension Fund Type E	15,686,055	15,217,412
Financial instruments and trade accounts receivables	12,786,060	12,455,784
Total other non-current financial assets	199,570,087	188,831,393

The balance recorded in the line item *Other financial instruments and trade accounts receivable* as of March 31, 2012, includes ThCh$11,479,810 corresponding to a guarantee established by the subsidiary Isapre Consalud S.A., which is intended to enforce the provisions of Articles Nos.26, 27 and 28 of Law N°18.933 and its amendments. According to this Law, private health insurers must record and maintain, in an authorized entity, a guarantee equivalent to the amount of the obligations owed to contributors, beneficiaries and health service suppliers.

(10) Financial Instruments, Continued

(a) Methodology and assumptions used in the calculation of fair value

The fair value of financial assets and liabilities were determined by means of the following methodology:

(i) The amortized cost of time deposits is a good approximation of the fair value, as they are short-term operations.

(ii) Derivative instruments are accounted for at their market value. These instruments were measured by using the quotes of exchange rates, interest rates and the variation of the UF as per the projected curves, applied to the remaining term to the date of maturity of the instrument.

(iii) The fair value of financial loans was determined through the cash flow analysis methodology, applying the discount curves corresponding to the remaining term to the date of maturity of the instrument.

(iv) The fair value of assets and liabilities that do not have market quotes is based on the discounted cash flow using the interest rate for similar terms of maturity.

(b) Recognition measurements at fair value in the financial statements

Level 1:
Correspond to measurement methodologies at fair value through quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Correspond to measurement methodologies at fair value through inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:
Correspond to measurement methodologies at fair value through inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of March 31, 2012 and December 31, 2011, the calculation of the fair value of all the financial instruments subject to measurement has been determined based on Level 2 of the above mentioned hierarchy.

(11) Income Tax

(a) Income tax expenses recorded in the consolidated statement of income for the periods March 31, 2012 and 2011 are detailed as follows:

Income tax expense	**2012**	**2011**
	ThCh$	**ThCh$**
Current tax expense	(8,744,499)	(8,440,483)
Deferred tax adjustment	75,961	1,169,930
Income tax expense, net	(8,668,538)	(7,270,553)

(b) The charge (credit) to profit or loss for the period can be reconciled with the accounting profit (loss) as follows:

	2012	
	Rate %	**ThCh$**
Reconciliation of effective rate		
Profit before taxes		**49,538,719**
Tax loss using the legal rate	**(18.50)**	**(9,164,663)**
Adjustments to tax income (expense) used at the legal rate:		
Long-term differences (18.50%):		
Revaluation of property, plant and equipment	1.84	910,801
Price-level adjustment	0.56	277,254
Impairment of property, plant and equipment	(2.32)	(1,148,884)
Lease contracts	0.11	55,720
Investment valuation spread	3.22	1,596,757
Tax result carryforwards	1.46	725,011
Provision for assistance provided but not settled	(0.64)	(319,141)
Provision for medical leaves	(2.84)	(1,407,748)
Interest on earnings from affiliates	(0.59)	(294,673)
Other aggregates and deductions	0.20	101,028
Total tax rate difference adjustment	1.00	496,125
Tax loss using the effective rate	(17.50)	(8,668,538)

(11) Income Tax, Continued

(b) The charge (credit) to profit or loss for the period can be reconciled with the accounting profit (loss) as follows, Continued:

	2011	
	Rate %	**ThCh$**
Reconciliation of effective rate		
Profit before taxes		**37,561,329**
Tax loss using the legal rate (17%)	**(20.00)**	**(7,512,266)**
Adjustments to tax income (expense) used at legal rate:		
Long-term differences (17%):		
Interest on earnings from affiliates	0.96	360,101
Provision for claims ratio and finance income	(0.87)	(325,001)
Portfolio valuation spread	1.65	619,061
Provision difference	1.41	528,936
Tax price-level adjustment, related parties	1.75	658,936
Share market variation	(1.54)	(578,423)
Cost of sale of 18 ter shares	(0.95)	(356,968)
Sale of 18 ter shares	0.99	373,572
Price-level adjustment of tax share capital	(3.70)	(1,389,455)
Other aggregates and deductions	0.94	350,954
Total tax rate difference adjustment	0.64	241,713
Tax loss using the effective rate	(19.36)	(7,270,553)

(c) Current tax trade accounts receivable and payable as of March 31, 2012 and December 31, 2011 are detailed as follows:

Taxes recoverable (payable)	**2012**	**2011**
	ThCh$	**ThCh$**
First category income tax	(29,788,846)	(28,236,384)
Monthly income tax installments	23,443,740	23,460,076
Tax recoverable for absorption of tax losses	236,604	131,482
Tax credit for training expenses	693,861	596,038
Credit for acquisition of PP&E	122,147	97,610
Contributions	50,608	438,938
Credit for donations	128,681	145,030
Other	430,032	127,261
Total taxes (payable) recoverable, net	(4,683,173)	(3,239,949)

(11) Income Tax, Continued

(c) Current tax trade accounts receivable and payable as of March 31, 2012 and December 31, 2011 are detailed as follows, Continued:

	2012 ThCh$	2011 ThCh$
Current tax assets	1,548,703	931,654
Current tax liabilities	(6,231,876)	(4,171,603)
Total taxes (payable) recoverable, net	(4,683,173)	(3,239,949)

(d) Deferred tax assets and liabilities as of March 31, 2012 and December 31, 2011 are each period are detailed as follows:

Deferred tax assets, recognized	2012 ThCh$	2011 ThCh$
Deferred tax assets related to derivatives	6,527	3,937
Deferred tax assets related to provisions	6,889,947	6,489,102
Deferred tax assets related to tax losses	3,379,808	2,935,549
Deferred tax assets related to unearned income	1,833,135	845,998
Deferred tax assets related to leasing	13,065,042	9,363,119
Deferred tax assets related to fixed income goodwill	-	114,882
Deferred tax assets related to others	911,342	647,455
Deferred tax assets	26,085,801	20,400,042

Deferred tax liabilities, recognized:	2012 ThCh$	2011 ThCh$
Deferred tax liabilities related to the revaluation of legal reserve deposits not disposed of	17,724,254	16,316,506
Deferred tax liabilities related to prepaid expenses	3,183,362	3,036,333
Deferred tax liabilities related to revaluations of property, plant and equipment	10,949,785	10,952,701
Deferred tax liabilities related to revaluations of provision for prescription	2,182,056	2,245,184
Deferred tax liabilities related to reclassification of deferred taxes	26,542	-
Deferred tax liabilities related to depreciation	2,265,594	1,347,370
Deferred tax liabilities related to intangible assets	10,587,560	10,697,762
Deferred tax liabilities related to revaluations of PP&E	1,389,269	2,685,009
Deferred tax liabilities related to others	5,362,387	645,875
Deferred tax liabilities	53,670,809	47,926,740

(11) Income Tax, Continued

(d) Deferred tax assets and liabilities as of March 31, 2012 and December 31, 2011 are each period are detailed as follows, Continued:

Deferred tax movements	**Assets**	**Liabilities**
	ThCh$	**ThCh$**
Balance as of January 1, 2012	20,400,042	47,926,740
Decrease in deferred taxes receivable	5,685,759	-
Increase in deferred taxes payable	-	5,744,069
Balance as of March 31, 2012	26,085,801	53,670,809
Balance as of January 1, 2012	7,465,656	40,332,483
Increase in deferred taxes receivable	12,934,386	-
Increase in deferred taxes payable	-	7,594,257
Balances as of December 31, 2011	20,400,042	47,926,740

(12) Other Non-Financial Assets

Current

	2012	**2011**
	ThCh$	**ThCh$**
Deferred sale expenses (1)	6,992,500	6,698,311
Unearned lease payments	371	2,148
Support and maintenance	96,616	189,064
Insurances	271,061	42,229
Advances to suppliers	1,371,176	1,188,316
Other taxes receivable	30,739	30,739
Other (2)	1,077,759	771,941
Total	9,840,222	8,922,748

Non-current	**2012**	**2011**
	ThCh$	**ThCh$**
Deferred sale expenses (1)	11,270,300	10,750,262
Contribution Aguas Andinas S.A.	24,798	24,368
Guarantees	535,445	527,642
Other (2)	1,033,543	1,048,724
Total	12,864,086	12,350,996

(1) Correspond to the commissions paid to the sale agents of the subsidiary Isapre Consalud S.A., which are recorded in profit or loss over the estimated period of the healthcare service contracts, valued as stated in note 4 (m).

(2) The line item “Others” includes prepaid expenses for uniforms and apparel for the medical personnel of the subsidiaries of Red Salud S.A.

(13) Investments in Subsidiaries

The consolidated financial statements include the financial statements of the Parent and the companies controlled as stated in Note 4(c). The following is detailed information of the consolidated subsidiaries as of March 31, 2012 and December 31, 2011.

03-31-2011

Tax ID No.	Company	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Revenues ThCh$	Gain ThCh$
98.000.100-8	AFP Hábitat S.A.	55,803,025	210,052,520	11,814,865	18,299,929	31,005,741	26,118,454
96.856.780-2	Isapre Consalud S.A.	26,659,058	49,535,459	62,568,495	7,531,188	66,876,894	4,453,112
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	145,758,063	592,891	4,010,252	97,670,114	40,807,672	10,563,047
96.834.400-5	Desarrollos Educacionales S.A.	11,092,161	40,822,004	15,444,436	25,162,460	1,486,303	(1,048,531)
96.941.720-0	Iconstruye S.A.	2,366,163	1,364,855	865,250	44,432	778,615	189,277
96.608.510-K	Invesco Internacional S.A.	199,977	1,056,030	5,802	-	-	(75,075)
76.020.458-7	Empresas Red Salud S.A.	87,991,313	202,601,335	44,816,301	131,415,014	37,030,980	550,709
	Total	329,869,760	506,025,094	139,525,401	280,123,137	177,986,205	40,750,993

12-31-2011

Tax ID No.	Company	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Revenues ThCh$	Gain (loss) ThCh$
98.000.100-8	AFP Hábitat S.A.	49,881,723	198,728,164	22,291,645	16,721,835	114,486,113	61,654,009
96.856.780-2	Isapre Consalud S.A.	33,480,387	48,477,615	72,823,433	7,492,847	244,614,683	8,575,840
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	135,045,034	469,927	2,975,963	98,719,524	154,111,489	34,624,333
96.834.400-5	Desarrollos Educacionales S.A.	6,767,062	39,292,447	8,921,805	24,782,039	12,867,215	764,724
96.941.720-0	Iconstruye S.A.	2,377,042	1,187,287	888,091	44,432	2,779,587	512,167
96.608.510-K	Invesco Internacional S.A.	204,074	1,124,837	3,631	-		134,629
76.020.458-7	Empresas Red Salud S.A.	47,176,749	196,003,433	45,733,201	83,602,977	133,939,121	1,341,815
	Total	274,932,071	485,283,710	153,637,769	231,363,654	662,798,208	107,607,517

Movements of the year

On December 2, 2011, by means of a share purchase and sale agreement, Servicios Médicos Tabancura S.A. sold and transferred all its shares of Megalab S.A. to Sociedad de Inversiones y Servicios La Construcción S.A. (ILC). The transfer amounted to ThCh$116,950. This transaction was recorded at cost.

Once ILC had control of the total number of shares of Megalab S.A. it proceeded with the dissolution of the latter and all its assets and liabilities were added to the equity of ILC.

The above was reflected in a public deed of “Statement of Dissolution by Absorption” dated December 21, 2011 issued before the Notary Public Mr. Iván Torrealba Acevedo.

(13) Investments in Subsidiaries, Continued

Movements of the year, Continued

Assets in the amount of ThCh$1,202,861 and liabilities for ThCh20,847 were added to the records of ILC. In equity, under the line item "Retained earnings" ThCh$21,272 was recorded corresponding to the difference between the value of the investment recognized in ILC before the merger (ThCh$1,043,792) and the value of the assets and liabilities added to ILC's equity.

(14) Equity-Accounted Investees

(a) Equity Method

As of March 31, 2012 and December 31, 2011, this line item is composed of the following:

March 31, 2012 **Company**	**Number of Shares**	**Ownership Interest**	**Balance as of 01-01-2012 ThCh$**	**Transfer ThCh$**	**Additions ThCh$**	**Disposals ThCh$**	**Profit (loss) for the year ThCh$**	**Dividends ThCh$**	**Other increases (decreases) ThCh$**	**Total as of 03-31-2012 ThCh$**
Administradora Clínicas Regionales S.A.	2,880,948	32.24	2,458,830		-		113,796		(9,042)	2,563,584
Administradora de Transacciones Electrónicas S.A.	5,000	50.00	928,191		-		284,094	(226,014)	-	986,271
Laboratorio de Neurofisiología Digital y Estudio del Sueño S.A.	60	50.00	32,021		-		3,725	-	-	35,746
Inversalud del Elqui	90	16.97	295,692		-		-	-	-	295,692
Administradora Clínicas Regionales Dos S.A.	35,934	40.00	8,486,748		1,000,000		(6,815)	-		9,479,933
Administradora de Fondos de Cesantía Chile S.A.	63,782	23.10	2,313,530		-		341,713	-	17,953	2,673,196
Inversiones DCV S.A.	1,617	16.41	232,122		-		18,886	-	-	251,008
Servicio de Administración Previsional S.A.	172,534	23.14	2,199,929		-		430,373	-	7,936	2,638,238
Icertifica S.A.	300	30.00	43,461		-		1,905	(8,262)	-	37,104
CCI Marketplace S.A.	608,481	14.47	92,497		-		995	-	(147)	93,345
Total			17,083,021		1,000,000		1,188,672	(234,276)	16,700	19,054,117

(14) Equity-Accounted Investees, Continued

(a) Equity Method, Continued

December 31, 2011 Company	Number of Shares	Ownership Interest	Balance as of 1-1-2011 ThCh$	Transfer ThCh$	Additions ThCh$	Disposals ThCh$	Profit (loss) for the year ThCh$	Dividends ThCh$	Other increases (decreases) ThCh$	Total as of 12-31-2011 ThCh$
Adminsitradora de Fondos Para la Vivienda S.A.	-	47.00	230,277	-	-	(230,277)			-	-
Administradora Clínicas Regionales S.A.	2,880,948	32.24	3,528,481	-	-	-	150,478	(141,719)	(1,078,410)	2,458,830
Administradora de Transacciones Electrónicas S.A.	5,000	50.00	636,452	-	-	-	897,105	(673,492)	68,126	928,191
Clínica Magallanes S.A.	-	-	1,588,621	-	-	-	41,133	-	(1,629,754)	-
Laboratorio de Neurofisiología Digital y Estudio del Sueño S.A.	60	50.00	21,301	-	-	-	6,524	-	4,196	32,021
Inversiones Farmaceuticas AIR S.A.	3,600	40.91	5,675	-	-	(16,992)	11,096	-	221	-
Clinica Elqui S.A.	45	15.41	312,517	-	-	(268,223)	57,619	(101,913)	-	-
Inversalud del Elqui	90	16.27	-	-	287,267	-	8,425	-	-	295,692
Administradora Clínicas Regionales Dos S.A.	35,934	40.00	3,015,162	-	4,861,295	-	(132,014)	-	742,305	8,486,748
Adminsitradora de Fondos de Cesantía Chile S.A.	63,782	23.10	1,447,784	-	-	-	793,654	-	72,092	2,313,530
Inversiones DCV S.A.	1,617	16.41	199,955	-	-	-	58,847	(26,680)	-	232,122
Servicio de Administración Previsional S.A.	172,534	23.14	1,866,287	-	-	-	1,431,689	(1,047,351)	(50,696)	2,199,929
Icertifica S.A.	300	30.00	33,762	-	-	-	9,699	-	-	43,461
CCI Marketplace S.A.	-	14.47	30,091	-	-	-	1,009	-	61,397	92,497
Total			12,916,365	-	5,148,562	(515,492)	3,335,264	(1,991,155)	(1,810,523)	17,083,021

(*) Correspond to sale and transfer of shares, mainly Clínica Magallanes and Administradora Clinicas regionales.

(14) Equity-Accounted Investees, Continued

(a) Equity Method, Continued

March 31, 2011 Company	Number of Shares	Ownership Interest	Balance as of 01-01-2011 ThCh$	Transfer ThCh$	Additions ThCh$	Disposals ThCh$	Profit (loss) for the year ThCh$	Dividends ThCh$	Other increases (decreases) ThCh$	Total as of 03-31-2011 ThCh$
Adminsitradora de Fondos Para la Vivienda S.A.	-	47.0	230,277	-	-	(230,277)	-	-	-	-
Administradora Clínicas Regionales S.A.	-	32.2	3,528,481	-	-	-	(34,046)	-	64,443	3,558,878
Administradora de Transacciones Electrónicas S.A.	-	50.0	636,451	-	-	-	205,481	-	-	841,932
Clínica Magallanes S.A.	-	29.5	1,588,621	-	-	-	31,196	-	133	1,619,949
Laboratorio de Neurofisiología Digital y Estudio del Sueño S.A.	-	50.0	21,301	-	-	-	676	-	4,197	26,174
Inversiones Farmaceuticas AIR S.A.	-	40.9	5,675	-	-	-	-	-	(473)	5,202
Clinica Elqui S.A.	-	15.4	312,517	-	-	-	18,182	(38,877)	6,381	298,203
Administradora Clínicas Regionales Dos S.A.	-	40.0	3,015,162	-	-	-	31,596	-	(73,837)	2,972,921
Adminsitradora de Fondos de Cesantía Chile S.A.	63,782	23.1	1,447,784	-	-	-	195,120	-	-	1,642,904
Inversiones DCV S.A.	1,617	16.4	199,955	-	-	-	10,854	-	-	210,809
Servicio de Administración Previsional S.A.	172,534	23.1	1,866,287	-	-	-	312,758	-	15,770	2,194,815
Icertifica S.A.	-	30.0	33,762	-	-	-	1,677	-	-	35,439
CCI Marketplace S.A.	-	14.5	30,091	-	-	-	(1,290)	-	126	28,927
Total			12,916,364	-	-	(230,277)	772,204	(38,877)	16,740	13,436,154

(14) Equity-Accounted Investees, Continued

(b) As of March 31, 2012 and December 31, 2011, the summarized information on affiliates is as follows:

Company	March 2012			December 2011		
	Assets ThCh$	Liabilities ThCh$	Revenue ThCh$	Assets ThCh$	Liabilities ThCh$	Revenue ThCh$
Administradora Clínicas Regionales S.A.	11,117,690	2,685,318	59,951	9,556,139	1,837,304	693,433
Administradora Clínicas Regionales Dos S.A.	24,337,941	15,429	-	22,601,326	14,502	-
Administradora de Transacciones Electrónicas S.A.	1,979,665	7,117	568,894	1,863,087	6,703	1,798,248
Clínica Magallanes S.A.				9,556,139	1,837,304	316,034
Laboratorio de Neurofisiología Digital y Estudio del Sueño S.A.	82,767	11,276	28,994	71,125	72,126	90,532
Inversiones Farmacéuticas AIR S.A.	-	-	-	51,196	37,659	-
Clínica Elqui S.A.	2,456,576	639,171	-	-	-	-
Administradora de Fondos de Cesantía Chile S.A.	15,473,448	3,901,168	3,672,710	13,524,367	3,509,080	12,469,854
Inversiones DCV S.A.	1,531,044	1,439	115,699	1,415,950	1,434	360,591
Servicio de Administración Previsional S.A.	16,566,927	5,165,723	4,099,348	15,637,100	6,130,060	14,935,951
Icertifica S.A.	170,271	19,052	19,268	170,182	25,313	-
CCI Marketplace S.A.	915,409	58,581	235,219	915,409	58,581	235,219

(14) Equity-Accounted Investees, Continued

All these companies are closed stock corporations.

The Parent has direct or indirect significant influence on these companies as it has more than 20% of the voting rights on each of them.

Restrictions on affiliates

There are no restrictions affecting the withdrawal of capital invested or profits obtained by the companies. Likewise, the Parent has no commitments to finance the liabilities of its affiliates.

Joint ventures

ILC has no joint ventures as of March 31, 2012 and December 31, 2011.

(15) Intangible Assets

The breakdown, assigned useful lives and changes in intangible assets as of March 31, 2012 and December 31, 2011 are as follows:

(a) Intangible Asset Items

Gross amounts:	2012 ThCh$	2011 ThCh$
Hábitat brand name	16,310,507	16,310,507
Hábitat portfolio value	50,074,933	50,074,933
Patents and brand names	5,031,488	5,031,488
Computer programs	15,514,024	15,070,669
Sfera portfolio value	834,129	834,129
Other intangible assets	423,597	154,929
Subtotal intangible assets	88,188,678	87,476,655
Accumulated amortization		
Hábitat portfolio value	(5,029,799)	(4,381,557)
Computer programs	(8,875,673)	(8,283,742)
Sfera portfolio value	(218,959)	(208,532)
Other intangible assets	(716,084)	(381,268)
Intangible assets, net	73,348,163	74,221,556

(15) Intangible Assets, Continued

(b) Useful lives assigned

	Amortization method	Useful life
Software	Straight-line	3 -5 years
Brands (1)	-	Indefinite
Right of use	Straight-line	19 years
Hábitat portfolio	Straight-line	20 years

(c) Changes in Intangible Assets

	Balance as of January 1, 2012 ThCh $	Additions ThCh$	Disposals ThCh$	Amortization expense ThCh$	Total intangible assets as of March 31, 2012 ThCh$
Habitat brand name (1)	16,310,507	-	-	-	16,310,507
Value of Habitat portfolio (2)	45,693,376	-	-	(648,242)	45,045,134
Computer proframs	6,786,927	443,335	-	(591,931)	6,638,351
Sfera portfolio value	625,597	-	-	(10,427)	615,170
Patents and brands	5,031,488	-	-	(334,816)	4,696,672
Other intangible assets	(226,339)	268,668	-	-	42,329
Balances as of December 31, 2011	74,221,556	712,023	-	(1,585,416)	73,348,163

	Balance as of January 1, 2010 ThCh $	Additions ThCh$	Disposals ThCh$	Amortization expense ThCh$	Total intangible assets as of December 31, 2010 ThCh$
Habitat brand name (1)	-	16,310,507	-		16,310,507
Value of Habitat portfolio (2)	-	50,074,933	-	(4,381,537)	45,693,396
Computer proframs	3,068,967	8,906,473	1,828,432	(5,097,465)	8,706,407
Sfera portfolio value	523,634	(17,524)	(17,524)	119,487	608,073
Patents and brands	-	5,031,488	4,065	-	5,035,553
Other intangible assets	164,012	(148,592)	(229,388)	(241,759)	(455,727)
Balances as of December 31, 2010	3,756,613	80,157,285	1,585,585	(9,601,274)	75,898,209

(1) During the business combination process conducted by the taking over of AFP Hábitat, the intangible asset "Hábitat brand name" has been identified. This intangible asset has been defined as having indefinite useful life as it is directly related to the CGU related to AFP Hábitat

(2) These intangible assets were generated by the acquisition and taking over of AFP Hábitat S.A. and this was recorded as a business combination under IFRS 3.

There are no restrictions on the ownership of the intangible assets.

For these assets, the Company's Management has determined that the cash generating unit corresponds to each subsidiary which is a part of the consolidated Group and as of the reporting date of these financial statements there is no adjustment for impairment losses for this concept.

(16) Property, Plant and Equipment

As of March 31, 2012 and December 31, 2011, this line item is composed as follows:

(a) Breakdown

Property, plant and equipment, net	03-31-2012 ThCh$	12-31-2011 ThCh$
Construction projects	21,658,315	24,022,279
Land	35,233,607	35,241,661
Leased land	8,387,867	8,387,867
Buildings	80,449,711	78,384,808
Leased buildings	53,356,395	52,223,580
IT equipment	1,993,760	1,511,352
Leased IT equipment	368,917	398,601
Facilities and accessories	1,652,515	1,628,284
Furniture and office machines	5,776,116	5,606,767
Owned medical equipment and facilities	10,861,221	10,699,493
Leased medical equipment and facilities	4,354,554	4,323,657
Teaching equipment and materials	514,156	468,151
Vehicles	177,292	173,248
Other property, plant and equipment	821,775	597,261
Leased asset improvements	4,496,647	3,913,982
Total property, plant and equipment	230,102,848	227,580,991

(16) Property, Plant and Equipment, Continued

(a) Breakdown, Continued

Property, plant and equipment, gross	03-31-2012 ThCh$	12-31-2011 ThCh$
Construction projects	21,658,315	24,022,281
Land	35,233,607	35,241,661
Leased land	8,387,867	8,387,867
Buildings	86,148,478	83,663,457
Leased buildings	55,101,209	53,663,993
IT equipment	8,572,380	7,913,424
Leased IT equipment	535,084	532,828
Facilities and accessories	3,297,040	3,227,538
Furniture and office machines	7,954,371	7,534,285
Owned medical equipment and facilities	13,895,897	13,327,859
Leased medical equipment and facilities	6,149,924	5,856,437
Office equipment and facilities	9,561	9,561
Teaching equipment and materials	863,852	774,081
Vehicles	239,204	224,853
Other property, plant and equipment	4,738,966	4,391,073
Leased asset improvements	7,779,717	7,038,220
Total	260,565,472	255,809,418

(16) Property, Plant and Equipment, Continued

(b) Breakdown, Continued

Accumulated depreciation	03-31-2012 ThCh$	12-31-2010 ThCh$
Buildings	(5,698,767)	(5,278,649)
Leased buildings	(1,744,814)	(1,440,413)
IT equipment	(6,578,620)	(6,402,072)
Leased IT equipment	(166,167)	(134,227)
Facilities and accessories	(1,644,525)	(1,599,254)
Furniture and office machines	(2,178,255)	(1,927,518)
Owned medical equipment and facilities	(3,034,676)	(2,628,366)
Leased medical equipment and facilities	(1,795,370)	(1,532,780)
Office equipment and facilities	(9,561)	(9,561)
Teaching equipment and materials	(349,696)	(305,930)
Vehicles	(61,912)	(51,605)
Other property, plant and equipment	(3,917,191)	(3,793,812)
Leased asset improvements	(3,283,070)	(3,124,240)
Total	(30,462,624)	(28,228,427)

(16) Property, Plant and Equipment, Continued

(c) Changes

As of March 31, 2012 and December 31, 2011, changes in property, plant and equipment are composed of the following:

	Land ThCh$	Leased land ThCh$	Buildings ThCh$	Leased buildings ThCh$	Projects under construction ThCh$	Furniture, machinery and facilities ThCh$	Medical equipment and facilities ThCh$	Leased medical equipment and facilities ThCh$	Other property, plant and equipment ThCh$	Total ThCh$
Assets										
Opening balances as of January 1, 2011	38,599,352	8,328,977	79,009,199	15,722,194	47,614,640	4,930,321	4,630,454	4,281,307	12,087,928	215,204,372
Additions for the year	26,054	58,890	1,028,022	37,568,006	6,640,073	1,906,975	7,687,226	1,038,096	4,021,468	59,974,810
Disposals and withdrawals	(3,383,745)	-	-	-	(30,232,434)	(148,338)	(236,501)	(52,326)	(4,831,510)	(38,884,854)
Depreciation expenses	-	-	(1,652,413)	(1,066,620)	-	(1,082,191)	(1,381,686)	(943,420)	(2,587,007)	(8,713,337)
Final balances as of December 31, 2011	35,241,661	8,387,867	78,384,808	52,223,580	24,022,279	5,606,767	10,699,493	4,323,657	8,690,879	227,580,991
Additions for the year			2,485,021	1,437,217	1,791,079	446,941	570,382	329,096	1,957,019	9,016,755
Disposals and withdrawals	(8,054)	-	-	-	(4,155,043)	(26,855)	(2,344)	(35,609)	(32,795)	(4,260,700)
Depreciation expense	-	-	(420,118)	(304,402)	-	(250,737)	(406,310)	(262,590)	(590,041)	(2,234,198)
Final balances as of March 31, 2012	35,233,607	8,387,867	80,449,711	53,356,395	21,658,315	5,776,116	10,861,221	4,354,554	10,025,062	230,102,848

(16) Property, Plant and Equipment, Continued

(c) Changes, Continued

The line item *Other property, plant and equipment* comprises the following items which are detailed in letter a) of this note:

Detail	2012 ThCh$	2011 ThCh$
IT equipment	1,993,760	1,511,352
Leased IT equipment	368,917	398,601
Facilities and accessories	1,652,515	1,628,284
Teaching equipment and materials	514,156	468,151
Vehicles	177,292	173,248
Other property, plant and equipment	821,775	597,261
Leased asset improvements	4,496,647	3,913,982
Total	10,025,062	8,690,879

(d) Additional Information on Property, Plant and Equipment

(i) Properties and buildings at fair value

As part of the first-time adoption of IFRS, fair values were determined for these assets, which amounted to ThCh$35,368,714 for land and ThCh$68,453,118 for buildings. The Company use external experts to assist management for determined amounts of the industry in which the Group operates.

(ii) Depreciation expense

The depreciation of assets is calculated according to the straight-line method throughout their related useful lives.

Such useful lives are determined on the basis of natural expected impairment, technical or commercial obsolescence derived from changes and/or improvements in production and changes in the market demand of the products obtained from the operation of such assets.

The charge to profit or loss recorded for this concept during the period amounts to ThCh$2,234,198 and ThCh$1,741,734 as of March 31, 2012 and December 31, 2011, respectively.

(iii) Other property, plant and equipment

Other property, plant and equipment include medical facilities and equipment, clinical equipment of furniture and other assets.

(16) Property, Plant and Equipment, Continued

(d) Additional information on Property, Plant and Equipment, Continued

(iv) Assets under finance lease arrangements

Property, plant and equipment records assets acquired under finance lease arrangements, are detailed as follows:

Detail	2012 ThCh$	2011 ThCh$
Land under finance lease arrangements, net	8,387,867	8,387,867
Buildings under finance lease arrangements, net	53,356,395	52,223,580
Medical equipment and facilities under finance lease arrangements, net	4,354,554	4,323,657
IT equipment under finance lease arrangements, net	368,917	398,601
Total	66,467,733	65,333,705

(v) Insurance policies

The Group has formalized insurance policies to cover the possible risks to which the different property, plant and equipment items are subject, as well as the possible claims which may arise due to the performance of its line of business activities. Such policies are sufficient to cover the risks to which the Group is subject.

(vi) Interest cost

As of March 31, 2012 and December 31, 2011, the Group maintains property, plant and equipment under construction which have generated the capitalization of interest payments for ThCh$2,339,394 as of Decembre 31, 2011.

(vii) Decommissioning, retirement and rehabilitation costs

As of March 31, 2012, the Group has no contractual decommissioning, retirement and rehabilitation costs and therefore no provisions have been accrued for such costs.

(viii) Restrictions to ownership

As of March 31, 2012 and December 31, 2011, the Group has no restrictions on the ownership or guarantees to secure compliance with obligations affecting property, plant and equipment.

(16) Property, Plant and Equipment, Continued

(c) Additional information on Property, Plant and Equipment, Continued

(ix) Temporarily idle property, plant and equipment

As of March 31, 2012 and December 31, 2011, the Group has no significant temporarily idle property, plant and equipment items.

(x) Fully depreciated property, plant and equipment still in use

As of March 31, 2012 and December 31, 2011, the Group holds no significant fully depreciated property, plant and equipment still in use.

(xi) Acquisition commitments

As of the closing date of the financial statements, there are no commitments for the acquisition of property, plant and equipment.

(17) Goodwill

As of March 31, 2012 and December 31, 2011, this line item is composed of the following:

Detail	2012 ThCh$	2011 ThCh$
Goodwill on acquisition and taking over of AFP Hábitat	101,506,809	101,506,809
Total	101,506,809	101,506,809

On April 24, 2010, ILC acquired control over the subsidiary AFP Hábitat S.A. This transaction was recorded in conformity with IFRS 3 *Business Combinations*, which generated goodwill of ThCh$101,506,809.

Goodwill in AFP Habitat is generated by the acquisition by ILC in April 2010 of an additional 41% ownership interest in said company, which transformed ILC into AFP Habitat's controlling entity. This business combination was recorded in conformity with IFRS 3 and, as required by such standard, the Company's Management will adopt a period of one year to conduct the related goodwill study.

(18) Investment Property

As of March 31, 2012 and December 31, 2011, this line item is composed of the following:

(a) Breakdown

Detail	**2012 ThCh$**	**2011 ThCh$**
Land	7,597,578	8,312,883
Building	14,034,125	13,369,870
Total investment property, net	21,631,703	21,682,753

Investment property, gross	**2012 ThCh$**	**2011 ThCh$**
Land	7,597,578	8,312,883
Building	14,981,279	14,176,547
Total investment property, gross	22,578,857	22,489,430

Accumulated depreciation	**2012 ThCh$**	**2011 ThCh$**
Building	(947,154)	(806,677)
Total accumulated depreciation	(947,154)	(806,677)

(18) Investment Property, Continued

(b) Changes

Changes for the years ended March 31, 2012 and December 31, 2011 are composed of the following:

Assets	Land ThCh$	Buildings ThCh$	Total ThCh$
Opening balance as of 01-01-2011	7,597,578	14,369,267	21,966,845
Additions	1,475,290	789,485	2,264,775
Disposal and withdrawals	(759,985)	(1,594,217)	(2,354,202)
Depreciation expense	-	(194,665)	(194,665)
Final balance as of 12-31-2011	8,312,883	13,369,870	21,682,753
Additions	-	-	-
Disposal and withdrawals	-	-	-
Depreciation expense	-	(51,050)	(51,050)
Final balance as of 03-31-2012	8,312,883	13,318,820	21,631,703

(18) Investment Property, Continued

(c) Additional information on investment property

(i) Investment property accounted at fair value

As part of the first-time adoption of IFRSs, the Group opted to measure certain land and real estate property as at fair value as deemed cost as of January 1, 2010. The fair values of such assets amounted to ThCh$20,078,604. Such amounts were determined by independent third party experts of the industry in which the Group operates. As of December 31, 2011, the net book value of such assets amounted toThCh$21,682,753.

(ii) Depreciation expense:

The depreciation of assets is calculated according to the straight-line method throughout their related useful lives.

Such useful lives have been determined on the basis of the expected natural impairment, technical or commercial obsolescence arising from changes and/or improvements in production and changes in the market demand, of products obtained from operations using such assets.

As of March 31, 2012 and December 31, 2011, the depreciation charge recorded within administrative expenses amounts to ThCh$51,050 and ThCh$51,745.

(iii) Insurance policies

The Group has formalized insurance policies to cover the possible risks to which the different investment property items are subject, as well as the possible claims which may arise due to the performance of its line of business activities. Such policies are sufficient to cover the risks to which the Group is subject.

(iv) Rental income and expenses

As of March 31, 2012 and December 31, 2011, rental income and expenses associated with investment property are composed of the following:

Rental income and expenses	**03-31-2012 ThCh$**	**12-31-2011 ThCh$**
Rental income	226,741	288,857
Investment property costs	68,656	62,755
Total rental income and expenses	295,397	351,612

(18) Investment Property, Continued

(c) Additional information on investment property, Continued

(v) Commitments assumed from investment property

There are no commitments.

(vi) Range of investment property useful lives

Useful life for financial purposes	Range – years
Buildings	20-80

(vii) Investment property

As a result of the IFRS convergence process, ILC's Management adopted the exemption provided in IFRS 1 for assigning fair value as deemed cost as of January 1, 2010, therefore, ILC has estimated that the fair value of investment property is its carrying amount.

(viii) Decommissioning, retirement and rehabilitation costs

As of March 31, 2012 and December 31, 2011, the Group has no contractual decommissioning, retirement and rehabilitation costs and therefore no provisions have been accrued for such costs.

(ix) Restrictions to ownership

As of March 31, 2012 and December 31, 2011, the Group has no restrictions on the ownership or guarantees of its investment property.

(19) Interest-bearing Loans

As of March 31, 2012 and December 31, 2011, this line item is comprised as follows:

(a) Current

	2012 ThCh$	2011 ThCh$
Bank loans	7,112,151	13,946,637
Finance lease liabilities in UF	7,007,391	6,954,866
Convertible notes	2,813,633	1,523,739
Total	16,933,175	22,425,242

(19) Interest-bearing Loans, Continued

(b) Non-Current

Other non-current financial liabilities	2012 ThCh$	2011 ThCh$
Bank loans	38,791,117	38,451,920
Finance lease in UF	56,806,219	57,037,890
Bond payable	98,838,033	54,186,949
Total	194,435,369	149,676,759

(19) Interest-bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows:

(i) Loans from financial institutions as of March 31, 2012

Debtor			Creditor										Years to maturity								Current	Non-current
Tax ID N°.	Company	Country	Tax ID N°.	Bank or financial institution	Country	Currency or adjustment index	Maturity date	Payment of interest (period)	Nominal interest rate	Effective interest rate	Guarantee	Principal owed nominal amount	0 - 3 months	3 - 12 months	1 - 2 years	2 - 3 years	3 - 5 years	5 -10 years	Over 10 years Amount	Over 10 years Period	(nominal) 31.03.2012	(nominal) 31.03.2012
96.980.350-K	Soc. Educ. Ciudad del Este S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	19.07.2027	Monthly	5,20	5,20	-	104.479	56.057	168.171	224.228	224.228	448.457	1.121.141	1.196.734	19.07.2027	224.228	3.214.788
96.980.350-K	Soc. Educ. Ciudad del Este S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	19.07.2027	Monthly	4,90	4,90	-	26.268	12.716	38.148	50.865	50.865	101.729	254.323	364.529	13.05.2029	50.864	822.311
96.987.460-1	Soc. Educ. Puerto Montt S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	19.07.2027	Monthly	5,20	5,20	-	124.420	66.757	200.271	267.028	267.028	534.055	1.335.138	1.425.121	19.07.2027	267.028	3.828.370
96.946.770-4	Soc. Educ. Valle Lo Campino S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	26.12.2022	Monthly	5,40	5,40	-	43.752	30.391	91.174	121.566	121.566	243.132	607.829	91.174	16.12.2022	121.565	1.185.267
96.946.770-4	Soc. Educ. Valle Lo Campino S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	27.01.2023	Monthly	5,40	5,40	-	41.061	28.361	85.083	113.444	113.444	226.887	567.219	94.536	27.01.2023	113.444	1.115.530
99.558.380-1	Soc. Educ. Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	26.12.2022	Monthly	5,40	5,40	-	16.499	13.736	40.337	52.180	50.287	94.930	204.123	26.534	26.12.2022	54.073	428.054
99.558.380-1	Soc. Educ. Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	27.01.2023	Monthly	5,40	5,40	-	25.984	17.947	53.840	71.787	71.787	143.576	358.949	59.816	27.01.2023	71.787	705.915
99.558.380-1	Soc. Educ. Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	26.12.2022	Monthly	5,80	5,80	-	18.951	13.406	40.218	53.624	53.624	107.248	268.121	41.400	26.12.2022	53.624	524.017
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,75	4,75	-	10.602	2.706	8.146	228.041	-	-	-	-	-	10.852	228.041
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	4,75	4,75	-	10.596	2.706	8.146	227.922	-	-	-	-	-	10.852	227.922
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	5,31	5,31	-	10.593	2.666	8.026	228.001	-	-	-	-	-	10.692	228.001
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,58	4,58	-	10.673	3.025	9.107	228.360	-	-	-	-	-	12.132	228.360
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,58	4,58	-	10.580	2.609	7.855	227.944	-	-	-	-	-	10.464	227.944
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,68	4,68	-	10.580	2.609	7.855	227.944	-	-	-	-	-	10.464	227.944
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,68	4,68	-	10.580	2.609	7.855	227.944	-	-	-	-	-	10.464	227.944
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,0	4,0	-	10.507	2.278	6.860	227.613	-	-	-	-	-	9.138	227.613
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	4,29	4,29	-	10.539	2.444	7.358	227.671	-	-	-	-	-	9.802	227.671
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	4,88	4,88	-	10.613	2.780	8.369	227.993	-	-	-	-	-	11.149	227.993
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,75	4,75	-	11.132	2.841	8.554	239.443	-	-	-	-	-	11.395	239.443
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,75	4,75	-	11.126	2.841	8.554	239.318	-	-	-	-	-	11.395	239.318
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	5,31	5,31	-	11.122	2.799	8.428	239.401	-	-	-	-	-	11.227	239.401
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,46	4,46	-	11.206	3.176	9.562	239.778	-	-	-	-	-	12.738	239.778
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,58	4,58	-	11.093	2.666	8.028	239.268	-	-	-	-	-	10.694	239.268
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,68	4,68	-	11.109	2.739	8.248	239.341	-	-	-	-	-	10.987	239.341
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,58	4,58	-	11.109	2.739	8.248	239.341	-	-	-	-	-	10.987	239.341
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,0	4,0	-	11.032	2.392	7.203	238.994	-	-	-	-	-	9.595	238.994
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	4,29	4,29	-	11.066	2.566	7.725	239.055	-	-	-	-	-	10.291	239.055
96.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	4,88	4,88	-	11.143	2.919	8.788	239.392	-	-	-	-	-	11.707	239.392
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	4,85	4,85	-	7.961	2.072	6.238	171.073	-	-	-	-	-	8.310	171.073
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,87	4,87	-	7.957	2.072	6.238	170.982	-	-	-	-	-	8.310	170.982
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	5,31	5,31	-	7.963	2.080	6.264	171.082	-	-	-	-	-	8.344	171.082
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,60	4,60	-	8.004	2.268	6.830	171.270	-	-	-	-	-	9.098	171.270
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,58	4,58	-	7.937	1.965	5.917	170.966	-	-	-	-	-	7.882	170.966
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,85	4,85	-	7.935	1.957	5.891	170.958	-	-	-	-	-	7.848	170.958
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.06.2013	Semi-anual	4,58	4,58	-	7.935	1.957	5.891	170.958	-	-	-	-	-	7.848	170.958
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	29.06.2013	Semi-anual	4,00	4,00	-	7.881	1.728	5.145	170.710	-	-	-	-	-	6.873	170.710
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	4,55	4,55	-	7.928	1.944	5.853	170.860	-	-	-	-	-	7.797	170.860
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	26.06.2013	Semi-anual	4,83	4,83	-	8.139	2.063	6.213	175.123	-	-	-	-	-	8.276	175.123
76.899.160-K	Soc. Educ. Chicureo S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	03.12.2025	Monthly	4,87	4,87	-	133.331	40.425	158.997	312.588	312.588	625.176	1.562.939	1.171.996	03-12-2025	199.422	3.985.287
76.899.160-K	Soc. Educ. Chicureo S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	12.12.2026	Monthly	4,19	4,19		30.000	-	52.166	81.026	78.564	149.882	331.311	257.630	12-12-2026	52.166	898.413
76.081.583-7	Soc. Educ. Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	30.04.2030	Semi-anual	4,87	4,87	-	85.000	72.076	119.010	158.679	158.679	476.038	806.620	1.110.756	19-04-2030	191.086	2.710.772
76.081.583-7	Soc. Educ. Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	11.04.2031	Monthly	4,98	4,98	-	34.762	29.826	59.724	77.918	75.836	145.515	327.209	461.243	11-04-2031	89.550	1.087.721
76.081.583-7	Soc. Educ. Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	30.04.2030	Monthly	4,87	4,87	-	-	-	-	-	-	-	-	338.450	19-04-2030	-	338.450
96.834.400-5	Desarrollos Educacionales S.A.	Chile	97.023.000-9	Corpbanca	Chile	Non-adj. Ch$	-	Credit facility	-	-	-	-	2.158	-	-	-	-	-	-	-	2.158	-
99.558.380-1	Soc. Educ. Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	Non-adj. Ch$	-	Credit facility	-	-	-	-	4.370	-	-	-	-	-	-	-	4.370	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	-	Monthly	4,44	4,59	-	1.185.851	47.996	132.589	191.986	191.986	389.650	431.967	-	-	180.585	1.205.589
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	Non-adj. Ch$	-	Monthly	6,5	6,8	-	3.190.170	129.602	388.807	518.409	518.409	1.036.819	1.512.027	-	-	518.409	3.585.664
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	-	Monthly	4,09	4,24	-	5.798.034	190.425	523.387	761.698	761.698	1.552.643	3.173.742	-	-	713.812	6.249.781
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	Non-adj. Ch$	-	Monthly	6,96	7,29	-	2.692.077	104.775	314.325	419.100	419.100	838.201	1.501.777	-	-	419.100	3.178.178
78.053.560-1	Servicios Médicos Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	-	Annual	6,30	6,30	-	-	228.827	686.481	887.801	1.674.384	1.532.877	3.022.671	-	-	915.308	7.117.733
78.053.560-1	Servicios Médicos Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	Non-adj. Ch$	-	Annual	4,70	4,70	-	-	23.850	-	-	-	-	-	-	-	23.850	-
96.598.850-5	Clínica Iquique S.A.	Chile	97.011.000-3	Banco Internacional	Chile	Non-adj. Ch$	-	Monthly	0,8	-	-	65.094	23.913	41.181	-	-	-	-	-	-	65.094	-
96.598.850-5	Clínica Iquique S.A.	Chile	97.030.000-7	Banco Estado	Chile	Non-adj. Ch$	-	Monthly	0,61	-	-	368.122	2.287	365.835	-	-	-	-	-	-	368.122	-
99.003.000-6	Cía. de Seguros de Vida Cámara S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	01-07-2014	Quarterly	0,95	0,95	-	270.402	257	-	-	270.402	-	-	-	-	257	270.402
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.080.000-K	Banco BICE	Chile	Non-adj. Ch$	-	Credit facility	6,05	-	-	-	-	2.186.909	-	-	-	-	-	-	2.186.909	-
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Non-adj. Ch$	-	Credit facility	6,45	-	-	-	-	681.792	-	-	-	-	-	-	681.792	-
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.053.000-2	Banco Security	Chile	Non-adj. Ch$	-	Credit facility	0,94	-	-	-	-	1.226.623	-	-	-	-	-	-	1.226.623	-
																					9.092.837	**48.838.988**

(19) Interest-bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows, Continued:

(ii) Loans from financial institutions as of December 31, 2011

Debtor			Creditor			Currency or adjustment index	Maturity date	Payment of interest (period)	Nominal interest rate	Effective interest rate	Guarantee	Principal owed nominal amount	Years to maturity								Current (nominal) 12/31/2011	Non-current (nominal) 12/31/2011
Tax ID No.	Company	Country	Tax ID No.	Bank or financial institution	Country								0-3 months	3-12 months	1-2 years	2-3 years	3-5 years	5-10 years	Over 10 years			
																			Amount	Period		
96.980.350-K	Sociedad Educacional Ciudad del Este S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	07.19.2027	Monthly	5.20	5.20	-	105,583	24,623	75,173	105,538	111,239	240,542	725,237	1,071,526	7/19/2027	99,796	2,254,081
96.980.350-K	Sociedad Educacional. Ciudad del Este S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	07.19.2027	Monthly	4.90	4.90	-	26,268	5,348	16,291	22,821	23,981	51,612	153,939	311,636	5/13/2029	21,639	563,989
96.987.460-1	Sociedad Educacional Puerto Montt S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	07.19.2027	Monthly	5.20	5.20	-	125,736	29,323	89,522	125,683	132,472	286,457	863,672	1,276,023	7/19/2027	118,845	2,684,308
96.946.770-4	Sociedad Educacional Valle Lo Campino S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	12.26.2022	Monthly	5.40	5.40	-	44,496	16,600	50,893	71,436	75,447	163,732	497,105	116,785	12/16/2022	67,493	924,506
96.946.770-4	Sociedad Educacional Valle Lo Campino S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	01.27.2023	Monthly	5.40	5.40	-	41,752	15,421	47,276	66,361	70,087	152,098	461,786	117,798	1/27/2023	62,697	868,129
99.558.380-1	Sociedad Educacional Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	12.26.2022	Monthly	5.40	5.40	-	16,883	8,465	25,596	34,217	34,217	68,435	171,065	34,307	12/26/2022	34,061	342,241
99.558.380-1	Sociedad Educacional Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	01.27.2023	Monthly	5.40	5.40	-	26,422	9,759	29,918	41,996	44,354	96,254	292,238	74,537	1/27/2023	39,677	549,379
99.558.380-1	Sociedad Educacional Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	12.26.2022	Monthly	5.80	5.80	-	19,265	6,999	21,490	30,283	32,112	70,111	215,988	52,506	12/26/2022	28,489	401,001
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.75	4.75	-	10,000	2,677	8,089	228,265	-	-	-	-	-	10,766	228,265
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.75	4.75	-	10,000	2,677	8,089	228,147	-	-	-	-	-	10,766	228,147
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	5.31	5.31	-	10,000	2,637	7,970	228,186	-	-	-	-	-	10,607	228,186
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	10,000	2,992	9,043	228,892	-	-	-	-	-	12,035	228,892
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	10,000	2,581	7,800	228,074	-	-	-	-	-	10,381	228,074
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.68	4.68	-	10,000	2,581	7,800	228,074	-	-	-	-	-	10,381	228,074
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.68	4.68	-	10,000	2,581	7,800	228,074	-	-	-	-	-	10,381	228,074
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.0	4.0	-	10,000	2,254	6,812	227,424	-	-	-	-	-	9,066	227,424
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.29	4.29	-	10,000	2,418	7,306	227,643	-	-	-	-	-	9,724	227,643
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.88	4.88	-	10,004	2,750	8,311	228,289	-	-	-	-	-	11,061	228,289
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.75	4.75	-	10,500	2,811	8,494	239,678	-	-	-	-	-	11,305	239,678
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.75	4.75	-	10,500	2,811	8,494	239,554	-	-	-	-	-	11,305	239,554
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	5.31	5.31	-	10,500	2,769	8,369	239,595	-	-	-	-	-	11,138	239,595
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.46	4.46	-	10,500	3,142	9,495	240,337	-	-	-	-	-	12,637	240,337
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	10,500	2,638	7,972	239,334	-	-	-	-	-	10,610	239,334
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.68	4.68	-	10,500	2,710	8,190	239,478	-	-	-	-	-	10,900	239,478
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	10,500	2,710	8,190	239,478	-	-	-	-	-	10,900	239,478
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.0	4.0	-	10,500	2,367	7,153	238,795	-	-	-	-	-	9,520	238,795
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.29	4.29	-	10,500	2,538	7,671	239,025	-	-	-	-	-	10,209	239,025
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.88	4.88	-	10,504	2,888	8,726	239,704	-	-	-	-	-	11,614	239,704
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.85	4.85	-	7,500	2,050	6,195	171,282	-	-	-	-	-	8,245	171,282
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.87	4.87	-	7,500	2,050	6,195	171,192	-	-	-	-	-	8,245	171,192
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	5.31	5.31	-	7,500	2,058	6,220	171,299	-	-	-	-	-	8,278	171,299
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.60	4.60	-	7,500	2,244	6,782	171,669	-	-	-	-	-	9,026	171,669
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	7,500	1,944	5,875	171,072	-	-	-	-	-	7,819	171,072
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.85	4.85	-	7,500	1,936	5,850	171,055	-	-	-	-	-	7,786	171,055
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	7,500	1,936	5,850	171,055	-	-	-	-	-	7,786	171,055
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.29.2013	Semi-annual	4.00	4.00	-	7,500	1,709	5,090	170,605	-	-	-	-	-	6,799	170,605
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.55	4.55	-	7,500	1,923	5,812	170,946	-	-	-	-	-	7,735	170,946
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.83	4.83	-	7,503	2,041	6,169	175,281	-	-	-	-	-	8,210	175,281
76.899.160-K	Sociedad Educacional Chicureo S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	12.03.2025	Monthly	4.87	4.87	-	133,482	3,382	10,393	166,753	175,181	376,378	1,123,549	1,120,220	12/3/2025	13,776	2,962,081
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	04.30.2030	Semi-annual	4.87	4.87	-	85,000	-	45,093	70,377	73,804	243,687	501,204	960,827	4/19/2030	45,093	1,849,899
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	04.11.2031	Monthly	4.98	4.98	-	34,762	-	27,192	40,789	40,789	81,577	203,943	380,694	4/11/2031	27,192	747,792
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	04.30.2030	Monthly	4.87	4.87	-	-	-	-	-	-	-	-	366,156	4/19/2030	-	366,156
96.834.400-5	Gestión Educativa S.A.	Chile	97.023.000-9	Corpbanca	Chile	Non-adjustable Ch$	-	Credit facility	-	-	-	-	224	-	-	-	-	-	-	-	224	-
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	Non-adjustable Ch$	-	Credit facility	-	-	-	-	12,168	-	-	-	-	-	-	-	12,168	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	-	Monthly	0.0444	0.0459	-	1,289,643	47,486	135,315	379,890	-	379,890	483,928	-	-	182,801	1,243,708
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	Non-adjustable Ch$	-	Monthly	0.065	0.068	-	3,558,580	129,602	388,807	1,036,819	-	1,036,819	1,641,630	-	-	518,409	3,715,268
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	-	Monthly	-	-	-	6,046,071	188,401	512,505	1,507,206	-	1,507,206	3,354,274	-	-	700,906	6,368,686
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	Non-adjustable Ch$	-	Monthly	0.0696	0.0729	-	2,982,724	104,775	314,325	838,201	-	838,201	1,606,552	-	-	419,100	3,282,954
97.030.000-7	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	-	Annual	0.063	-	-	-	228,841	686,523	1,740,463	1,604,940	3,922,379	-	-	-	915,364	7,267,782
97.030.000-7	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	Non-adjustable Ch$	-	Annual	0.047	-	-	-	14,912	44,736	-	-	-	-	-	-	59,648	-
96.598.850-5	Clínica Iquique S.A.	Chile	97.011.000-3	Banco Internacional	Chile	Non-adjustable Ch$	-	Monthly	0.8	-	-	88,446	23,352	65,094	-	-	-	-	-	-	88,446	-
96.598.850-5	Clínica Iquique S.A.	Chile	97.030.000-7	Banco Estado	Chile	Non-adjustable Ch$	-	Monthly	0.605	-	-	368,122	2,287	365,835	-	-	-	-	-	-	368,122	-
76.020.456-7	Red Salud S.A.	Chile	97.053.000-2	Banco Security	Chile	Non-adjustable Ch$	-	Monthly	0.48	-	-	10,209,353	10,209,353	-	-	-	-	-	-	-	10,209,353	-
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	07.01.2014	Quarterly	0.95	0.95	-	12,000	649	1,934	2,577	269,067	-	-	-	-	2,583	271,644
																					14,331,117	**43,055,106**

(19) Interest-bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows, Continued:

(iii) Finance lease liabilities as of March 31, 2012

Debtor			Creditor				Maturity	Nominal	Effective	Maturity date (in nominal amount)							Current	Non-current
Tax ID No.	Company	Country	Tax ID No.	Bank or financial Institution	Country	Currency	date	interest rate	interest rate	0-3 months	3-12 months	Over 1 year	Over 2 years	Over 3 years	Over 5 years	Over 10 years	3/31/2012	3/31/2012
78.040.520-1	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	05.11.2015	4.66	4.66	6,498	19,506	26,008	26,008	17,338	-	-	26,004	69,354
78.040.520-1	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	05.01.2016	5.11	5.11	4,408	13,224	17,632	17,632	14,693	-	-	17,632	49,957
78.040.520-1	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	09.11.2015	4.12	4.12	15,011	45,033	60,044	60,044	40,029	-	-	60,044	160,118
78.040.520-2	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	09.12.2015	5.17	5.17	7,334	22,002	29,336	29,336	22,002	-	-	29,336	80,675
78.040.520-3	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	10.02.2016	5.10	5.10	28,352	85,055	113,407	113,407	103,957	-	-	113,407	330,771
78.040.520-3	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	15.09.2015	3.16	3.16	24,292	72,875	97,166	97,166	48,583	-	-	97,166	242,915
78.040.520-3	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	20.03.2013	3.73	3.73	3,092	9,277	-	-	-	-	-	12,369	-
78.040.520-3	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	20.07.2015	4.37	4.37	7,939	23,816	31,755	31,755	10,585	-	-	31,755	74,095
78.040.520-3	Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	03.09.2013	5.14	5.14	7,902	23,705	15,804	-	-	-	-	31,607	15,804
78.040.520-3	Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	07.05.2015	3.11	3.11	9,699	29,096	38,795	38,795	6,466	-	-	38,795	84,055
78.040.520-3	Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	12.11.2016	4.39	4.39	7,460	22,379	29,839	29,839	49,731	-	-	29,839	109,409
78.040.520-3	Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	15.10.2012	3.16	3.16	10,432	13,909	-	-	-	-	-	24,342	-
78.040.520-3	Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	24.04.2015	4.00	4.00	2,077	6,232	8,309	8,309	692	-	-	8,309	17,311
78.040.520-3	Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	24.04.2015	3.69	3.69	3,888	11,665	15,554	15,554	1,296	-	-	15,554	32,403
78.040.520-3	Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	24.04.2015	4.17	4.17	2,528	7,585	10,113	10,113	843	-	-	10,113	21,069
78.040.520-3	Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.04.2014	6.97	6.97	16,725	50,175	66,900	5,575	-	-	-	66,900	72,475
76.853.020-3	Resonancia Magnética Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	30.04.2013	4.65	4.65	24,231	72,694	8,077	-	-	-	-	96,926	8,077
76.853.020-3	Resonancia Magnética Clínica Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	31.03.2018	4.32	4.32	14,882	44,523	64,258	59,363	118,727	59,363	-	59,404	301,712
78.040.520-3	Clínica Avansalud S.A.	Chile	81.513.400-1	Banco BBVA	Chile	UF	17.01.2013	4.60	4.60	3,498	8,161	-	-	-	-	-	11,659	-
78.040.520-3	Clínica Avansalud S.A.	Chile	92.040.000-0	IBM	Chile	UF	28.06.2013	-	-	12,171	27,384	9,128	-	-	-	-	39,555	9,128
78.040.520-3	Clínica Avansalud S.A.	Chile	92.040.000-0	IBM	Chile	UF	28.06.2013	-	-	428	963	321	-	-	-	-	1,391	321
78.040.520-3	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	31.12.2028	5.34	5.34	105,905	317,716	423,621	423,621	847,242	2,118,104	2,859,441	423,621	6,672,028
78.040.520-3	Clínica Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	21.10.2030	5.20	5.20	22,534	202,802	5,509,654	341,272	738,039	2,217,749	5,445,170	225,335	14,251,884
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.080.000-K	BANCO BICE	Chile	UF	31.03.2037	-	-	2,117,367	634,256	3,805,535	-	2,537,023	6,342,559	18,393,420	2,751,623	31,078,537
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.053.000-2	BANCO SECURITY	Chile	UF	31.03.2037	-	-	2,164,759	634,256	3,805,535	-	2,537,023	6,342,559	18,393,420	2,799,015	1,078,537
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco Chile	Chile	Ch$	13.04.2012	-	-	1,644	-	-	-	-	-	-	1,644	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco Chile	Chile	Ch$	13.0.2012	-	-	1,645	-	-	-	-	-	-	1,645	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco Chile	Chile	Ch$	20.05.2012	-	-	2,470	-	-	-	-	-	-	2,470	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco Chile	Chile	UF	08.08.2012	-	-	10,294	6,863	-	-	-	-	-	17,157	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco Chile	Chile	UF	06.09.2012	-	-	1,919	4,477	-	-	-	-	-	6,395	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco Chile	Chile	UF	11.12.2012	-	-	3,600	3,600	-	-	-	-	-	7,199	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco Chile	Chile	Ch$	07.06.2013	-	-	16,608	49,872	27,618	-	-	-	-	66,480	27,618
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco Chile	Chile	UF	13.04.2012	-	-	7,226	-	-	-	-	-	-	7,226	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	BBVA	Chile	UF	01.07.2012	-	-	1,923	641	-	-	-	-	-	2,563	-

(19) Interest-bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows, Continued:

(iii) Finance lease liabilities as of March 31, 2012

96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	BBVA	Chile	UF	15.04.2012	-	-	9,409	-	-	-	-	-	-	9,409	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	BBVA	Chile	UF	15.08.2012	-	-	1,413	942	-	-	-	-	-	2,355	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	BBVA	Chile	UF	15.08.2012	-	-	1,413	942	-	-	-	-	-	2,355	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	BBVA	Chile	UF	15.08.2012	-	-	1,413	942	-	-	-	-	-	2,355	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	BBVA	Chile	UF	15.08.2012	-	-	1,413	942	-	-	-	-	-	2,355	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	BBVA	Chile	UF	01.08.2012	-	-	2,745	1,830	-	-	-	-	-	4,575	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	BBVA	Chile	UF	15.08.2012	-	-	1,413	942	-	-	-	-	-	2,355	-
78.053.560-1	Clinica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	Ch$	01.06.2012	3.20	-	5,498	16,493	6,522	-	-	-	-	21,990	6,522
78.053.560-1	Clinica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	Ch$	13.03.2013	4.00	-	17,148	51,443	5,235	-	-	-	-	68,590	5,235
78.053.560-1	Clinica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	Ch$	12.04.2014	2.20	-	11,836	35,509	46,975	-	-	-	-	47,345	46,975
78.053.560-1	Clinica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	Ch$	-	-	-	18,414	55,242	144,276	72,138	-	-	-	73,656	216,415
99.538.380-1	Soc. Educ. Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca Laesing	Chile	UF	15.06.2022	5.54	-	35,211	95,999	134,185	141,613	307,178	929,674	53,384	131,210	1,566,034
95.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	07.01.2013	7.98	-	114,907	272,086	-	-	-	-	-	386,993	-
95.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	07.01.2013	8.43	-	18,063	42,727	-	-	-	-	-	60,790	-
95.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	07.01.2013	7.69	-	17,322	40,930	-	-	-	-	-	58,252	-
95.858.860-5	Soc. Educ. Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	07.01.2013	6.14	-	25,135	50,727	-	-	-	-	-	75,862	-
96.863.530-1	Soc. Educ. Peñalolén S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	07.01.2013	5.87	-	238,057	561,593	-	-	-	-	-	799,650	-
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	30.08.2013	7.46	-	123,052	382,270	221,459	-	-	-	-	505,322	221,459
98.000.100-8	A.F.P. Habitat S.A.	Chile		Scotiabank	Chile	UF	15.11.2020	-	-	11,281	33,844	45,124	45,124	90,251	169,218	-	45,125	349,717
																	9,435,024	**87,200,610**

(19) Interest-bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows, Continued:

(iv) Finance lease liabilities as of December 31, 2011

Debtor			Creditor			Currency	Maturity date	Nominal interest rate	Effective interest rate	Maturity date (in nominal amount)					CURRENT	NON-CURRENT
Tax ID No.	**Company**	**Country**	**Tax ID No.**	**Bank or financial institution**	**Country**					**0-3 months**	**3-12 years**	**Over 1 year**	**Over 3 years**	**Over 5 years**	**12/31/2011**	**12/31/2011**
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	Ch$	4/13/2012	-	7.31	2,465	1,644	-	-	-	4,109	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	Ch$	4/13/2012	-	7.35	2,468	1,645	-	-	-	4,113	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	Ch$	5/20/2012	-	7.39	2,470	2,470	-	-	-	4,940	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	7/27/2012	-	4.51	3,277	5,461	-	-	-	8,738	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	8/8/2012	-	4.47	10,185	16,975	-	-	-	27,160	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	9/6/2012	-	8.28	1,898	5,694	633	-	-	7,592	633
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	12/11/2012	-	4.76	3,600	7,199	-	-	-	10,799	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	Ch$	6/7/2013	-	3.83	16,432	49,295	43,818	-	-	65,727	43,818
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	4/13/2012	-	4.51	10,725	7,150	-	-	-	17,875	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	7/1/2012	-	5.57	1,902	2,536	-	-	-	4,438	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	4/15/2012	-	10.24	27,927	9,309	-	-	-	37,236	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/1/2012	-	4.3	2,716	4,526	-	-	-	7,242	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
78.040.520-1	Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	-	-	4.32	98,037	287,698	745,778	347,295	-	385,735	1,093,073
78.040.520-1	Avansalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	-	-	4.65	98,723	289,289	464,174	206,141	73,416	388,012	743,731
78.040.520-1	Avansalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	-	-	4.6	3,460	10,381	1,153	-	-	13,841	1,153
78.040.520-1	Avansalud S.A.	Chile	92.040.000-0	IBM	Chile	UF	-	-	0	9,349	28,046	18,698	-	-	37,395	18,698
78.040.520-1	Avansalud S.A.	Chile	96.456.000-5	Bice Vida Cia. De Seguros S.A.	Chile	UF	-	-	5.34	149,368	514,985	6,340,763	1,571,597	12,578,804	664,353	20,491,164
78.053.560-1	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	6/1/2012	-	0.32	10,773	32,320	5,458	-	-	43,093	5,458
78.053.560-1	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	3/13/2013	-	0.40	16,988	50,965	18,464	-	-	67,953	18,464
78.053.560-1	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	4/12/2014	-	0.22	11,744	35,231	57,338	-	-	46,975	57,338
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.080.000-k	Banco BICE	Chile	UF	3/31/2037	-	5.07	469,996	2,094,863	3,765,091	2,510,060	25,100,607	2,564,859	31,375,758
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.053.000-2	Banco Security	Chile	UF	3/31/2037	-	5.07	516,885	2,141,752	3,765,091	2,510,060	25,100,607	2,658,637	31,375,758
99.558.380-1	Sociedad Educacional Lo Aguirre. S.A.	Chile	97.023.000-9	Corp-Banca Leasing	Chile	UF	6/15/2022	-	5.54	32,051	96,154	332,943	332,943	915,593	128,205	1,581,479
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	1/7/2013	-	7.98	113,463	340,388	39,198	-	-	453,851	39,198
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	1/7/2013	-	8.245	17,809	53,429	6,162	-	-	71,238	6,162
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	1/7/2013	-	7.6881	17,085	51,254	5,893	-	-	68,339	5,893
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	12/7/2012	-	6.142	24,832	74,495	-	-	-	99,327	-
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	1/7/2013	-	5.8695	235,086	705,559	80,511	-	-	940,645	80,511
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	8/30/2013	-	7.4622	122,866	368,298	347,450	-	-	491,164	347,450
98.000.100-8	A.F.P. Habitat S.A.	Chile		Scotiabank	Chile	UF	11/15/2020	-	-	11,161	33,484	89,291	89,291	178,581	44,645	357,163
															9,386,876	**87,642,902**

(19) Interest-bearing Loans, Continued

(v) Future finance lease liabilities are comprised as follows:

As of March 31, 2012	Future minimun payments ThCh$	Present value of future minimum payments ThCh$	Interest ThCh$
Up to 1 year	9,589,966	7,007,391	2,582,575
1-5 years	24,374,895	15,934,860	8,440,035
Over 5 years	63,256,716	40,871,359	22,385,357
Total	97,221,577	63,813,610	33,407,967

As of December 31, 2011	Future minimun payments ThCh$	Present value of future minimum payments ThCh$	Interest ThCh$
Up to 1 year	9,420,747	6,954,866	2,465,881
1-5 years	24,259,218	12,335,662	11,923,556
Over 5 years	63,991,286	44,702,228	19,289,058
Total	97,671,251	63,992,756	33,678,495

(19) Interest-bearing Loans, Continued

The most relevant finance lease agreements are described as follows:

Debtor		Creditor	Terms in Contract						
NAME	Relationship		Description	Life of lease contract	Contract end date	Rental	Purchase option	Prepayment option	Risk costs
Clinica Avansalud S.A.	Subsidiary	Bice Vida de Seguros S.A. y Banco Bice	Real estate = extensión, located at Av. Salvador n° 100, comune of Providencia - Santiago	234 months	28-Dec-28	First 36 installments of UF 1,566.63, te next 13 installments of UF 2,566.63 and the remaining of UF 6,301.09	In installments 235 for UF 6,301.09	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee
Clinica Avansalud S.A.	Subsidiary	Banco Bice	Finance lease for office furniture and facilities located at Avda. Salvador N° 100, commune of Providencia - Santiago	60 months	10-Feb-16	Installments of UF 419.40 plus VAT	In installment 61 for UF 419.40 plus VAT	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee
Clinica Avansalud S.A.	Subsidiary	Banco de Chile	Finance lease for medical equipment, magnetic resonance imaging scanner, located at Avda. Salvador N° 100, commune of Providencia - Santiago	60 months	30-Apr-13	Installments of UF 358.45 plus VAT	In installment 61 for UF 358.45 plus VAT	Included in the ccontract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
Clinica Avansalud S.A.	Subsidiary	Banco BBVA	Finance lease for HP computer equipment located at en Avda. Salvador N° 100, commune of Providencia - Santiago	24 months	17-Jan-13	Installments of UF 51.74 plus VAT	In installment 25 for UF 51.74 plus VAT	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
Servicios Médicos Tabancura S.A.	Subsidiary	Banco Estado	Financial lease for medical equipment and supplies located at Avda. Tabancura N° 1185, commune of Las Condes - Santiago	48 months	6-Aug-11	Installments of UF 210.20 plus VAT	In installment 48 for UF 210.20, 256.79 and 177.25 plus VAT	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
					12-Mar-13	Installments of UF 256.79 plus VAT			
					28-Apr-14	Installments of UF 177.25 plus VAT			
Megasalud S.A	Subsidiary	Banco de Chile	Finance lease for Siemens, Sirona model dental armchairs	60 months	August 7, 2013	Installments of UF 206.45 plus VAT	In installment 59 for UF 206.45	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
Soc. Educacional Peñalolen S.A.	Subsidiary	Leasing Andino	Finance lease for property located at Av. Quilin 8200, commune of Peñalolén - Santiago	45 months	January 7, 2013	Installments of UF 3,628.54	In installment 45 for UF 3,628.54	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
Soc. Educacional Huechuraba S.A.	Subsidiary	Leasing Andino	Finance lease of property located at Avda.Santa Rosa de Huechuraba 7201, commune of Huechuraba - Santiago	98 months	January 7, 2013	Installments of UF 1,769.53first stage	In installment 98 for UF 1,769.53, 278.26 and 265.95	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
				80 months		Installments of UF 278.26 second stage	In installment 81 for UF 381.76		
						Installments of UF 265.95 third stage			
						Installments of UF 381.76 fourth stage			
Soc. Educacional Lo Aguirre S.A.	Subsidiary	Corp Banca Leasing	Finance lease for property located at Av. El Canal, commune of Pudahuel - Santiago	180 months	June 15, 2022	24 installments of UF 403.50	In installment 181 for UF796.82	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
						156 installments of UF 796.82			
Soc. Educacional Temuco S.A.	Subsidiary	Leasing Andino	Finance lease of property located at Av. Martin Lutero 01200, city of Temuco	105 months	August 30, 2013	Installments of UF 2,001.21	In installment 105 for UF 2,001.21	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
AFP Habitat S.A.	Subsidiary	Scotiabank	Finance lease of a property located at Urmeneta 310 Local 2 La Construcción Building, Puerto Montt	120 months	November 15, 2020	Installments of UF 147.30 plus VAT	In installment 121 for UF 147.30 plus VAT	Included in the contract	Obligation of engaging insurance policies bome by the lessee. Destruction or impairment costs bome by the lessee.
Clinica Bicentenario S.A.	Subsidiary	Banco Bice	Building of a Clinic, medical center, offices, underground parking lots and other premises.	336 months	March 31, 2037	UF 23,184.89 for 1 half	UF 1,500,000 = VAT	Included in the contract	Insurance policy paid by Clinica Bicentenario S.A., beneficiaries: Banco Bice S.A. Tax ID N° 97.080.000-k and Banco Security S.A. Tax ID N° 97.053.000-2. Interest insurable of 50% for each bank.
						UF 96,068.43 for 1 half			
						UF 28,147.23 for 50 half years			
Clinica Bicentenario S.A.	Subsidiary	Banco Security	Building of a Clinic, medical center, offices, underground parking lots and other premises.	336 months	March 31, 2037	UF 23,184.89 for 1 half	UF 1,500,000 = VAT	Included in the contract	Insurance policy paid by Clinica Bicentenario S.A., beneficiaries: Banco Bice S.A. Tax ID N°97.080.000-k and Banco Security S.A. Tax ID N° 97.053.000-2. Insurable interest of 50% for each bank.
						UF 96,068.43 for 1 half			
						UF 28,147.23 for 50 half years			

(19) Interest-bearing Loans, Continued

Series A Notes (ILC Inversiones S.A.)

On July 28, 2011, ILC issued in Chile an aggregate principal amount of Ch$21,800 million of its fix rate Series A notes. These notes accrue interest at annual rate of 6.80% on the unpaid principal amount and annual payments of interest and principal repayment in one single installment at the maturity date of 2016.

Series C Notes (ILC Inversiones S.A.)

On July 28, 2011, ILC issued in Chile an aggregate principal amount of UF 1,500,000 of its floating rate Series C notes. These notes accrue an annual interest rate of UF + 3.60% on the unpaid principal amount starting in payments of interest and principal to be repaid in 10 equal installments staring in June 2022.

Series A Notes (Red Salud S.A.)

On January 26, 2012, Red Salud issued in Chile an aggregate principal amount of Ch$21,800 million of its fix rate Series A. These notes accrue interest at annual rate of 6.50% on the unpaid principal amount and annual payments of interest and principal repayment in one single installment at the maturity date of 2016.

Series C Notes (Red Salud S.A.)

On January 26, 2012, Red Salud issued in Chile an aggregate principal amount of UF 1,000,000 of its floating rate Series C notes. These notes accrue an annual interest rate of UF + 4.25% on the unpaid principal amount starting in payments of interest and principal to be repaid in 10 equal installments staring in June 2022.

Public debt as of March 31, 2012

Debtor			Credito			Obligation terms								Maturity		Total
Tax ID N°	Company	Country	Tax ID N°	Name	Country	Description	Currency	Payment of interest	Repayment of principal owed	Annual nominal rate	Annual effective rate	Guarantee	Nominal value (2) 03-31-2012	0-90 days	91-360 days	03-31-2012
94.139.000-5	ILC Inversiones S.A.	Chile	-	Publico	-	Nro. 671 28/07/2011 (A)	Ch$	Annual	Upon maturity	6.8	6.97	Unsecured	21,800,000	-	1,482,400	1,482,400
94.139.000-5	ILC Inversiones S.A.	Chile	-	Publico	-	Nro. 672 28/07/2011 (C)	UF	Annual	Annual (3)	3.6	3.92	Unsecured	1,500,000	-	1,216,810	1,216,810
76.020.458-8	Red Salud S.A.	Chile	-	Publico	-	Nro. 677 31/12/2011 (A)	Ch$	Annual	Upon maturity	6.5	6.8798	Unsecured	21,800,000	697,347	-	697,347
76.020.458-8	Red Salud S.A.	Chile	-	Publico	-	Nro. 698 31/12/2011 (C)	UF	Annual	Annual (3)	4.25	4.199886	Unsecured	1,000,000	473,857	-	473,857
																3,870,414

(19) Interest-bearing Loans, Continued

Public debt as of March 31, 2012, Continued

Debtor			Creditor			Obligation terms								Maturity (1)			Total
Tax ID N°	Company	Country	Tax ID N°	Name	Country	Description	Currency	Payment of interest	Repayment of principal owed	Annual nominal rate	Annual effective rate	Guarantee	Nominal value (2) 03-31-2011	More 1-3 years	More 3 - 5 years	More 5 years	03-31-2011
94.139.000-5	ILC Inversiones S.A.	Chile	-	Publico	-	Nro. 671 28/07/2011 (A)	Ch$	Annual	Upon maturity	6.8	6.97	Unsecured	21,800,000	2,964,800	24,764,800	-	27,729,600
94.139.000-5	ILC Inversiones S.A.	Chile	-	Publico	-	Nro. 672 28/07/2011 (C)	UF	Annual	Annual (3)	3.6	3.92	Unsecured	1,500,000	2,433,619	2,433,619	47,185,170	52,052,408
76.020.458-8	Red Salud S.A.	Chile	-	Publico	-	Nro. 677 31/12/2011 (A)	Ch$	Annual	Upon maturity	6.5	6.8798	Unsecured	21,800,000	4,251,000	23,217,000	-	27,468,000
76.020.458-8	Red Salud S.A.	Chile	-	Publico	-	Nro. 698 31/12/2011 (C)	UF	Annual	Annual (3)	4.25	4.199886	Unsecured	1,000,000	2,873,023	1,915,348	32,110,252	36,898,623
																	144,148,631

Public debt as of December 31, 2011

Debtor			Creditor			Obligation terms								Maturity		Total
Tax ID N°	Company	Country	Tax ID N°	Name	Country	Description	Currency	Payment of interest	Repayment of principal owed	Annual nominal rate	Annual effective rate	Guarantee	Nominal value (2) 03-31-2011	0-90 days	91-360 days	03-31-2012
94.139.000-5	Company	Country	-	Name	-	Nro. 671 28/07/2011 (A)	Ch$	Annual	Upon maturity	6.8	6.97	Unsecured	21,800,000	-	1,482,400	1,482,400
94.139.000-5	ILC Inversiones S.A.	Chile	-	Publico	-	Nro. 672 28/07/2011 (C)	UF	Annual	Annual (3)	3.6	3.92	Unsecured	1,500,000	-	1,203,878	1,203,878
																2,686,278

Debtor			Creditor			Obligation terms								Maturity (1)			Total
Tax ID N°	Company	Country	Tax ID N°	Name	Country	Description	Currency	Payment of interest	Repayment of principal owed	Annual nominal rate	Annual effective rate	Guarantee	Nominal value (2) 03-31-2011	More 1-3 years	More 3 - 5 years	More 5 years	03-31-2011
94.139.000-5	ILC Inversiones S.A.	Chile	-	Publico	-	Nro. 671 28/07/2011 (A)	Ch$	Annual	Upon maturity	6.8	6.97	Unsecured	21,800,000	2,964,800	2,964,800	23,282,400	29,212,000
94.139.000-5	ILC Inversiones S.A.	Chile	-	Publico	-	Nro. 672 28/07/2011 (C)	UF	Annual	Annual (3)	3.6	3.92	Unsecured	1,500,000	2,407,755	2,407,755	46,683,699	51,499,209
																	80.711.209

(20) Trade and Other Payables

As of March 31, 2012 and December 31, 2011 this line item included the following:

	2012 ThCh$	2011 ThCh$
Other payables	4,911,470	3,863,581
Dividends payable	1,297,780	3,928,557
Withholdings	8,294,484	6,559,547
Accounts payable	9,213,147	10,652,634
Healthcare benefits payable	14,178,606	13,490,091
Notes payable	5,795,882	3,518,321
Suppliers	21,975,914	19,781,884
Total	65,667,283	61,794,615

(21) Other Current Provisions

As of March 31, 2012 and December 31, and 2011, this line item included the following:

	Schedule	2011 ThCh$	2011 ThCh$
Casualty occurrence (1)	Without date	425,552	621,301
Healthcare expenses (2)	Without date	21,845,256	20,494,897
Subsidy expenses (3)	Without date	4,703,373	4,463,323
Other	Without date	1,049,177	1,039,969
Total other current provisions		28,023,358	26,619,490

(1) The provision for losses is generated in the time lag between the accounting period of the contract and the technical period of the contract given that in accordance with the contracts entered into with insurance companies, monthly presettlements of the contract are made on the basis of the periods covered by the insurance policy, thus the “n” covered period determines the payment of premiums during the period “n + 2.”

In addition, there is an additional provision which corrects the cost estimate for each insurance contract in accordance with IFRS, assigning to each those possible costs which are not considered in the insurance companies’ technical reserve estimate.

(2) The provision for health expenses considers those benefits and/or rewards which although provided at the closing date of the financial statements, have not yet been accounted for.

The calculation of the provision considers (i) benefits incurred but not yet reported to the health insurer institution, (ii) benefits provided, reported but not yet measured and (iii)

benefits provided, reported and measured but without the issurance of the related medical vouchers.

In developing its estimate, the Group considers hospital medical vouchers, medical programs, inpatient and outpatient reimbursements considering such factors as: loss behavior, historical evolution, seasonal variables, processing periods, prices, explicit healthcare guarantees, resolution of medical programs and amounts of medical attention and healthcare services provided at the closing date of each month, which are to settled in the following months.

(21) Other Current provisions, Continued

(3) The provision for expenses in subsidies considers (i) all sick leaves, which have been claimed but have not yet been paid and (ii) sick leaves which correspond to the closing period but have not been submitted with the corresponding Isapre (health insurer institution).

The calculation of the provision considered the following factors: loss behavior, historical evolution, seasonal variables, and amounts of healthcare services provided the closing date of each month, which were settled in the following months.

In the case of Occupational Disability Subsidy (SIL), the Group considered the moving average of the last twelve months of the accrued cost of subsidies as of the closing date and recognized after that date, as amount of the provision.

For the provisions described in the preceding numbers, ILC and its subsidiaries do not expect to receive any possible reimbursements.

The other non-current provisions line item included the following

	Schedule	03-31-2012 ThCh$	12-31-2011 ThCh$
Old age plan	Without date	96,677	103,374
Technical reserve	Without date	97,353,757	98,452,383
Total other non-current provisions		97,450,434	98,555,757

The provision for technical reserves corresponds to Vida Cámara S.A.'s legal obligation in regard to the settlement and payment of settled losses, losses in settlement process and occurred, unreported claims because of the management of its share of the disability and survivorship insurance.

Changes in provisions during 2011 and 2010 are comprised as follows:

Short-term	Loss ThCh$	Healthcare expenses ThCh$	Subsidies ThCh$	Other provisions ThCh$	Total ThCh$
Balances as of January 01, 2012	621,301	20,494,897	4,463,323	1,039,969	26,619,490
Additional provisions	-	1,350,359	240,050	9,208	1,599,617
Decreases due to payments	(195,749)	-	-	-	(195,749)
Balances as of March 31, 2011	425,552	21,845,256	4,703,373	1,049,177	28,023,358

Short-term	**Loss ThCh$**	**Healthcare expenses ThCh$**	**Subsidies ThCh$**	**Other provisions ThCh$**	**Total ThCh$**
Balances as of January 01, 2011	1,220,988	18,262,920	1,494,863	702,627	21,681,398
Additional provisions		2,231,978	2,968,459	337,342	5,537,779
Decreases due to payments	(599,687)	-	-	-	(599,687)
Balances as of December 31, 2011	621,301	20,494,898	4,463,322	1,039,969	26,619,490

(21) Other Current provisions, Continued

Long-term	Life Annuities Pensions ThCh$	Technical reserves ThCh$	Other provisions ThCh$	Total ThCh$
Balances as of January 01, 2012	103,374	98,452,383	-	98,555,757
Additional provisions	(3,529)	27,241,315	-	27,237,786
Decreases due to payments	(3,168)	(28,339,941)	-	(28,343,109)
Balances as of March 31, 2012	96,677	97,353,757	-	97,450,434

Long-term	Life Annuities Pensions ThCh$	Technical reserves ThCh$	Other provisions ThCh$	Total ThCh$
Balances as of January 01, 2011	166,861	81,246,607	87,411	81,500,879
Additional provisions	11,390	115,648,967	-	115,660,357
Decreases due to payments	(74,877)	(98,443,191)	(87,411)	(98,605,479)
Balances as of December 31, 2011	103,374	98,452,383	-	98,555,757

(22) Provisions for Employee Benefits

Current provisions for employee benefits as of March 31, 2012 and December 31, 2011 are comprised as follows:

	2012 ThCh$	2011 ThCh$
Employee profit-sharing	734,219	2,812,004
Vacation payable	3,840,545	4,537,295
Performance bonus payable	606,376	2,505,812
Directors' profit-sharing payable	-	6,643
Fees and remuneration payable	540,048	496,963
Vacation bonus payable	93,544	328,957
Employee benefit obligations	5,814,732	10,687,674

As of March 31, 2012 and December 31, 2011, the subsidiary AFP Habitat S.A. recognized under non-current provisions for employee benefits the post-employment liability it has with respect to all its employees, which is determined using the established criteria.

(22) Provisions for Employee Benefits, Continued

Post-employment benefit obligations of AFP Hábitat are composed by two types of indemnities:

- Indemnity for death: this covers all employees
- Indemnity for voluntary resignation: this covers all employees who have been permanent employees for 7 years or more.

	2012 ThCh$	2011 ThCh$
Indemnity for death	126,603	127,523
Indemnity for voluntary resignation	264,792	234,709
Total post-employment benefit obligations	391,395	362,232

As of March 31, 2012 and December 31, 2011, the assumptions used for the actuarial calculation of long-term post-employment benefits are as follows:

Actuarial bases used	**2012**	**2011**
Discount rate	5%	5%
Salary increase rate	0%	0%
Turnover	2%	2%
Turnover rate –for Company's needs	5%	5%
Age of retirement:		
Men	65	65
Women	60	60
Mortality rate	RV-2009	RV-2009

As of December 31, 2011, the actuarial study was formalized by applying an IT solution acquired from the independent actuary Mr. Pedro Arteaga from Servicios Actuariales S.A., whose administration is the responsibility of the Human Resource division of AFP Hábitat. For such a period, the Company used the RV-2009 mortality rate.

According to the estimate made, disbursements at long-term are as follows:

	2012 ThCh$	2011 ThCh$
Opening balance	362,232	355,343
Current year cost of services	31,465	48,308
Interest costs	4,445	17,767
Benefits paid during the year	(9,481)	(28,684)
Actuarial gains/losses	2,734	(30,502)
Total employee benefit obligations	391,395	362,232

(23) Other Current Non-Financial Liabilities

As of March 31, 2012 and December 31, 2011, this line item is composed of the following:

	2012 ThCh$	2011 ThCh$
Prepaid tuition fees	10,744,099	4,534,534
Prepaid contribution payments	266,740	365,981
Contribution payments payable	25,151	3,652
Prepaid incorporation fees	39,046	38,429
Total	11,075,036	4,942,596

(24) Contingencies and Restrictions

As of March 31, 2012, the Group and its direct and indirect subsidiaries had provided the following guarantees:

(a) Direct Guarantees

Guarantee	Debtor		Type of	Asset committed		Balance pending payment as of :		Release of guarantee			
Creditor	Name	Relationship	Guarantee	Type	Carrying amount	03-31-2012	12-31-2011	2011	2012	2013	YEAR
					ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	
Banco de Chile	Sociedad Educacional Chicureo S.A.	Subsidiary	Mortgage	Land and buildings	3,605,164	3,698,506	2,986,322	-	-	-	2,026
	Sociedad Educacional Valle Lo Campino S.A.	Subsidiary	Mortgage	Land and buildings	3,124,215	1,912,452	1,924,171	-	-	-	2,030
Corpbanca	Sociedad Educacional Lo Aguirre S.A.	Subsidiary	Mortgage	Land and buildings	4,080,794	1,385,254	1,390,793	-	-	-	2,022
	Sociedad Educacional Machalí S.A.	Associate	Mortgage	Land and buildings	3,513,594	3,106,480	3,705,382	-	-	-	2,022
Scotiabank	Sociedad Educacional Puerto Montt S.A.		Mortgage	Land and buildings	3,581,787	2,808,486	2,808,012	-	-	-	2,027
	Sociedad Educacional Ciudad del Este S.A.	Subsidiary	Mortgage	Land and buildings	3,019,248	2,946,306	2,945,020	-	-	-	2,027
Under-Secretary of Finance	Sociedad de Administradora de Fondos de Cesantía S.A.	Affiliate	Joint and several debtor	Total assets except for legal reserves, up to the amount of the obligation (UF55,440)	1,249,258	1,249,258	1,235,981	-	1,249,258	-	-

(24) Contingencies and Restrictions, Continued

(b) Indirect Guarantees

The Parent **Desarrollos Educacionales S.A.** became the co-debtor, guarantor and/or joint and several debtor of the following companies:

- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure the financing through financial lease arrangements granted to the company.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure the financing through financial lease arrangements granted to the company.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure the financing through financial lease arrangements granted to the company.
- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure loans for up to UF110,000.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure loans for up to UF115,500.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure loans for up to UF90,000.
- Sociedad Educacional Curauma S.A., in favor of Banco de Chile to secure the revolving credit facilities granted for up to UF 5,000.
- Sociedad Educacional Chicureo S.A., in favor of Banco de Chile to secure the revolving credit facilities granted for up to UF 5.000.
- Sociedad Educacional Chicureo S.A., in favor of Banco de Chile to secure loans for up to UF134,000.
- Sociedad Educacional Machalí S.A., in favor of Corpbanca to secure loans for up to UF 85,000.
- Sociedad Educacional Valle Lo Campino S.A., in favor of Corpbanca to secure loans for up to UF110,000.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF121,000.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF24,360.
- Sociedad Educacional Ciudad del Este S.A., in favor of Scotiabank to secure loans for up to UF116,407.
- Sociedad Educacional Puerto Montt S.A., in favor of Scotiabank to secure loans for up to UF139,182.

(24) Contingencies and Restrictions, Continued

(b) Indirect guarantees, Continued

Sociedad Educacional Peñalolén S.A., became the co-debtor, guarantor and/or joint and co-debtor of the following companies:

- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF120,000.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure loans for up to UF115,500.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure loans for up to UF90,000.

Sociedad Educacional Huechuraba S.A., a subsidiary of the Parent, became the co-debtor, guarantor and/or joint and co-debtor of the following companies:

- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure loans for up to UF110,000.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure loans for up to UF90,000.

Sociedad Educacional Temuco S.A., a subsidiary of the Parent, became the co-debtor, guarantor and/or joint and co-debtor of the following companies:

- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure loans for up to UF110,000.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure loans for up to UF115,500.

(24) Contingencies and Restrictions, Continued

(b) Indirect guarantees, Continued

Sociedad Educacional Lo Aguirre S.A., a subsidiary of the Parent became the co-debtor, guarantor and/or joint and several debtor of the following companies:

- Sociedad Educacional Machalí S.A., in favor of Corpbanca to secure loans for up to UF85,000.

Sociedad Educacional Valle Lo Campino S.A., a subsidiary of the Parent became the co-debtor, guarantor and/or joint and several debtor of the following companies:

- Sociedad Educacional Machalí S.A., in favor of Corpbanca to secure loans for up to UF85,000.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF50,021.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF24,360.

(c) Contingencies

Disability and Survivorship, and Life Annuity Pensions

Article 82 of Decree Law No.3,500 of 1980 indicates that, in the case of bankruptcy of involved insurance companies, the government of Chile guarantees the necessary additional contributions to complete the required amount to finance the disability and survivorship and life annuity pensions through the State guarantee. The coverage of such guarantee is from 100% of the prevailing minimum pension and 75% over the excess of the pension with a maximum of UF45 for each beneficiary or pensioner. In accordance with Article 82 of Decree Law No.3.5000, the amount of that portion of disability and survivorship and life annuity pensions which is not covered by the State guarantee remains the AFP's exclusive responsibility and has been estimated in accordance with the following procedure:

In this calculation, March 2012, has been used as the reference point in regard to number of beneficiaries, cancelled pensions and ages of beneficiaries. In regard to life expectancy for the calculation of the present value the technical bases established in the respective contracts with insurance companies a discount rate of 5%. As of December 31, 2011, this contingency amounts to ThCh$7,202,762.

(24) Contingencies and Restrictions, Continued

(c) Contingencies, Continued

Disability and Survivorship, and Life Annuity Pensions, Continued

With regards to the period subsequent to January 1, 1988, the state guarantee operate on additional contributions the mandatory contribution indicated in Article No.53, life annuities indicated in letters (a) and (b) of Article 61, disability pensions originated by a first opinion as indicated in Article No.54 and the death fee referred to in Article 88.

The amount of such State guarantee will be equivalent to 100% of the difference missing to complete the additional contribution, the mandatory contribution and the disability pensions originated by a first opinion.

In the case of life annuities indicated in Article 61, the State guarantee will amount to a sum equivalent to 100% of the minimum pension referred to in Article No.73 and 75% of the excess over the minimum pension with a maximum of UF45. The amount of that portion of the life annuities which is not covered by the State guarantee has been estimated in accordance with the procedure indicated in the second paragraph of this note.

Beginning on July 1, 2009, in the case of bankruptcy of all insurance companies involved in the provision of disability and survivorship insurance, the State guarantee also covers the disability and survivorship pension under the terms described in the paragraph immediately above. However, the AFP is liable for its payment notwithstanding its right of recourse against the State in conformity with the State guarantee established in Article 82 of Decree Law 3,500.

(d) Restrictions

Sociedad Educacional Chicureo S.A.: Clause Seven of the Purchase and Sale Public Deed entered into on December 6, 2010 between said company and Inmobiliaria Valle Colina S.A., provides a contract -based prohibition for changing the destination, encumbering, assigning and disposing of any title for a period of 10 years starting from the date of registration of such Deed with the Real Estate Register.

Sociedad Educacional Lo Aguirre S.A.: Clause Six of the Purchase and Sale Public Deed entered into on December 4, 2006 between said company and Administradora Ciudad de Los Valles S.A., provides a contract-based prohibition for changing the destination, encumbering, assigning and disposing of any title for a period of 10 years starting from the date of registration of such Deed with the Real Estate Register.

(24) Contingencies and Restrictions, Continued

As of Marzo 31, 2012, the Group is not exposed to any other restrictions.

(e) Lawsuits

As of March31, 2012, the consolidated companies are parties to pending lawsuits filed against them relating to the normal course of their operations, which, according to the companies' legal advisors, in their majority do not represent significant risks of loss. Provisions have been accrued in the respective direct and indirect subsidiaries against those risks which, in the legal advisors' opinion, could result in a loss in the financial statements.

As of March 31, 2012 and December 31, 2011, the provision for legal contingencies recorded amounting to ThCh$136,915 and ThCh$394,511, respectively the detail of the most significant lawsuits is as follows:

COMPANY	CLAIMED AMOUNT in Ch$	JURISDICTION	COURT	JOURNAL	MATTER	HEADING	STATUS
Sociedad Educacional Huechuraba S.A.	$2.072.602	Santiago	1st. Labor Court of Santiago	O-2634-2011	Unjustified dismissal and collection of benefits	Rivera against Sociedad Educacional Huecuraba S.A.	Discovery stage
Sociedad Educacional Peñalolén S.A.	$14.797.830	Santiago	2nd Labor Court of Santiago	O-1488-2011	Unjustified dismissal and collection of benefits	Soledad Toledo against Sociedad Educacional Peñalolen S.A.	Discovery stage
Sociedad Educacional Puerto Montt S.A.	$-	Puerto Montt	Labor Court of Puerto Montt	CAUSA 147-11	Claim for indirect dismissal for labor harassment Víctor Burgos Salazar	Nelson Ibacache	Discovery stage
Sociedad Educacional Curauma S.A.	$-	Valparaíso	Labor and Social Security Collection Court of Valparaiso	C-609-2010		Gaggero against Sociedad Educacional Curauma Ltda.	Discovery stage
Isapre Consalud	$804.000.000	Santiago	1st. Civil Court	C-1348-2009	Compensation for damages	Cárcamo Velásquez against Isapre Consalud	Currently, the case is being heard by the Court of Appeals and the appeal to the sentence is pending. Journal of the Court 6378-2011
Isapre Consalud	$500.000.000	Santiago	13th. Civil Court	C-11727-2010	Compensation for damages	Olivares Doering against Isapre Consalud	November 30, 2011, the sentence rejected the claim filed. Currently an appeal has been filed by the plaintiff.
Isapre Consalud	$400.000.000	Santiago	22nd. Civil Court	C-38545-2009	Compensation for damages	Bugueño Núñez against Isapre Consalud	Currently, a verdict is expected from the Court on a remedy of revocation. The case enters the evidentiary period.
Isapre Consalud	$390.000.000	Concepción	3rd. Civil Court	C-7297-2006	Compensation for damages	Barrena Perez against Isapre Consalud	Debate and evidentiary period the abandonment of the proceeding was rejected and therefore, he case was returned to the original court).
Isapre Consalud	$ 300.000.000	Santiago	22nd. Civil Court	C-16523-2011	Compensation for damages	Torres Diaz et al. against Isapre Consalud	Dilatory pleas were filed to the lawsuit. Their resolution is being expected.

(24) Contingencies and Restrictions, Continued

(e) Lawsuits, Continued

COMPANY	CLAIMED AMOUNT in Ch$	JURISDICTION	COURT	JOURNAL	MATTER	HEADING	STATUS
Isapre Consalud	$100.000.000	Santiago	24th. Civil Court	C-5585-2006	Compensation for damages	Enríquez Salazar et al. against Isapre Consalud	The case is pending its review by the Supreme Court because of an appeal in cassation on the merits. Supreme Court Journal No.8958-2009
Isapre Consalud	$84.000.000	Talca	4th. Civil Court	C-2719-2011	Compensation for damages	Troncoso Escalona against Isapre Consalud	September 15, 2011, dilatory pleas were filed to the lawsuit, which have not been resolved as of to-date.
Isapre Consalud	$71.000.000	Santiago	3rd. Civil Court	C-25362-2011	Compensation for damages	Llancamán Marihual against Isapre Consalud	January 3, 2012, the Court summoned to a settlement hearing.
Isapre Consalud	$40.000.000	Temuco	2nd. Civil Court	C-4587-2001	Compensation for damages	Retamal Arévalo against Isapre Consalud	November 29, 2011, the case entered the evidentiary period.
Isapre Consalud	$13.000.000	Concepción	3rd. Civil Court	C-7739-2011	Contract compliance	Diaz Uribe con Isapre Consalud	Currently, the case is expected to enter the evidentiary period.
Clínica Avansalud S.A	$65.000.000	Santiago	7th. Civil Court	C-17.007-2010	Compensation for damages	Flores against Clìnica Avansalud S.A et al.	The evidentiary period has expired; certain proceedings are pending.
Clínica Avansalud S.A	$20.000.000	Santiago	25th. Civil Court	C-24.139-2010	Compensation for damages	Olivares against Clínica Avansalud S.A. el al.	The resolution to dilatory pleas filed against the lawsuit is pending.
Clínica Avansalud Providencia S.A	Not determined	Santiago	30th. Civil Court	C-2.099-2011	Reconveyance, summary proceeding	Clínica Avansalud S.A against Solé Abad, Daniela	Final verdict favorable notified to the parties. An appeal filed by the plaintiff, its hearing and resolution by the Court are pending.
Admistradora de Fondos de Pensiones Habitat S.A..	Without amount	Santiago	1st Labor Court Stgo. (torrealba)	1253-2011 CA 1394-2011	Lawsuit for Deprivation of Rights (Marisol Guzmán)	Marisol Guzmán	Counterclaim rejected. Preliminary hearing 6-20-2011. Hearing for the trial for 7-26-2011 Idem at 7.13.2011. On 8-11-11 the demand by the pension Fund Administrator (AFP) is accepted, authorizes deprivation of rights, the term for appeal for annulment is pending. Sept. 26 the appeal for annulment is pending in the Court of Appeals. 10-13-11 Idem 11-3-2011 Idem 11.27.2011 and as of 1-17-2012.

(24) Contingencies and Restrictions, Continued

(e) Lawsuits, Continued

COMPANY	AMOUNT	JURISDICTION	COURT	JOURNAL	MATTER	HEADING	STATUS
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$12,800 plus a fine of 150 Monthly Tax Units	Santiago	1st Labor Court C. Torrealba (rd)	40-2011 CA 1754-2011	Anti-union practice	Bravo Luis against AFP Habitat	Preliminary hearing 8.16.2011. Trial hearing 9.20.2011. Sentence for 10-1-2011 6.10.2011:unfavorable verdict (the anti-union practice is rejected, but it is accepted for the payment of benefits for 12,788,380) An appeal for annulment will be filed 11-3-2011. On 11.23 the appeal for annulment was reviewed. In accordance with the Court of Appeals (12-26-2011). The appeal for annulment was rejected on 12-28-2011. The execution is pending.
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$4,115	Santiago	2nd. Labor Court Stgo. RD JH	2092-2011 CA 1732-2011	Collection of benefits; collective benefit 60%	Videla Bélgica against AFP Habitat	Preliminary hearing on 8.16.2011 .Trial hearing 9.20.2011. Sentence for 9-30-2011 10-7-2011: Unfavorable verdict, payment of $4,115,421 ordered. 11-3-2011: Appeal for annulment pending at the Court of Appeals. Idem at 01-17-2012.
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$3,659	Santiago	1st Labor Court Stgo. JH RD	O-1791-2011 CA 1688-2011 Journal CS 1511-2011	Lawsuit for a difference in salary in the calculation of severance pay and 30% of surcharge for unjustified dismissal	Orellana Valeria against AFP Habitat	Lawsuit notified. Preliminary hearing 8.2.2011. Trial hearing 9.7.2011.Sentence for 9-26-2011. Partially favorable verdict. Appeal for annulment filed. This has not been reviewed by the Court. As of 11.26.2011: the review of the appeal for annulment is pending at the Court of Appeals. Idem at 1-17-2012
Admistradora de Fondos de Pensiones Habitat S.A.	Dismissal: ThCh$7,400 Moral damage ThCh$100,000	Santiago	1st Labor Court Santiago JHV-RDB	O1689-2011 CA 1511-2011	Indirect dismissal; gross noncompliance: no payment of base salary, physical and moral damage.	Encina, Cecilia against AFP Habitat	Lawsuit notified. Preliminary hearing 07.11.2011. Trial hearing 08-16-2011. For verdict (08-23-2011) favorable verdict. An appeal for annulment filed. As of 9.26.2011, the appeal is pending review by the Court of Appeals. Idem 11-3-2011, as of 12-26-2011 and 1-17-2012.
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$148,000, plus adjustments and costs	Santiago	1st Labor Court Santiago CT	O-3903-2011	Base salary	Aedo Meza et al. (50 employees) against AFP Habitat	Preliminary hearing 01-10-2012. Trial hearing 2-1472012.
Admistradora de Fondos de Pensiones Habitat S.A.	Without amount	Santiago	22nd Civil Court (rd-sd)	15.085/2006 – CA: 7086/09 CS 68/2011	Lawsuit for the collection of invoices	"Hermosilla against Habitat"	Verdict appealed by the plaintiff. At the Court, verdict confirmed by the Court of Appeals. The plaintiff filed an appeal in cassation; the appeal is pending review by the Supreme Court (10-26-2010). Idem as of 12-22-2010 and 12-31-2010 and 03-23-2011 and 4-11-2011, 06-22-2011 Idem as of 7-13-2011, as of 8-232011 , as of 9-262011 and as of 10-13. 10-25-2011: allegation before the Supreme Court. In agreement as of 11-3-2011. Idem as of 12.26.2011 and as of 1-17-2012.

(24) Contingencies and Restrictions, Continued

(e) Lawsuits, Continued

COMPANY	AMOUNT	JURISDICTION	COURT	JOURNAL	MATTER	HEADING	STATUS
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$200,000	Santiago	28th Civil Court (rd-sd)	12.314-2008-8145-2009	The Pension Fund Administrator (AFP) files a lawsuit for compensation for damages and noncompliance with the contract	"Habitat against Hermosilla"	Scarce probabilities of recovery due to the defendant's economic position. Partially favorable verdict for the Pension Fund Administrator (AFP). Both parties filed an appeal. 09.15.2010: processing of allegations. The Court of Appeals confirmed the first instance verdict (10.14.2010) The plaintiff did not appeal in cassation. The case returned to the first instance for execution of the verdict. A certificate for the execution of the judgment was requested. 12.22.2010. Idem as of 03.23.2011 and 04/11/2011, 5/23/5/2011 credit settlement pending. As of 06/22/2011, the credit was settled. Seizure was ordered for $52,293,347. Idem as of 7.132011. Pieces of furniture were seized; payment has not been made (8/23//2011). Idem as of 9/26/2011, as of 10/13/2011 and as of 11/3/2011 Idem as of 12.26.2011 an as of 1/17/2012
Admistradora de Fondos de Pensiones Habitat S.A.	Thch$44,000	Santiago	6th Civil Court (rd-sd)	C-33398-2011	Compensation for damages	Gutiérrez against AFP Habitat el al. (AFC and AFP Capital)	05.16.2011 answer to the claim. Idem 6/222011 Idem as of 7.13.2011, as of 8/23/2011, as of 9/26/2011, as of 07/13/2011. A of 11/3/2011 The rejoinder from the plaintiff is pending. Idem as of 12.26.2011 and as of 12/17/2012.
Admistradora de Fondos de Pensiones Habitat S.A.	Without amount	Santiago	Court of Appeals of Santiago	5174-2011-1	Requests the removal from the Labor Bulletin	Remedy of protection Sociedad Bórquez y Cía Ltda.	Pending at the Court of Appeals. Idem as of 8/2372011 and as of 9/26/2011 ,as of 10/13/2011 and as of 11/3/2011 .Idem as of 12.26.2011

(f) Covenants from interest bearing loans

The Company was in Compliance with these covenants as of March 31, 2012 and December 31, 2011.

Covenants are determined under accounting principles generally accepted in Chile (Chilean GAAP) and the instructions issued by the Chilean Superintendency of Securities and Insurance.

In July 2010, ILC issued two series of notes with the following covenants:

- *Financial Debt Limitation*. At each quarter end, ILC must maintain, net financial debt lower than total equity.
- *Revenue Limitation*. At least two thirds of ILC's revenues must originate from its Retirement & Insurance and Healthcare segments, when measured on a quarterly basis on retroactive twelve-month periods over the entire life of the notes.

(24) Contingencies and Restrictions, Continued

(f) Covenants from Interest Bearing Loans, Continued

- *Event of Default*. An event of default on the notes will be deemed to occur if ILC or any of its significant subsidiaries default in the payment of any obligation which, individually or in the aggregate, exceeds 5% of ILC's total assets as recorded in ILC's last quarterly financial statements, and such default continues for a period of 60 days; *provided*, however that the term "obligations" shall not be deemed to include any obligation that has been expressly postponed, is subject to pending lawsuits or litigation or is not recognized by ILC in its account records.

- *Acceleration*. If an event of default on the notes has occurred, any creditor of ILC or its significant subsidiaries may declare all unpaid principal of and accrued interest in the notes to be due and payable immediately; *provided*, however that the default by ILC or any of its significant subsidiaries in the payment of any obligation which, individually or in the aggregate, does not exceed 5% of ILC's total assets as recorded in ILC's last quarterly financial statements will not be considered a default.

(25) Sanctions

By the Chilean Superintendency of Pensions:

As of March 31, 2012, AFP Habitat S.A. and its directors have not been sanctioned by the Chilean Superintendency of Pensions.

As of December 31, 2011, the Administrator and its directors have been sanctioned by the Chilean Superintendency of Pensions as follows:

On January 17, 2011, through Resolution No.02, the Superintendency applied the sanction of censure to Director Mrs. María Teresa Infante Barros for a breach to letter f) in Article 154 of Decree Law No.3.500 (which instructions are contained in letter (f) of Chapter H of Circular No.1.227) because of the sale on February 1, 2010, through Ingeniería Las Ramaditas Ltda., of 9,804 shares of Salfacorp S.A., at a price which exceeds the weighted average price existing in the formal markets on the day before the purchase of these instruments by pension fund type A on January 29, 2010.

On January 17, 2011, through Resolution No.03, the Superintendency applied to AFP Habitat S.A. a fine of UF 200 for an internal control failure to prevent a conflict of interest in regard to Director Mrs. María Teresa Infante Barros in the sale of her shares in Salfacorp S.A. through Sociedad Ingeniería Las Ramaditas Ltda.

(25) Sanctions, Continued

By the Chilean Superintendency of Pensions, Continued

On February 18, 2011, through Resolution No.013, the Superintendency applied the sanction of censure to AFP Habitat S.A. for having omitted to file an *Hecho Esencial* (Material Event) to inform that regulating body of the lawsuit affecting its custodian, State Street Bank & Trust.

On August 10, 2011, through Resolution No.046, the Superintendency applied a fine of UF 200 to AFP Habitat S.A. for a breach to the instructions contained in Circular No.1537, related to information in the current accounts of the managed pension funds which should be submitted to the Superintendency.

On August 29, 2011, through Resolution No.052, the Superintendency applied the sanction of censure to AFP Habitat S.A. for having omitted to provide in the electronic certificates of 36 affiliated members the information related to the commission consumed as scheduled withdrawal when the broker collected the commission, which resulted in 12 of them paying commission exceeding the legally allowed limits.

On November 29, 2011, the Superintendency applied a fine of UF 3,500 to AFP Habitat S.A. for errors in the rating of the insurance coverage relating to 69 retirement cases. This sanction has not yet been executed.

By the Chilean Superintendency of Health

On January 2012, through Exempt Resolution No.43, fine on Isapre Consalud S.A. of UF600 due to excesses, in some cases, in quotations for group and collective plans.

In October 2011, through Exempt Resolution No.727, the Superintendency fined Isapre Consalud S.A. UF800 for the following reasons: (i) providing subsidies for the provision of certain:

Healthcare services, GES (Government Health Guarantee) and CAEC (Additional Coverage for Catastrophic Diseases) coverage, which should have been guaranteed and (ii) not informing its members who have a preferred provider that is different than Consalud's GES provider that they had the right of obtaining the guaranteed GES coverage from their preferred provider.

In October 2011, through Exempt Resolution No.665, the Superintendency fined Isapre Consalud S.A. UF30.0 for providing subsidies lower than those agreed in the applicable health insurance plan by not abiding to coverage associated with the rights established in the applicable health insurance agreement, as provided in Article 189 of Decree Law No.1 dated 2005 on health insurance and the instructions provided in Official Communication IF/No. 0.070 dated November 2010.

(25) Sanctions, Continued

By the Chilean Superintendency of Health, Continued

In October 2011, through Exempt Resolution No.663, the Superintendency fined Isapre Consalud S.A. UF700 for noncompliance with the period established by *Compin* (Medical Preventive and Disability Commission), in the payment of subsidies for labor disability claimed in accordance with Article 43 of Supreme Decree No.3/84 on health insurance. In such cases it has been verified that Isapre Consalud S.A. did not pay in a timely manner in accordance with the terms established.

In February 2011, through Exempt Resolution No. 17, the Superintendency fined Isapre Consalud S.A. UF250 due to billing a "Lasik surgery" to an affiliated member, which was subject to a minimum coverage subsidy, without considering the coverage contained in the health insurance plan.

In addition, in three cases, affiliated members received lower coverage for medicines than that contained in their health insurance plans.

(26) Operating Leases

(a) Total future minimum payments associated with assets under operating leases derived from non-renewable lease contracts for each of the following terms as of March 31, 2012 and December 31, 2011 is as follows:

Operating leases	2012 ThCh$	2011 ThCh$
Up to 1 year	888,934	748,122
1-5 years	3,555,736	2,992,486
Over 5 years	6,222,538	7,481,216
Total	10,667,208	11,221,824

(b) As of March 31, 2012 and December 31, 2011, the Company's Management has not entered into any operating subleases.

(c) Operating lease payments recognized in the statement of income as of March 31, 2012 and December 31, 2011 amount to ThCh$571,147 and ThCh$716,338, respectively.

(d) The following is a general description of significant lease agreements:

- No contingent payments have been agreed.
- AFP Hábitat S.A. leases warehouses, offices, computer equipment and parking lots under operating lease arrangements. Usually leases contemplate a period of 10 years and contain the option of renewing the agreement after that date.
- In the majority of contracts, AFP Hábitat S.A. is prohibited from assigning or leasing the warehouse or office or from using it for purposes other than those agreed.

(27) Net Equity

Changes in Equity:

(a) Paid-in capital

As of December 31, 2011 and 2010, paid-in capital amounts to ThCh$213,772,622 divided into 37,031,553 same-series shares with no par value. The portion related to price-level adjustment has been incorporated into paid-in capital.

(b) Dividend policy

In accordance with Article 79 of the Shareholders' Corporations Act, closed stock corporations should distribute as a dividend the minimum amount established in their By-laws. In the case of ILC, the minimum dividend provided in Article Twenty-one of its By-laws is 5% of profit for the year.

(27) Net Equity, Continued

(c) Changes in other reserves

During March 31, 2012 and 2011, changes in other reserves are composed of the following:

Detail	Reserve for future capital increases ThCh$	Reserve from subsidiaries and affiliates ThCh$	Reserve for capital contribution due to merge ThCh$	Other reserves ThCh$	Total ThCh$
Opening balance as of 01-01-2012	4,295,530	1,440,220	94,076,329	77,647	99,889,726
Effect of restructuring of subsidiaries	-	-	-	99,911	99,911
Final balances as of 03-31-2012	4,295,530	1,440,220	94,076,329	177,558	99,989,637

Detail	Reserve for future capital increases ThCh$	Reserve from subsidiaries and affiliates ThCh$	Reserve for capital contribution due to merge ThCh$	Other reserves ThCh$	Total ThCh$
Opening balance as of 01-01-2011	4,295,530	(1,488,491)	94,076,329	(2,969,370)	93,913,998
Effect of restructuring of subsidiaries	-	-	-	2,236,506	2,236,506
Final balances as of 03-31-2011	4,295,530	(1,488,491)	94,076,329	(732,864)	96,150,504

(27) Net Equity, Continued

(d) Changes in retained earnings (accumulated deficit)

The changes in the retained earnings reserve are as follows:

	ThCh$
Final balance as of December 31, 2010	**88,355,172**
Profit for the year 2011	81,570,269
Distribution of dividends	(44,791,145)
Gain (loss) from merger, Megalab S.A.	21,271
Effect of subsidiary restructuring	(5,906,097)
Final balance as of December 31, 2011	**119,249,470**
Profit for the year 2011	32,318,211
Effect of subsidiary restructuring	223,953
Final balance as of March 31, 2012	**151,791,634**

On May 17, 2011, the Company distributed a dividend of Ch$ 187.20 per share.
On June 27, 2011, the Company distributed a dividend of Ch$ 270.039985 per share.
On September 15, 2011, the Company distributed a dividend of Ch$ 270.00 per share.
On November 15, 2011, the Company distributed a dividend of Ch$ 131.00 per share.
On November 15, 2011, the Company distributed a dividend of Ch$ 351.00 per share.

(28) Non-controlling Interest

The detail of non-controlling interest is as follows:

		Minority interest percentage		Equity		Profit or loss	
Company	**Subsidiary**	**03-31-2012**	**03-31-2011**	**03-31-2012**	**03-31-2011**	**03-31-2012**	**03-31-2011**
		%	**%**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Im Trust Corredores de Bolsa S.A.	AFP Habitat S.A.	1.92	3.28	7,443,369	11,963,914	491,224	597,520
Inversiones Unión Española S.A.	AFP Habitat S.A.	3.70	3.70	14,336,238	13,495,878	946,119	674,031
Larraín Vial Corredores de Bolsa S.A.	AFP Habitat S.A.	2.43	1.67	9,420,514	6,091,383	621,706	304,225
Inmobiliaria Los Lleuques	AFP Habitat S.A.	1.33	-	5,156,084	-	340,275	-
Inmobiliaria Villuco S.A.	AFP Habitat S.A.	-	1.33	-	4,851,221	-	242,287
Penta Corredores de Bolsa S.A.	AFP Habitat S.A.	0.75	1.14	2,907,566	4,158,190	191,885	207,675
Valores Security Corredores de Bolsa S.A.	AFP Habitat S.A.	1.12	1.48	4,341,965	5,398,351	286,548	269,613
Celfin Capital Corredores de Bolsa S.A.	AFP Habitat S.A.	1.07	1.08	4,148,127	3,939,337	273,755	196,744
Banchile Corredores de Bolsa S.A.	AFP Habitat S.A.	1.47	1.28	5,698,829	4,668,844	376,094	233,178
Collados Núñez Modesto	AFP Habitat S.A.	1.00	1.00	3,876,755	3,647,535	255,846	182,171
Inmobiliaria Duero	AFP Habitat S.A.	0.71	0.71	2,752,496	2,589,750	181,651	129,341
MBI Aarbitrage Fondo de Inversión	AFP Habitat S.A.	0.65	0.60	2,519,890	2,188,521	166,300	109,302
Santander S.A. Corredores de Bolsa	AFP Habitat S.A.	0.61	-	2,364,820	-	156,066	-
BCI Corredores de Bolsa S.A.	AFP Habitat S.A.	0.73	0.56	2,830,031	2,042,619	186,768	102,016
Inversiones Megeve Dos Ltda.	AFP Habitat S.A.	0.57	0.59	2,209,750	2,152,045	145,832	107,481
Cia. de Inversiones La Española S.A.	AFP Habitat S.A.	0.56	0.06	2,170,983	204,262	143,274	10,202
Inversiones Covadonga S.A.	AFP Habitat S.A.	0.56	0.56	2,170,983	2,042,619	143,274	102,016
Inversiones Tacora Ltda.	AFP Habitat S.A.	-	0.55	-	2,006,144	-	100,194
Banco de Chile por cuenta de terceros no residentes	AFP Habitat S.A.	0.97	-	3,760,452	-	248,171	-
Negocios y Valores S.A., Corredores de Bolsa	AFP Habitat S.A.	0.61	-	2,364,820	-	156,066	-
Sociedad de Ahorro Villuco S.A.	AFP Habitat S.A.	0.62	-	2,403,588	-	158,625	-
Servicio Médico CCHC	Red Salud S.A.	-	10.19	-	11,986,874	-	27,171
Cámara Chilena de la Construcción A.G.	Red Salud S.A.	9.16	-	11,257,069		47,404	-
Mutual de Seguridad CCHC	Red Salud S.A.	10.02	-	12,313,956	-	51,855	-
Nixus Marketplace S.A.	Iconstruye S.A.	7.34	7.34	207,086	199,881	13,893	2,746
Cámara Chilena de la Construcción A.G.	Iconstruye S.A.	10.00	10.00	282,134	272,317	18,928	3,741
Inversiones y Asesorias Bartel Oliver Ltda.	Iconstruye S.A.	6.62	6.62	186,772	180,274	12,530	2,476
Inversiones Santa Ana Limitada	Iconstruye S.A.	6.25	6.25	176,334	170,198	11,830	2,338
Inversiones La Hiedra S.A.	Iconstruye S.A.	4.00	4.00	112,853	108,927	7,571	1,496
Varios Accionistas Habitat	AFP Habitat S.A.	11.14	12.93	43,187,046	47,162,624	2,850,125	2,355,467
Varios Accionistas Iconstruye	Iconstruye S.A.	32.83	32.83	926,245	894,018	62,140	12,281
Varios Accionistas otras subsidiarias	Varios	-	-	341,375	326,354	6,217	6,700
Total				151,868,129	132,742,080	8,551,970	5,982,412

(29) Revenue

As of March 31, 2012 and 2011, this line item is composed of the following:

Revenue	2011 ThCh$	2011 ThCh$
Healthcare payment contributions	50,677,816	44,394,365
Insurance premiums	40,807,672	35,535,498
Healthcare services	36,768,037	28,113,332
Pension Fund Administrator commissions	29,841,544	28,811,671
Voluntary healthcare payment contributions	15,951,008	14,550,173
Other revenue	4,187,369	2,173,352
Total	178,233,446	153,578,391

(30) Finance Income

As of March 31, 2012 and 2011, this line item is composed of the following:

	2011 ThCh$	2011 ThCh$
Domestic fixed income	2,461,913	644,677
Domestic variable income	1,727,731	1,668,778
International fixed income	(64,965)	546,655
International variable income	462,265	421,529
Type A pension fund reserve	2,430,320	736,565
Type B pension fund reserve	2,199,514	667,958
Type C pension fund reserve	3,236,996	1,354,563
Type D pension fund reserve	697,782	453,930
Type E pension fund reserve	218,334	118,975
Total	13,369,890	6,613,630

(31) Other Gains (Losses)

As of March 31, 2012 and 2011, the main items recorded in other gains (losses) in the statement of income are detailed as follows:

	2012 ThCh$	2011 ThCh$
Other income:		
Gains/loss	397	30,237
Rental income	369,078	117,606
Other income	248,872	-
Total	618,347	147,843
Other expenses:		
Health area losses	(289,006)	(192,884)
Other	(71,267)	(114,758)
Total	(360,273)	(307,642)
Other income (expense)	258,074	(159,799)

(32) Finance Costs

As of March 31, 2012 and 2011, this line item is composed of the following:

Finance costs	2012 ThCh$	2011 ThCh$
Interest and expenses arising from financial obligations	1,305,296	2,434,571
Lease interest	652,573	234,325
Other finance costs	178,495	100,052
Interest on bonds payable	692,883	-
Total finance costs	2,829,247	2,768,948

(33) Administrative and Personnel Expenses

As of March 31, 2012 and 2011, this caption is composed of the following:

	2012 ThCh$	2011 ThCh$
Personnel	15,031,469	13,246,405
Communication	509,852	419,614
Maintenance	1,158,884	1,131,241
Investments	402,079	328,638
Advertising	628,090	386,743
Depreciation	2,285,248	1,793,475
General	5,964,387	7,368,507
Mailing	405,927	227,420
Outsourcing	765,161	344,828
Operating	2,020,711	1,875,639
Total	29,171,808	27,122,510

Personnel expenses (included within administrative expenses) as of March 31, 2012 and 2011, are composed of the following:

	2012 ThCh$	2011 ThCh$
Salaries and wages	13,028,616	11,978,450
Short-term employee benefits	889,651	267,136
Post-termination benefits	34,922	125,941
Other personnel expenses	1,078,280	874,878
Total	15,031,469	13,246,405

(34) Foreign Currency Exchange Gain/(Loss)

As of March 31, 2012 and 2011, this caption is composed of the following:

	Currency	2012 ThCh$	2011 ThCh$
Financial investments	US$	(13,519)	570,091
Trade receivables	US$	(121,712)	39,153
Trade payables	US$	-	(19,171)
Total		(135,231)	590,073

(35) Gain (loss) on Index-adjusted Units

As of March 31, 2012 and 2011, this line item is composed of the following:

	Adjustment index	03-31-2012 ThCh$	03-31-2011 ThCh$
Financial investments	UF	1,141,303	701,760
Technical reserves	UF	(1,035,455)	(259,703)
Loans	UF	(1,385,739)	(180,025)
Trade receivables	UF	130,179	10,877
Trade payables	UF	(91,814)	(28,581)
Total		(1,241,526)	244,328

(36) Operating Segments

The Group discloses segment information in conformity with IFRS 8 *Operating Segments* which provides the standards to report in regard to the operating segments and related disclosures for products, services and geographical areas.

The Group operates in different markets with different economic, commercial and legal environments, which expose them to different risks and returns in each of these areas. The similarity of the commercial, economic and political terms, as well as the proximity of the operations determine the identification of three segments by line of business, which correspond to the retirement and insurance services, healthcare and other businesses.

For each of these segments there is financial information which is regularly used by senior management for the decision-making process, assigning resources and assessing performance.

The Segments used by the Group to manage its operations are as follows:

- **Retirement and Insurance Business**

  The retirement and insurance business includes the following companies: AFP Hábitat S.A., Isapre Consalud S.A. and Compañía de Seguros Vida Cámara S.A. Their main operations relate to the rendering of retirement and insurance services for the management of retirement, coverage of medical attention and coverage of a retirement pension in the event of disability and survivorship events.

- **Healthcare Business**

  The healthcare business comprises Red Salud. Its main operation is the rendering of inpatient and outpatient services. It includes, among other facilities, Clínica Tabancura, Clínica Avansalud, Clínica Bicentenario and the network of Megasalud medical centers for outpatient services.

(36) Operating Segments, Continued

- **Other Businesses**

  Other businesses include Desarrollos Educacionales S.A.'s network of schools, Iconstruye and the Group's financial and real estate investment portfolio. Their main operations relate to providing educational and information technology services and the management of financial and real estate assets, respectively.

The information required by IFRS 8 on assets and liabilities is as follows:

03-31-2012	**Retirement and insurance business ThCh$**	**Healthcare business ThCh$**	**Other businesses ThCh$**	**Total ThCh$**
Total segment assets	624,923,264	290,592,648	182,369,661	1,097,885,573
Total amounts in affiliates and joint ventures recognized according to the equity method of accounting	5,792,980	13,361,226	(100,089)	19,054,117
Total segment liabilities	201,894,843	176,231,315	102,067,499	480,193,657
12-31-2011	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Total segment assets	636,145,908	243,180,182	124,766,536	1,004,092,626
Total amounts in affiliates and joint ventures recognized according to the equity method of accounting	4,989,963	11,957,100	135,958	17,083,021
Total segment liabilities	211,361,306	124,707,895	91,483,617	427,552,818

Profit or loss by segment is as follows:

	Retirement and insurance business 03-31-2012 ThCh$	**Healthcare business 03-31-2012 ThCh$**	**Other businesses 03-31-2012 ThCh$**	**Total 03-31-2012 ThCh$**
Gross profit				
Total revenue	138,690,307	37,030,980	2,512,159	178,233,446
Cost of sales	(80,219,667)	(28,697,282)	(1,291,144)	(110,208,093)
Total gross profit	58,470,640	8,333,698	1,221,015	68,025,353

(36) Operating Segments, Continued

	Retirement and insurance business 03-31-2011 ThCh$	Healthcare business 03-31-2011 ThCh$	Other businesses 03-31-2011 ThCh$	Total 03-31-2011 ThCh$
Gross profit				
Total revenue	123,408,253	28,113,332	2,056,806	153,578,391
Cost of sales	(72,280,259)	(21,811,553)	(1,148,449)	(95,240,261)
Total gross profit	51,127,994	6,301,779	908,357	58,338,130

The information required by IFRS 8 on profit or loss by segment is as follows:

	Retirement and insurance business 03-31-2012 ThCh$	Healthcare business 03-31-2012 ThCh$	Other businesses 03-31-2012 ThCh$	Total 03-31-2012 ThCh$
Total revenue	138,690,307	37,030,980	2,512,159	178,233,446
Cost of sales	(81,255,122)	(28,697,282)	(1,291,144)	(111,243,548)
Other income by function	140,847	-	1,980	142,827
Administrative and personnel expenses	(19,850,408)	(6,530,190)	(2,368,802)	(28,749,400)
Other expenses by function	(58,434)	-	(9,851)	(68,285)
Finance income	11,951,821	528,678	1,997,396	14,477,895
Finance costs	(164,830)	(1,676,416)	(1,337,159)	(3,178,405)
Share of profit of affiliates accounted for according to the equity method of accounting	777,128	394,800	16,744	1,188,672
Income tax expense	(9,070,160)	(66,914)	468,536	(8,668,538)
Gain (loss) attributable to owners of the Parent	32,639,391	418,256	(739,436)	32,318,211
Gain (loss) attributable to non-controlling interests	8,495,222	132,453	(75,705)	8,551,970

Segments by geographical areas

The Group operates solely in Chile and therefore, reporting geographical segments is not applicable and given the businesses in which the Company operates no customers are identified as being more important than others.

(37) Subsequent Events

(a) On the 16th April 2012 an Extraordinary Shareholders Meeting was held, at which the following agreements were made:

- The registration of the Company's shares in the Registro de Valores de la Superintendencia de Valores y Seguros, so they can be sold through a public offering, maintaining the Company's registration with, and subject to the supervision of the Superintendencia de Valores y Seguros.

(37) Subsequent Events, Continued

- The modification of the name of the Company to "Inversiones La Construcción S.A.", also allowing the use of the abbreviations "ILC Inversiones S.A." and "ILC S.A."

- To raise the current number of the Company's shares (37,031,543) representative of current subscribed and paid capital, to 96,282,038 shares of the newly issued, through an exchange of 2.6 new shares for every share currently outstanding.

- To raise the capital of the Company, from 213,772 million to 310,000 million through the emission of 13,717,962 shares, which will be offered preferentially, once, to the current shareholders, prorated based on the shares each owns on the fifth business day before the respective option.

- To modify the estatutos sociales, adjusting them for the requirements of a Public Limited Company; and to include the possibility foreseen in art. 71-bis of law 18.046.

- To completely and organically replace the estatutos sociales, adopting a new integral text of the same estatutos sociales, which will implicate the possibility for the meeting to adopt resolutions and approve norms concerning the name, address, duration and objective of the Company; the social capital and the form and opportunity of its entirety; the norms for shares emitted by the Company; the rights that they confer to the owners and the registry of shareholders; the composition, requirements, duration, replacement, faculty, remuneration and functional regime of the Directorate and its members; the quorum, attributions, functionality, minutes and periods of celebration of General Shareholder Meetings; norms for the regulators of the administration, management, agents, balances, distribution of profits, dividends, minimum amount of profits that should be distributed annually as dividends, dissolution and liquidation of the Company; faculties and functionality of the liquidators; arbitration, norms applicable to the Company and, in general, declarations about any issues directly or indirectly related to the above mentioned concepts, being able to in effect introduce, modify, replace or delete whichever permanent or transitory norm of the social act, adapting it to the legal norms applicable to Public Limited Companies, removing Articles of the pact repetitive of legal or regulatory mandates, and introducing or modifying whichever norm of the statute that the meeting deems appropriate.

- To adopt all of the methods deemed necessary in order to materialize and legalize the statutory reform and other agreements adopted; and establish the conditions and modalities for their validity.

(37) Subsequent Events, Continued

(b) On April 17, 2012, through private contracts, Fondo de Inversión Privado ILC acquired 1,550,987 shares of ILC S.A. of the total shares acquired, 1,253,935 shares were purchased from Caja de Compensación de Asignación Familiar de Los Andes and 297,052 Shares from Corporación de Capacitación de la Construcción.

On May 11th, 2012, through a private contract, Fondo de Inversión Privado ILC bought 50,000 shares of ILC S.A from Corporación Deportiva de la Construcción.

On May 22, 2012, by private contract, Fondo de Inversión Privado ILC purchased to Mutual de Seguridad de la Cámara Chilena de la Construcción the amount of 2,663,114 shares of ILC S.A.

With these acquisitions, Fondo de Inversión Privado ILC holds a 11.52% of ILC S.A.

(c) On April 26, 2012, the Ordinary General Shareholders Meeting was carried out, where the following agreements were made:

- The approval of the report, balances, and other financial statements of the period 2011 and the external auditors' report.
- An agreement to distribute a dividend of $316 per share on May 10, 2012.
- The current Directorate was reelected in its entirety.
- KPMG Auditores Consultores Limitada were elected as the external auditors for the 2012 reporting period.

An Extraordinary Shareholder Meeting was held on the same day, at which the following agreements were made:

They approved the collaboration of the Company in an eventual process to sell part of the shares emitted in this meeting, that they expect to carry out in international markets, directed at qualified investors in these countries, which could implicate:

- Providing information about the Company, giving access to documentation to their controller, lawyers and underwriter banks.
- Registering actions relating to the Company, in the form of certificates, legal opinions or declarations contained in acts and contracts.

(37) Subsequent Events, Continued

- To concur with the contracts that the controller has made with the underwriter banks and/or potentially interested parties, conforming to the usual practices of the international market, to effectively extend declarations and guarantees for this type of transaction, and likewise assume the obligations of indemnity.

- To agree with the controller of the Company the considerations that the Company will receive for the contribution that the meeting agrees.

- Establish the remaining terms and conditions that said contribution would grant.

  Collaborate on whichever other issue is appropriate or necessary to carry out the eventual sale of shares, just as for the awarding of powers deemed necessary for the materialization of the agreements made by the meeting.

(d) On April 30, 2012, the third bidding process for Disability and Survival Insurance (SIS) was held by the six AFPs. 25 fractions for the 7 male fractions and 21 fractions for the 4 female fractions were offered. Vida Cámara did not submit a winning bid and therefore was not awarded any portion of the SIS insurance business for the period from July 1, 2012 to June 30, 2014. The revenue associated with these contracts were ThCh$40.807.672 and ThCh$35,535,498 for the three month periods ended March 31, 2012 and 2011, respectively.

(e) On the 25th of May 2012, ILC S.A. will acquire 232,800,000 shares of Red Salud S.A. from Cámara Chilena de la Construcción A.G. The price of the transaction was M$10,243,200, and the corresponding payment will be made over a period of 30 days.

With this acquisition, ILC S.A. increased its share in Red Salud S.A. to 89.99%.

(f) Between December 31, 2011 and the date of issue of these financial statements there have been no other subsequent events which could affect their presentation and/or interpretation.

Independent Auditors' Report

The Shareholders and Board of Directors
Sociedad de Inversiones y Servicios La Construcción S. A.:

1. We have audited the accompanying consolidated statements of financial position of Sociedad de Inversiones y Servicios La Construcción S.A. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the opening statement of financial position as of January 1, 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and 2010. The preparation of these consolidated financial statements (including their notes) is the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

2. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

3. In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Sociedad de Inversiones y Servicios La Construcción S.A. and subsidiaries as of December 31, 2011 and 2010 and January 1, 2010, and the results of their operations and their cash flows for the years ended as of December 31, 2011 and 2010, in accordance with International Financial Reporting Standards.

4. As indicated in Note 39 (d) to the consolidated financial statements, subsequent to December 31, 2011, the Company's subsidiary, Compañía de Seguros Vida Cámara, was informed that they will not continue to be the provider for the Chilean government's disability and survivors insurance associated with pensions for the two-year period beginning on July 1, 2012.

Joaquín Lira H.

/s/ Joaquín Lira H. KPMG Ltda.

Santiago, June 6, 2012

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
as of December 31, 2011, 2010 and January 1, 2010

Assets	**Note**	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Current assets:				
Cash and cash equivalents	(7)	94,043,237	109,050,042	40,326,480
Financial assets	(11)	161,115,961	156,755,062	86,346,014
Non-financial assets	(13)	8,922,748	7,212,805	7,566,786
Trade and other receivables, net	(8)	68,599,461	56,910,886	45,020,556
Accounts receivable due from related parties	(9)	774,172	1,046,850	297,933
Inventories	(10)	1,733,237	1,022,934	957,009
Other assets		37,290	-	-
Current tax receivable	(12)	931,654	3,009,736	1,821,795
Total current assets		336,157,760	335,008,315	182,336,573
Non-current assets:				
Financial assets	(11)	188,831,393	179,903,687	6,828,864
Non-financial assets	(13)	12,350,996	10,021,002	9,839,916
Trade and other receivables, net	(8)	4,277,305	1,378,201	47,019
Equity accounted investees	(15)	17,083,021	12,916,365	87,073,294
Intangible assets other than goodwill	(16)	74,221,556	76,930,153	3,756,613
Goodwill	(18)	101,506,809	101,576,896	85,229
Property, plant and equipment, net	(17)	227,580,991	215,204,372	161,259,620
Investment property	(19)	21,682,753	21,966,845	20,078,604
Deferred tax assets	(12)	20,400,042	7,465,656	7,888,780
Total non-current assets		667,934,866	627,363,177	296,857,939
Total assets		1,004,092,626	962,371,492	479,194,512

The accompanying notes are an integral part of this consolidated financial statement.

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
as of December 31, 2011, 2010 and January 1, 2010

Liabilities and Shareholders' Equity	**Note**	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Current liabilities:				
Financial liabilities	(20)	22,425,242	130,292,573	4,904,258
Trade and other payables	(21)	61,794,615	60,514,002	37,267,667
Accounts payable due to related parties	(9)	390,110	263,162	518,648
Other provisions	(22)	26,619,490	21,681,398	20,868,715
Current tax Payable	(12)	4,171,603	9,291,613	1,010,671
Provisions for employee benefits, current	(23)	10,687,674	6,046,778	1,111,385
Other non-financial liabilities	(24)	4,942,596	4,740,210	3,923,175
Total current liabilities		131,031,330	232,829,736	69,604,519
Non-current liabilities:				
Financial liabilities	(20)	149,676,759	84,304,407	55,370,868
Accounts payable due to related parties		-	-	120,760
Other provisions	(22)	98,555,757	81,500,879	41,932,770
Deferred tax liabilities	(12)	47,926,740	40,332,483	11,986,231
Provisions for employee benefits	(23)	362,232	355,343	-
Total non-current liabilities		296,521,488	206,493,112	109,410,629
Total liabilities		427,552,818	439,322,848	179,015,148
Shareholders' equity:				
Share capital	(28a)	213,772,622	213,772,622	602,125
Share premium		269,894	269,894	269,894
Retained earnings	(28e)	119,249,470	88,355,172	178,830,533
Other reserves	(28d)	99,889,726	93,913,998	111,566,419
Equity attributable to owners of the parent		433,181,712	396,311,686	291,268,971
Non-controlling interests	(29)	143,358,096	126,736,958	8,910,393
Total equity		576,539,808	523,048,644	300,179,364
Total liabilities and shareholders' equity		1,004,092,626	962,371,492	479,194,512

The accompanying notes are an integral part of this consolidated financial statement.

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
for the years ended December 31, 2011 and 2010

Statements of Income	**Note**	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**
Revenue	(30)	663,743,393	551,995,837
Cost of sales		(423,511,629)	(360,842,914)
Gross profit		240,231,764	191,152,923
Other income		1,285,412	1,619,001
Administrative expenses	(34)	(115,315,193)	(92,872,138)
Other expenses		(1,233,639)	(3,388,809)
Other gains	(32)	1,167,608	295,855
Finance income	(31)	9,182,931	27,410,777
Finance expenses	(33)	(11,028,900)	(8,138,698)
Share of profit (loss) of affiliates accounted for using the equity method		3,335,264	11,637,503
Foreign currency exchange gain (loss)	(35)	302,758	(193,391)
Gain (loss) from inflation indexed unit	(36)	(2,873,204)	(201,055)
Income from differences between the prior carrying amount and the fair value of reclassified financial assets measured at fair value	(37)	-	67,647,765
Income before taxe		125,054,801	194,969,733
Income tax expense	(12)	(23,273,412)	(19,430,818)
Income (loss) from continuing operations		101,781,389	175,538,915
(Loss) from discontinued operations		-	16,660
Net Income		101,781,389	175,555,575
Income attributable to owners of the parent		81,570,269	156,858,492
Income attributable to non-controlling interest	(29)	20,211,120	18,697,083
Net Income		101,781,389	175,555,575

The accompanying notes are an integral part of this consolidated financial statement.

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
for the years ended December 31, 2011 and 2010

Statements of Comprehensive Income	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**
Net income for the period	101,781,389	175,555,575
Total comprehensive income	101,781,389	175,555,575
Total comprehensive income attributable to:		
Owners of the parent	81,570,269	156,858,492
Non-controlling interests	20,211,120	18,697,083
Total comprehensive income	101,781,389	175,555,575
Earnings per share		
Basic earnings per share	2.75	4.74
Basic earnings per share from continuing operations	2.75	4.74

The accompanying notes are an integral part of this consolidated financial statement.

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
for the years ended December 31, 2011 and 2010

	Note	Share capital ThCh$	Share premium ThCh$	Future capital increases ThCh$	Reserve for subsidiaries and affiliates ThCh$	Other reserves ThCh$	Total other reserves ThCh$	Note	Retained earnings ThCh$	Equity attributable to owners of the parent ThCh$	Non-controlling interest ThCh$	Total equity ThCh$
Statement Of Changes In Equity												
Opening balance as of January 1, 2011		**213,772,622**	**269,894**	**4,295,530**	**1,513,035**	**88,105,433**	**93,913,998**		**88,355,172**	**396,311,686**	**126,736,958**	**523,048,644**
Total comprehensive income for the year												
Income for the period		-	-	-	-	-			81,570,269	81,570,269	20,211,120	101,781,389
Other comprehensive income		-	-	-	-	-			-	-	-	-
Total comprehensive income for the year		-	-	-	-	-			81,570,269	81,570,269	20,211,120	101,781,389
Transactions with owners of the Company, recognized directly in equity												
Contributions by and distributions to owners of the Company												
Dividends paid		-	-	-	-	-			(44,791,145)	(44,791,145)	-	(44,791,145)
Other adjustments		-	-	-	-	-			(5,884,826)	(5,884,826)	(3,589,982)	(9,474,808))
Total contributions to owners of the Company		-	-	-	-	-			(50,675,971)	(50,675,971)	(3,589,982)	(54,265,953)
Changes in ownership interest in subsidiaries												
Sale of subsidiary without change in control		-	-	-	(72,815)	6,048,543	5,975,728			5,975,728	-	5,975,728
Total transactions with owners of the Company		-	-	-	(72,815)	6,048,543	5,975,728		(50,675,971)	(44,700,243)	(3,589,982)	(48,290,225)
Final balance as of December 31, 2011	(28a)	213,772,622	269,894	4,295,530	1,440,220	94,153,976	99,889,726	(28d)	119,249,470	433,181,712	143,358,096	576,539,808

The accompanying notes are an integral part of this consolidated financial statement.

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
for the years ended December 31, 2011 and 2010

Statement Of Changes In Equity	Note	Share capital ThCh$	Share premium ThCh$	Future capital increases ThCh$	Reserve for subsidiaries and affiliates ThCh$	Other reserves ThCh$	Total other reserves ThCh$	Note	Retained earnings ThCh$	Equity attributable to owners ThCh$of the parent	Non-controlling interest ThCh$	Total ThCh$
Opening balance as of January 1, 2010		602,125	269,894	4,295,530	1,513,035	105,757,854	111,566,419		178,830,533	291,268,971	8,910,393	300,179,364
Total Comprehensive income for the year												
Income for the period		-	-	-	-	-	-		156,858,492	156,858,492	18,697,083	175,555,575
Other comprehensive income		-	-	-	-	-	-		-	-	-	-
Total comprehensive income for the year	(28a)	-	-	-	-	-	-		156,858,492	156,858,492	18,697,083	175,555,575
Transactions with owners of the Company, recognized directly in equity												
Contributions by and distributions to owners of the Company												
Dividends paid		-	-	-	-	(11,744,030)	(11,744,030)		(48,896,275)	(60,640,305)	-	(60,640,305)
Legal capitalization of retained earnings into share capital		213,155,443	-	-	-	-	-		(213,155,443)	-	-	-
Other adjustments		15,054	-	-	-	(5,908,391)	(5,908,391)		-	(5,893,337)	99,129,482	93,236,145
Total contributions to owners of the Company		213,170,497				(17,652,421)	(17,652,421)		(262,051,718)	(66,533,642)	99,129,482	32,595,840
Changes in ownership interest in subsidiaries												
Sale of subsidiary without change in control			-	-	-	-	-		14,717,865	14,717,865	-	14,717,865
Total transactions with owners of the Company		-	-	-	-	-	-		14,717,865	14,717,865	-	14,717,865
Final balance as of December 31, 2010	(28a)	213,772,622	269,894	4,295,530	1,513,035	88,105,433	93,913,998		88,355,172	396,311,686	126,736,958	523,048,644

The accompanying notes are an integral part of this consolidated financial statement.

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
for the years ended December 31, 2011 and 2010

	12-31-2011 ThCh$	12-31-2010 ThCh$
Cash flows from (used in) operating activities:		
Proceeds from sale of services	683,180,188	516,684,342
Proceeds from royalties, deposits, fees and other revenue	32,585,161	44,160,987
Other proceeds from operating activities	20,899,000	15,629,691
Payments to suppliers related to the supply of goods and services	(144,653,341)	(125,710,363)
Payments to and on behalf of employees	(84,621,126)	(15,129,053)
Payments for premiums and healthcare services, annuities and other obligations arising from written insurance policies	(352,097,794)	(290,764,275)
Other payments for operating activities	(4,367,388)	(5,539,389)
Dividends received	4,140,693	24,029,038
Cash flows used to obtain control of subsidiaries or other businesses	(107,950)	(128,082,878)
Income taxes (paid)	(33,396,325)	(16,954,008)
Other cash inflows (outflows)	634,238	6,750,545
Net cash from operating activities	122,195,356	25,074,637
Cash flows from (used in) investing activities:		
Cash flows from the loss of control of subsidiaries or other businesses	188,955	5,244
Proceeds from the sale of other entities' equity and other financial instruments	52,252,237	122,616,531
Other payments to acquire other entities' equity and other financial instruments	(49,192,188)	(119,274,991)
Loans to related parties	(1,500,176)	(11,082,576)
Proceeds from sale of property, plant and equipment	674,972	143,761
Acquisitions of property, plant and equipment	(15,851,527)	(20,550,992)
Acquisitions of intangible assets	(518,887)	(2,001,699)
Acquisitions of other long-term assets	(5,153,024)	(551,928)
Proceeds from sale of investments in joint ventures	1,622,937	-
Proceeds from reimbursement of advances and loans to third parties	39,463	-
Due from related companies	134,024	11,196,938
Interest received	3,128,888	1,680,647
Incorporation of the cash balance of AFP Habitat S.A.	-	12,201,331
Other cash (outflows)	(3,564,743)	(1,437,052)
Net cash used in investing activities	(17,739,069)	(7,054,786)

The accompanying notes are an integral part of this consolidated financial statement.

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
for the years ended December 31, 2011 and 2010

	12-31-2011 ThCh$	12-31-2010 ThCh$
Cash flows from (used in) financing activities		
Proceeds from the issuance of share capital	1,041,445	6,110,775
Proceeds from the issuance of equity and debt securities	66,035,687	-
Proceeds from long-term loans	10,060,527	20,467,209
Proceeds from short-term loans	10,946,868	110,000,000
Proceeds from loans from related parties	1,542,887	-
Repayment of borrowings	(128,653,080)	(4,034,331)
Payment of finance lease liabilities	(1,241,898)	-
Repayment of loans to related parties	(78,248)	(5,369,428)
Dividends paid	(62,388,028)	(64,644,691)
Interest paid	(9,479,208)	(4,914,357)
Cash flows used to acquire non-controlling interest	(6,616,300)	(5,985,420)
Other cash inflows (outflows)	(325,167)	(747,360)
Net cash from (used in) financing activities	(119,154,515)	50,882,397
Net (decrease) increase in cash and cash equivalents before exchange rate fluctuations	(14,698,228)	68,902,248
Effect of exchange rate fluctuations on cash and cash equivalents	(308,577)	(178,686)
(Decrease) increase on cash and cash equivalents	(15,006,805)	68,723,562
Cash and cash equivalents at January 1	109,050,042	40,326,480
Cash and cash equivalents at December 31	94,043,237	109,050,042

The accompanying notes are an integral part of this consolidated financial statement.

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Contents

(1) Reporting Entity

Sociedad de Inversiones y Servicios La Construcción S.A. (hereinafter the "Parent" or "ILC") and its subsidiaries are part of the ILC Group (hereinafter the "Group").

Sociedad de Inversiones y Servicios La Construcción S.A., is a closely held corporation incorporated as a result of the division of Compañía de Seguros de Crédito La Construcción S.A. which occurred on April 20, 1980. At the Extraordinary Shareholders Meeting held on April 12, 1982 the company's name was changed to Sociedad de Inversiones y Servicios La Construcción S.A. (ILC). The Parent's activities take place at N°10 Marchant Pereira Floor 17, Providencia, Santiago (Cámara Chilena de la Construcción's building).

The Group is controlled by the Cámara Chilena de la Construcción A.G. (ultimate parent).

On July 12, 2011, ILC was recorded under N°1.081 in the Securities Registry maintained by the Superintendency of Securities and Insurance. It is noted that this recording was made with the sole purpose of issuing publicly offered securities in conformity with Law N°8.045.

(2) Description of Business

The Group focuses its activities in Chile and its business includes retirement and insurance services, healthcare and other segments.

Retirement and insurance segment: this includes the management of pension funds as well as the granting and managing of services and benefits established by Decree Law N°3.500 and its subsequent amendments, the administration health premiums and the coverage of disability and survivorship insurance as established by Decree Law N°3.500.

Healthcare segment includes healthcare services whether directly or through financing as well as performing similar or complementary activities in conformity with the provisions of Law N°18.893 and complementary information.

Other segments, in accordance with its by-laws, ILC's objective includes the ability to invest in a variety of real estate and transferable securities such as stock, bonds, debentures, deposits and rights in companies, mutual funds, saving and capitalization plans, etc. ILC manages and disposes such investments as well as receives the benefits resulting from them.

(2) Description of Business, Continued

The Group operates in the Retirement & Insurance sector through Habitat, the second-largest pension fund administrator in Chile in terms of number of contributors, account holders and assets under management as of December 31, 2011; Vida Cámara, a life insurance company who, prior to the third disability and survivorship insurance auction, was the largest disability and survivorship insurance provider in and who also offers supplemental health and voluntary life insurance products; and Consalud, the largest private health insurance provider in Chile. In addition the Group operates in the Private Healthcare sector through Red Salud, one of the largest networks of private healthcare clinics and medical centers in Chile in terms of number of patient beds and medical and dental care boxes as of December 31, 2011. The Group also participates in the Education sector through Desarrollos Educacionales, S.A. ("Desarrollos Educacionales"), which operates nine private schools and one subsidized school in Chile as well as in the Information Technology sector through Iconstruye, S.A. ("Iconstruye"), an information technology outsourcing company which offers a business-to-business platform capacity and other information technology solutions.

(3) Basis of Presentation of the Consolidated Financial Statements

(a) Statement of Compliance

The consolidated financial statements of ILC as of December 31, 2011, have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standard Board (hereinafter, the "IASB").

These are ILC's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Parent is provided in Note 5.

The consolidated financial statements were authorized for issue by the Board of Directors on June 1, 2012.

(b) Comparative Information

The dates related to the Group's convergence process to IFRS are as follows: the year beginning on January 1, 2010 represents the date of transition and January 1, 2011 represents the date of adoption of International Financial Reporting Standards.

These consolidated financial statements include the following comparative information:

- Statement of financial position as of December 31, 2011 and 2010, and as of January 1, 2010.
- Statement of comprehensive income for the years ended December 31, 2011 and 2010.
- Statement of changes in equity for the years ended December 31, 2011 and 2010.
- Statement of cash flows for the years ended December 31, 2011 and 2010.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(c) Basis of Measurement

The consolidated financial statements of ILC and subsidiaries have been prepared on the historical cost basis, except for the following:

- No derivate financial instruments classified at fair value through profit or loss, are measured at fair value through profit or loss.
- Non-derivative financial instruments available for sale are measured at fair value with changes other than impairment losses or gains, or losses from translation of monetary items available for sale, recognized directly in equity. When an investment is derecognized, the accumulated gain or loss in equity is reclassified in profit or loss.
- Derivatives are measured at fair value.
- Post employment benefits are measured using actuarial methods.
- Financial liabilities are measured at amortized cost applying the effective interest method.
- Insurance reserves are valued using actuarial methods.

(d) Presentation of the Financial Statements

(i) Consolidated statement of financial position

In the consolidated statement of financial position, balances are classified based on their maturity; that is, balances maturing within twelve months or less are classified as current and those maturing after twelve months, as non-current.

(ii) Consolidated comprehensive statement of income

ILC and its subsidiaries have chosen to present their statements of income classified by function.

(iii) Consolidated statements of cash flows

ILC and its subsidiaries have chosen to present their statements of cash flows using the direct method.

(e) Basis of Consolidation

The consolidated financial statements include the financial statements of ILC and its subsidiaries. Effective control exists when ILC has the power to govern financial and operating policies of an entity so as to obtain benefits from its activities.

Gains or losses from subsidiaries acquired or disposed are included in the consolidated statement of comprehensive income from the effective date of the acquisition and/or the effective date of the disposal, as applicable.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(e) Basis of Consolidation, Continued

Intra-group balances and transactions have been eliminated in preparing the consolidated financial statements.

The equity value of the share of minority shareholders in the equity and profit or loss of the consolidated companies is stated within *Non-controlling interest* in the consolidated statement of financial position and *Gain attributable to non-controlling interest* in the consolidated statement of comprehensive income.

Subsidiaries: Subsidiaries are entities over which ILC maintains control; control exists when the Company has the power to govern financial and operating policies of an entity so as to obtain benefits from its activities.

Generally, control is shown by direct or indirect ownership over more than 50% of an entity's interest. In addition, the Company also consolidates those entities in which it holds less than 50% when their activities are performed for the Group's benefit and the Group is exposed to most of the risks and rewards of the dependent entity.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Subsidiaries are consolidated from the moment when control is transferred to the Group and are excluded from consolidation when control ceases.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(e) Basis of Consolidation, Continued

The subsidiaries included in these consolidated financial statements are as follows:

				Ownership percentage				
Tax ID Number	**Company**	**Country**	**Functional Currency**	**12-31-2011 Direct**	**12-31-2011 Indirect**	**12-31-2011 Total**	**12-31-2010 Total**	**1-1-2010 Total**
95.721.000-7	Seguravita S.A.	Chile	Chilean peso	0.0000	0.0000	0.0000	0.0000	53.5682
96.608.510-K	Invesco Internacional S.A.	Chile	Chilean peso	61.5600	12.4300	73.9900	73.9900	61.5600
96.802.010-2	Inversiones Previsionales S.A.	Chile	Chilean peso	0.0000	0.0000	0.0000	0.0000	50.0000
96.834.400-5	Desarrollos Educacionales S.A.	Chile	Chilean peso	99.9988	0.0000	99.9988	99.9988	99.9988
98.000.100-8	AFP Habitat S.A. (1)	Chile	Chilean peso	0.0000	67.4900	67.4900	67.4900	40.2300
96.941.720-0	Iconstruye S.A. (2)	Chile	Chilean peso	32.9500	0.0000	32.9500	32.9500	32.9500
96.793.550-6	Megalab S.A.	Chile	Chilean peso	90.0000	10.0000	100.0000	100.0000	100.0000
96.856.780-2	Isapre Consalud S.A.	Chile	Chilean peso	99.9999	0.0000	99.9999	99.9999	99.9999
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	Chile	Chilean peso	99.9999	0.0000	99.9999	99.9999	99.9999
76.020.458-7	Empresas Red Salud S.A.	Chile	Chilean peso	80.8200	0.0000	80.8200	89.8100	95.4500
76.093.446-1	Inversiones Previsionales Dos S.A.	Chile	Chilean peso	99.9900	0.0000	99.9900	99.9900	99.9900
76.090.153-9	Inversiones La Construcción Ltda.	Chile	Chilean peso	99.9900	0.0000	99.9900	99.9900	99.9900
96.942.400-2	Megasalud S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900	99.9900
96.885.930-7	Clínica Bicentenario S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900	99.9900
96.598.850-5	Clínica Iquique S.A.	Chile	Chilean peso	0.0000	52.1500	52.1500	52.1500	52.1500
78.053.560-1	Clínica Tabancura S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900	99.9900
78.040.520-1	Clínica Avansalud S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900	99.9900
76.123.853-1	Inmobiliaria Clínica S.A.	Chile	Chilean peso	0.0000	99.9900	99.9900	99.9900	99.9900
76.110.809-3	Megasalud Oriente Ltda.	Chile	Chilean peso	1.0000	99.0000	100.0000	100.0000	100.0000
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	Chilean peso	0.0030	99.9970	100.0000	100.0000	100.0000
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000	100.0000
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000	100.0000
96.987.460-1	Sociedad Educacional Puerto Montt S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000	100.0000
96.946.770-4	Sociedad Educacional Valle Lo Campino S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000	100.0000
96.980.350-K	Sociedad Educacional Ciudad del Este S.A.	Chile	Chilean peso	0.0020	99.9980	100.0000	100.0000	100.0000
99.558.380-1	Sociedad Educacional Lo Aguirre S.A.	Chile	Chilean peso	0.1000	99.9000	100.0000	100.0000	100.0000
76.895.340-6	Sociedad Educacional Curauma S.A.	Chile	Chilean peso	0.1000	99.9000	100.0000	100.0000	100.0000
76.899.160-K	Sociedad Educacional Chicureo S.A.	Chile	Chilean peso	0.1000	99.9000	100.0000	100.0000	100.0000
99.516.290-3	Servicios Educacionales S.A.	Chile	Chilean peso	0.0000	100.0000	100.0000	100.0000	100.0000
76.066.282-8	Gestión Educativa S.A.	Chile	Chilean peso	0.0000	100.0000	100.0000	100.0000	100.0000
96.841.470-4	Inmobiliaria Tierra Fértil S.A.	Chile	Chilean peso	0.0200	99.9800	100.0000	100.0000	100.0000
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	Chilean peso	0.0000	100.0000	100.0000	100.0000	100.0000

(1) From April 24, 2010, the date in which the Parent took control over the subsidiary AFP Habitat S.A., the Parent consolidates the assets, liabilities, revenues and expenses, and cash flows of AFP Habitat S.A. Prior to that date, as the Parent did not control, this investment was measured at its proportional share and, accordingly, it was not consolidated.

(2) Iconstruye S.A. is considered to be part of the Group because ILC maintains control over more than half of the voting rights and thus elects Iconstruye S.A.'s Board of Directors and also has control of management.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(e) Basis of Consolidation, Continued

Goodwill from Investments in subsidiaries:

Acquisition and disposal

Gains or losses from businesses acquired during the year are included in the consolidated financial statements from the effective date of the acquisition; gains or losses from businesses disposed during the year are included in the consolidated financial statements for the period until the effective date of the disposal. Gains or losses from disposal are estimated as the difference between the revenue obtained from the sale (net of expenses) and the net assets attributable to the investment sold.

Acquisitions and disposals of subsidiaries by ILC are as follows:

Interest in Administradora de Fondos de Pensiones Habitat S.A.

The interest in the subsidiary Administradora de Fondos de Pensiones Habitat S.A. has changed as follows:

Movement	Date	Ownership %
Initial ownership	January 1, 2010	40.23
Acquisition	April 24, 2010	41.26
Sale	August 16, 2010	(14.00)
Final ownership	December 31, 2011 and 2010	67.49

Acquisition of Administradora Fondos de Pensiones Habitat S.A.

On March 23, 2010, ILC made a public tender offer to acquire up to 100% of the shares of AFP Habitat S.A. As a result, ILC acquired 412,551,058 shares, equivalent to 41.2551% of the subsidiary's share capital for an amount of ThCh$129,953,583. The public tender offering process was completed on April 24, 2010 and on that date ILC became the controlling entity of AFP Habitat S.A.

ILC recorded this transaction in conformity with IFRS 3 *Business Combinations* allocating the value paid to the subsidiary's identifiable assets and liabilities and determining the goodwill generated by acquiring control of the subsidiary.

The acquisition of the shares of AFP Habitat S.A. reinforces the Cámara Chilena de la Construcción AG's commitment towards continuing being a significant actor within the Chilean pension fund system, as has been the case during the last sixty years.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(e) Basis of Consolidation, Continued

Costs for legal and financial advisory services related to the transaction amounted to approximately ThCh$211,994.

Administradora de Fondos de Pensiones Habitat S.A. at March 31, 2010	**ThCh$**
Balance sheet:	
Assets at fair value	158,505,944
Identified intangible assets	55,002,389
Net equity at fair value	213,508,333
Statement of Income	74,685,552

Business combinations

Goodwill represents the excess paid over the fair value of the identifiable net assets of the acquired company on the transaction date. Although goodwill is not amortized, it is subject to annual impairment testing.

AFP Habitat S.A.'s receivables at the time of acquisition related mainly to outstanding balances with managed funds as well as life insurance companies in connection with AFP Habitat's S.A. itself writing the disability and survivorship insurance for its members up to June 2009. In management's opinion, the counterparty risk related to these balances which are in fact operating adjustments inherent to the business of AFP Habitat S.A., is low and does not have a material effect on AFP Habitat S.A's operating results.

In allocating the amount paid, no contingent liabilities other than those recognized in the financial statements of the mentioned subsidiary have been identified.

Determination of goodwill:	**ThCh$**
Consideration paid to acquire control	129,953,583
Non-controlling interest at fair value	58,324,766
Fair value of prior interest held	126,721,651
Subtotal	315,000,000
Less: Fair value of net assets identified in the business combination	(158,505,944)
Identified intangible assets	(54,987,247)
Goodwill as of December 31, 2009	70,087
Goodwill as of December 31, 2010	101,576,896

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(e) Basis of Consolidation, Continued

The following table shows the information related to the subsidiary AFP Habitat S.A. as of March 31, 2010:

Summary information of AFP Habitat as of March 31, 2010

	ThCh$
Current financial assets	18,453,643
Other current assets	130,567
Reserve requirement	153,128,712
Property, plant and equipment	11,415,018
Other non-current assets	9,635,003
Total assets	192,762,943
Current liabilities	19,543,971
Non-current liabilities	14,691,270
Total liabilities	34,235,241
Equity	158,527,702
Total liabilities and equity	192,762,943

As of March 31, 2010, AFP Habitat S.A.'s current financial assets include ThCh$12,201,331 for cash and cash equivalents:

Statement of Income – AFP Habitat S.A.

	4-1-2010 12-31-2010 ThCh$	1-1-2010 12-31-2010 ThCh$
Revenue	75,488,979	99,734,856
Profit from reserve requirement	13,334,499	19,504,110
Other income	9,002,231	11,691,763
Total income	97,825,709	130,930,729
Administrative expenses	(31,421,809)	(41,038,227)
Total expenses	(31,421,809)	(41,038,227)
Income tax	(10,608,980)	(14,414,419)
Profit for the period	55,794,920	75,478,083

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(e) Basis of Consolidation, Continued

(i) Prior interest held

In accordance with IFRS 3, a prior interest held in an entity classified as an affiliate under IAS 28 is considered as if it has been disposed and acquired at its fair value at the date of acquisition, recording in profit or loss the effects of comparing the fair value to its carrying amount. As of December 31, 2010, this effect of ThCh$67,529,464 is presented within Gains from differences between the prior carrying amount and the fair value of reclassified financial assets measured at fair value in the statement of income.

(ii) Sale of the interest in AFP Habitat S.A.

In August 2010, ILC sold a 14% interest in AFP Habitat S.A. by means of an auction in the Santiago Stock Exchange. Given that the ThCh$39,708,600 gained from this transaction did not affect ILC's control over said subsidiary in conformity with IFRS 3, it was recorded within retained earnings and non-controlling interest.

As of December 31, 2010 and as required by IFRS 3, the Parent has recorded the control taken as a business combination and during the measurement period it will review the studies and estimates used to record the transaction. As stated in IFRS 3, the review period will not exceed one year.

(f) Basis of Translation

Assets and liabilities in United States dollars (US$) and *Unidades de Fomento* (UF: an inflation-indexed monetary unit commonly used in Chile) have been translated to Chilean pesos (the presentation currency, CLP) at the exchange rates at each reporting date as follows:

Period	US$	UF
December 31, 2011	519.20	22,294.03
December 31, 2010	468.01	21,455.55
January 1, 2010	507.10	20,942.88

(g) Functional Currency

The financial statements of each company included in these consolidated financial statements are presented in the currency of the main country in which the companies operate (the "functional currency").

The functional currency of the Chilean companies is the Chilean peso.

(3) Basis of Presentation of the Consolidated Financial Statements, Continued

(g) Functional Currency

For purposes of the consolidated financial statements, the profit or loss and financial position of each company are expressed in Chilean pesos, which is the functional currency of the Parent and of the Group and the presentation currency of the consolidated financial statements.

In preparing the financial statements of subsidiaries, transactions in currencies other than the Group's functional currency (i.e. foreign currency) are translated at the applicable exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date.

For purposes of presenting the consolidated financial statements, the financial statements of subsidiaries whose functional currency is not the Chilean peso, have been translated into Chilean pesos in conformity with the provisions of IAS 21, which calls for translating assets and liabilities at the applicable exchange rate at the closing of the period and revenues and expenses at average monthly exchange rates.

(4) Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been defined based on IFRS in effect as of January 1, 2010.

(a) Financial Assets

(i) Recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs directly attributable to their acquisition or issue.

(ii) Classification

A financial asset is initially classified as measured at amortized cost or fair value.

A financial asset shall be measured at amortized cost if the following conditions are met:

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

(4) Significant Accounting Policies, Continued

(a) Financial Assets, Continued

(ii) Classification

If a financial asset does not meet these conditions it is measured at fair value.

ILC and its subsidiaries assess their investment model at the portfolio level as it is a more accurate reflection of the manner in which the business is managed and the information is provided to their Board of Directors.

Financial assets held for trading are held within a business model whose objective is to hold assets in order to collect contractual cash flows.

ILC has measured certain financial assets at fair value through profit or loss as such measurement eliminates or significantly reduces the accounting mismatch that could otherwise arise.

(iii) Derecognition

ILC derecognizes a financial asset in its statement of financial position when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by ILC is recognized as a separate asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain and loss that had been recognized in other comprehensive income is recognized in profit for the year.

(iv) Offsetting

Financial assets are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(v) Amortized cost measurement

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus capital reimbursements, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the reimbursement value, minus any reduction for impairment.

(4) Significant Accounting Policies, Continued

(a) Financial Assets, Continued

(vi) Fair value measurement

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

ILC measures an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, ILC establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. ILC incorporates all factors that market participants would consider in setting a price, and that are consistent with accepted economic methodologies for pricing financial instruments.

(vii) Identification and measurement of impairment

ILC assesses regularly whether there is objective evidence that financial assets that are not carried at fair value through profit or loss are impaired, except loans and advances to customers. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

(viii) Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, investments held-to-maturity and financial assets available for sale, as applicable. Upon initial recognition financial instruments are measured at fair value plus (in the case of investments not at fair value through profit or loss) any directly attributable transaction costs.

ILC analyzes whether a contract contains an embedded derivative when it becomes a party to the contract. Embedded derivatives are separated from the host contract and are not measured at fair value through profit or loss, when the analysis shows that the economic characteristics and risks of the host contract and the risks of the embedded derivative are not closely related.

(4) Significant Accounting Policies, Continued

(a) Financial Assets, Continued

(ix) Effective interest method

The effective interest method corresponds to the method used to estimate the amortized cost of a financial asset and the allocation of interest income during the period. The effective interest rate is the rate that exactly discounts future estimated cash flows receivable (including all charges on amounts paid or received that form an integral part of the effective interest rate, transactions cost and other credits or discounts), during the expected life of the financial asset. All ILC and its subsidiaries' long-term bank and financial liabilities are recorded under the effective interest method.

The Group determines the classification of financial assets after initial recognition and, when allowed and appropriate, reassesses the designation at the end of each financial year. All regular purchases and sales of financial assets are recorded at the date of the transaction, which is the date in which the Group commits to acquire the asset. Regular purchases or sales are those that require the delivery of the asset within the period established by regulations or market convention. The classifications of investments used by the Group are as follows:

(x) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those investments made with the objective of generating short-term profits due to price variations, and are classified at fair value through profit or loss and presented as current assets. All financial assets within this category are recorded at fair value which is obtained using observable market data and charged against realized or unrealized gains or losses from changes in fair value at each year-end.

Observable market data are obtained using price bands generated on a daily basis by the Superintendence of Pensions and/or deposit values reported on a daily basis by mutual funds and the implicit interest rates for long-term deposits, as applicable.

(xi) Investments held-to-maturity

Investments held-to-maturity are those non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, financial investments held-to-maturity are measured at their amortized cost. Such cost is calculated as the amount initially recognized less principal advanced payments, plus or less accumulated amortization under the effective interest method of any difference between the amount initially recognized and the amount at maturity less any provision for impairment. This estimate includes all commissions and "credits" paid or received between the parties that are an integral part of the effective interest rate, transaction costs and all premiums and discounts. Gains or losses are recorded in profit or loss when investments are derecognized or impaired, as well as through the amortization process.

(4) Significant Accounting Policies, Continued

(a) Financial Assets, Continued

(xii) Financial investments available for sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. These investments are recorded at fair value when they can be estimated reliably. Subsequent to initial recognition, financial assets available for sale are measured at fair value with any unrealized gains or losses recognized directly in equity within the reserve for unrealized gains. When the investment is disposed of, accumulated gains or losses previously recognized in equity are reclassified to profit or loss. Interest earned or paid for the investment is reported as interest income or expense using the effective interest method. Dividends earned are recognized in profit or loss as Dividends received when the right to the payments has been established.

As of December 31, 2011 and 2010 and January 1, 2010, there are no financial assets classified as available for sale.

(xiii) Impairment of financial assets

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset.

(xiv) Trade and other receivables and accounts receivable due from related parties

Trade and other receivables and accounts receivable due from related parties are recorded at amortized cost, which corresponds to the initial market value less principal repayments plus interest accrued but not received.

(b) Use of Estimates and Judgments

Preparation of these consolidated financial statements has required the use of certain estimates made by the management of ILC to estimate some of the recorded assets, liabilities, revenues and expenses and commitments. Such estimates are based on the Group management's best knowledge and belief regarding the amounts, actions or events and relate mainly to the following:

(4) Significant Accounting Policies, Continued

(b) Use of Estimates and Judgments, Continued

(i) Impairment of assets

The Group reviews the carrying amount of assets subject to impairment to determine whether there is any indication that the carrying amount could not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment. In assessing impairment, those assets not generating cash inflows independent of the cash inflows of other assets are grouped in the Cash Generating Unit (CGU) to which the asset belongs. The recoverable amount of these assets or CGUs is measured as the higher of their fair value or carrying amount.

Management necessarily applies judgment in grouping assets not generating independent cash inflows as well as in the cash flow estimate, periodicity and amounts underlying the estimate. Subsequent changes in the grouping of the CGU or periodicity of cash inflows could affect the carrying amount of the assets.

(ii) Useful lives of property, plant and equipment

ILC's management determines the useful lives and depreciation charges of property, plant and equipment. This estimate is based on the projected life cycles of products within its segment. The Group reviews the estimated useful lives of property, plant and equipment at each annual reporting date.

(iii) Fair value of derivatives and financial instruments

The fair value of financial instruments not quoted in an active market is determined using valuation techniques. The Group applies judgment to select a variety of methods and make hypotheses based mainly on market conditions at the reporting date. For derivative instruments, assumptions made are based on quoted market rates adjusted for the specific features of the instrument. Financial instruments are measured using an analysis of discounted cash flows based on assumptions supported, when possible, by observed prices or market rates.

(iv) Criteria used to estimate the net realizable value of inventories

The input used to estimate the net realizable value is mainly the estimated sale price of inventories, but also considers product obsolecence, sales patterns, etc.

(4) Significant Accounting Policies, Continued

(b) Use of Estimates and Judgments, Continued

(v) Criteria used for the actuarial estimate of employee liabilities

Liabilities for contractual employee benefits are measured using an actuarial estimate that considers mainly personnel turnover per cause of retirement, mortality and disability rates, actual salary increase and survivors' rates, permanence to age of retirement.

(vi) Probability of occurrence and amount of uncertain or contingent liabilities

Estimates have been made considering the information available at the date of issuance of these consolidated financial statements; however, future events could make it necessary to modify these contingent liabilities in future periods (prospectively as a change in accounting estimate).

(vii) Criteria used for the actuarial estimate of insurance reserves

Insurance reserves for Compañía de Seguros de Vida Cámara S.A.'s disability and survivorship insurance are valued considering mortality, morbidity and interest rates using an actuarial method.

(c) Equity accounted investees

Investments in entities over which ILC and its subsidiaries maintain joint control with other companies or those in which they have significant influence are accounted for under the equity method. In general, significant influence is presumed to exist when the Group holds an ownership exceeding 20%.

The equity method consists of recording the ownership percentage maintained by ILC and its subsidiaries in the equity of the issuer. If the resulting amount is negative, the investment is recorded at zero unless the Group is committed to support the equity situation of the issuer, in which case a related provision for risks and expenses is recorded.

Dividends received from these entities are recorded, reducing the amount of the investments, and the equity in the profit of each investee is recorded, net of its tax effect, within Share of profit of equity accounted investees in the statement of income.

(d) Offsetting of Balances and Transactions

As a general standard, assets and liabilities and revenues and expenses are not offset in the financial statements, except when the offsetting is required or allowed by a standard and the presentation reflects the substance of the transaction.

Those revenues or expenses arising from transactions that, contractually or by requirement of a legal standard, can be offset by ILC and subsidiaries, that is that can be settled for their net amount or in which the asset can be realized and the liability paid simultaneously, are stated net in profit or loss.

(4) Significant Accounting Policies, Continued

(e) Property, Plant and Equipment

Property, plant and equipment costs includes the acquisition costs plus all costs directly attributable to bringing the asset to its working condition and location.

In addition, financing costs directly attributable to the acquisition or construction of assets that require a substantial time period to be ready for use or sale, are also considered as part of property, plant and equipment costs.

Items included within property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Repair, preservation and maintenance expenses are expensed as incurred. Some of the property, plant and equipment of ILC and its subsidiaries require periodic reviews. Accordingly, replaced items are recognized separately from the rest of the asset and at a level of disaggregation that allows amortizing them over the average period from the current and the following repair.

Costs related to asset extension, upgrade or improvement that represent an increase in the productivity, capacity or efficiency of the assets or an increase in their useful life, are capitalized as an increase in the value of the assets.

Property, plant and equipment include investments in assets acquired under financing lease agreements. These assets do not legally belong to the Group as it has not exercised its purchase option, if applicable.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

(f) Investment Property

Investment property corresponds to real estate held to earn rental income, appreciation or both.

Investment property is measured at cost less accumulated depreciation and impairment losses.

As of January 1, 2010, the cost of investment property includes the remeasured value at that date. Subsequently, investment property is recognized at acquisition cost.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each item of investment property. This is the method that better reflects the pattern of consumption of the assets.

(4) Significant Accounting Policies, Continued

(f) Investment Property, Continued

The depreciation and economic useful lives of investment property is reviewed annually and adjusted as necessary.

Rental income from the lease of investment property is recognized within *Other investment gain (losses)* in the statement of income on a straight-line basis over the lease term.

The property, plant and equipment of ILC and subsidiaries include the interest cost incurred for constructing and/or acquiring the assets. Such cost is capitalized until the moment the related assets are ready for use. The amount of capitalized financing is determined using the interest rate of the related credits.

(g) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis by allocating the acquisition cost of the assets less their estimated residual value based on the estimated useful lives of the items. The main items of property, plant and equipment and their useful lives are as follows:

Useful life	Range in years
Buildings	20-80
Plant and equipment	3-10
Information technology equipment	2-5
Fixed facilities and accessories	10-20
Vehicles	3-5
Improvements to leased assets:	
Facilities	2-5 (*)

(*) Or the term of the agreement, whichever is lower.

The useful lives and residual values of items of property, plant and equipment are revised annually and depreciations commences when they are ready for use.

Land is recorded separately from the buildings or facilities built on them and deemed to have an indefinite useful life; accordingly, land is not depreciated.

The Group assesses at least annually whether there are any indicators of impairment in its items of property, plant and equipment. Reversals of impairment losses are recorded in profit or loss or equity, as applicable.

(4) Significant Accounting Policies, Continued

(h) Intangible Assets

Intangible assets relating to software, trademarks and the portfolio of AFP Habitat S.A., have been acquired separately and are measured at cost on initial recognition.

The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition. Subsequent to initial recognition, intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are defined as definite or indefinite. For intangible assets with indefinite useful lives, impairment testing is conducted individually or at the cash generating unit (CGU) level.

Intangible assets with definite useful lives are amortized over their economic useful life and are assessed for impairment whenever impairment indicators exist. The amortization period and method for intangible assets with definite useful lives are assessed at least at each reporting date. Expected changes in the useful life are recognized as changes in the amortization period or method, as applicable, and treated as a change in accounting estimates. The amortization expense for intangible assets with definite useful lives is recognized in profit or loss within the expense category consistent with the function of the intangible asset.

(i) Assets available for sale and discontinued operations

Non-current assets for which carrying amount is expected to be recovered primarily through sale or distribution rather than through continuing use are classified as available for sale and discontinued operations. This condition is deemed to be met only when the sale is highly probable and the asset is ready for sale in its current condition, i.e.

The sale will probably be completed within a period of one year since classification. These assets are measured at the lower of either their carrying amount or fair value.

(j) Impairment

ILC and subsidiaries use the following criteria to assess impairment:

(i) Financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset which can be estimated reliably.

(4) Significant Accounting Policies, Continued

(j) Impairment, Continued

(i) Financial assets, Continued

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss for an asset available for sale is estimated based on its fair value.

All impairment losses are recognized in profit or loss. Any accumulated impairment loss relating to a financial asset available for sale which had been previously recognized in equity is reclassified to profit or loss when impairment indicators exist.

At each reporting date, ILC and its subsidiaries assess whether there are any indicators that an asset could be impaired. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell and is determined for individual assets unless assets do not generate cash inflows independent of the cash inflows of other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is reduced to its recoverable amount.

Impairment losses from continuing operations are recognized in the statement of income within the expenses categories related to the function of the impaired asset, except for previously reassessed property in which case the reassessment was recorded in equity. In this case impairment is recognized in equity up to the amount of any previous reassessment.

For non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. If any such indicator exists, ILC and its subsidiaries estimate the recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. If so, the carrying amount of the asset is increased to its recoverable amount. Such amount cannot not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The following criteria are also applied in assessing impairment of specific assets:

(ii) Goodwill

Goodwill arising from on consolidation represents the excess of the acquisition cost over the Group's interest in the fair value of its assets and liabilities, (including the identifiable contingent liabilities of a subsidiary on the date of acquisition).

(4) Significant Accounting Policies, Continued

(j) Impairment, Continued

(ii) Goodwill, Continued

The impairment of goodwill is determined by assessing the recoverable amount of the cash generating unit to which such goodwill relates. When the recoverable amount of the cash generating unit is lower than the carrying amount of the cash generating unit to which goodwill has been allocated, an impairment loss is recognized. An impairment loss in relation to goodwill is not reversed.

Goodwill is tested annually for impairment.

(iii) Inventories

In general inventories relate to medical materials and supplies that are used during the course of operating activities. The cost of inventories is adjusted when it exceeds their net realizable value.

(iv) Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested annually for impairment. As of December 31, 2011, these assets and goodwill were tested for impairment and the Group did not identify any impairment to be recorded.

(v) Investments in affiliates

After applying the equity method, ILC determines whether it is necessary to recognize an additional impairment loss for its investment in affiliates. At each reporting date, ILC and its subsidiaries determine whether there is indication that the investment in an affiliate is impaired. If such indication exists, the investment is measured for impairment.

(k) Trade Receivables

Trade receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest method, less the provision for impairment losses.

A provision for impairment losses on trade receivables is recognized when there is evidence that ILC and its subsidiaries will not be able to recover all the indebted balances. The provision is recorded in profit or loss.

(4) Significant Accounting Policies, Continued

(l) Inventories

Medical supplies, clinical materials, medication and other materials are measured at the lower of their acquisition cost their net realizable value.

The cost of inventories includes all costs related to the acquisition, transport, distribution and other costs incurred to bring them to their current condition and location at stores and warehouses.

The estimate of the cost is based on the "average weighted price".

(m) Revenue Recognition

Revenue is recognized when it is probable that the economic benefits that will flow to ILC can be measured reliably. The following specific revenue recognition criteria must be met before recognizing revenue.

(i) Revenue from services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion at the reporting date, provided that the result of the transaction can be estimated reliably.

(ii) Interest income

Interest income is recognized as it accrues in profit or loss based on the capital balance pending payment and the applicable interest rate.

(iii) Real estate sale

Revenues from building leasing are recognized once the service has been rendered.

(iv) Investment dividends

Revenues from investments are recognized when the right to receive the payment has been established. When dividends have been declared.

(v) Insurance premiums

Revenues from insurance premiums correspond to the disability and survivorship insurance managed by the Subsidiary Compañía de Seguros de Vida Cámara S.A., and are recognized throughout the contract period in function of the time lapsed.

(4) Significant Accounting Policies, Continued

(m) Revenue Recognition, Continued

(vi) Revenues from pension plan businesses

These include the commissions earned by AFP Habitat for the management of pension funds, which are accrued and recognized in profit or loss based on the retirement contributions credited in the individual accounts of its members as stated in Circular N° 1.540 of the Superintendency of Pension. The above mentioned standard does not generate any significant distortions with the criteria established by IAS 18.

Revenues related to the rendering of other services are charged to profit or loss when the services are rendered by AFP Habitat S.A.

Revenues related to the profitability of the reserve are charged to profit or loss based on the variations in the deposit values of the managed pension funds.

Revenue for the disability and survivorship coverage is recorded over the life of the contract based on rates contractually established with the insurance companies per the contracts agreed as of June 30, 2009.

(vii) Revenues from educational business

Revenues from enrollment and tuitions are deferred and recognized as revenue throughout the school year on a straight time basis.

(n) Other Non-Financial Assets

Corresponds to the application of the effective interest rate method to the commissions earned by the subsidiary Isapre Consalud S.A on certain products, which in accordance with IFRS are discounted at the effective interest rate and therefore recognized at maturity. Furthermore, the additional requirements of IAS 39 in respect of the identification of losses relating the up-to-date portfolio (impairment incurred, but not reported – AG 90) and the requirement of making adjustments to the historical loss rates under current market conditions (AG 91) have been applied.

(o) Trade and Other Payables

Trade accounts and other accounts payable are recognized at their nominal value, as their average payment is reduced and there is no material difference in fair value.

The obligations considered under this line item-global are valued at amortized cost.

(4) Significant Accounting Policies, Continued

(p) Other Current Non-Financial Liabilities

This line mainly records those unearned income from tuitions, contributions and joining fees, which differ in item the life term of the right.

Loans and similar financial liabilities are initially recognized at their fair value, net of transaction costs. They are subsequently valued at their amortized cost and any differences between the funds obtained (net of the costs necessary for them to be obtained) and the reimbursement value, are recognized in the statement of income during the life of the debt in accordance with the effective interest rate method.

Financial obligations are classified as current liabilities unless ILC has an unconditional right to defer its settlement during at least twelve months after the latest balance sheet date.

(q) Provisions

ILC's current legal or implicit obligations existing at the date of the financial statements which result from past events, may generate probable equity damages for ILC, and whose amount and timing of settlement are uncertain are recorded in the statement of financial position as provisions based on ILC's current estimate of the most likely amount to be disbursed when settling the obligation.

Provisions are quantified based on the best information available on the date the financial statements are issued in respect to the consequences of the events that cause them and are re-estimated at each subsequent reporting date. In general, provisions are determined based on the historical data of ILC and its subsidiaries.

(i) Provisions and contingent liabilities

Provisions are liabilities whose amount or timing is uncertain. These provisions are recognized in the balance sheet when the following requirements are met:

- The liability relates to a present obligation arising from a past event and.
- The date of the financial statements it is probable that an outflow of resources from the Group will be required to settle the obligation and the amount of these resources can be measured reliably.

A contingent liability is an obligation from past events whose existence will only be confirmed if one or more future uncertain events occur which are not under the control of the Group.

(4) Significant Accounting Policies, Continued

(q) Provisions, Continued

(ii) Provisions for Employee Benefits

ILC and its subsidiaries have provisioned the cost of vacations and other employee benefits on an accrued basis. These benefits are accounted for as expenses at the moment in which the obligation is incurred from the underlying service received.

Some subsidiaries have recorded a provision to cover post-employment benefits for unlimited severance indemnity payments, in accordance with collective and/or individual agreements subscribed with their employees, which is recorded at actuarial value. The positive or negative effect on the indemnities derived from changes in estimates (turnover rates, mortality, retirement, etc.) are directly recorded in profit or loss.

(iii) Provisions for Credit Risk

The provisions to cover asset loss risks have been recorded in accordance with IAS 39, which considers the estimate of losses incurred.

(r) Statement of Cash Flows

For the purposes of the preparation of the statement of cash flows, ILC and its subsidiaries have established the following parameters:

Cash and cash equivalents comprise cash, balances in bank current accounts, time deposits in credit entities and any other short-term, highly-liquid investments with maturities of three months or less.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

(4) Significant Accounting Policies, Continued

(s) Current and Deferred Income Taxes

The Group accounts for income taxes based on the net taxable income determined in conformity with the standards established in the Income Tax Law in Chile.

Deferred taxes originated by temporary differences and other events that create differences between the accounting and tax base of assets and liabilities are recorded in accordance with the standards established in IAS 12 “Income Taxes”.

The income tax result for the period is determined as the sum of the current taxes of the different subsidiaries and taxes resulting from the application of the relevant tax over the taxable base of the period, (once the applicable tax deductions have been applied), plus any variation in deferred tax assets, liabilities and tax credits. The differences between the carrying amount of assets and liabilities and their tax base generate the deferred tax assets and liabilities balances, which are calculated by using tax rates enacted or substantially enacted when the assets and liabilities are expected to be incurred.

Current tax and the variations in deferred taxes are recorded in profit or loss or in the line item *Income tax income (expense)* or in the line item *Equity* in the statement of financial position, depending on where the gains or losses to which it relates were recorded, except for assets or liabilities arising from business combinations.

Deferred tax assets and tax credits are only recognized when it is probable that there will be future tax gains sufficient for recovering any temporary difference in deductions and applying tax credits. A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of purchased goodwill and those whose origin is determined by the valuation of investments in subsidiaries, affiliates and interests in joint ventures where the Group can control the timing of their reversal and it is probable that the temporary difference will not be reversed in the foreseeable future.

(t) Dividends

Interim and final dividends are recorded as a valuation of “Total Equity” upon their approval by the corresponding entity, which in the first instance is the Board of Directors of each company and in the second instance is the Shareholders of each company at the Ordinary General Shareholders’ Meeting.

(4) Significant Accounting Policies, Continued

(u) Finance Costs (of Non-Financial Activities)

Interest income and expenses are recognized over on the accrued period and the effective interest rate over the outstanding balance.

(v) Finance Leases

The Group's policy establishes that when the lessor substantially transfers all the risks and rewards of ownership of the asset to the leases, the ownership of the asset, in this case, may or may not be transferred. When ILC and its subsidiaries act as the lessee of an asset subject to a finance lease, the cost of the leased assets are presented in the consolidated statement of financial position, as per the nature of the asset subject to the agreement and, simultaneously, a liability is recorded in the statement of financial position for the same amount.

Such amount will be the lower of the fair value of the leased asset or the sum of the present values of the amounts payable to the lessor plus, the exercise price of the purchase option. These assets are amortized with criteria similar to the ones applied to property, plant and equipment or over the lease term, when this is shorter.

Finance costs derived from the financial update of the recorded liability are charged in the line item *Finance costs* of the consolidated comprehensive income.

(w) Operating Leases

Leases where the ownership of the leased asset and substantially all the risks and rewards of the asset remain with the lessor are classified as operating leases.

Income or expenses from lease agreements are recognized in the line item *Other income* or *Other expenses* of the profit or loss account, as incurred.

(x) Segment Reporting

The Group presents segment reporting based on the financial information made available to the key decision-makers in respect of matters such as profitability measurement and investment allocation.

(4) Significant Accounting Policies, Continued

(y) Earnings (losses) Per Share

Basic earnings per share is calculated by dividing the net profit (loss) of the period attributable to ILC by the weighted average number of ordinary shares outstanding during the period, without including the average number of shares of ILC owned by any of the subsidiaries, if this was the case. In 2011, ILC and its subsidiaries did not conduct any operations with a potential dilutive effect implying an earning per diluted share other than the basic benefit per share.

(z) Insurance Reserves of the Subsidiary Compañía de Seguros de Vida Cámara S.A.

The disability and survivorship insurance (SIS) is acquired by the Pension Fund Administrators (AFPs) as a whole to provide SIS benefits to their members in case they become disabled or die. As of December 31, 2011 and 2010, Vida Cámara maintains two policies in force with the AFPs relating to SIS insurance.

The SIS insurance reserves are required to be calculated based on the estimated present value of the expected future payments to which the member has rights to receive.

The SIS insurance reserves are reviewed on a monthly basis and are subject to a liability adequacy test to determine the sufficiency of the insurance reserves to cover the projected future cash flows derived from the insurance contracts currently in force, taking into account the estimates of mortality, morbidity and interest rates based on historical data and the characteristics of the client's portfolio. If a deficiency in the SIS insurance reserves is determined when applying the liability adequacy test, the company has to record an additional reserve with a charge to profit and loss.

(aa) Pension Reserve of the Subsidiary Administradora Fondos de Pensiones Habitat S.A.

With the purpose of guaranteeing a minimum profitability of the pension funds referred to in Article N° 37 of D.L. N° 3,500 of 1980 and in conformity with Article N° 40 of the same legal instrument, AFP Habitat S.A. must maintain an asset called "Reserve" for each type of fund it manages equivalent to 1% of the value of each such pension fund, which shall be invested in deposits. This investment will be valued multiplying the number of equivalent deposits per fund at their closing value on the day the information must be provided.

(4) Significant Accounting Policies, Continued

(bb) Standards and Interpretations of IFRS

(i) Standards and Interpretations effective as from January 1, 2010:

The following new Standards and Interpretations have been adopted in these financial statements.

Amendments to IFRS	**Mandatory application for**
IAS 24, *Related Party Disclosures*	Annual periods beginning on or after January 1, 2011
IAS 32, *Classification of Issuance Rights*	Annual periods beginning on or after February 1, 2010
Improvements to IFRS May 2010 – *collection of amendments to seven International Financial Reporting Standards*	Annual periods beginning on or after January 1, 2011

New Interpretations	**Mandatory application for**
IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*	Annual periods beginning on or after July 1, 2010
IFRS 9, *Financial Instruments :Classification and Measurement*	Annual periods beginning on or after January 1, 2015

Amendments to Interpretations	**Mandatory application for**
IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	Annual periods beginning on or after January 1, 2011

(4) Significant Accounting Policies, Continued

(bb) Standards and Interpretations of IFRS, Continued

(ii) The following new standards and Interpretations have been issued but their date of application is still not in force:

New IFRS	**Mandatory application for**
IFRS 9, *Financial Instruments*	Annual periods beginning on or after January 1, 2015
IFRS 10, *Consolidated Financial Statements*	Annual periods beginning on or after January 1, 2013
IFRS 11, *Joint Arrangements*	Annual periods beginning on or after January 1, 2013
IFRS 12, *Disclosure of Interests in Other Entities*	Annual periods beginning on or after January 1, 2013
IFRS 13, *Fair Value Measurement*	Annual periods beginning on or after January 1, 2013

Amendments to IFRS	**Mandatory application for**
IAS 1, *Presentation of Financial Statements– Presentation of Components of Other Comprehensive Income*	Annual periods beginning on or after July 1, 2012
IAS12, *Deferred taxes – Recovery of Underlying Assets*	Annual periods beginning on or after January 1, 2012
IAS19, Employee Benefits (2011)	Annual periods beginning on or after January 1, 2013
IFRS 1 (Revised), *First-time adoption of International Financial Reporting Standards – (i) Removal of Fixed Dates for First-time Adopters – (ii) Severe Hyperinflation*	Annual periods beginning on or after July 1, 2011.
IFRS 7, Financial Instruments: Disclosures - Disclosures – *Transfers of Financial Assets*	Annual periods beginning on or after July 1,2011
IAS 27 *Separate Financial Statements*	Annual periods beginning on or after July 1, 2013
IAS 38 *Investments in affiliates and Joint Ventures*	Annual periods beginning on or after July 1, 2013
IFRS 7, *Exposure– compensation of financial assets and liabilities*	Annual periods beginning on or after July 1, 2013

Management is evaluating the future impact of the adoption of IFRS 9. In regards to the other abovementioned standards, it is anticipated that they will not have a significant impact on the amounts reported in these financial statements; however, they may affect the accounting for future transactions or agreements.

(5) First-time Adoption of International Financial Reporting Standards (IFRS)

(a) Transition to IFRS

Until December 31, 2010, ILC and is subsidiaries prepared their consolidated financial statements in accordance with Chilean Generally Accepted Accounting Principles ("Chilean GAAP") and the standards and instructions issued by the Superintendence of Securities and Insurance.

The date of the Group's transition to International Financial Reporting Standards is January 1, 2010 and the conversion is based on IFRS 1 "First-time Adoption" of the International Financial Reporting Standards.

The date of the Group's adoption to International Financial Reporting Standards is December 31, 2011 and the conversion is based on IFRS 1 "First-time Adoption" of the International Financial Reporting Standards.

Letter c) of this note presents the reconciliations required by IFRS 1 between the opening and closing balances of the accumulated period as of December 31, 2010, the opening and closing balances of the year ended as of December 31, 2010 and the opening balances as of January 1, 2010, resulting from the application of these standards.

(b) IFRS 1 Options Applied in the IFRS Adoption Process

The options mentioned in IFRS 1 which ILC and its subsidiaries have decided to apply in their IFRS adoption process are the following:

(i) Cost revaluated as deemed cost

The value of property, plant and equipment and investment property has been considered as deemed cost under the impairment accounting principle to the date of transition and for certain assets, the fair value determined by the study conducted by an external specialist has been determined as the deemed cost. The study focused on primarily similar property market activity.

(ii) Business combinations

The exemption established in IFRS 1 has been applied for business combinations. Therefore, the business combinations that occurred before the date of transition as of January 1, 2010 have not been restated.

(iii) Derivative instruments

These derivatives have been defined as financial liabilities, measured at fair value with effect on profit or loss.

(5) First-time Adoption of International Financial Reporting Standards (IFRS), Continued

(b) IFRS 1 Options Applied in the IFRS Adoption Process, Continued

(iv) Employee benefits

The Group has discussed recognizing in profit or loss, all actuarial gains and losses accumulated to the date of transition to IFRS.

The effects of the first-time adoption of IFRS are recognized in the accounts of accumulated profit or loss or other reserves in the Group's equity, depending on whether those adjustments are realized to that date or not.

(c) Reconciliation of the Equity and net Profit or Loss determined in accordance with Chilean Generally Accepted Accounting Principles (Chilean GAAP)

The following is a detailed description of the main differences between Chilean Generally Accepted Accounting Principles (Chilean GAAP) and International Financial Reporting Standards applied by the Group and the impact on equity as of December 31, 2010 and January 1, 2010 and on net gains as of December 31, 2010.

(i) Reconciliation of the equity under Chilean Generally Accepted Accounting Principles and under IFRS as of December 31, 2010 and January 1, 2010:

Equity as of

Reconciliation of equity	**Ref.**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Equity based on Chilean Generally Accepted Accounting Principles		337,264,163	291,816,467
Addition of non-controlling shareholders	(a)	126,858,800	8,910,398
Capitalization of Deferred Acquisition Costs (DAC)	(b)	9,304,527	11,089,632
Adjustments of financial assets reclassified at fair value	(c)	67,647,088	-
Portfolio amortization - Habitat	(d)	(1,877,791)	-
Employee benefits (provision for bonuses)	(e)	(321,914)	(271,335)
Impairment of intangible assets	(f)	(1,261,417)	(2,017,460)
Impairment of trade receivables	(g)	(1,030,039)	(1,649,487)
Revaluation of property, plant and equipment as net deemed cost	(h)	9,696,893	10,662,491
Effect of derivatives according to the IFRS classification - investment	(i)	342,133	(505,487)
Deferred taxes – IFRS adjustments	(j)	178,283	(87,264)
Provision for medical leaves (SIL)	(k)	(1,489,294)	(1,431,210)
Provision for assistance provided but not settled (medical assistance)	(l)	(18,086,347)	(18,736,955)
Recognition of undeclared and unpaid contributions	(m)	1,892,996	1,661,278
Reversal of price-level adjustment of non-monetary assets and liabilities	(n)	(5,156,431)	-
Reversal of goodwill amortization	(o)	1,461,147	-
Remeasurement of profit or loss in investment property		159,511	(17,427)
Other		(2,533,664)	755,723
Pro forma equity according to IFRS		523,048,644	300,179,364

(5) First-time Adoption of International Financial Reporting Standards (IFRS), Continued

(c) Reconciliation of the Equity and net Profit or Loss determined in accordance with Chilean Generally Accepted Accounting Principles (Chilean GAAP), Continued

(ii) Reconciliation of the profit for the year from Chilean generally accepted accounting principles to International Financial Reporting Standards:

Reconciliation of the statements of comprehensive income	**Ref.**	**P&L as of 12-31-2010 ThCh$**
Net profit according to Chilean GAAP		
Addition of non-controlling shareholders	(a)	18,419,467
Capitalization of Deferred Acquisition Costs (DAC)	(b)	(1,785,104)
Adjustments of financial assets reclassified at fair value	(c)	67,647,088
Portfolio amortization - Habitat	(d)	(1,877,791)
Employee benefits (provision for bonuses)	(e)	(50,579)
Impairment of intangible assets	(f)	756,043
Impairment of trade receivables	(g)	619,448
Revaluation of property, plant and equipment as net deemed cost	(h)	14,557
Effect of derivatives according to the IFRS classification – Investment	(i)	342,133
Deferred taxes – IFRS adjustments	(j)	310,087
Provision for medical leaves (SIL)	(k)	(58,084)
Provision for assistance provided but not settled (medical assistance)	(l)	650,608
Recognition of undeclared and unpaid contributions	(m)	231,718
Reversal of price-level adjustment of non-monetary assets and liabilities	(n)	1,973,691
Reversal of goodwill amortization	(o)	1,461,146
Remeasurement of profit or loss in investment property		176,564
Remeasurement of profit or loss in sale of investments		178,752
Depreciation remeasurement		370,834
Business combination	(p)	(16,800,000)
Other		715,860
Attributable to:		
Owners of the Company		156,858,492
Non-controlling interest		18,697,083
Total comprehensive income for the year		175,555,575

(5) First-time Adoption of International Financial Reporting Standards (IFRS), Continued

(c) Reconciliation of the Equity and net Profit or Loss determined in accordance with Chilean Generally Accepted Accounting Principles (Chilean GAAP), Continued

(iii) Reconciliation of the Statement of Cash flows from Chilean generally accepted accounting principles to International Financial Reporting Standards:

	12-31-2010 ThCh$
Cash and cash equivalents under Chilean GAAP	**108,993,994**
Fixed-term deposit from subsidiary Isapre Consalud S.A. considered the cash flow under IFRS, other assets under GAAP	56,048
Cash and cash equivalents at the end of the period	109,050,042

(iv) Explanation of the main differences

a. Addition of non-controlling interest

According to IFRS the net equity of ILC is comprised of the interest corresponding to the shareholders of the controlling company and the non-controlling shareholders of its affiliates. Under Chilean GAAP, non-controlling interest (minority interest) was classified in a line between long-term liability and net equity. The composition of the balance that presents this adjustment is detailed in note 29.

b. Capitalization of Deferred Acquisition Costs (DAC)

Corresponds to the application of the effective interest rate method to the commissions earned by the subsidiary Isapre Consalud S.A on certain products., which in accordance with IFRS are discounted at the effective interest rate and therefore recognized at maturity. Furthermore, the additional requirements of IAS 39 in respect of the identification of losses relating the up-to-date portfolio (impairment incurred, but not reported – AG 90) and the requirement of making adjustments to the historical loss rates under current market conditions (AG 91) have been applied.

(5) First-time Adoption of International Financial Reporting Standards (IFRS), Continued

(c) Reconciliation of the Equity and net Profit or Loss determined in accordance with Chilean Generally Accepted Accounting Principles (Chilean GAAP), Continued

(iv) Explanation of the main differences, continued

c. Adjustments of financial assets reclassified at fair value

Corresponds to the difference originated at the moment ILC took control over AFP Habitat S.A., between the prior carrying amount and its previous interest at fair value, as established in IFRS 3.

d. Portfolio amortization - Habitat

Corresponds to the amortization of the intangible asset recognized in the business combination assigned as the portfolio value (corresponds to the quota).

e. Employee benefits (provision for Bonuses)

Corresponds to the expense recognition related to performance bonuses provided by Desarrollos Educacionales S.A. and its subsidiaries to their teachers.

f. Impairment of intangible assets

Corresponds mainly to the application of IAS 36 “Impairment of Assets” on certain intangible assets held by ILC`s subsidiaries, which were amortized on a straight-line basis under the previous accounting principles. After the application of IAS 36, impairment indicators were identified that led the subsidiaries to recognize the effects of this measurement in retained earnings.

g. Impairment of trade receivables

This adjustment corresponds to the application of IAS 39, which states that an entity can determine the impairment of its trade accounts receivable based on the historical loss rates in the estimate of future cash flows; such rates are applied to the groups that have been defined, in a consistent manner with the groups for which the historical rates have been observed. After the application of this standard, it was concluded that the provision recorded under the previous accounting principles to cover uncollectibility risk was higher than the one determined.

(5) First-time Adoption of International Financial Reporting Standards (IFRS), Continued

(c) Reconciliation of the Equity and net Profit or Loss determined in accordance with Chilean Generally Accepted Accounting Principles (Chilean GAAP), Continued

(iv) Explanation of the main differences, continued

h. Revaluation of property, plant and equipment as deemed cost, net

As part of the IFRS first-time adoption process, the Group opted to value its land, buildings and some equipment at fair value and use this value as deemed cost, thus adhering to the exemption presented in IFRS 1 and recording a gross adjustment as of January 1, 2010 of ThCh$10,662,491 as an adjustment of transition to IFRS; this effect has been reported as a credit to the *Retained earnings account in equity*. The above mentioned adjustment is detailed as follows:

	GAAP Value 1-1-2010 ThCh$	Adjustment 1-1-2010 ThCh$	IFRS Value 1-1-2010 ThCh$
Buildings	103,557,194	(7,959,455)	95,597,739
Land	34,312,874	18,414,787	52,727,661
Equipment and medical facilities	7,490,302	207,159	7,697,461
Total	145,360,370	10,662,491	156,022,861

i. Effect of derivatives according to the IFRS classification - Investment

Management has defined that the derivative instruments taken by the Group are classified as investing derivatives. As a result of the application of IAS 39, subsequent to initial recognition, derivatives are measured at fair value at each closing date. The gains or losses arising from the variation of the fair value of financial assets and liabilities measured at fair value are recognized in profit or loss.

j. Effects of deferred taxes – IFRS adjustments

As a result of the conversion to IFRS, the Group recorded deferred taxes in accordance with IAS 12 “Income Taxes” which requires an asset and liability approach for the accounting for and reporting of income taxes under the following basic principles: (a) a deferred tax liability or asset is recognized for the future estimated tax effects attributable to temporary differences and tax loss carryforwards; (b) the measurement of deferred tax liabilities and assets is based on the provisions of the enacted tax law and the effects of future changes in the laws or tax rates are not anticipated; and (c) the measurement of deferred tax assets and liabilities is based on the significance of the available evidence, it is more likely that a portion of the deferred tax assets will not be realized.

(5) First-time Adoption of International Financial Reporting Standards (IFRS), Continued

(c) Reconciliation of the Equity and net Profit or Loss determined in accordance with Chilean Generally Accepted Accounting Principles (Chilean GAAP), Continued

(iv) Explanation of the main differences, continued

k. Provision for medical leave (SIL)

Corresponds to the recognition of the expense, on an accrued basis, of medical leave occurred and not reported that under the previous accounting principles were recognized on a realized basis.

l. Provision for assistance provided but not settled (medical assistance)

Corresponds to the recognition of the expense, on an accrued basis, of medical leave occurred and not settled that under the previous accounting principles were recognized on a realized basis.

m. Recognition of undeclared and unpaid contributions

Corresponds to the recognition of the entry, on an accrued basis, of the undeclared and unpaid contributions which under the previous accounting principles were recognized on a realized basis

n. Reversal of price-level adjustment of non-monetary assets and liabilities

The previous accounting principles required the financial statements to be adjusted in order to reflect the effect of the variation in the purchasing power of the Chilean peso in the financial position and operating income of the reporting entities. The method described above was based on a model that requires the calculation of the net inflation gain or loss attributed to the monetary assets and liabilities exposed to variations in the purchasing power of the local currency. The historical costs of non-monetary assets and liabilities, equity accounts and P&L accounts are adjusted to reflect the variations of the CPI from the date of acquisition to year-end.

The gain or loss in the purchasing power included in net gains or losses reflect the effects of inflation in the monetary assets and liabilities held by the Group.

IAS 29 does not consider inflation indexation in non-hyperinflationary countries like Chile. Therefore, balance sheet and income accounts are not inflation-adjusted. The effect of price-level adjustment mainly affects asset, depreciation and equity entries. The effects of the application of the price-level adjustment described above are included in the reconciliation. However, the price-level adjustment of the capital account has been maintained with adjustments to other reserves because for the purposes of the previous regulations this will be sanctioned by the general board of shareholders and fully included to capital.

(5) First-time Adoption of International Financial Reporting Standards (IFRS), Continued

(c) Reconciliation of the Equity and net Profit or Loss determined in accordance with Chilean Generally Accepted Accounting Principles (Chilean GAAP), Continued

(iv) Explanation of the main differences, continued

o. Reversal of goodwill amortization

As established by IFRS, goodwill is not amortized; therefore, the amortization recorded under previous accounting principles has been reversed.

p. Business combination

According to IFRS, the result of the sale of part of the interest in a subsidiary that does not imply loss of control shall be recorded in retained earnings.

(6) Risk Management

ILC is a holding that develops its businesses in the retirement and insurance services, healthcare and other sectors in a decentralized manner. The business decisions of each of these activities are analyzed and materialized by the Management and the Board of Directors of each of the subsidiaries taking into account their own risks and the ways to mitigate them.

The main risks to which the Group's businesses are exposed are regulatory, market, insurance technical, operational, credit and liquidity risks.

(a) Regulatory Risk

The regulations, standards and stable criteria allow the proper evaluation of projects and the reduction of investment risks; therefore, an adequate follow-up of the evolution of the regulation is relevant. Most of the businesses developed by ILC are regulated by the Superintendencies of Securities and Insurance, Pensions and Health, which by means of their own standards aim to watch over the transparency and timely inspection of their regulated entities in several aspects, especially risk management of different natures.

(i) Pension fund management business risk

The pension system reform of 2008 consolidated the existing pension system with broad support from Congress. This reform implied some changes in the industry's business such as commencing an auction process for SIS insurance and the auction process for the new affiliates market. At the same time established a long-term scenario that minimized the threats of relevant regulatory changes existing prior to such law.

(6) Risk Management, Continued

(a) Regulatory Risk

(ii) Private health insurer (ISAPREs) risk

On December 21, 2011, a bill was filed to Congress modifying the Private Healthcare System creating, among others, a Guaranteed Plan (PGS) whose price would be the same for all the beneficiaries of a private health insurer (ISAPRE). This bill will generate an intense discussion as it implies significant changes to the health insurance system. Its application would cause all current ISAPRE beneficiaries to change their current healthcare plan for a new plan structure based on the PGS coverage plus, in some instances, a complementary plan, thus modifying elements such as the pricing, access, captivity, and risk control, among others.

(b) Operational Risk

Operational risk is the risk of a direct or indirect loss originated by causes related to the ILC processes, personnel, technology and infrastructure. ILC and subsidiaries have policies and internal control procedures that minimize operational risks.

Internal Audit Committee

The internal audit committee, which is similar to a directors' committee, periodically reviews the transparency of ILC's activities and is comprised of two ILC Directors as well as ILC's controller. The Committee's main tasks are: (i) supervising the functioning and efficiency of our internal control systems, (ii) detecting and analyzing issues that may result in risks for ILC, (iii) reviewing and proposing internal controls, (iv) reviewing internal and external audit reports, and (v) expressing an opinion on the issues that may generate effects on our equity. The committee meets on a monthly basis and regularly reports to our Board of Directors about its activities and work.

(6) Risk Management, Continued

(c) Market Risk

(i) Investment Committee

The Investment Committee of ILC is comprised of two directors and several Executive Officers of the Company and its role is to monitor the proper compliance with the issues established in the investment policy of ILC and the watching over the appropriate speed in investment decision-making. This committee meets regularly and periodically reports to the Board of Directors about its principal decisions and agreements reached.

(ii) Interest Rate Risk

Interest rate risk is expressed as the sensitivity of the value of ILC's financial assets and liabilities when facing fluctuations of the market interest rates.

ILC and its subsidiaries' financial liabilities correspond to loans from financial entities, finance leases and debt obligations. As of December 31, 2011, 100% of these liabilities are structured at fixed interest rates and, accordingly, there is no exposure to the fluctuations of rates in the market.

The abovementioned reflects that the only exposure to these liabilities is the variation of UF, which is mitigated by the fact that changes in our revenue correlate to changes in the UF.

ILC's assets subject to interest rate risk are comprised of time deposits, fixed income mutual funds and other similar investments. Considering the average annual investment of ThCh$85,051,798 ILC recorded during 2011 with a maturity date of less than one year, a positive or negative variation of 100 basis points in the market interest rate obtained, would have increased or decreased, respectively, our income before taxes by ThCh$850,518, representing 0.7 % of the total.

(iii) Financial Investment Profitability Risk

Financial investment profitability risk relates to changes in the price of the instruments in which ILC invests, which are mainly exposed to the risks of volatility in the local and international financial markets and the variations in exchange and interest rates. ILC and its subsidiaries seek to mitigate this risk by following a policy of diversification. Additionally, ILC's investment policy calls for investing in instruments similar to the ones in which the five pension fund types invest, preferring geographic and asset type diversification and good credit risk.

(6) Risk Management, Continued

(c) Market Risk, Continued

(iii) Financial investment profitability risk, Continued

In Vida Cámara, the investment portfolio is based on the policy set by its Board of Directors, which focuses on investments in financial instruments with tenors similar to Vida Cámara's liabilities, denominated in UF and with risk ratings equal to or higher than A+. Additionally, Vida Cámara's investment policy requires that at least 35% of its portfolio is in instruments issued by the Central Bank or the Treasury Department.

Considering a financial investment base of Ch$174,193 million recorded during 2011, a positive or negative variation of 100 basis points in the market interest rate obtained would have increased or decreased, respectively, Vida Cámara's income before taxes by Ch$1,742 million, or 1.4%.

(iv) Reserve profitability risk

The investments of pension funds are primarily exposed to the volatility risks of local and international financial markets and variations in exchange and interest rates. These risks directly affect the profitability of the pension funds and consequently the profitability of the reserve, which is reflected directly in the P&L for the year of the Managing Company.

Considering an investment base in the reserve of ThCh$176,375,609, a positive or negative variation of 100 basis points in the profitability of the reserve would have increased or decreased, respectively, profits before taxes by ThCh$1,763,756, representing 1.4% of the total.

(v) Exchange rate risk

Excluding the effect of the exchange rate on the financial investments and the Reserve, ILC and its subsidiaries have not been significantly affected by the variation in exchange rates.

(d) Technical Risk of Insurances

In the private health insurance business, the main risk element regarding the claims ratio is the correct pricing of the healthcare plans commercialized and the adequate correspondence with the costs and tariffs of the agreements with healthcare service suppliers, the intensity of use and the frequency of its contributors. This is a significant risk in the industry due to the low net margins with which it operates; in order to mitigate this risk, Isapre Consalud has sophisticated pricing models and a team expert in these matters.

(6) Risk Management, Continued

(d) Technical Risk of Insurances, Continued

The disability and survivorship insurance business is affected by five elements: the number of disability requests filed and the number of deaths during the coverage period, the evolution of the selling rate of Life Annuities, the evolution of the profitability of Pension Funds, the approval rate for the disability requests filed and the evolution of the taxable income of the contributors of the AFP system.

The pricing process of the SIS was based on a in-depth statistical and financial analysis performed by the company which helped project the variables; additionally Compañía de Seguros de Vida Cámara has a set of financial matching policies of its investment portfolio with the average term of its liabilities, which mitigates the effect of decreases in interest rates and a complete team focused on the management in the process of settlement of the insurance complementary to the Department of Disability and Survivors', an entity that centralizes the back-office of the SIS and which is dependent on the Asociación de Aseguradores de Chile (Chilean Association of Insurers).

(e) Liquidity Risk

Liquidity risk is the risk that ILC will encounter difficulty in meeting ITS commitments, financial obligations, working capital needs and investments in property, plant and equipment.

ILC generally finances its activities and investments with dividends and other distributions received from its subsidiaries and investees and funds obtained from the sale of assets and/or in the issuance of debt and equity securities.

ILC has liquid financial resources to meet its short and long-term obligations. In addition its businesses generate a significant amount of cash, and ILC has wide access to banking and capital markets, especially supported by credit ratings of AA and AA+, given by Feller-Rate and Humphreys, respectively. This was reflected in ILC's sale of bonds in the amount of UF2,500,000 in 2011, and Red Salud's sale of bonds in January 2012.

Additionally, ILC constantly analyses its financial position by making projections of cash flows and the general economic environment with the purpose of, if necessary, assuming new pre-approved, short-term lines of credit that allow ILC to cover any liquidity risks.

Detailed information on the maturities of financial liabilities can be found in Note 20.

(6) Risk Management, Continued

(f) Credit Risk

Credit risk is the risk ILC faces of experiencing a financial loss in the event of nonperformance by counterparties to its financial instruments. Most of ILC's financial instruments, such as its reserves and its investment portfolio, have high standards set by Chilean regulators and our own investment policies. These policies consider minimum risk ratings, maximum interest ownership in industries or companies and high levels of investment in low-risk instruments issued by the Central Bank or the Treasury Department. Therefore, ILC's credit risk is reduced to almost the same risk faced by the largest institutional investors in Chile.

(7) Cash and Cash Equivalents

As of December 31, 2011 and 2010, and January 1, 2010, this live item is comprised of the following:

	Currency	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Cash on hand and bank balances	Ch$	14,606,530	18,383,153	5,062,660
Short-term time deposits	$	35,596,816	5,022,292	6,755,188
Money market funds	$	33,466,081	76,827,963	22,853,793
Other investments	Ch$	10,373,810	8,816,634	5,654,839
Total		94,043,237	109,050,042	40,326,480

Time deposits have maturities of less than three months since their date of acquisition and they accrue interest at market rates for these types of investments.

Fixed income mutual funds correspond to investments in mutual fund deposits, valued daily.

In April 2010, ThCh$12,201,331 was added to cash and cash equivalents from the acquisition of AFP Habitat.

Cash and cash equivalents do not have availability restrictions.

(8) Trade and Other Receivables, Net

As of December 31, 2011 and 2010 and January 1, 2010, trade and other receivables (net of impairment estimate) are comprised of the following:

Current

12-31-2011	Assets before provisions ThCh$	Impairment provisions recorded ThCh$	Net asset ThCh$
Premiums receivable	28,299,453	-	28,299,453
Promissory notes receivables	7,135,873	(1,636,117)	5,499,756
Trade receivables	26,682,197	(1,307,995)	25,374,202
Contribution receivables	2,889,090	(262,239)	2,626,851
Other	9,049,186	(2,249,987)	6,799,199
Total	74,055,799	(5,456,338)	68,599,461

12-31-2010	Assets before provisions ThCh$	Impairment provisions recorded ThCh$	Net asset ThCh$
Premiums receivable	24,753,420	-	24,753,420
Promissory notes	4,020,462	(225,978)	3,794,484
Trade receivables	19,245,792	(1,696,188)	17,549,604
Contribution receivables	2,226,575	(247,595)	1,978,980
Other	9,645,546	(811,148)	8,834,398
Total	59,891,795	(2,980,909)	56,910,886

1-1-2010	Assets before provisions ThCh$	Impairment provisions recorded ThCh$	Net asset ThCh$
Premiums receivable	19,845,557	-	19,845,557
Promissory notes	4,062,835	(358,490)	3,704,345
Trade receivables	16,573,395	(1,621,097)	14,952,298
Contribution receivables	2,163,975	(407,825)	1,756,150
Other	4,762,206	-	4,762,206
Total	47,407,968	(2,387,412)	45,020,556

(8) Trade and Other Receivables, Net, Continued

Current, Continued

12-31-2011	Assets before provisions ThCh$	Provisions recorded ThCh$	Net asset ThCh$
Mortgage loans	1,064,399	-	1,064,399
Trade accounts receivables	8,094,678	(4,881,772)	3,212,906
Total	9,159,077	(4,881,772)	4,277,305

12-31-2010	Assets before provisions ThCh$	Provisions recorded ThCh$	Net asset ThCh$
Mortgage loans	1,217,033	-	1,217,033
Trade accounts receivables	6,217,088	(6,055,920)	161,168
Total	7,434,121	(6,055,920)	1,378,201

1-1-2010	Assets before provisions ThCh$	Provisions recorded ThCh$	Net asset ThCh$
Trade accounts receivables	5,552,490	(5,505,471)	47,019
Total	5,552,490	(5,505,471)	47,019

	Promissory notes ThCh$	Trade receivables ThCh$	Contribution receivables ThCh$	Other ThCh$	Total ThCh$
Balance as of January 1, 2011	225,978	1,696,188	247,595	811,147	2,980,908
Additional provisions	1,614,001	1,439,454	39,058	1,438,840	4,531,353
Reductions derived from write-downs	(203,862)	(1,025,369)	-	-	(1,229,231)
Release of provisions	-	(802,278)	(24,314)	-	(826,592)
Total	1,636,117	1,307,995	262,339	2,249,987	5,456,438

(8) Trade and Other Receivables, Net, Continued

Current, Continued

	Promissory notes ThCh$	Trade receivables ThCh$	Contribution receivables ThCh$	Other ThCh$	Total ThCh$
Balance as of January 1, 2010	358,491	1,621,097	407,825	-	2,387,413
Additional provisions	579,984	767,734	377,938	811,147	2,536,803
Reductions derived from write-downs	(355,698)	(692,643)	(538,168)	-	(1,586,509)
Release of provisions	(356,798)	-	-	-	(356,798)
Total	225,979	1,696,188	247,595	811,147	2,980,909

The Group has the following balances of trade and other receivables portfolio that are past due but not impaired:

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
With maturities of less than three months	7,883,032	6,572,443	6,249,321
With maturities between three and six months	805,650	1,441,809	1,443,094
With maturities between six and twelve months	1,104,530	766,996	531,169
With maturities of more than twelve months	1,927	304,794	464,710
Total	9,795,139	9,086,042	8,688,294

(9) Balances and Transactions with Related Parties

The transactions between entities within the Group correspond to regular operations as to their purpose and conditions. These transactions have been eliminated in the consolidation process and are not detailed in this note.

The balances of trade accounts receivable and payable between the Group and its non-consolidated related parties are detailed as follows:

(9) Balances and Transactions with Related Parties, Continued

(i) Trade receivables due from related parties

					Current		
Tax ID N°	**Company**	**Country of origin**	**Transaction**	**Currency**	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
70.285.100-9	Mutual de Seguridad Cámara Chilena de la Construcción	Chile	Medical assistance	Ch$	86,669	30,274	107,230
96.929.390-0	Servicios de Administración Previsión S.A.	Chile	Rendering of services	Ch$	266,167	-	-
96.981.130-8	Administradora de Fondos de Cesantía Chile S.A.	Chile	Rendering of services	Ch$	32,440	65,985	-
55.555.555.5	CCI Marketplace S.A.	Colombia	Rendering of services	Ch$	24,944	-	-
81.826.800-9	C.C.A.F. de los Andes	Chile	Rendering of services	Ch$	70,213	-	-
70.016.010-6	Servicio Médico Cámara Chilena de la Construcción	Chile	Medical assistance	Ch$	228,585	289,968	148,063
99.533.790-8	Clínica Elqui S.A.	Chile	Medical assistance	Ch$	53,674	-	155
71.330.800-5	Fundación de Asistencia Social	Chile	Medical assistance	Ch$	1,032	-	-
74.422.770-0	Clínica San Marcos	Chile	Medical assistance	Ch$	1,765	-	-
96.995.840-6	Administradora de Inversiones La Construcción S.A.	Chile	Medical assistance	Ch$	2,924	-	-
96.502.530-8	Isapre Vida Tres S.A.	Chile	Rendering of services	Ch$	5,759	354	-
70.285.100-9	Inversiones Rio Quilpué S.A.	Chile	Rendering of services	Ch$	-	10,500	-
76.381.130-1	Inversiones Farmacéuticas Air S.A.	Chile	Rendering of services	Ch$	-	10,329	4,476
76.139.320-0	Administradora de Transacciones Electrónicas S.A.	Chile	Rendering of services	Ch$	-	425,658	-
95.572.800-7	Isapre Banmédica S.A.	Chile	Rendering of services	Ch$	-	32,447	36,275
95.721.000-7	Seguravita S.A.	Chile	Company settlement	Ch$	-	181,335	-
96.802.470-1	Integramédica S.A.	Chile	Rendering of services	Ch$	-	-	1,057
96.802.470-1	Inversiones en Salud Arica	Chile	Rendering of services	Ch$	-	-	677
	Total				774,172	1,046,850	297,933

(ii) Trade payables due to related parties

					Current		
Tax ID N°	**Company**	**Country of origin**	**Transaction**	**Currency**	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
70.285.100-9	Mutual de Seguridad Cámara Chilena de la Construcción	Chile	Medical assistance	Ch$	162,996	60,380	488,894
96.981.130-8	Administradora de Fondos de Cesantía Chile S.A.	Chile	Rendering of services	Ch$	2,917	2,371	-
96.929.390-0	Servicio de Administración Previsión S.A.	Chile	Rendering of services	Ch$	142,624	127,658	-
56.032.920-2	Comunidad Edificio La Construcción	Chile	Maintenance expenses	Ch$	37,512	33,839	15,554
95.572.800-7	Isapre Banmédica S.A.	Chile	Rendering of services	Ch$	19,762	-	-
96.793.370-8	Laboratorio de Neurofisiología Digital y Estudio del Sueño S.A.	Chile	Rendering of services	Ch$	17,114	2,895	5,414
55.555.555-5	CCI Marketplace S.A.	Colombia	Rendering of services	Ch$	7,185	-	-
81.458.500-K	Cámara Chilena de la Construcción AG	Chile	Dividends	Ch$	-	6,099	-
96.995.840-6	Administradora de Inversiones La Construcción S.A.	Chile	Current account	Ch$	-	29,920	5,550
99.542.640-4	Tecnogest Asesorías S.A.	Chile	Rendering of services	Ch$	-	-	3,236
	Total				390,110	263,162	518,648

The rest of the balances receivable and payable are denominated in Chilean pesos and do not bear interests. The collection term of short-term balances receivable and payable fluctuates between 30 and 180 days.

(9) Balances and Transactions with Related Parties, Continued

(iii) Significant transactions and their effect in profit or loss

The effects of the transactions with non-consolidated related parties on the statement of comprehensive income are the following:

				12-31-2011		12-31-2010	
Tax ID N°	Company	Relationship	Transaction	Amount ThCh$	Effect on P&L (charge) / credit ThCh$	Amount ThCh$	Effect on P&L (charge) / credit
70.285.100-9	Mutual de Seguridad Cámara Chilena de la Construcción	Shareholder	Lease payments received	570,972	570,972	55,308	55,308
96.929.390-0	Servicio de Administración Previsional S.A.	Affiliate	Employee contribution	111,325	(111,325)	134,284	(134,284)
96.929.390-0	Servicio de Administración Previsional S.A.	Affiliate	Lease payments received	147,451	147,451	75,261	75,261
96.929.390-0	Servicio de Administración Previsional S.A.	Affiliate	Collection services	1,298,426	(1,298,426)	902,438	(902,438)
96.929.390-0	Servicio de Administración Previsional S.A.	Affiliate	Technological service	359,863	(359,863)	132,201	(132,201)
96.981.130-8	Administradora de Fondos de Cesantía de Chile S.A.	Affiliate	Rendering of services	151,557	148,115	188,185	186,038
81.826.800-9	CCAF Los Andes	Shareholder	Collection and typing services	473,032	(473,032)	244,032	(244,032)
81.826.800-9	CCAF Los Andes	Shareholder	Lease payments received	16,063	16,063	12,394	12,394
81.826.800-9	CCAF Los Andes	Shareholder	Services for collected agreements	66,710	-	-	-
81.826.800-9	CCAF Los Andes	Shareholder	Lease payments received and maintenance expenses	27,646	27,646	-	-
71.800.700-3	Ciedess	Common parent	Lease payments received	17,816	17,816	-	-
73.213.000-4	Corporación Cultural Cámara Chilena de la Construcción	Common parent	Lease payments received	8,548	8,548	-	-
78.029.910-3	Gestión de Personas y Servicios S.A-	Common parent	Security and cleaning services	61,354	(61,354)	65,219	(65,219)
55.555.555-5	CCI Marketplace S.A.	Affiliate	Hosting services	74,919	75,123	54,681	54,681
55.555.555-5	CCI Marketplace S.A.	Affiliate	Subscription and payment of shares	115,294	-	-	-
70.016.010-6	Servicio Médico de la Cámara Chilena de la Construcción	Shareholder	Assistance and expense recovery	5,375,477	1,629,261	2,639,375	1,555,336
70.016.010-6	Servicio Médico de la Cámara Chilena de la Construcción	Shareholder	Paid agreement services and expense recovery	5,147,229	-	1,503,056	-
76.381.130-1	Inversiones Santa Constanza	Common	Rendering of services	36,452	(36,452)	17,394	(17,394)
76.764.570-8	Inversiones Río Quilpué S.A.	Management	Financial advisory	24,452	(24,452)	-	-
99.533.790-8	Clínica Elqui S.A.	Indirect affiliate	Current account	53,674	-	-	-
70.912.300-9	Corporación Educación Cámara Chilena de la Construcción	Common parent	Donation	757,704	(757,704)	-	-
65.981.140-5	Corporación Primera Infancia Cámara Chilena de la Construcción	Common parent	Donation	6,800	(6,800)	-	-
76.381.130-1	Inversiones Farmacéuticas Air S.A.	Affiliate	Current account	-	-	553,903	533,927
76.764.570-8	Inversiones Río Quilpué S.A.	Affiliate	Current account	-	-	694,922	917

(iv) Management and senior management

The members of senior management and others who assume the management of the Group, as well as the shareholders or natural or legal persons they represent, have not participated as of December 31, 2011 and 2010 in any unusual and/or relevant transactions of the Group.

As of December 31, 2011 and 2010, the Group is managed by a Board of Directors consisting of 9 members, which hold their positions for two years with the possibility of being reelected.

(9) Balances and Transactions with Related Parties, Continued

(v) Compensation of the Board of Directors

As of December 31, 2011 and 2010, the compensation paid to the members of the Board of Directors of ILC amounted to ThCh$105,607 and ThCh$80,374, respectively.

(vi) Compensation of managers and senior executives of the Group

As of December 31, 2011 and 2010, the compensation paid to 10 managers and senior executives amount to ThCh$1,894,704 and ThCh$1,822,643, respectively. There are no long-term or post-employment benefits for the key personnel of the Group.

(10) Inventories

(a) As of December 31, 2011, 2010 and January 1, 2010, this line item (net of provisions for obsolescence and others) is comprised of the following:

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Clinical materials	368,310	262,781	263,574
Medical supplies	554,596	566,929	579,257
Drugs	559,772	144,109	112,604
Materials	250,559	49,115	1,574
Total	1,733,237	1,022,934	957,009

(b) Movements in inventories during 2011 and 2010 are the following:

	Clinical materials ThCh$	Medical supplies ThCh$	Drugs ThCh$	Other Materials ThCh$	Total ThCh$
Balance as of 1-1-2010	**263,574**	**579,257**	**112,604**	**1,574**	**957,009**
Additions	2,674,732	1,193,169	452,266	190,933	4,511,100
Consumables recorded in P&L	(2,675,525)	(1,205,497)	(420,761)	(143,392)	(4,445,175)
Balance as of 12-31-2010	262,781	566,929	144,109	49,115	1,022,934
Additions	6,845,272	3,878,447	3,887,875	857,438	15,469,032
Consumables recorded in P&L	(6,739,743)	(3,890,780)	(3,472,212)	(655,994)	(14,758,729)
Balance as of 12-31-2011	368,310	554,596	559,772	250,559	1,733,237

At December 31, 2011 and 2010, there were no inventories pledged as collateral or disposals for revaluation of inventories.

(11) Financial Instruments

The balances of the financial instruments measured at fair value for the periods ended as of December 31, 2011 and 2010 and January 1, 2010 are the following:

	Fair value		
	12-31-2011 ThCh$	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Other current financial assets			
Shares	6,942,944	10,777,175	8,896,818
Domestic investment funds	3,970,220	2,981,761	6,119,129
Foreign investment funds	16,569,843	28,505,604	22,944,278
Fixed income instruments issued by the Government	37,373,987	38,502,840	12,928,144
Fixed income instruments issued by financial institutions	37,031,452	26,280,256	5,469,186
Fixed income instruments issued by private institutions	42,164,434	42,285,511	27,676,191
Time deposits	15,532,438	4,459,573	392,332
Mutual funds	-	551,261	-
Financial instruments and trade accounts receivables	1,530,643	2,411,081	1,919,936
Total other current financial assets	161,115,961	156,755,062	86,346,014
Other non-current financial assets			
Reserve maintained in Pension Fund Type A	30,531,489	35,805,123	-
Reserve maintained in Pension Fund Type B	36,159,016	39,479,935	-
Reserve maintained in Pension Fund Type C	71,086,669	70,651,931	-
Reserve maintained in Pension Fund Type D	23,381,023	19,353,120	-
Reserve maintained in Pension Fund Type E	15,217,412	6,259,265	-
Financial instruments and trade accounts receivables	12,455,784	8,354,313	6,828,864
Total other non-current financial assets	188,831,393	179,903,687	6,828,864

The balance recorded in the line item other financial instruments and trade accounts receivable as of December 31, 2011, includes ThCh$11,229,811 corresponding to a guarantee established by the subsidiary Isapre Consalud S.A., which is intended to enforce the provisions of Articles Nos. 26, 27 and 28 of Law N°18.933 and its amendments. According to this Law, private health insurers must record and maintain, in an authorized entity, a guarantee equivalent to the amount of the obligations owed to contributors, beneficiaries and health service suppliers.

(11) Financial Instruments, Continued

(a) Methodology and Assumptions Used in the Calculation of Fair Value

The fair value of financial assets and liabilities was determined by means of the following methodology:

(i) The amortized cost of time deposits is a good approximation of their fair value, as they are short-term operations.

(ii) Derivative instruments are accounted for at their market value. These instruments were measured by using the quotes of exchange rates, interest rates and the variation of the UF as per the projected curves, applied to the remaining term to the date of maturity of the instrument.

(iii) The fair value of financial loans was determined through the cash flow analysis methodology, applying the discount curves corresponding to the remaining term to the date of maturity of the instrument.

(iv) The fair value of assets and liabilities that do not have market quotes is based on the discounted cash flow using the interest rate for similar terms of maturity.

(b) Recognition Measurements at Fair Value in the Financial Statements

Level 1:
Correspond to measurement methodologies at fair value through quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Correspond to measurement methodologies at fair value through inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:
Correspond to measurement methodologies at fair value through inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2011 and 2010, the calculation of the fair value of all the financial instruments subject to measurement has been determined based on Level 2 of the above mentioned hierarchy.

(12) Income Tax

(a) Income tax expenses recorded in the consolidated statement of income for the periods 2011 and 2010 are detailed as follows:

Income tax expense	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**
Current tax expense	(28,634,218)	(16,547,767)
Deferred tax adjustment	5,360,806	(2,883,051)
Income tax expense, net	(23,273,412)	(19,430,818)

(b) The charge (credit) to profit or loss for the year can be reconciled with the accounting profit (loss) as follows:

	12-31-2011	
	Rate %	**ThCh$**
Reconciliation of effective rate		
Profit before taxes	**-**	**125,054,801**
Tax loss using the legal rate (20%)	**(20.00%)**	**(25,010,960)**
Adjustments to tax income (expense) used at the legal rate:		
Long-term differences (20%):		
Revaluation of property, plant and equipment	(0.51%)	(638,221)
Price-level adjustment	0.52%	650,129
Impairment of property, plant and equipment	(0.18%)	(219,225)
Lease contracts	0.23%	283,433
Investment valuation spread	(0.34%)	(418,974)
Tax result carryforwards	0.89%	1,113,902
Provision for assistance provided but not settled	0.44%	544,005
Provision for medical leaves	0.44%	543,218
Interest on earnings from affiliates	0.30%	380,516
Other aggregates and deductions	(0.40%)	(501,235)
Total tax rate difference adjustment	1.39%	1,737,548
Tax loss using the effective rate	(18.61%)	(23,273,412)

(12) Income Tax, Continued

(b) The charge (credit) to profit or loss for the year can be reconciled with the accounting profit (loss) as follows: Continued

	12-31-2010	
	Rate %	**ThCh$**
Reconciliation of effective rate		
Profit before taxes		**195,445,503**
Tax loss using the legal rate (17%)	**(17.00%)**	**(33,225,736)**
Adjustments to tax income (expense) used at legal rate:		
Long-term differences (17%):		
Interest on earnings from affiliates	(1.01%)	(1,978,376)
Provision for claims ratio and finance income	(0.31%)	(596,800)
Portfolio valuation spread	(1.65%)	(3,231,006)
Provision difference	(0.02%)	(31,483)
Prior interest ownership in Habitat	8.84%	17,271,472
Tax price-level adjustment, related parties	0.38%	733,499
Share market variation	(0.43%)	(839,887)
Cost of sale of 18 ter shares	(0.37%)	(724,468)
Sale of 18 ter shares	0.42%	825,689
Sale of shares (foreign affiliate)	0.19%	371,051
Price-level adjustment of tax share capital	0.38%	738,453
Future income tax rate difference	0.76%	1,491,061
Other aggregates and deductions	(0.12%)	(234,287)
Total tax rate difference adjustment	7.06%	13,794,918
Tax loss using the effective rate	(9.94%)	(19,430,818)

(c) During 2010, there have been effects in deferred taxes arising from the business combination AFP Habitat S.A. which implied incorporating to the consolidated report of ILC, deferred tax liabilities in the amount of ThCh$16,599,726.

(d) Current tax trade accounts receivable and payable is detailed as follows:

Taxes recoverable (payable)	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
First category income tax	(28,236,384)	(17,710,544)	(2,273,572)
Monthly income tax installments	23,460,076	9,018,536	1,615,057
Tax recoverable for absorption of tax losses	131,482	687,575	926,757
Tax credit for training expenses	596,038	474,382	178,161
Credit for acquisition of PP&E	97,610	123,273	75,161
Contributions	438,938	359,855	330,444
Credit for donations	145,030	62,052	45,894
Other	127,261	702,994	(86,778)
Total taxes (payable) recoverable, net	(3,239,949)	(6,281,877)	811,124

(12) Income Tax, Continued

(d) Current tax trade accounts receivable and payable is detailed as follows: Continued

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Current tax assets	931,654	3,009,736	1,821,795
Current tax liabilities	(4,171,603)	(9,291,613)	(1,010,671)
Total taxes (payable) recoverable, net	(3,239,949)	(6,281,877)	811,124

On July 31, 2010, Congress passed Law N° 20.455. The new legislation has increased the corporate tax rate from its then current rate of 17% to 20% in 2011. The rate will decrease to 18.5% in 2012 and further decrease back to 17% in 2013. The effect of these changes in tax expenses was recognized in the statement of income during the current and subsequent periods.

(e) Deferred tax assets and liabilities in each period are detailed as follows:

Deferred tax assets, recognized	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Deferred tax assets related to derivatives	3,937	12,150	85,934
Deferred tax assets related to provisions	6,489,102	4,884,039	4,727,598
Deferred tax assets related to tax losses	2,935,549	480,827	281,100
Deferred tax assets related to unearned income	845,998	805,162	637,329
Deferred tax assets related to leasing	9,363,119	1,005,886	1,336,104
Deferred tax assets related to organization and startup expenses	-	98,905	-
Deferred tax assets related to fixed income goodwill	114,882	69,275	739,744
Deferred tax assets related to others	647,455	109,412	80,971
Deferred tax assets	20,400,042	7,465,656	7,888,780

(12) Income Tax, Continued

(e) Deferred tax assets and liabilities in each period are detailed as follows: continued

Deferred tax liabilities, recognized:	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Deferred tax liabilities related to the revaluation of legal reserve deposits not disposed of	16,316,506	16,994,207	-
Deferred tax liabilities related to prepaid expenses	3,036,333	3,526,612	3,017,829
Deferred tax liabilities related to revaluations of property, plant and equipment	10,952,701	3,107,703	3,292,468
Deferred tax liabilities related to revaluations of provision for prescription	2,245,184	2,389,544	1,946,799
Deferred tax liabilities related to reclassification of deferred taxes	-	(815,984)	-
Deferred tax liabilities related to depreciation	1,347,370	1,283,871	1,242,251
Deferred tax liabilities related to intangible assets	10,697,762	11,078,965	-
Deferred tax liabilities related to revaluations of PP&E	2,685,009	626,554	629,739
Deferred tax liabilities related to others	645,875	2,141,011	1,857,145
Deferred tax liabilities	47,926,740	40,332,483	11,986,231

ILC and some of the subsidiaries have recognized deferred tax assets arising from accumulated tax losses that do not have a maturity date and which the management considers that will be measured as part of the tax planning of the Group.

Deferred tax movements	**Assets ThCh$**	**Liabilities ThCh$**
Balance as of January 1, 2010	7,888,780	11,986,231
Decrease in deferred taxes receivable	(423,124)	-
Increase in deferred taxes payable	-	28,346,252
Balance as of December 31, 2010	7,465,656	40,332,483
Increase in deferred taxes receivable	12,934,386	-
Increase in deferred taxes payable	-	7,594,257
Balances as of December 31, 2011	20,400,042	47,926,740

(13) Other Non-Financial Assets

(a) Current

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Deferred sale expenses (1)	6,698,311	6,523,241	6,631,141
Unearned lease payments	2,148	205,483	404,001
Support and maintenance	189,064	129,533	-
Insurances	42,229	18,281	6,440
Advances to suppliers	1,188,316	-	-
Other taxes receivable	30,739	-	-
Other (2)	771,941	336,267	525,204
Total	8,922,748	7,212,805	7,566,786

(b) Non-Current

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Deferred sale expenses (1)	10,750,262	9,408,016	9,523,535
Contribution Aguas Andinas S.A.	24,368	193,281	193,281
Guarantees	527,642	44,453	-
Other (2)	1,048,724	375,252	123,100
Total	12,350,996	10,021,002	9,839,916

(1) Correspond to the commissions paid to the sale agents of the subsidiary Isapre Consalud S.A., which are recorded in profit or loss over the estimated period of the healthcare service contracts, valued as stated in note 4 (u).

(2) The line item “Others” includes prepaid expenses for uniforms and apparel for the medical personnel of the subsidiaries of Red Salud S.A.

(14) Investments in Subsidiaries

The consolidated financial statements include the financial statements of the Parent and the companies controlled as stated in Note 4(c). The following is detailed information of the consolidate subsidiaries as of December 31, 2011 and 2010.

12-31-2011

Tax ID N°	Company	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Revenues ThCh$	Gain ThCh$
98.000.100-8	AFP Habitat S.A.	49,881,723	198,728,164	22,291,645	16,721,835	114,486,113	61,654,009
96.856.780-2	Isapre Consalud S.A.	33,480,387	48,477,615	72,823,433	7,492,847	244,614,683	8,575,840
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	135,045,034	469,927	2,975,963	98,719,524	154,111,489	34,624,333
96.834.400-5	Desarrollos Educacionales S.A.	6,767,062	39,292,447	8,921,805	24,782,039	12,867,215	764,724
96.941.720-0	Iconstruye S.A.	2,377,042	1,187,287	888,091	44,432	2,779,587	512,167
96.608.510-K	Invesco Internacional S.A.	204,074	1,124,837	3,631	-	-	134,629
76.020.458-7	Empresas Red Salud S.A.	47,176,749	196,003,433	45,733,201	83,602,977	133,939,121	1,341,815
	Total	274,932,071	485,283,710	153,637,769	231,363,654	662,798,208	107,607,517

12-31-2010

Tax ID N°	Company	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Revenues ThCh$	Gain (loss) ThCh$
98.000.100-8	AFP Habitat S.A.	46,227,717	350,054,363	26,627,565	17,280,553	82,343,685	131,854,129
96.856.780-2	Isapre Consalud S.A.	25,676,122	42,927,439	49,109,322	7,791,814	216,900,897	5,881,838
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	121,223,929	138,643	5,333,796	81,504,324	131,134,968	28,643,390
96.834.400-5	Desarrollos Educacionales S.A.	6,643,990	37,272,559	7,733,784	24,389,814	11,124,648	1,021,114
96.941.720-0	Iconstruye S.A.	2,736,510	366,858	354,697	63,030	2,479,422	181,382
96.608.510-K	Invesco Internacional S.A.	449,464	1,013,936	3,491	-	43,161	(185,665)
96.793.550-6	Megalab S.A.	54,675	1,055,942	2,313	-	101,220	60,169

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
as of December 31, 2011, 2010 and January 1, 2010

12-31-2010

Tax ID N°	Company	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Revenues ThCh$	Gain (loss) ThCh$
76.020.458-7	Empresas Red Salud S.A.	40,547,268	168,737,221	44,129,065	63,795,381	107,113,939	6,967,722
	Total	243,559,675	601,566,961	133,294,033	194,824,916	544,387,234	174,424,079

(14) Investments in Subsidiaries, Continued

1-1-2010

Tax ID N°	Company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
		ThCh$	ThCh$	ThCh$	ThCh$
96.856.780-2	Isapre Consalud S.A.	18,741,638	41,011,006	44,971,346	8,960,711
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	54,737,707	82,984	508,699	41,640,718
96.834.400-5	Desarrollos Educacionales S.A.	6,608,240	31,868,181	7,043,221	20,469,914
96.941.720-0	Iconstruye S.A.	3,298,867	378,501	964,335	91,880
96.608.510-K	Invesco Internacional S.A.	426,980	1,131,068	15,824	-
96.793.550-6	Megalab S.A.	99,977	1,062,454	2,663	-
76.020.458-7	Empresas Red Salud S.A.	37,791,343	121,223,553	19,227,587	37,794,279
95.721.000-7	Seguravita S.A.	393,880	-	7,564	-
	Total	122,098,632	196,757,747	72,741,239	108,957,502

(14) Investments in Subsidiaries, Continued

(a) Movements of the Year

On December 2, 2011, by means of a share purchase and sale agreement, Servicios Médicos Tabancura S.A. sold and transferred all its shares of Megalab S.A. to Sociedad de Inversiones y Servicios La Construcción S.A. (ILC). The transfer amounted to ThCh$116,950. This transaction was recorded at cost.

Once ILC had control of the total number of shares of Megalab S.A. it proceeded with the dissolution of the latter and all its assets and liabilities were added to the equity of ILC.

The above was reflected in a public deed of "Statement of Dissolution by Absorption" dated December 21, 2011 issued before the Notary Public Mr. Iván Torrealba Acevedo.

Assets in the amount of ThCh$1,202,861 and liabilities for ThCh20, 847 were added to the records of ILC. In equity, under the line item "Retained earnings" ThCh$21,272 was recorded corresponding to the difference between the value of the investment recognized in ILC before the merger (ThCh$1,043,792) and the value of the assets and liabilities added to ILC's equity.

(b) Business Combinations

On January 22, 2010, Sociedad de Inversiones y Servicios La Construcción S.A., Citigroup Chile S.A., and Inversiones Previsionales S.A., entered into a stock purchase agreement relating to the sale of 40.23% of the indirect interest ownership that Citigroup Chile S.A. held in Administradora de Fondos de Pensiones Habitat S.A. At such date, Inversiones Previsionales S.A. owned 80.46% of the shares of Administradora de Fondos de Pensiones Habitat S.A., and Sociedad de Inversiones y Servicios La Construcción S.A owned 50% of the shares of Inversiones Previsionales S.A.

To fund the acquisition of the shares of Administradora de Fondos de Pensiones Habitat S.A., ILC incorporated Inversiones La Construcción Limitada, a company in which it holds an ownership interest of 99.99%. Through this company a public offer was held on March 23, 2010 to acquire up to 100% of AFP Habitat's issued, subscribed and paid-in shares. On April 24, 2010, the results of the public offer were reported to Citigroup Chile S.A. and other shareholders, with 402,290,958 shares (in the amount of ThCh$129,953,583 (historical)) of AFP Habitat S.A. having been acquired by Inversiones La Construcción Limitada.

In order to finance the capital contribution to Inversiones La Construcción Limitada, and consequently the purchase of the abovementioned shares, ILC obtained a line of credit with Banco Crédito e Inversiones, for 18 months as from the date of the disbursement which bears interest at the Nominal TAB rate at 180 days plus a margin of 0.85% a year.

(14) Investments in Subsidiaries, Continued

(b) Business Combinations, Continued

On August 5, 2010, ILC's Board of Directors approved the sale of 14% of its ownership interest in Administradora de Fondos de Pensiones Habitat S.A. by means of a book auction (*subasta de libros de órdenes*) conducted by the Santiago Stock Exchange and the creation of five investor segment, including one for the partners of Cámara Chilena de la Construcción.

The abovementioned sale was conducted on August 16, 2010 at a price of Ch$435 per share, thus generating revenues in the amount of ThCh$60,900,000 (Ch$60.9 billion) and earnings of ThCh$16,800,000 recognized in equity under the line item "*Retained earnings*".

(15) Equity-Accounted Investees

(a) Equity Method

As of December 31, 2011 and 2010, this line item is composed of the following:

December 31, 2011 **Company**	**Number of Shares**	**Ownership Interest**	**Balance as of 1-1-2011 ThCh$**	**Transfer ThCh$**	**Additions ThCh$**	**Disposals ThCh$**	**Profit (loss) for the year ThCh$**	**Dividends ThCh$**	**Other increases (decreases) ThCh$**		**Total as of 12-31-2011 ThCh$**
Adminsitradora de Fondos Para la Vivienda S.A.	-	47.00	230,277	-	-	(230,277)			-		-
Administradora Clínicas Regionales S.A.	2,880,948	32.24	3,528,481	-	-	-	150,478	(141,719)	(1,078,410)	(*)	2,458,830
Administradora de Transacciones Electrónicas S.A.	5,000	50.00	636,452	-	-	-	897,105	(673,492)	68,126		928,191
Clínica Magallanes S.A.	-	-	1,588,621	-	-	-	41,133	-	(1,629,754)	(*)	-
Laboratorio de Neurofisiología Digital y Estudio del Sueño S.A.	60	50.00	21,301	-	-	-	6,524	-	4,196		32,021
Inversiones Farmaceuticas AIR S.A.	3,600	40.91	5,675	-	-	(16,992)	11,096	-	221		-
Clinica Elqui S.A.	45	15.41	312,517	-	-	(268,223)	57,619	(101,913)	-		-
Inversalud del Elqui	90	16.27	-	-	287,267	-	8,425	-	-		295,692
Administradora Clínicas Regionales Dos S.A.	35,934	40.00	3,015,162	-	4,861,295	-	(132,014)	-	742,305		8,486,748
Adminsitradora de Fondos de Cesantía Chile S.A.	63,782	23.10	1,447,784	-	-	-	793,654	-	72,092		2,313,530
Inversiones DCV S.A.	1,617	16.41	199,955	-	-	-	58,847	(26,680)	-		232,122
Servicio de Administración Previsional S.A.	172,534	23.14	1,866,287	-	-	-	1,431,689	(1,047,351)	(50,696)		2,199,929
Icertifica S.A.	300	30.00	33,762	-	-	-	9,699	-	-		43,461
CCI Marketplace S.A.	-	14.47	30,091	-	-	-	1,009	-	61,397		92,497
Total			12,916,365	-	5,148,562	(515,492)	3,335,264	(1,991,155)	(1,810,523)		17,083,021

(*) Correspond to sale and transfer of shares, mainly Clinica Magallanes and Administradora Clinicas Regionales

(15) Equity-Accounted Investees, Continued

(a) Equity Method, Continued

December 31, 2011 **Company**	**Number of Shares**	**Ownership Interest**	**Balance as of 1.1.2011 ThCh$**	**Transfer ThCh$**	**Additions ThCh$**	**Disposals ThCh$**	**Profit (loss) for the year ThCh$**	**Dividends ThCh$**	**Other increases (decreases) ThCh$**	**Total as of 12-31-2011 ThCh$**
Participación resultados primer trimestre Administradora de Fondos de Pensiones Hábitat S. A.	-	-	-	-	-	-	7,327,323	-	-	-
La Casa ART S. A.	16,708	33.34	2,262,003	-	-	(3,539,458)	1,277,455	-	-	-
Administradora de Fondos para la Vivienda S.A.	63,450	47.00	290,107	-	-	-	73,926	(138,244)	2,795	228,584
Administradora Cínica Regional S.A.	2,880,948	32.24	570,728	-	2,817,556	-	175,821	(91,460)	78,203	3,550,848
Administradora de Transacciones Electrónocas S.A.	5,000	50.00	1,133,649	-	-	-	710,845	(1,213,867)	5,825	636,452
Clìnica Magallanes S.A.	208,125	29.52	1,547,360	-	-	-	173,875	(151,345)	18,720	1,588,610
Laboratorui de Neurofidiología Digital y Estudio del Sueño S.A.	60	50.00	21,301	-	-	-	4,196	-	-	25,497
Inversiones Farmacèuticas AIR S.A.	3,600	40.91	5,536	-	-	-	-	-	139	5,675
Clínica Elqui, S.A.	45	15.41	257,265	-	-	-	55,080	(37,543)	2,856	277,658
Administración Clìnica Regional Dos S.A.	12,064	40.00	-	-	2,973,181	-	41,981	-	-	3,015,162
Administradora de Fondos de Cesantìa Chile S.A.	63,782	23.10	-	813,978	-	-	659,494	-	(25,688)	1,447,784
Inversiones DCV S.A.	1,617	16.41	-	175,940	-	-	41,751	(48,752)	31,016	199,955
Servicios de Administraciòn Previsional S.A.	172,534	23.14	-	1,817,774	-	-	1,091,737	(811,841)	(231,383)	1,866,287
Icertifica S.A.	300	30.00	27,183	-	-	-	11,823	(5,244)	-	33,762
Megabab	-	10.00	115,314	-	-	-	2,152	-	(117,466)	-
Servicios Medicos Bicentenario SpA	-	-	-	-	-	-	-	-	10,000	10,000
CCI Marketplace S.A.	608,481	14.47	39,248	-	-	-	(9,956)	-	799	30,091
Total			6,269,694	2,807,692	5,790,737	(3,539,458)	11,637,503	(2,498,296)	(224,184)	12,916,365

(15) Equity-Accounted Investees, Continued

(b) As of December 31, 2011 and 2010, the summarized information on affiliates is as follows:

	December 2011			December 2010		
Company	**Assets ThCh$**	**Liabilities ThCh$**	**Revenue ThCh$**	**Assets ThCh$**	**Liabilities ThCh$**	**Revenue ThCh$**
Administradora de Fondos para la Vivienda S.A.	-	-	-	508,132	16,138	403,042
Administradora Clínicas Regionales S.A.	9,556,139	1,837,304	693,433	24,416,148	15,402,353	515,414
Administradora Clínicas Regionales Dos S.A.	22,601,326	14,502	-	31,959,757	24,241,853	187,153
Administradora de Transacciones Electrónicas S.A.	1,863,087	6,703	1,798,248	1,279,669	432,273	-
Clínica Magallanes S.A.	9,556,139	1,837,304	316,034	8,716,420	3,334,912	6,550,422
Laboratorio de Neurofisiología Digital y Estudio del Sueño S.A.	71,125	72,126	90,532	60,777	8,429	72,238
Inversiones Farmacéuticas AIR S.A.	-	-	-	51,196	37,659	-
Clínica Elqui S.A.	-	-	-	3,120,632	1,092,619	3,846,749
Administradora de Fondos de Cesantía Chile S.A.	13,524,367	3,509,080	12,469,854	9,259,490	2,992,030	9,854,702
Inversiones DCV S.A.	1,415,950	1,434	360,591	1,218,818	321	255,589
Servicio de Administración Previsional S.A.	15,637,100	6,130,060	14,935,951	14,449,311	6,384,114	12,167,588
Icertifica S.A.	170,182	25,313	-	134,582	19,600	119,719
CCI Marketplace S.A.	915,409	58,581	235,219	706,536	152,738	181,178

(15) Equity-Accounted Investees, Continued

All these companies are closed stock corporations.

The Parent has direct or indirect significant influence on these companies as it has more than 20% of the voting rights on each of them.

Restrictions on affiliates

There are no restrictions affecting the withdrawal of capital invested or profits obtained by the companies, Likewise, the Parent has no commitments to finance liabilities of affiliates.

Joint ventures

ILC has no joint ventures as of December 31, 2011 and 2010.

(16) Intangible Assets

The breakdown, assigned useful lives and changes in intangible assets are as follows:

(a) Intangible Asset Items

Gross amounts:	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Habitat brand name	16,310,507	16,310,507	-
Habitat portfolio value	50,074,933	50,074,933	-
Patents and brand names	5,031,488	5,027,423	-
Computer programs	15,070,669	13,151,189	6,255,244
Sfera portfolio value	834,129	851,653	851,653
Other intangible assets	154,929	384,317	303,521
Subtotal intangible assets	87,476,655	85,800,022	7,410,418
Accumulated amortization			
Habitat portfolio value	(4,381,557)	(1,877,810)	-
Computer programs	(8,283,742)	(6,261,817)	(3,186,277)
Sfera portfolio value	(208,532)	(474,066)	(328,019)
Other intangible assets	(381,268)	(256,176)	(139,509)
Intangible assets, net	74,221,556	76,930,153	3,756,613

(16) Intangible Assets, Continued

(b) Useful Lives Assigned

	Amortization method	Useful life
Software	Straight-line	3 -5 years
Brands (1)	-	Indefinite
Right of use	Straight-line	19 years
Habitat portfolio	Straight-line	20 years

(c) Changes in intangible assets

	Balance as of January 1, 2010 ThCh $	Additions ThCh$	Disposals ThCh$	Amortization expense ThCh$	Total intangible Assets as of December31, 2010 ThCh$	Additions (disposals) ThCh$	Amortization adjustment ThCh$	Total intangible assets as of 31-Dec-10 ThCh$
Habitat brand name (1)	-	16,310,507	-	-	16,310,507	-	-	16,310,507
Value of Habitat portfolio (2)	-	50,074,933	-	(1,877,810)	48,197,123	-	(2,503,727)	45,693,396
Computer programs	3,068,967	6,986,993	(91,048)	(3,075,540)	6,889,372	1,919,480	(2,021,925)	6,786,927
Sfera portfolio value	523,634	-	-	(146,047)	377,587	(17,524)	265,534	625,597
Patents and brands	-	5,027,423	-	-	5,027,423	4,065	-	5,031,488
Other intangible assets	164,012	80,796	-	(116,667)	128,141	(229,388)	(125,112)	(226,359)
Balances as of December 31, 2011	3,756,613	78,480,652	(91,048)	(5,216,064)	76,930,153	1,676,633	(4,385,230)	74,221,556

(1) During the business combination process conducted by the taking over of AFP Habitat , the intangible asset “Habitat brand name” has been identified, This intangible asset has been defined as having indefinite useful life as it is directly related to the CGU related to AFP Habitat

(2) These intangible assets were generated by the acquisition and taking over of AFP Habitat S.A. and this was recorded as a business combination under IFRS 3 (see Note 3c).

There are no restrictions on the ownership of the intangible assets.

For these assets, ILC’s Management has determined that the cash generating unit corresponds to each subsidiary which is a part of the consolidated Group and as of the reporting date of these financial statements there is no adjustment for impairment losses for these assets

(17) Property, Plant and Equipment

As of December 31, 2011 and 2010 and January 1, 2010, this line item is composed as follows:

(a) Breakdown:

Property, plant and equipment, net

Property, plant and equipment, net	**12-31-2011 ThCh$**	**1.-31.2010 ThCh$**	**1-1-2010 ThCh$**
Construction projects	24,022,281	47,614,640	18,065,255
Land	35,241,661	38,599,352	35,368,714
Leased land	8,387,867	8,328,977	8,328,977
Buildings	78,384,808	79,009,199	68,453,118
Leased buildings	52,223,580	15,722,194	16,095,987
IT equipment	1,511,352	1,256,245	818,307
Leased IT equipment	398,601	258,577	96,455
Facilities and accessories	1,628,284	1,743,262	1,283,253
Furniture and office machines	5,606,767	4,930,321	3,383,059
Owned medical equipment and facilities	10,699,493	4,630,454	4,419,107
Leased medical equipment and facilities	4,323,657	4,281,307	3,278,354
Office equipment and facilities	-	17,550	9,669
Teaching equipment and materials	468,151	385,014	347,463
Vehicles	173,248	55,034	20,196
Other property, plant and equipment	597,261	5,215,786	29,379
Leased asset improvements	3,913,980	3,156,460	1,262,327
Total property, plant and equipment	227,580,991	215,204,372	161,259,620

Property, plant and equipment, gross	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Construction projects	24,022,281	47,614,640	18,065,255
Land	35,241,661	38,599,352	35,368,714
Leased land	8,387,867	8,328,977	8,328,977
Buildings	83,663,457	82,635,435	68,453,118
Leased buildings	53,663,993	16,095,987	16,095,987
IT equipment	7,913,424	6,887,613	818,307
Leased IT equipment	532,828	301,165	96,455
Facilities and accessories	3,227,538	3,130,257	1,283,253
Furniture and office machines	7,534,285	5,775,868	3,383,059
Owned medical equipment and facilities	13,327,859	5,877,134	4,419,107
Leased medical equipment and facilities	5,856,437	4,870,667	3,278,354
Office equipment and facilities	9,561	27,111	9,669
Teaching equipment and materials	774,081	522,967	347,463
Vehicles	224,853	80,399	20,196
Other property, plant and equipment	4,391,073	8,419,823	29,379
Leased asset improvements	7,038,220	5,552,288	1,262,327
Total	255,809,418	234,719,683	161,259,620

(17) Property, Plant and Equipment, Continued

(a) Breakdown, Continued

Accumulated depreciation	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Buildings	(5,278,649)	(3,626,236)	-
Leased buildings	(1,440,413)	(373,793)	-
IT equipment	(6,402,072)	(5,631,368)	-
Leased IT equipment	(134,227)	(42,588)	-
Facilities and accessories	(1,599,254)	(1,386,995)	-
Furniture and office machines	(1,927,518)	(845,547)	-
Owned medical equipment and facilities	(2,628,366)	(1,246,680)	-
Leased medical equipment and facilities	(1,532,780)	(589,360)	-
Office equipment and facilities	(9,561)	(9,561)	-
Teaching equipment and materials	(305,930)	(137,953)	-
Vehicles	(51,605)	(25,365)	-
Other property, plant and equipment	(3,793,812)	(3,204,037)	-
Leased asset improvements	(3,124,240)	(2,395,828)	-
Total	(28,228,427)	(19,515,311)	-

(17) Property, Plant and Equipment, Continued

(b) Changes

As of December 31, 2011 and 2010, changes in property, plant and equipment are composed of the following:

	Land ThCh$	Leased Land ThCh$	Buildings ThCh$	Leased Buildings ThCh$	Projects under Construction ThCh$	Furniture, Machinery and Facilities ThCh$	Medical Equipment And Facilities ThCh$	Leased Medical Equipment and Facilities ThCh$	Other Property, Plant and Equipment ThCh$	Total ThCh$
Assets										
Opening balances as of January 1, 2010	35,368,714	8,328,977	68,453,118	16,095,987	18,065,255	3,383,059	4,419,107	3,278,354	3,867,049	161,259,620
Addition for the incorporation of Habitat to consolidation	50,207	-	8,936,078	-	-	-	-	-	2,526,045	11,512,330
Additions for the year	4,478,408	-	3,277,542	-	31,442,081	3,164,124	1,153,238	1,695,097	7,842,261	53,052,751
Disposals and withdrawals	(1,297,977)	-	-	-	(1,892,696)	(429,043)	(49,704)	(102,784)	(122,790)	(3,894,994)
Depreciation expenses	-	-	(1,657,539)	(373,793)	-	(1,187,819)	(892,187)	(589,360)	(2,024,637)	(6,725,335)
Final balances as of December 31, 2010	38,599,352	8,328,977	79,009,199	15,722,194	47,614,640	4,930,321	4,630,454	4,281,307	12,087,928	215,204,372
Additions for the year	26,054	58,890	1,028,022	37,568,006	6,640,073	1,906,975	7,687,226	1,038,096	4,021,468	59,974,810
Disposals and withdrawals	(3,383,745)	-	-	-	(30,232,434)	(148,338)	(236,501)	(52,326)	(4,831,510)	(38,884,854)
Depreciation expense	-	-	(1,652,413)	(1,066,620)	-	(1,082,191)	(1,381,686)	(943,420)	(2,587,007)	(8,713,337)
Final balances as of December 3, 2011	35,241,661	8,387,867	78,384,808	52,223,580	24,022,279	5,606,767	10,699,493	4,323,657	8,690,879	227,580,991

As of December 31, 2010, the Additions line item also includes incorporation of property, plant and equipment acquired in the business combination of the subsidiary, AFP Habitat, These assets amount to ThCh$11,512,330 (net); ThCh$12,537,252 (gross); ThCh$1,025,274 (accumulated depreciation),

(17) Property, Plant and Equipment, Continued

(b) Changes, Continued

The line item "Other property, plant and equipment" comprises the following items which are detailed in letter a) on this note:

Detail	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
IT equipment	1,511,352	1,256,245	818,307
Leased IT equipment	398,601	258,577	96,455
Facilities and accessories	1,628,284	1,743,262	1,283,253
Office equipment and facilities	-	17,550	9,669
Teaching equipment and materials	468,151	385,014	347,463
Vehicles	173,248	55,034	20,196
Other property, plant and equipment	597,261	4,458,485	29,379
Lease asset improvements	3,913,982	3,913,761	1,262,327
	12,087,928	3,867,049	8,690,879

(c) Additional information on Property, Plant and Equipment

(i) Properties and buildings at fair value

As part of the first-time adoption of IFRS, fair values were determined for these assets, which amounted to ThCh$35,368,714 for land and ThCh$68,453,118 for buildings, The Company use external experts to assist management in determining certain amounts based on the industry in which the Group operates.

(ii) Depreciation expense

The depreciation of assets is calculated according to the straight-line method throughout their related useful lives.

Such useful lives are determined on the basis of natural expected impairment, technical or commercial obsolescence derived from changes and/or improvements in production and changes in the market demand of the products obtained from the operation of such assets.

The charge to profit or loss recorded for this concept during the period amounts to ThCh$8,713,337 and ThCh$6,725,335 as of December 31, 2011 and 2010, respectively.

(iii) Other property, plant and equipment

Other property, plant and equipment include medical facilities and equipment, clinical equipment of furniture and other assets.

(17) Property, Plant and Equipment, Continued

(c) Additional information on Property, Plant and Equipment, Continued

(iv) Assets under finance lease arrangements

Property, plant and equipment records assets acquired under finance lease arrangements, are detailed as follows:

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Land under finance lease arrangements, net	8,387,867	8,328,977	8,328,977
Buildings under finance lease arrangements, net	52,223,580	15,722,194	16,095,987
Medical equipment and facilities under finance lease arrangement, net	4,323,657	4,281,307	3,278,354
IT equipment under finance lease arrangements, net	398,601	258,577	96,455
	65,333,705	28,591,005	27,799,773

(v) Insurance policies

The Group has formalized insurance policies to cover the possible risks to which the different property, plant and equipment items are subject, as well as the possible claims which may arise due to the performance of its line of business activities, Such policies are sufficient to cover the risks to which the Group is subject.

(vi) Interest cost

As of December 31, 2011 and 2010 and January 1, 2010, the Group maintains property, plant and equipment under construction which have generated the capitalization of interests payments for ThCh$2,339,394 and ThCh$860,596 as of December 31, 2011 and December 31, 2010, respectively.

(vii) Decommissioning, retirement and rehabilitation costs

As of December 31, 2011, the Group has no contractual decommissioning, retirement and rehabilitation costs and therefore no provisions have been accrued for such costs.

(viii) Restrictions to ownership

As of December 31, 2011 and 2010 and January 1, 2010, the Group has no restrictions on the ownership or guarantees to secure compliance with obligations affecting property, plant and equipment.

(17) Property, Plant and Equipment, Continued

(c) Additional information on Property, Plant and Equipment, Continued

(ix) Temporarily idle property, plant and equipment

As of December 31, 2011 and 2010 and January 1, 2010, the Group has no significant temporarily idle property, plant and equipment items.

(x) Fully depreciated property, plant and equipment still in use

As of December 31, 2011 and 2010 and January 1, 2010, the Group holds no significant fully depreciated property, plant and equipment still in use.

(xi) Acquisition commitments

As of the closing date of the financial statements, there are no commitments for the acquisition of property, plant and equipment.

(18) Goodwill

As of December 31, 2011 and 2010, this line item is composed of the following:

Detail	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Goodwill on acquisition and taking over AFP Hábitat	101,506,809	101,506,809	-
Goodwill in the Red Salud Health insurance network related to on acquisition of affiliates	-	70,087	85,229
Total	101,506,809	101,576,896	85,229

On April 24, 2010, ILC acquired control over the subsidiary AFP Habitat S.A. (see Note 4c), This transaction was recorded in conformity with IFRS 3 Business Combinations, which generated goodwill of ThCh$101,506,809.

Goodwill in AFP Habitat is generated by the acquisition by ILC in April 2010 of an additional 41% ownership interest in said company, which transformed ILC into AFP Habitat's controlling entity. This business combination was recorded in conformity with IFRS 3 and, as required by such standard, the Company's Management will adopt a period of one year to conduct the related goodwill study.

(19) Investment Property

As of December 31, 2011 and 2010, this line item is composed of the following:

(a) Breakdown

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Land	8,312,883	7,597,578	9,029,970
Buildings	13,369,870	14,369,267	11,048,634
Total in investment property	21,682,753	21,966,845	20,078,604

Investment property, gross	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Land	8,312,883	7,597,578	9,029,970
Buildings	14,176,547	14,981,279	11,048,634
Total in investment property	22,489,430	22,578,857	20,078,604

Accumulated depreciation	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Buildings	(806,677)	612,012	-
Total investment property	(806,677)	612,012	-

(19) Investment Property, Continued

(b) Changes

Changes for the years ended December 31, 2011 and 2010 are composed of the following:

	Land ThCh$	Buildings ThCh$	Total ThCh$
Assets			
Opening balances as of 1-1-2010	**9,029,970**	**11,048,634**	**20,078,604**
Additions	305,800	3,932,645	4,238,445
Disposals and withdrawals	(1,738,192)	-	(1,738,192)
Depreciation expense	-	(612,012)	(612,012)
Final balances as of 12-31-2010	**7,597,578**	**14,369,267**	**21,966,845**
Additions	1,475,290	789,485	2,264,775
Disposals and withdrawals	(759,985)	(1,594,217)	(2,354,202)
Depreciation expense	-	(194,665)	(194,665)
Final balances as of 12-31-2011	**8,312,883**	**13,369,870**	**21,682,753**

(c) Additional Information on Investment Property

(i) Investment property accounted at fair value

As part of the first-time adoption of IFRSs, the Group opted to measure certain land and real estate property as at fair value as deemed cost as of January 1, 2010. The fair values of such assets amounted to ThCh$20,078,604. Such amounts were determined by independent third party experts of the industry in which the Group operates. As of December 31, 2011, the net book value of such assets amounted to ThCh$21,682,753.

(ii) Depreciation expense

The depreciation of assets is calculated according to the straight-line method throughout their related useful lives.

Such useful lives have been determined on the basis of the expected natural impairment, technical or commercial obsolescence arising from changes and/or improvements in production and changes in the market demand, of products obtained from operations using such assets.

(19) Investment Property, Continued

(c) Additional information on investment property, Continued

(ii) Depreciation expense, Continued

As of December 31, 2011, the depreciation charge recorded within administrative expenses amounted to ThCh$194,665.

(iii) Insurance policies

The Group has formalized insurance policies to cover the possible risks to which the different investment property items are subject, as well as the possible claims which may arise due to the performance of its line of business activities, Such policies are sufficient to cover the risks to which the Group is subject.

(iv) Rental income and expenses

As of December 31, 2011 and 2010, rental income and expenses associated with investment property are composed of the following:

	12-31-2011 ThCH$	**12-31-2010 ThCh$**
Rental income	1,218,080	1,110,977
Investment property costs	252,768	234,223

(v) Commitments assumed from investment property

There are no commitments,

(vi) Range of investment property useful lives

Useful life for financial purposes	**Range – years**
Buildings	20-80

(vii) Acquisition of new properties:

During 2010, the subsidiary, Desarrollos Educacionales S.A. acquired in Rancagua in the commune of Machalí, a plot of land for ThCh$305,800.

(19) Investment Property, Continued

(c) Additional information on investment property, Continued

(viii) Investment property

As a result of the IFRS convergence process, ILC's Management adopted the exemption provided in IFRS 1 for assigning fair value as deemed cost as of January 1, 2010. Therefore, ILC has estimated that the fair value of investment property is its carrying amount (see Note 5 – First-time Adoption of International Financial Reporting Standards (IFRS)).

(ix) Decommissioning, retirement and rehabilitation costs

As of December 31, 2011 and 2010, the Group has no contractual decommissioning, retirement and rehabilitation costs and therefore no provisions have been accrued for such costs.

(x) Restrictions to ownership

As of December 31, 2011 and 2010, the Group has no restrictions on the ownership or guarantees of its investment property.

(20) Interest-Bearing Loans

As of December 31, 2011 and 2010 and January 1, 2010, this caption is comprised as follows:

(a) Current

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Bank loans	13,946,637	126,673,945	2,071,627
Finance lease liabilities in UF	6,954,866	3,618,628	2,832,631
Convertible notes	1,523,739	-	-
Total	22,425,242	130,292,573	4,904,258

(b) Non-Current

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Bank loans	38,451,920	62,422,700	41,082,239
Finance lease in UF	57,037,890	21,881,707	14,288,629
Bonds payable	54,186,949	-	-
Total	149,676,759	84,304,407	55,370,868

(20) Interest-Bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows:

(i) Loans from financial institutions as of December 31, 2011

Debtor			Creditor					Payment of					Years to maturity									
Tax ID No.	Company	Country	Tax ID No.	Bank or financial institution	Country	Currency or adjustment index	Maturity date	interest (period)	Nominal interest rate	Effective interest rate	Guarantee	Principal owed nominal amount	0-3 months	3-12 months	1-2 years	2-3 years	3-5 years	5-10 years	Over 10 years Amount	Over 10 years Period	Current (nominal) 12/31/2011	Non-current (nominal) 12/31/2011
96.980.350-K	Sociedad Educacional Ciudad del Este S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	07.19.2027	Monthly	5.20	5.20	-	105,583	24,623	75,173	105,538	111,239	240,542	725,237	1,071,526	7/19/2027	99,796	2,254,081
96.980.350-K	Sociedad Educacional. Ciudad del Este S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	07.19.2027	Monthly	4.90	4.90	-	26,268	5,348	16,291	22,821	23,981	51,612	153,939	311,636	5/13/2029	21,639	563,989
96.987.460-1	Sociedad Educacional Puerto Montt S.A.	Chile	97.051.000-1	Banco del Desarrollo	Chile	UF	07.19.2027	Monthly	5.20	5.20	-	125,736	29,323	89,522	125,683	132,472	286,457	863,672	1,276,023	7/19/2027	118,845	2,684,308
96.946.770-4	Sociedad Educacional Valle Lo Campino S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	12.26.2022	Monthly	5.40	5.40	-	44,496	16,600	50,893	71,436	75,447	163,732	497,105	116,785	12/16/2022	67,493	924,506
96.946.770-4	Sociedad Educacional Valle Lo Campino S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	01.27.2023	Monthly	5.40	5.40	-	41,752	15,421	47,276	66,361	70,087	152,098	461,786	117,798	1/27/2023	62,697	868,129
99.558.380-1	Sociedad Educacional Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	12.26.2022	Monthly	5.40	5.40	-	16,883	8,465	25,596	34,217	34,217	68,435	171,065	34,307	12/26/2022	34,061	342,241
99.558.380-1	Sociedad Educacional Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	01.27.2023	Monthly	5.40	5.40	-	26,422	9,759	29,918	41,996	44,354	96,254	292,238	74,537	1/27/2023	39,677	549,379
99.558.380-1	Sociedad Educacional Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	12.26.2022	Monthly	5.80	5.80	-	19,265	6,999	21,490	30,283	32,112	70,111	215,988	52,506	12/26/2022	28,489	401,001
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.75	4.75	-	10,000	2,677	8,089	228,265	-	-	-	-	-	10,766	228,265
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.75	4.75	-	10,000	2,677	8,089	228,147	-	-	-	-	-	10,766	228,147
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	5.31	5.31	-	10,000	2,637	7,970	228,186	-	-	-	-	-	10,607	228,186
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	10,000	2,992	9,043	228,892	-	-	-	-	-	12,035	228,892
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	10,000	2,581	7,800	228,074	-	-	-	-	-	10,381	228,074
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.68	4.68	-	10,000	2,581	7,800	228,074	-	-	-	-	-	10,381	228,074
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.68	4.68	-	10,000	2,581	7,800	228,074	-	-	-	-	-	10,381	228,074
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.0	4.0	-	10,000	2,254	6,812	227,424	-	-	-	-	-	9,066	227,424
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.29	4.29	-	10,000	2,418	7,306	227,643	-	-	-	-	-	9,724	227,643
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.88	4.88	-	10,004	2,750	8,311	228,289	-	-	-	-	-	11,061	228,289
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.75	4.75	-	10,500	2,811	8,494	239,678	-	-	-	-	-	11,305	239,678
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.75	4.75	-	10,500	2,811	8,494	239,554	-	-	-	-	-	11,305	239,554
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	5.31	5.31	-	10,500	2,769	8,369	239,595	-	-	-	-	-	11,138	239,595
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.46	4.46	-	10,500	3,142	9,495	240,337	-	-	-	-	-	12,637	240,337
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	10,500	2,638	7,972	239,334	-	-	-	-	-	10,610	239,334
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.68	4.68	-	10,500	2,710	8,190	239,478	-	-	-	-	-	10,900	239,478
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	10,500	2,710	8,190	239,478	-	-	-	-	-	10,900	239,478
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.0	4.0	-	10,500	2,367	7,153	238,795	-	-	-	-	-	9,520	238,795
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.29	4.29	-	10,500	2,538	7,671	239,025	-	-	-	-	-	10,209	239,025
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.88	4.88	-	10,504	2,888	8,726	239,704	-	-	-	-	-	11,614	239,704
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.85	4.85	-	7,500	2,050	6,195	171,282	-	-	-	-	-	8,245	171,282
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.87	4.87	-	7,500	2,050	6,195	171,192	-	-	-	-	-	8,245	171,192
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	5.31	5.31	-	7,500	2,058	6,220	171,299	-	-	-	-	-	8,278	171,299
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.60	4.60	-	7,500	2,244	6,782	171,669	-	-	-	-	-	9,026	171,669
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	7,500	1,944	5,875	171,072	-	-	-	-	-	7,819	171,072
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.85	4.85	-	7,500	1,936	5,850	171,055	-	-	-	-	-	7,786	171,055
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.30.2013	Semi-annual	4.58	4.58	-	7,500	1,936	5,850	171,055	-	-	-	-	-	7,786	171,055
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.29.2013	Semi-annual	4.00	4.00	-	7,500	1,709	5,090	170,605	-	-	-	-	-	6,799	170,605
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.55	4.55	-	7,500	1,923	5,812	170,946	-	-	-	-	-	7,735	170,946
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	06.26.2013	Semi-annual	4.83	4.83	-	7,503	2,041	6,169	175,281	-	-	-	-	-	8,210	175,281
76.899.160-K	Sociedad Educacional Chicureo S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	12.03.2025	Monthly	4.87	4.87	-	133,482	3,382	10,393	166,753	175,181	376,378	1,123,549	1,120,220	12/3/2025	13,776	2,962,081
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	04.30.2030	Semi-annual	4.87	4.87	-	85,000	-	45,093	70,377	73,804	243,687	501,204	960,827	4/19/2030	45,093	1,849,899
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	04.11.2031	Monthly	4.98	4.98	-	34,762	-	27,192	40,789	40,789	81,577	203,943	380,694	4/11/2031	27,192	747,792
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	UF	04.30.2030	Monthly	4.87	4.87	-	-	-	-	-	-	-	-	366,156	4/19/2030	-	366,156
96.834.400-5	Gestión Educativa S.A.	Chile	97.023.000-9	Corpbanca	Chile	Non-adjustable Ch$	-	Credit facility	-	-	-	-	224	-	-	-	-	-	-	-	224	-
76.081.583-7	Sociedad Educacional Machalí S.A.	Chile	97.023.000-9	Corpbanca	Chile	Non-adjustable Ch$	-	Credit facility	-	-	-	-	12,168	-	-	-	-	-	-	-	12,168	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	-	Monthly	0.0444	0.04592	-	1,289,643	47,486	135,315	379,890	-	379,890	483,928	-	-	182,801	1,243,708
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	Non-adjustable Ch$	-	Monthly	0.065	0.06801	-	3,558,580	129,602	388,807	1,036,819	-	1,036,819	1,641,630	-	-	518,409	3,715,268
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	-	Monthly	-	-	-	6,046,071	188,401	512,505	1,507,206	-	1,507,206	3,354.274	-	-	700,906	6,368,686
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	Non-adjustable Ch$	-	Monthly	0.0696	0.0729	-	2,982,724	104,775	314,325	838,201	-	838,201	1,606,552	-	-	419,100	3,282,954
97.030.000-7	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	-	Annual	0.063	-	-	-	228,841	686,523	1,740,463	1,604,940	3,922,379	-	-	-	915,364	7,267,782
97.030.000-7	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	Non-adjustable Ch$	-	Annual	0.047	-	-	-	14,912	44,736	-	-	-	-	-	-	59,648	-
96.598.850-5	Clínica Iquique S.A.	Chile	97.011.000-3	Banco Internacional	Chile	Non-adjustable Ch$	-	Monthly	0.8	-	-	88,446	23,352	65,094	-	-	-	-	-	-	88,446	-
96.598.850-5	Clínica Iquique S.A.	Chile	97.030.000-7	Banco Estado	Chile	Non-adjustable Ch$	-	Monthly	0.605	-	-	368,122	2,287	365,835	-	-	-	-	-	-	368,122	-
76.020.456-7	Red Salud S.A.	Chile	97.053.000-2	Banco Security	Chile	Non-adjustable Ch$	-	Monthly	0.48	-	-	10,209,353	10,209,353	-	-	-	-	-	-	-	10,209,353	-
99.003.000-6	Compañía de Seguros de Vida Cámara S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	07.01.2014	Quarterly	0.95	0.95	-	12,000	649	1,934	2,577	269,067	-	-	-	-	2,583	271,644
																					14,331,117	**43,055,106**

(20) Interest-bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows:, Continued

(ii) Loans from financial institutions as of December 31, 2010

(20) Interest-bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows:, Continued

(iii) Finance lease liabilities as of December 31, 2011

SOCIEDAD DE INVERSIONES Y SERVICIOS
LA CONSTRUCCIÓN S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
as of December 31, 2011, 2010 and January 1, 2010

Debtor			Creditor				Maturity	Nominal	Effective	Maturity date (in nominal amount)					CURRENT	NON-CURRENT
Tax ID No.	**Company**	**Country**	**Tax ID No.**	**Bank or financial institution**	**Country**	**Currency**	**date**	**interest rate**	**interest rate**	**0-3 months**	**3-12 years**	**Over 1 Over 1 year**	**Over 3 years**	**Over 5 years**	**12/31/2011**	**12/31/2011**
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	Ch$	4/13/2012	-	7.31	2,465	1,644	-	-	-	4,109	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	Ch$	4/13/2012	-	7.35	2,468	1,645	-	-	-	4,113	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	Ch$	5/20/2012	-	7.39	2,470	2,470	-	-	-	4,940	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	7/27/2012	-	4.51	3,277	5,461	-	-	-	8,738	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	8/8/2012	-	4.47	10,185	16,975	-	-	-	27,160	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	9/6/2012	-	8.28	1,898	5,694	633	-	-	7,592	633
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	12/11/2012	-	4.76	3,600	7,199	-	-	-	10,799	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	Ch$	6/7/2013	-	3.83	16,432	49,295	43,818	-	-	65,727	43,818
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	4/13/2012	-	4.51	10,725	7,150	-	-	-	17,875	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	7/1/2012	-	5.57	1,902	2,536	-	-	-	4,438	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	4/15/2012	-	10.24	27,927	9,309	-	-	-	37,236	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/1/2012	-	4.3	2,716	4,526	-	-	-	7,242	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	8/15/2012	-	4.3	1,398	2,330	-	-	-	3,728	-
78.040.520-1	Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	-	-	4.32	98,037	287,698	745,778	347,295	-	385,735	1,093,073
78.040.520-1	Avansalud S.A.	Chile	97.004.000-5	Banco deChile	Chile	UF	-	-	4.65	98,723	289,289	464,174	206,141	73,416	388,012	743,731
78.040.520-1	Avansalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	-	-	4.6	3,460	10,381	1,153	-	-	13,841	1,153
78.040.520-1	Avansalud S.A.	Chile	92.040.000-0	IBM	Chile	UF	-	-	0	9,349	28,046	18,698	-	-	37,395	18,698
78.040.520-1	Avansalud S.A.	Chile	96.456.000-5	Bice Vida Cia. De Seguros S.A.	Chile	UF	-	-	5.34	149,368	514,985	6,340,763	1,571,597	12,578,804	664,353	20,491,164
78.053.560-1	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	6/1/2012	-	0.32	10,773	32,320	5,458	-	-	43,093	5,458
78.053.560-1	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	3/13/2013	-	0.40	16,988	50,965	18,464	-	-	67,953	18,464
78.053.560-1	Clínica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	UF	4/12/2014	-	0.22	11,744	35,231	57,338	-	-	46,975	57,338
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.080.000-k	Banco BICE	Chile	UF	3/31/2037	-	5.07	469,996	2,094,863	3,765,091	2,510,060	25,100,607	2,564,859	31,375,758
96.885.930-7	Clínica Bicentenario S.A.	Chile	97.053.000-2	Banco Security	Chile	UF	3/31/2037	-	5.07	516,885	2,141,752	3,765,091	2,510,060	25,100,607	2,658,637	31,375,758
99.558.380-1	Sociedad Educacional Lo Aguirre. S.A.	Chile	97.023.000-9	Corp-Banca Leasing	Chile	UF	6/15/2022	-	5.54	32,051	96,154	332,943	332,943	915,593	128,205	1,581,479
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	1/7/2013	-	7.98	113,463	340,388	39,198	-	-	453,851	39,198
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	1/7/2013	-	8.245	17,809	53,429	6,162	-	-	71,238	6,162
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	1/7/2013	-	7.6881	17,085	51,254	5,893	-	-	68,339	5,893
96.858.860-5	Sociedad Educacional Huechuraba S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	12/7/2012	-	6.142	24,832	74,495	-	-	-	99,327	-
96.863.530-1	Sociedad Educacional Peñalolén S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	1/7/2013	-	5.8695	235,086	705,559	80,511	-	-	940,645	80,511
96.891.540-1	Sociedad Educacional Temuco S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	8/30/2013	-	7.4622	122,866	368,298	347,450	-	-	491,164	347,450
98.000.100-8	A.F.P. Habitat S.A.	Chile		Scotiabank	Chile	UF	11/15/2020	-	-	11,161	33,484	89,291	89,291	178,581	44,645	357,163
															9,386,876	**87,642,902**

(20) Interest-bearing Loans, Continued

(c) The detail of maturity dates and currency of loans from financial institutions is as follows:, Continued

(iv) Finance lease liabilities as of December 31, 2010

Debtor Tax ID N°	Company	Country	Creditor Tax ID N°	Bank or financial instit.	Country	Currency	Maturity date	Nominal interest rate	Effective interest rate	Current 12-31-2010	Non-current 12-31-2010
99.558.380-1	Soc. Edic. Lo Aguirre S.A.	Chile	97.023.000-9	Corpbanca - leasing	Chile	UF	06-15-2022	5.5357	5.5357	113,487	1,641,444
96.858.860-5	Soc. Edic. Lo Aguirre S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	01-07-2013	7.9791	7.9791	402,053	434,133
96.858.860-5	Soc. Edic. Lo Aguirre S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	01-07-2013	8.425	8.425	62,829	74,059
96.858.860-5	Soc. Edic. Lo Aguirre S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	01-07-2013	7.6881	7.6881	60,722	109,010
96.858.860-5	Soc. Edic. Lo Aguirre S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	12-07-2012	6.142	6.142	89,628	95,182
96.863.530-1	Soc. Educ. Peñalolen S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	01-07-2013	5.8695	5.8695	851,626	979,115
96.891.540-1	Soc. Educ. Temuco S.A.	Chile	93.750.000-9	Leasing Andino	Chile	UF	08-30-2013	7.4622	7.4622	439,599	806,815
78.053.560-1	Clinica Tabancura S.A.	Chile	97.030.000-7	Banco Estado	Chile	Ch$	08-31-2011	0.42	0.42	255,603	225,052
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	09-20-2011	3.83	3.83	48,629	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	11-28-2011	4.53	4.53	57,334	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch$	05-20-2012	7.39	7.39	9,197	4,841
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch$	04-13-2012	7.35	7.35	9,222	4,039
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch$	04-13-2012	7.31	7.31	9,219	4,037
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	08-27-2012	4.51	4.51	11,923	8,263
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	09-27-2012	4.47	4.47	36,196	25,715
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	10-11-2011	4.45	4.45	39,384	-
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch$	09-11-2012	8.28	8.28	12,996	10,449
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	01-11-2013	4.76	4.76	6,759	7,699
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	08-07-2013	3.83	3.83	58,789	102,421
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	05-13-2013	4.51	4.51	38,578	17,013
96.942.400-2	Megasalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	01-24-2011	4.55	4.55	4,634	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	08-01-2011	5.34	5.34	4,322	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	09-01-2011	5.2	5.2	9,968	-
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	07-01-2012	5.57	5.57	6,960	4,208
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	08-15-2012	4.3	4.3	5,157	3,541
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	08-15-2012	4.3	4.3	5,157	3,541
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	08-15-2012	4.3	4.3	5,157	3,541
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	08-15-2012	4.3	4.3	5,157	3,541
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	08-15-2012	4.3	4.3	5,157	3,540
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	08-01-2012	4.3	4.3	10,018	6,877
96.942.400-2	Megasalud S.A.	Chile	97.032.000-8	Banco BBVA	Chile	UF	04-15-2012	10.24	10.24	97,658	35,538
78.040.520-1	Avansalud S.A.	Chile	92.040.000-0	IBM	Chile	Ch$	06-26-2013	-	-	35,989	53,983
78.040.520-1	Avansalud S.A.	Chile	97.080.000-K	Banco BICE	Chile	UF	06-30-2018	4.1	4.1	407,103	11,938,738
78.040.520-1	Avansalud S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	05-07-2015	4.2	4.2	265,015	538,839
78.040.520-1	Avansalud S.A.	Chile	97.023.000-9	Banco BBVA	Chile	UF	01-07-2013	4.6	4.6	13,321	14,433
78.040.520-1	Avansalud S.A.	Chile	81.513.400-2	Bice Vida Cía. de Seguros S.A.	Chile	UF	12-10-2028	5.3	5.3	403,356	7,084,161
78.040.520-1	Avansalud S.A.	Chile	81.513.400-2	Deferred interest	Chile	-	-	-	-	(317,112)	(2,687,545)
98.000.100-8	AFP Habitat S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	UF	-	-	-	37,839	325,484
			TOTAL							**3,618,628**	**21,881,707**

(20) Interest-bearing Loans, Continued

(v) Future finance lease liabilities are comprised as follows:

As of 12-31-2011	Future minimum payments	Present value of future minimum Payments	Interest
Up to 1 year	9,420,747	6,954,866	2,465,881
1-5 years	24,259,218	12,335,662	11,923,556
Over 5 years	63,991,286	44,702,228	19,289,058
Total	97,671,251	63,992,756	33,678,495

As of 12-31-2010	Future minimum payments	Present value of future minimum Payments	Interest
Up to 1 year	4,339,047	3,618,628	720,419
1-5 years	11,497,899	9,784,873	1,713,026
Over 5 years	13,839,168	12,096,834	1,742,334
Total	29,676,114	25,500,335	4,175,779

As of 1-1-2010	Future minimum payments	Present value of future minimum Payments	Interest
Up to 1 year	3,636,668	2,832,631	804,037
1-5 years	9,141,548	7,003,470	2,138,078
Over 5 years	8,924,744	7,285,159	1,639,585
Total	21,702,960	17,121,260	4,581,700

(20) Interest-bearing Loans, Continued

The most relevant finance lease agreements are described as follows:

(20) Interest-bearing Loans, Continued

Series A Notes

On July 28, 2011, ILC issued in Chile an aggregate principal amount of Ch$21,800 million of its 6.80% Series A notes. The notes accrue interest an annual rate of 6.80% with interest and principal to be repaid at maturity in 2016.

Series C Notes

On July 28, 2011, ILC issued in Chile an aggregate principal amount of UF 1,500,000 of its floating rate Series C notes. These notes accrue interest an annual rate of UF + 3.60% with interest and principal to be repaid in 10 equal installments starting in June 2022.

Tax ID No.	Company	Country	tax ID No.	Name	Country	Description	Currency	Payment of interest	Repayment of principal owed	Annual nominal rate	Annual effective rate	Guarantee
94.139.900-	ILC Inversiones	Chile	-	The Public	-	No.671 07/28/2011 (A)	Ch$	Annual	Upon maturity	6.8	6.97	Unsecured
94.139.900-	ILC Inversiones	Chile	-	The Public	-	No.671 07/28/2011 (C)	UF	Annual	Annual (3)	3.6	3.92	Unsecured

Balance of short and long-term obligations with the public (promissory notes and bonds payable), non-current:

Tax ID No.	Company	Country	tax ID No.	Name	Country	Description	Currency	Payment of interest	Repayment of principal owed	Annual nominal rate	Annual effective rate	Guarantee
94.139.900-	ILC Inversiones	Chile	-	The Public	-	No.671 07/28/2011 (A)	Ch$	Annual	Upon maturity	6.8	6.97	Unsecured
94.139.900-	ILC Inversiones	Chile	-	The Public	-	No.671 07/28/2011 (C)	UF	Annual	Annual (3)	3.6	3.92	Unsecured

(1) Maturities consider principal owed plus accrued and unaccrued interest.
(2) Nominal amount of the placement.
(3) Starting from June 2022.

(21) Trade and Other Payables

As of December 31, 2011 and 2010 and January 1, 2010 this line item is comprised of the following:

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Other payables	3,863,581	2,887,417	3,235,028
Dividends payable	3,928,557	858,781	939,705
Withholdings	6,559,547	5,686,294	1,336,523
Accounts payable	10,652,634	28,904,323	11,958,194
Healthcare benefits payable	13,490,091	11,563,421	11,393,591
Notes payable	3,518,321	4,602,902	4,681,832
Suppliers	19,781,884	6,010,864	3,722,794
Total	61,794,615	60,514,002	37,267,667

(22) Other Current Provisions

As of December 31, and 2010 and January 1, 2010, this line item is comprised of the following:

	Schedule	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Casualty occurrence (1)	Without date	621,301	1,220,988	-
Healthcare expenses (2)	Without date	20,494,897	18,262,920	18,909,396
Subsidy expenses (3)	Without date	4,463,323	1,494,863	1,542,021
Other	Without date	1,039,969	702,627	417,298
Total other current provisions		26,619,490	21,681,398	20,868,715

(1) The provision for losses is generated in the time lag between the accounting period of the contract and the technical period of the contract given that in accordance with the contracts entered into with insurance companies, monthly presettlements of the contracts are made on the basis of the periods covered by the insurance policy, thus the "n" covered period determines the payment of premiums during the period "n + 2."

In addition, there is an additional provision which corrects the cost estimate for each insurance contract in accordance with IFRS, assigning to each those possible costs, which are not considered in the insurance companies' technical reserve estimate.

(2) The provision for health expenses considers those benefits and/or rewards which although provided at the closing date of the financial statements, have not yet been accounted for.

The calculation of this provision considers (i) benefits incurred but not yet reported to the health insurer institution, (ii) benefits provided, reported but not yet measured and, (iii) benefits provided, reported and measured but without the issuance of the related medical vouchers.

In developing its estimate, the Group considers hospital medical vouchers, medical programs, inpatient and outpatient reimbursements considering such factors as: loss behavior, historical evolution, seasonal variables, processing periods, prices, explicit healthcare guarantees, resolution of medical programs and amounts of medical attention and healthcare services provided at the closing date of each month, which were settled in the following months.

For the calculation of the provision, the Group used as criterion the determination of the cost of accrued healthcare services corresponding to each monthly close, which were recognized in following months.

(3) The provision for expenses in subsidies considers (i) all sick leaves which have been claimed but have not yet been paid and (ii) sick leaves which correspond to the closing period but have not been submitted with the corresponding Isapre (health insurer institution).

The calculation of the provision considered the following factors: loss behavior, historical evolution, seasonal variables, and amounts of healthcare services provided the closing date of each month, which were settled in the following months.

In the case of Occupational Disability Subsidies (SIL), the Group considered the moving average of the last twelve months of the accrued cost of subsidies as of the closing date and recognized after that date, as amount of the provision.

The other non-current provisions line item was comprised of the following:

	Schedule	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Old age plan	Without date	103,374	166,861	241,077
Technical reserve	Without date	98,452,383	81,246,607	41,636,339
Other provisions	Without date	-	87,411	55,354
Total other non-current provisions		**98,555,757**	**81,500,879**	**41,932,770**

The provision for technical reserves corresponds to Vida Cámara's S.A.'s legal obligation in regard to the settlement and payment of settled losses, losses in settlement process and occurred, unreported claims because of the management of its share of the disability and survivorship insurance.

(22) Other Current Provisions, Continued

Changes in provisions during 2011 and 2010 are comprised as follows:

Short-term	**Loss ThCh$**	**Healthcare expenses ThCh$**	**Subsidies ThCh$**	**Other provisions ThCh$**	**Total ThCh$**
Balances as of 01.01.2011	1,220,988	18,262,920	1,494,863	702,627	21,681,398
Additional provisions	-	2,231,978	2,968,459	337,342	5,537,779
Decreases due to payments	(599,687)	-	-	-	(599,687)
Balances as of December 31, 2011	621,301	20,494,898	4,463,322	1,039,969	26,619,490

Short-term	**Loss ThCh$**	**Healthcare expenses ThCh$**	**Subsidies ThCh$**	**Other provisions ThCh$**	**Total ThCh$**
Balances as of **1-1-2010**	-	18,909,396	1,542,021	417,298	20,868,715
Additional provisions	1,220,988	-	-	285,329	1,506,317
Decreases due to payments	-	(646,476)	(47,158)	-	(693,634)
Balances as of December 31, 2010	1,220,988	18,262,920	1,494,863	702,627	21,681,398

Long-term	**Life annuities pensions ThCh$**	**Technical reserves ThCh$**	**Other provisions ThCh$**	**Total ThCh$**
Balances as of 01.01.2011	166,861	81,246,607	87,411	81,500,879
Additional provisions	11,390	115,648,967	-	115,660,357
Decreases due to payments	(74,877)	(98,443,191)	(87,411)	(98,605,479)
Balances as of December 31, 2011	103,374	98,452,383	-	98,555,757

Long-term	**Life annuities pensions ThCh$**	**Technical reserves ThCh$**	**Other provisions ThCh$**	**Total ThCh$**
Balances as of 1-1-2010	241,077	41,636,339	55,354	41,932,770
Additional provisions	21,345	97,494,690	32,057	97,548,092
Decreases due to payments	(95,561)	(57,884,422)	-	(57,979,983)
Balances as of December 31, 2010	166,861	81,246,607	87,411	81,500,879

(23) Provisions for Employee Benefits

Current provisions for employee benefits are comprised of the following:

	12-31-2011 ThCh$	**12-31-2010 ThCh$**	**1-1-2010 ThCh$**
Employee profit-sharing	2,812,004	1,732,119	686,428
Vacation payable	4,537,295	1,790,785	424,957
Performance bonus payable	2,505,812	941,765	-
Directors’profit-sharing payable	6,643	824,015	-

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Fees and remuneration payable	496,963	427,192	-
Vacation bonus payable	328,957	330,902	-
Employee benefit obligations	10,687,674	6,046,778	1,111,385

(23) Provisions for Employee Benefits, Continued

As of December 31, 2011 and 2010, the subsidiary AFP Habitat S.A. recognized under non-current provisions for employee benefits the post-employment liability it has with respect to all its employees, which is determined using the established criteria.

An independent third party actuary conducted an analysis which was used for an actuarial assessment of post-employment benefits for the presentation of the financial statements as of December 31, 2010. For future periods, the Group has acquired an IT solution, which is the responsibility of AFP Habitat S.A.'s human resources division.

Post-employment benefit obligations of AFP Habitat are composed by two types of indemnities:

- Indemnity for death: this covers all employees.
- Indemnity for voluntary resignation: this covers all employees who have been permanent employees for 7 years or more.

	12-31-2011 ThCh$	12-31-2010 ThCh$
Indemnity for death	127,523	123,075
Indemnity for voluntary resignation	234,709	232,268
Total post-employment benefit obligations	362,232	355,343

As of December 31, 2011 and 2010, the assumptions used for the actuarial calculation of long-term post-employment benefits are as follows:

Actuarial bases used

	12-31-2011	12-31-2010
Discount rate	5%	5%
Salary increase rate	0%	0%
Turnover rate	2%	2%
Turnover rate-for Company's needs	5%	5%
Age of retirement		
Men	65	65
Women	60	60
Mortality rate	RV-2009	RV-2009

As of December 31, 2011 and 2010, the actuarial study was formalized by applying an IT solution acquired from the independent actuary Mr. Pedro Arteaga from Servicios Actuariales S.A., whose administration is the responsibility of the Human Resource division of AFP Habitat. For such period, the Company used the RV-2009 mortality rate.

(23) Provisions for Employee Benefits, Continued

Movements and disbursements is recognized according to the estimate made, disbursements at long-term are as follows:

	03-31-2012 ThCh$	12-31-2011 ThCh$
Opening balance	**362,232**	**348,454**
Current year cost of services	31,465	48,308
Interest costs	4,445	17,767
Benefits paid during the year	(9,481)	(28,684)
Actuarial gains/losses	2,734	(30,502)
Total employee benefit obligations	391,395	355,343

(24) Other Current Non-Financial Liabilities

As of December 31, 2011 and 2010 and January 1, 2010, this line item is composed of the following:

	12-31-2011 ThCh$	12-31-2010 ThCh$	1-1-2010 ThCh$
Prepaid tuition fees	4,534,534	3,989,492	3,712,282
Prepaid contribution payments	365,981	443,255	172,326
Contribution payments payable	3,652	271,143	1,857
Prepaid incorporation fees	38,429	36,320	36,710
Total	4,942,596	4,740,210	3,923,175

(25) Contingencies and Restrictions

As of December 31, 2011, the Group and its direct and indirect subsidiaries had provided the following guarantees:

(a) Direct Guarantees

Guarantee	Debtor		Type of	Asset committed		Balance pending payment as of :		Release of guarantee			
Creditor	**Name**	**Relationship**	**Guarantee**	**Type**	**Carrying amount ThCh$**	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**	**2012 ThCh$**	**2013 ThCh$**	**2014 ThCh$**	**YEAR**
Banco de Chile	Sociedad Educacional Chicureo S.A.	Subsidiary	Mortgage	Land and buildings	3,306,944	.	2,986,322	.	.	.	2025
Corpbanca	Sociedad Educacional Valle Lo Campino S.A.	Subsidiary	Mortgage	Land and buildings	3,144,349	2,032,245	1,924,171	.	.	.	2022
	Sociedad Educacional Lo Aguirre S.A.	Subsidiary	Mortgage	Land and buildings	4,092,033	1,490,100	1,390,793	.	.	.	2022
	Sociedad Educacional Machalí S.A.	Affiliate	Mortgage	Land and buildings	3,508,781	.	3,705,382	.	.	.	2030
Scotiabank	Sociedad Educacional Puerto Montt S.A.	Subsidiary	Mortgage	Land and buildings	3,591,832	2,840,407	2,808,012	.	.	.	2027
	Sociedad Educacional Ciudad del Este S.A.		Mortgage	Land and buildings	3,025,281	2,385,158	2,945,020	.	.	.	2027
Under-secretary of Finance	Sociedad de Administradora de Fondos de Cesantía S.A.	Affiliate	Joint and several debtor	Total assets except for legal reserves, up to the amount of the obligation (UF55,440)	1,235,981	1,189,496	1,235,981	1,235,981	.	.	

(25) Contingencies and Restrictions, Continued

(b) Indirect Guarantees

The Parent **Desarrollos Educacionales S.A.** became the co-debtor, guarantor and/or joint and several debtor of the following companies:

- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure the financing through financial lease arrangements granted to the company.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure the financing through financial lease arrangements granted to the company.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure the financing through financial lease arrangements granted to the company.
- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure loans for up to UF110,000.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure loans for up to UF115,500.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure loans for up to UF90,000.
- Sociedad Educacional Curauma S.A., in favor of Banco de Chile to secure the revolving credit facilities granted for up to UF5,000.
- Sociedad Educacional Chicureo S.A., in favor of Banco de Chile to secure the revolving credit facilities granted for up to UF5,000.
- Sociedad Educacional Chicureo S.A., in favor of Banco de Chile to secure loans for up to UF134,000.
- Sociedad Educacional Machalí S.A., in favor of Corpbanca to secure loans for up to UF85,000.
- Sociedad Educacional Valle Lo Campino S.A., in favor of Corpbanca to secure loans for up to UF110,000.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF121,000.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF24,360.
- Sociedad Educacional Ciudad del Este S.A., in favor of Scotiabank to secure loans for up to UF116,407.
- Sociedad Educacional Puerto Montt S.A., in favor of Scotiabank to secure loans for up to UF139,182.

(25) Contingencies and Restrictions, Continued

(b) Indirect Guarantees, Continued

Sociedad Educacional Peñalolén S.A., became the co-debtor, guarantor and/or joint and co-debtor of the following companies:

- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF121,000.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure loans for up to UF115,500.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure loans for up to UF90,000.

Sociedad Educacional Huechuraba S.A., a subsidiary of the Parent became the co-debtor, guarantor and/or joint and co-debtor of the following companies:

- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure loans for up to UF110,000.
- Sociedad Educacional Temuco S.A., in favor of Banco de Chile to secure loans for up to UF90,000.

Sociedad Educacional Temuco S.A., a subsidiary of the Parent, became the co-debtor, guarantor and/or joint and co-debtor of the following companies:

- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure the financing through finance lease arrangements granted to the company.
- Sociedad Educacional Peñalolén S.A., in favor of Banco de Chile to secure loans for up to UF110,000.
- Sociedad Educacional Huechuraba S.A., in favor of Banco de Chile to secure loans for up to UF115,500.

(25) Contingencies and Restrictions, Continued

(b) Indirect Guarantees, Continued

Sociedad Educacional Lo Aguirre S.A., a subsidiary of the Parent became the co-debtor, guarantor and/or joint and several debtor of the following companies:

- Sociedad Educacional Machalí S.A., in favor of Corpbanca to secure loans for up to UF85,000.

La Sociedad Educacional Valle Lo Campino S.A., a subsidiary of the Parent became the co-debtor, guarantor and/or joint and several debtor of the following companies:

- Sociedad Educacional Machalí S.A., in favor of Corpbanca to secure loans for up to UF85,000.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF50,021.
- Sociedad Educacional Lo Aguirre S.A., in favor of Corpbanca to secure loans for up to UF24,360.

(c) Contingencies

Disability and Survivorship, and Life Annuity Pensions

Article 82 of Decree Law N° 3.500 of 1980 indicates that, in the case of bankruptcy of involved insurance companies, the government of Chile guarantees the necessary additional contributions to complete the required amount to finance the disability and survivorship and life annuity pensions through the State guarantee. The coverage of such guarantee is from 100% of the prevailing minimum pension and 75% over the excess of the pension with a maximum of UF45 for each beneficiary or pensioner. In accordance with Article 82 of Decree Law N° 3.5000, the amount of that portion of disability and survivorship and life annuity pensions which is not covered by the State guarantee remains the AFP's exclusive responsibility and has been estimated in accordance with the following procedure:

- In this calculation, December 2011 has been used as the reference point in regard to number of beneficiaries, cancelled pensions and ages of beneficiaries, In regard to life expectancy for the calculation of the present value of the technical bases established in the respective contracts with insurance companies a discount rate of 5%, as of December 31, 2011, this contingency amounts to ThCh$7,121,422.

(25) Contingencies and Restrictions, Continued

(c) Contingencies, Continued

Disability and Survivorship, and Life Annuity Pensions, Continued

With regards to the period subsequent to January 1, 2008, the State guarantee operates on additional contributions, the mandatory contribution indicated in article N°53, life annuities indicated in letters (a) and (b) of article 61, disability pensions originated by a first opinion as indicated in article N°54 and the death fee referred to in article N°88.

The amount of such State guarantee will be equivalent to 100% of the difference missing to complete the additional contribution, the mandatory contribution and the disability pensions originated by a first opinion.

In the case of life annuities indicated in article N°61, the State guarantee will amount to a sum equivalent to 100% of the minimum pension referred to in article N°73 and 75% of the excess over the minimum pension with a maximum of UF45. The amount of that portion of the life annuities which is not covered by the State guarantee has been estimated in accordance with the procedure indicated in the second paragraph of this note.

Beginning on July 1, 2009, in the case of bankruptcy of all insurance companies involved in the provision of disability and survivorship insurance, the State guarantee also covers the disability and survivorship pension under the terms described in the paragraph immediately above. However, the AFP is liable for its payment notwithstanding its right of recourse against the State in conformity with the State guarantee established in article N°82 of Decree Law 3,500.

(d) Restrictions

S**ociedad Educacional Chicureo S.A.**: Clause Seven of the Purchase and Sale Public Deed entered into on December 6, 2010 between said company and Inmobiliaria Valle Colina S.A., provides a contract based prohibition for changing the destination, encumbering, assigning and disposing of any title for a period of 10 years starting from the date of registration of such deed with the Real Estate Register.

Sociedad Educacional Lo Aguirre S.A.: Clause Six of the Purchase and Sale Public Deed entered into on December 4, 2006 between the company and Administradora Ciudad de Los Valles S.A., provides a treaty based prohibition for changing the destination, encumbering, assigning and disposing of for whatever title for a period of 10 years starting from the date of registration of such deed with the Real Estate Register.

(25) Contingencies and Restrictions, Continued

As of December 31, 2011, the Group is not exposed to any other restrictions,

(e) Lawsuits

As of December 31, 2011, the consolidated companies are parties to pending lawsuits filed against them relating to the normal course of their operations, which, according to the companies' legal advisors, in their majority do not represent significant risks of loss. Provisions have been accrued in the respective direct and indirect subsidiaries against those risks which, in our legal advisors' opinion, could result in probable loss in the financial statements.

As of December 31, 2011, the provision for legal contingencies recorded amounting to ThCh$394,511, the detail of the most significant lawsuits is as follows:

COMPANY	CLAIMED AMOUNT in Ch$	JURISDICTION	COURT	JOURNAL	MATTER	HEADING	STATUS
Sociedad Educacional Huechuraba S.A.	$2.072.602	Santiago	1st. Labor Court of Santiago	O-2634-2011	Unjustified dismissal and collection of benefits	Rivera against Sociedad Educacional Huecuraba S.A.	Discovery stage
Sociedad Educacional Peñalolén S.A.	$14.797.830	Santiago	2nd Labor Court of Santiago	O-1488-2011	Unjustified dismissal and collection of benefits	Soledad Toledo against Sociedad Educacional Peñalolen S.A.	Discovery stage
Sociedad Educacional Puerto Montt S.A.	$0	Puerto Montt	Labor Court of Puerto Montt	CAUSA 147-11	Claim for indirect dismissal for labor harassment Víctor Burgos Salazar	Nelson Ibacache	Discovery stage
Sociedad Educacional Curauma S.A.	$0	Valparaíso	Labor and Social Security Collection Court of Valparaiso	C-609-2010		Gaggero against Sociedad Educacional Curauma Ltda.	Discovery stage
Isapre Consalud	$804.000.000	Santiago	1st. Civil Court	C-1348-2009	Compensation for damages	Cárcamo Velásquez against Isapre Consalud	Currently, the case is being heard by the Court of Appeals and the appeal to the sentence is pending. Journal of the Court 6378-2011
Isapre Consalud	$500.000.000	Santiago	13th. Civil Court	C-11727-2010	Compensation for damages	Olivares Doering against Isapre Consalud	November 30, 2011, the sentence rejected the claim filed. Currently an appeal has been filed by the plaintiff.
Isapre Consalud	$400.000.000	Santiago	22nd. Civil Court	C-38545-2009	Compensation for damages	Bugueño Núñez against Isapre Consalud	Currently, a verdict is expected from the Court on a remedy of revocation. The case enters the evidentiary period.
Isapre Consalud	$390.000.000	Concepcion	3rd. Civil Court	C-7297-2006	Compensation for damages	Barrena Perez against Isapre Consalud	Debate and evidentiary period the abandonment of the proceeding was rejected and therefore, he case was returned to the original court).
Isapre Consalud	$ 300.000.000	Santiago	22nd. Civil Court	C-16523-2011	Compensation for damages	Torres Diaz et al. against Isapre Consalud	Dilatory pleas were filed to the lawsuit. Their resolution is being expected.

(25) Contingencies and Restrictions, Continued

(e) Lawsuits, Continued

COMPANY	CLAIMED AMOUNT in Ch$	JURISDICTION	COURT	JOURNAL	MATTER	HEADING	STATUS
Isapre Consalud	$100.000.000	Santiago	24th. Civil Court	C-5585-2006	Compensation for damages	Enríquez Salazar et al. against Isapre Consalud	The case is pending its review by the Supreme Court because of an appeal in cassation on the merits. Supreme Court Journal N° 8958-2009
Isapre Consalud	$84.000.000	Talca	4th. Civil Court	C-2719-2011	Compensation for damages	Troncoso Escalona against Isapre Consalud	September 15, 2011, dilatory pleas were filed to the lawsuit, which have not been resolved as of to-date.
Isapre Consalud	$71.000.000	Santiago	3rd. Civil Court	C-25362-2011	Compensation for damages	Llancamán Marihual against Isapre Consalud	January 3, 2012, the Court summoned to a settlement hearing.
Isapre Consalud	$40.000.000	Temuco	2nd. Civil Court	C-4587-2001	Compensation for damages	Retamal Arévalo against Isapre Consalud	November 29, 2011, the case entered the evidentiary period.
Isapre Consalud	$13.000.000	Concepción	3rd. Civil Court	C-7739-2011	Contract compliance	Diaz Uribe con Isapre Consalud	Currently, the case is expected to enter the evidentiary period.
Clínica Avansalud S.A	$65.000.000	Santiago	7th. Civil Court	C-17.007-2010	Compensation for damages	Flores against Clìnica Avansalud S.A et al.	The evidentiary period has expired; certain proceedings are pending.
Clínica Avansalud S.A	$20.000.000	Santiago	25th. Civil Court	C-24.139-2010	Compensation for damages	Olivares against Clínica Avansalud S.A. el al.	The resolution to dilatory pleas filed against the lawsuit is pending.
Clínica Avansalud Providencia S.A.	Not Determined	Santiago	30th Civil Court	C-2.099-2011	Reconveyance, summary proceeding	Clínica Avansalud S.A. against Solé Abad, Daniela	Final verdict favorable notified to the parties. An appeal filed by the plantiff, it's hearing and resolution by the Court are pending.

(25) Contingencies and Restrictions, Continued

(e) Lawsuits, Continued

COMPANY	AMOUNT	JURISDICTION	COURT	JOURNAL	MATTER	HEADING	STATUS
Admistradora de Fondos de Pensiones Habitat S.A..	Without amount	Santiago	1st Labor Court Stgo. (torrealba)	1253-2011 CA 1394-2011	Lawsuit for Deprivation of Rights (Marisol Guzmán)	Marisol Guzmán	Counterclaim rejected. Preliminary hearing 6-20-2011. Hearing for the trial for 7-26-2011 Idem at 7-13-2011. On 8-11-11 the demand by the pension Fund Administrator (AFP) is accepted, authorizes deprivation of rights, the term for appeal for annulment is pending. Sept. 26 the appeal for annulment is pending in the Court of Appeals. 10-13-11 Idem 11-3-2011 Idem 11.27.2011 and as of 1-17-2012.
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$12,800 plus a fine of 150 Monthly Tax Units	Santiago	1st Labor Court C. Torrealba (rd)	40-2011 CA 1754-2011	Anti-union practice	Bravo Luis against AFP Habitat	Preliminary hearing 8-16-2011. Trial hearing 9-20-2011. Sentence for 10-1-2011 6-10-2011: unfavorable verdict (the anti-union practice is rejected, but it is accepted for the payment of benefits for 12,788,380) An appeal for annulment will be filed 11-3-2011 . On 11-23 the appeal for annulment was reviewed. In accordance with the Court of Appeals (12-26-2011). The appeal for annulment was rejected on 12-28-2011. The execution is pending.
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$4,115	Santiago	2nd. Labor Court Stgo. RD JH	2092-2011CA 1732-2011	Collection of benefits; collective benefit 60%	Videla Bélgica against AFP Habitat	Preliminary hearing on 8-16-2011 .Trial hearing 9-20-2011. Sentence for 9-30-2011 10-7-2011: Unfavorable verdict, payment of $4,115,421 ordered. 11-3-2011: Appeal for annulment pending at the Court of Appeals. Idem at 01-17-2012.
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$3,659	Santiago	1st Labor Court Stgo. JH RD	O-1791-2011 CA 1688-2011 Journal CS 1511-2011	Lawsuit for a difference in salary in the calculation of severance pay and 30% of surcharge for unjustified dismissal	Orellana Valeria against AFP Habitat	Lawsuit notified. Preliminary hearing 8-.2-2011. Trial hearing 9-7-2011. Sentence for 9-26-2011. Partially favorable verdict. Appeal for annulment filed. This has not been reviewed by the Court. As of 11-26-2011: the review of the appeal for annulment is pending at the Court of Appeals. Idem at 1-17-2012
Admistradora de Fondos de Pensiones Habitat S.A.	Dismissal: ThCh$7,400 Moral damage ThCh$100,000	Santiag	1st Labor Court Santiago JHV-RDB	O1689-2011 CA 1511-2011	Indirect dismissal; gross noncompliance: no payment of base salary, physical and moral damage.	Encina, Cecilia against AFP Habitat	Lawsuit notified. Preliminary hearing 07-11-2011. Trial hearing 08-16-2011. For verdict (08-23-2011) favorable verdict. An appeal for annulment filed. As of 9.26.2011, the appeal is pending review by the Court of Appeals. Idem 11-3-2011, as of 12-26-2011 and 1-17-2012.

(25) Contingencies and Restrictions, Continued

(e) Lawsuits, Continued

COMPANY	AMOUNT	JURISDICTION	COURT	JOURNAL	MATTER	HEADING	STATUS
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$148,000, plus adjustments and costs	Santiago	1st Labor Court Santiago CT	O-3903-2011	Base salary	Aedo Meza et al. (50 employees) against AFP Habitat	Preliminary hearing 01.10.2012. Trial hearing 2/1472012.
Admistradora de Fondos de Pensiones Habitat S.A.	Without amount	Santiago	22nd Civil Court (rd-sd)	15.085/2006 – CA: 7086/09 CS 68/2011	Lawsuit for the collection of invoices	"Hermosilla against Habitat"	Verdict appealed by the plaintiff. At the Court, verdict confirmed by the Court of Appeals. The plaintiff filed an appeal in cassation; the appeal is pending review by the Supreme Court (10-26-2010). Idem as of 12-22-2010 and **12-31-2010** and 03-3-011 and4-11-2011, 06-22-2011 Idem as of 7-13-2011 , as of 8-23-2011 , as of 9-26-2011 and as of 10-13. 10-25-2011: allegation before the Supreme Court. In agreement as of 11-3-2011. Idem as of 12-6-2011 and as of 1-17-2012.
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$200,000	Santiago	28th Civil Court (rd-sd)	12.314-2008-8145-2009	The Pension Fund Administrator (AFP) files a lawsuit for compensation for damages and noncompliance with the contract	"Habitat against Hermosilla"	Scarce probabilities of recovery due to the defendant's economic position. Partially favorable verdict for the Pension Fund Administrator (AFP). Both parties filed an appeal. 09-15-2010: processing of allegations. The Court of Appeals confirmed the first instance verdict (10-4-2010) The plaintiff did not appeal in cassation. The case returned to the first instance for execution of the verdict. A certificate for the execution of the judgment was requested. 12-22-2010. Idem as of 03-23-2011 and 04-11-2011, 5-3-5-2011 credit settlement pending. As of 06-22-2011, the credit was settled. Seizure was ordered for $52,293,347. Idem as of 7-13-2011. Pieces of furniture were seized; payment has not been made (8-23--2011). Idem as of 9-26-2011, as of 10-13-2011 and as of 11-3-2011 Idem as of12-26-2011 an as of 1-17-2012
Admistradora de Fondos de Pensiones Habitat S.A.	ThCh$44,000	Santiago	6th Civil Court (rd-sd)	C-33398-2011	Compensation for damages	Gutiérrez against AFP Habitat el al. (AFC and AFP Capital)	05-16-2011 answer to the claim. Idem 6-2-2011 Idem as of 7-13-2011, as of 8-3-2011 , as of 9-26-2011, as of 07-13-2011. A of 11-3-2011 The rejoinder from the plaintiff is pending. Idem as of 12-26-2011 and as of 12-17-2012.
Admistradora de Fondos de Pensiones Habitat S.A.	Without amount	Santiago	Court of Appeals of Santiago	5174-2011-1	Requests the removal from the Labor Bulletin	Remedy of protection Sociedad Bórquez y Cía Ltda.	Pending at the Court of Appeals. Idem as of 8-2372011 and as of 9-26-2011 ,as of 10-13-2011 and as of 11-3-2011 .Idem as of 12-26-2011

(25) Contingencies and Restrictions, Continued

(f) Covenants from interest-bearing loans

The Company was in Compliance with these covenants as of December 31, 2011.

Covenants are determined under accounting principles generally accepted in Chile (Chilean GAAP) and the instructions issued by the Chilean Superintendency of Securities and Insurance.

In July 2010, ILC issued two series of notes with the following covenants:

- *Financial Debt Limitation*. At each quarter end, ILC must maintain net financial debt lower than total equity.

- *Revenue Limitation*. At least two thirds of ILC's revenues must originate from its Retirement & Insurance and Healthcare segments, when measured on a quarterly basis on retroactive twelve-month periods over the entire life of the notes.

- *Event of Default*. An event of default on the notes will be deemed to occur if ILC or any of its significant subsidiaries default in the payment of any obligation which, individually or in the aggregate, exceeds 5% of ILC's total assets as recorded in ILC's last quarterly financial statements, and such default continues for a period of 60 days; *provided*, however that the term "obligations" shall not be deemed to include any obligation that has been expressly postponed, is subject to pending lawsuits or litigation or is not recognized by ILC in its account records.

- *Acceleration*. If an event of default on the notes has occurred, any creditor of ILC or its significant subsidiaries may declare all unpaid principal of and accrued interest in the notes to be due and payable immediately; *provided*, however that the default by ILC or any of its significant subsidiaries in the payment of any obligation which, individually or in the aggregate, does not exceed 5% of ILC's total assets as recorded in ILC's last quarterly financial statements will not be considered a default.

(26) Sanctions

By the Chilean Superintendency of Pensions:

As of December 31, 2011, AFP Habitat S.A. and its directors have been sanctioned by the Chilean Superintendency of Pensions, as follows:

On January 17, 2011, through Resolution N°02, the Superintendency applied the sanction of censure to Director Mrs. María Teresa Infante Barros for a breach to letter f) in article 154 of Decree Law N°3.500 (which instructions are contained in letter (f) of Chapter H of Circular N°1.227) because of the sale on February 1, 2010, through Ingeniería Las Ramaditas Ltda., of 9,804 shares of Salfacorp S.A., at a price which exceeds the weighted average price existing in the formal markets on the day before the purchase of these instruments by pension fund type A on January 29, 2010.

On January 17, 2011, through Resolution N°03, the Superintendency applied to AFP Habitat S.A. a fine of UF 200 for an internal control failure to prevent a conflict of interest in regard to Director Mrs. María Teresa Infante Barros in the sale of her shares in Salfacorp S.A. through Sociedad Ingeniería Las Ramaditas Ltda.

On February 18, 2011, through Resolution N°013, the Superintendency applied the sanction of censure to AFP Habitat S.A. for having omitted to file an *Hecho Esencial* (Material Event) to inform that regulating body of the lawsuit affecting its custodian, State Street Bank & Trust.

On August 10, 2011, through Resolution N°046, the Superintendency applied a fine of UF200 to AFP Habitat S.A. for a breach to the instructions contained in Circular N°1537, related to information in the current accounts of the managed pension funds which should be submitted to the Superintendency.

On August 29, 2011, through Resolution N°052, the Superintendency applied the sanction of censure to AFP Habitat S.A. for having omitted to provide in the electronic certificates of 36 affiliated members the information related to the commission consumed as scheduled withdrawal when the broker collected the commission, which resulted in 12 of them paying commission exceeding the legally allowed limits.

On November 29, 2011, the Superintendency applied a fine of UF3, 500 to AFP Habitat S.A. for errors in the rating of the insurance coverage relating to 69 retirement cases. This sanction has not yet been executed.

As of December 31, 2010, the Administrator and its Directors have been sanctioned by the Chilean Superintendency of Pensions as follows:

(26) Sanctions, Continued

On January 20, 2010, through Resolution N°010, the Superintendency applied the sanction of censure to AFP Habitat for noncompliance with the provisions of N°1 of Section IV of Circular N°1.525 dated July 30, 2008, on August 3, 2009 and August 4, 2009 when Habitat's system was operating for a lower amount of time than what is required by said standard.

By the Chilean Superintendency of Pensions, Continued:

On February 26, 2010, through Resolution 025, the Superintendency applied the sanction of censure to AFP Habitat S.A. for having contributed to the breach by Mr. Francisco Quiroz Riveros (an investment analyst at AFP Habitat S.A.) of the instructions provided in subparagraph 1 of Article 152 of Decree Law N°3.500 (which are set forth in letter D of Circular N°1.227 issued by the Superintendency) by not indicating the prohibition applicable to him from acquiring shares of Cemento Bío.Bío S.A. on March 12, 2009, which at that date were illiquid assets.

On September 15, 2010, through N°59, the sanction of censure was applied to AFP Habitat S.A. due to its breach of Circular 1537 related to providing access to supporting documentation.

On December 22, 2010, through N°75, the Superintendency applied a fine of UF200 to AFP Habitat S.A. for including in the period from November 2008 to January 2009 in its pension fund type E investments mutual fund deposits not approved by the Risk Rating Commission. This fine was paid by ILC.

By the Chilean Superintendence of Health:

In October 2011, through Exempt Resolution N°727, the Superintendency fined Isapre Consalud S.A. UF800 for the following reasons: (i) providing subsidies for the provision of certain healthcare services, GES (Government Health Guarantee) and CAEC (Additional Coverage for Catastrophic Diseases) coverage, which should have been guaranteed and (ii) not informing its members who have a preferred provider that is different than Consalud's GES provider that they had the right of obtaining the guaranteed GES coverage from their preferred provider.

In October 2011, through Exempt Resolution N°665, the Superintendency fined Isapre Consalud S.A. UF30.0 for providing subsidies lower than those agreed in the applicable health insurance plan by not abiding to coverage associated with the rights established in the applicable health insurance agreement, as provided in article 189 of Decree Law N°1 dated 2005 on health insurance and the instructions provided in Official Communication IF/N°10.070 dated November 2010.

In October 2011, through Exempt Resolution N°663, the Superintendency fined Isapre Consalud S.A. UF700 for noncompliance with the period established by *Compin* (Medical Preventive and Disability Commission), in the payment of subsidies for labor disability claimed in accordance with article 43 of Supreme Decree N°3/84 on health insurance. In such cases it has been verified that Isapre Consalud S.A. did not pay in a timely manner in accordance with the terms established.

(26) Sanctions, Continued

By the Chilean Superintendence of Health, Continued:

In February 2011, through Exempt Resolution N°117, the Superintendency fined Isapre Consalud S.A. UF250 due to billing a "Lasik surgery" to an affiliated member, which was subject to a minimum coverage subsidy, without considering the coverage contained in the health insurance plan. In addition, in three cases, affiliated members received lower coverage for medicines than that contained in their health insurance plans.

In January 2010, through Exempt Resolution N°34, the Superintendency fined Isapre Consalud S.A. UF700, for not subsidizing medical treatments included in FONASA's (National Healthcare Fund) Free Selection Fee. Exempt Resolution N°367 dated July 5, 2010, rejected Isapre Consalud S.A.'s claim against the fine.

(27) Operating Leases

(a) Total future minimum payments associated with assets under operating leases derived from non-renewable lease contracts for each of the following terms is as follows:

Operating Leases	12-31-2011 ThCh$	12-31-2010 ThCh$
Up to one year	1,349,167	915,205
1-5 years	3,809,332	3,452,439
Over 5 years	5,926,921	6,135,289

(b) As of December 31, 2011 and 2010, the Company's Management has not entered into any operating subleases.

(c) Operating lease payments recognized in the statement of income as of December 31, 2011 and 2010 amount to ThCh$1,572,326 and ThCh$1,298,178, respectively.

(27) Operating Leases, Continued

(d) The following is a general description of significant lease agreements:

- No contingent payments have been agreed.
- AFP Habitat S.A. leases warehouses, offices, computer equipment and parking lots under operating lease arrangements, Usually leases contemplate a period of 10 years and contain the option of renewing the agreement after that date.
- In the majority of contracts, AFP Habitat S.A. is prohibited from assigning or leasing the warehouse or office or from using it for purposes other than those agreed.

(28) Net Equity

(a) Changes in Equity:

Paid-in capital

As of December 31, 2011 and 2010, paid in capital amounts to ThCh$213,772,622 divided into 37,031,553 same series shares with no par value. The portion related to price-level adjustment has been incorporated into paid-in capital.

(b) Capital Increase

At the Extraordinary Shareholders' Agreement held on October 21, 2010, ILC's shareholders agreed to increase ILC's share capital from ThCh$602,125 (divided into 21,399,737 shares) to ThCh$213,757, through the issuance of 15,631,816 new shares with the same characteristics as those in issue as of such date.

The new shares were offered pro rata to existing shareholder pursuant to a preemptive rights offer based on the shares that each shareholder had at the fifth business day prior to the commencement of such offer.

The issue price for each new share was Ch$13,636. The payment of the shares issued was made within the 90 business days subsequent to the subscription date.

As a result of this capital increase, the shareholders agreed to amend article five of ILC's By-laws replacing the previous text with: "Historical share capital amounts to ThCh$213,772,622 divided into 37,031,553 nominative, same-series shares with no par value."

The difference of ThCh$15,054 between paid-in capital and as of December 2011 and share capital approved for the purposes of the aforementioned capital increase corresponds to the application of the adjustment mechanism contained in article 10 of Law 16.046, approved by ILC's shareholders at the General Ordinary Shareholders' Meeting held on April 29, 2011.

(28) Net Equity, Continued

(c) Dividend Policy

In accordance with Article 79 of the Shareholders' Corporations Act, closed stock corporations should distribute as a dividend the minimum amount established in their By-laws. In the case of ILC, the minimum dividend provided in Article Twenty-one of its By-laws is 5% of profit for the year.

(d) Changes in Other Reserves

During 2011 and 2010, changes in other reserves are composed of the following:

Detail	Reserve for future capital increases ThCh$	Reserve for future contingencies ThCh$	Translation reserve ThCh$	Reserve from subsidiaries and affiliates ThCh$	Reserve for capital contribution due to merge ThCh$	Other reserves ThCh$	Total ThCh$
Opening balance as of 1-1-2011	4,295,530	(56,509)	.	1,513,035	94,076,329		93,828,385
Reversal of price-level adjustment of non-monetary assets and liabilities	.	.	.	.	.	(5,914,387)	(5,914,387)
Effect of restructuring of subsidiaries	.	.	.	(72,815)	.	6,048,543	5,975,728
Final balances as of 12-31-2011	4,295,530	(56,509)	.	1,440,220	94,076,329	134,156	99,889,726

Detail	Reserve for future capital increases ThCh$	Reserve for future contingencies ThCh$	Translation reserve ThCh$	Reserve from subsidiaries and affiliates ThCh$	Reserve for capital contribution due to merge ThCh$	Other reserves ThCh$	Total ThCh$
Opening balance as of 1-1-2010	4,295,530	11,687,521	(5,996)	1,513,035	94,076,329	.	111,566,419
Sale of Caja ART (Argentina)	.	.	5,996	.	.	.	5,996
Final dividends, previous GAAP	.	(11,744,030)	.	.	.	.	(11,744,030)
Effect of restructuring of subsidiaries	.	.	.	.	.	(5,914,387)	(5,914,387)
Final balances as of 12-31-2010	4,295,530	(56,509)	.	1,513,035	94,076,329	(5,914,387)	93,913,998

(28) Net Equity, Continued

(e) Changes in Retained Earnings (accumulated deficit)

The changes in the retained earnings reserve are as follows:

	ThCh$
Opening balance as of January 1, 2010 per Chilean GAAP	179,378,030
First-time adoption of IFRSs	(547,497)
Balance as of January 1, 2010 under IFRSs	178,830,533
Distribution of dividends	(262,051,718)
Other changes in retained earnings	14,909,519
Profit for the year 2010	156,666,838
Final balance as of December 31, 2010	88,355,172
Profit for the year 2011	81,040,645
Distribution of dividends	(44,791,145)
Gain (loss) from merger, Megalab S.A.	21,272
Effect of subsidiary restructuring	(5,376,474)
Final balance as of December 31, 2011	119,249,470

- On May 17, 2011, the Company distributed a dividend of Ch$ 187, 20 per share.
- On June 27, 2011, the Company distributed a dividend of Ch$ 270,039985 per share.
- On September 15, 2011, the Company distributed a dividend of Ch$ 270, 00 per share.
- On November 15, 2011, the Company distributed a dividend of Ch$ 131, 00 per share.
- On November 15, 2011, the Company distributed a dividend of Ch$ 351, 00 per share.

As of December 31, 2010, other changes in retained earnings are composed of the following:

Changes in profit or loss	**12-31-2011 ThCh$**
Sale of AFP Habitat	16,800,000
Provision for unsettled benefits provided	(18,738,829)
Capitalization of prepaid costs on sales agents commissions	11,090,741
Provision for dividends	3,278,527
Subsidiaries translation adjustments	7,098,620
Paid in capital price level adjustment	(4,342,756)
Other adjustments	(468,438)
Total	14,717,865

(29) Non-Controlling Interest

The detail of non-controlling interest is as follows:

		Minority interest percentage			Equity			Profit or loss	
		12-31-2011	12-31-2010	1-1-2010	12-31-2011	12-31-2010	01.01.2011	12-31-2011	12-31-2010
Company	**Subsidiary**	**%**	**%**	**%**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
IM Trust Corredores de Bolsa S.A.	AFP Habitat S.A.	2,62	3,74	.	9,472,115	13,178,785	.	1,562,892	2,086,730
Inversiones Unión Española S.A.	AFP Habitat S.A.	3,70	3,70	.	13,369,421	13,037,836	.	2,205,945	2,064,412
Larraín Vial Corredores de Bolsa S.A.	AFP Habitat S.A.	2,30	1,68	.	8,315,216	5,919,883	.	1,372,005	937,355
Inmobiliaria Los Lleuques	AFP Habitat S.A.	1,33	1,33	.	4,808,364	4,686,574	.	793,377	742,072
Penta Corredores de Bolsa S.A.	AFP Habitat S.A.	0,73	1,25	.	2,639,177	4,404,675	.	435,462	697,437
Valores Security Corredores de Bolsa S.A.	AFP Habitat S.A.	1,09	1,13	.	3,940,689	3,981,826	.	650,211	630,483
Celfín Capital Corredores de Bolsa S.A.	AFP Habitat S.A.	1,05	1,09	.	3,796,077	3,840,876	.	626,350	608,165
Banchile Corredores de Bolsa S.A.	AFP Habitat S.A.	1,41	1,08	.	5,097,589	3,805,639	.	841,099	602,585
Collados Núñez Modesto	AFP Habitat S.A.	1,00	1,00	.	3,615,311	3,523,740	.	596,524	557,949
Inmobiliaria Duero	AFP Habitat S.A.	0,71	0,71	.	2,566,871	2,501,855	.	423,532	396,358
MBI Arbitrage Fondo de Inversión	AFP Habitat S.A.	0,63	0,60	.	2,277,646	2,114,244	.	375,810	351,698
Santander S.A. Corredores de Bolsa	AFP Habitat S.A.	0,61	0,46	.	2,205,340	1,620,920	.	363,880	340,533
BCI Corredores de Bolsa S.A.	AFP Habitat S.A.	0,58	0,26	.	2,096,880	916,172	.	345,984	323,786
Inversiones Megeve Dos Ltda.	AFP Habitat S.A.	0,57	0,49	.	2,060,727	1,726,632	.	340,019	318,203
Cía. de Inversiones La Española S.A.	AFP Habitat S.A.	0,56	0,48	.	2,024,574	1,691,395	.	334,053	312,621
Inversiones Covadonga S.A.	AFP Habitat S.A.	0,56	0,56	.	2,024,574	1,973,294	.	334,053	312,621
Inversiones Tacora S.A.	AFP Habitat S.A.	0,55	0,55	.	1,988,421	1,938,057	.	328,088	307,038
Banco de Chile on behalf of non-resident third parties	AFP Habitat S.A.	0,60	0,21	.	2,169,187	739,985	.	357,914	301,456
Corporación de Desarrollo Tecnológico C.Ch.C.	AFP Habitat S.A.	0,51	0,51	.	1,843,809	1,797,107	.	304,227	284,708
Sociedad de Ahorro Villuco S.A.	AFP Habitat S.A.	0,62	.	.	2,241,493	.	.	369,845	.
Servicio Médico C.CH.C.	Red Salud S.A.	.	10,18	4,55	.	10,319,466	6,377,878	.	681,140
Mutual de Seguridad C.CH.C.	Red Salud S.A.	10,02	.	.	12,271,077	.	.	134,450	.
Cámara Chilena de la Construcción A.G.	Red Salud S.A.	9,16	7,34	.	11,217,871	.	.	122,910	.

(29) Non-Controlling Interest, Continued

		Minority interest percentage			Equity			Profit or loss	
		12-31-2011	12-31-2010	01-01-2010	12-31-2011	12-31-2010	01-01-2011	12-31-2011	12-31-2010
Company	**Subsidiary**	**%**	**%**	**%**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Nixus Marketplace S.A.	Iconstruye S.A.	7.34	10.00	7.34	193,175	197,126	192,393	37,593	13,313
Cámara Chilena de la Construcción A.G.	Iconstruye S.A.	10.00	10.00	10.00	263,181	268,564	262,115	51,217	18,138
Inversiones y Asesorías Bartel Oliver Ltda.	Iconstruye S.A.	6.62	6.62	6.62	174,226	177,789	173,521	33,905	12,007
Inversiones Santa Ana Ltda.	Iconstruye S.A.	6.25	6.25	6.25	164,488	167,853	163,822	32,010	11,336
Inversiones La Hiedra S.A.	Iconstruye S.A.	4.00	4.00	4.00	105,272	107,426	104,846	20,487	7,255
Other shareholders. AFP Habitat S.A.	AFP Habitat S.A.	10.79	10.69	.	39,009,207	39,777,730	.	6,436,492	5,410,380
Other shareholders. Iconstruye S.A.	Iconstruye S.A.	32.83	32.83	.	864,022	881,696	1,635,818	168,144	29,326
Other shareholders. other subsidiaries	Other	.	.	.	542,096	1,439,813	.	212,642	337,978
Total					143,358,096	126,736,958	8,910,393	20,211,120	18,697,083

(30) Revenue

As of December 31, 2011, this line item is composed of the following:

Revenue	**12-31-2011 ThCh$**	**12-31-2010 ThCh$**
Healthcare payment contributions	182,604,556	164,005,402
Insurance premiums	154,442,104	131,134,968
Healthcare services	132,767,299	107,113,939
Pension Fund Administrator commissions	109,096,573	75,488,979
Voluntary healthcare payment contributions	61,609,558	52,634,491
Other revenue	23,223,303	21,618,058
Total	663,743,393	551,995,837

(31) Finance Income

As of December 31, 2011 and 2010, this line item is composed of the following:

	12-31-2011 ThCh$	**12-31-2010 ThCh$**
Domestic fixed income	9,977,454	6,077,953
Domestic variable income	1,296,244	4,761,637
International fixed income	1,404,955	135,501
International variable income	(1,649,512)	1,807,602
Type A pension fund reserve	(2,612,746)	3,390,749
Type B pension fund reserve	(1,403,792)	3,760,714
Type C pension fund reserve	484,983	5,810,497
Type D pension fund reserve	971,552	1,222,039
Type E pension fund reserve	713,793	444,085
Total	9,182,931	27,410,777

(32) Other Gains (Losses)

As of December 31, 2011 and 2010, the main items recorded in other gains (losses) in the statement of income are detailed as follows:

	12-31-2011 ThCh$	12-31-2010 ThCh$
Other income:		
Gains/loss	912,195	175,793
Rental income	966,346	124,425
Other income	575,063	286,517
Total	2,453,604	586,735
Other expenses:		
Health area losses	(790,428)	(112,315)
Other third party services	.	(121,821)
Other	(495,568)	(56,744)
Total	(1,285,996)	(290,880)
Other income (expense)	1,167,608	295,855

(33) Finance Costs

As of December 31, 2011 and 2010, this line item is composed of the following:

Finance costs	12-31-2011 ThCh$	12-31-2010 ThCh$
Interest and expenses arising from financial obligations	6,414,751	6,869,239
Lease interest	2,128,509	759,434
Other finance costs	1,159,247	510,025
Interest on bonds payable	1,326,393	-
Total finance costs	11,028,900	8,138,698

(34) Administrative and Personnel Expenses

As of December 31, 2011 and 2010, this line item is composed of the following

	12-31-2011 ThCh$	12-31-2010 ThCh$
Personnel	63,120,585	52,412,733
Communication	1,718,347	1,361,532
Maintenance	4,285,918	2,686,292
Investments	719,322	569,955
Advertising	3,522,673	2,491,189
Depreciation	8,908,002	7,337,347
General	22,070,132	18,833,846
Mailing	1,298,694	654,020
Outsourcing	2,551,778	1,452,900
Operating	7,119,742	5,072,324
Total	115,315,193	92,872,138

Personnel expenses (included within administrative expenses) as of December 31, 2011 and 2010, are composed of the following:

	12-31-2011 ThCh$	12-31-2010 ThCh$
Salaries and wages	56,284,196	40,454,843
Short-term employee benefits	3,774,398	7,126,008
Post-termination benefits	21,250	692,614
Other personnel expenses	3,040,741	3,757,805
Total	63,120,585	52,031,270

(35) Foreign Currency Exchange Gain/(Loss)

As of December 31, 2011 and 2010, this line item is composed of the following:

	Currency	12-31-2011 ThCh$	12-31-2010 ThCh$
Financial investments	US$	32,161	(404,675)
Trade receivables	US$	274,446	(677,768)
Trade payables	US$	(3,849)	889,052
Total		302,758	(193,391)

(36) Gain (loss) on Index adjusted Units

As of December 31, 2011 and 2010, this line item is composed of the following:

	Adjustment index	12-31-2011 ThCh$	12-31-2010 ThCh$
Financial investments	UF	3,734,960	1,769,567
Technical reserves	UF	(3,369,314)	(1,052,811)
Loans	UF	(3,709,740)	(555,400)
Trade receivables	UF	738,201	1,157,373
Trade payables	UF	(267,311)	(1,519,784)
Total		(2,873,204)	(201,055)

(37) Gains from the Difference between the Prior Carrying Amount and the Fair Value of Financial Assets Measured at Fair Value

The balance of ThCh$67,529,464 recorded by this line item as of December 31, 2010 corresponds to the adjustment recorded in the subsidiary, Inversiones Previsionales Dos S.A. to recognize the investment in Administradora de Fondos de Pensiones Habitat S.A. at its fair value and the adjustment reported by other subsidiaries.

Amount of the investment recognized in Inversiones Previsionales Dos S.A., prior to the Habitat transaction	(59,073,887)
Amount of the investment at fair value considering the price of the acquisition of shares of Habitat (Ch$315) for 402,290,958 shares	126,721,652
Gain arising from the difference between the prior carrying amount and the fair value of financial assets measured at fair value	67,647,765

(38) Operating Segments

The Group discloses segment information in conformity with IFRS 8 *Operating Segments* which provides the standards to report in regard to the operating segments and related disclosures for products, services and geographical areas.

The Group operates in different markets with different economic, commercial and legal environments, which expose them to different risks and returns in each of these areas, The similarity of the commercial, economic and political terms, as well as the proximity of the operations determine the identification of three segments by line of business, which correspond to the retirement and insurance services, healthcare and other businesses.

For each of these segments there is financial information which is regularly used by senior management for the decision-making process, assigning resources and assessing performance.

The segments used by the Group to manage its operations are as follows:

- **Retirement and Insurance Business**

  The retirement and insurance business is composed by the following companies: FP Habitat S.A., Isapre Consalud S.A. and Compañía de Seguros Vida Cámara S.A. Its main operations relate to the rendering of retirement and insurance services for the management of retirement, coverage of medical attention and coverage of a pension in the event of disability and survivorship events.

- **Healthcare Business**

  The healthcare business is composed of Red Salud, Its main operation is the rendering of inpatient and outpatient services, It includes, among other facilities, Clínica Tabancura, Clínica Avansalud, Clínica Bicentenario and the network of Megasalud medical centers for outpatient services.

- **Other Businesses**

  Other businesses are composed by Desarrollos Educacionales S.A.'s network of schools, Iconstruye and the Group's financial and real estate investment portfolio. Their main operations relate to providing educational and information technology services and the management of financial and real estate assets, respectively.

(38) Operating Segments, Continued

The information required by IFRS 8 on assets and liabilities by segment is as follows:

12-31-2011	**Retirement and Insurance Business ThCh$**	**Healthcare Business ThCh$**	**Other businesses ThCh$**	**Total ThCh$**
Total segment assets	636,145,908	243,180,182	124,766,536	1,004,092,626
Total amounts in affiliates and joint ventures recognized according to the equity method of accounting	4,989,963	11,957,100	135,958	17,083,021
Total segment liabilities	211,361,306	124,707,895	91,483,617	427,552,818
12-31-2010	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Total segment assets	586,531,761	210,863,826	164,975,905	962,371,492
Total amounts in affiliates and joint ventures recognized according to the equity method of accounting	3,518,310	9,103,923	294,132	12,916,365
Total segment liabilities	188,277,297	109,503,783	141,541,768	439,322,848
1-1-2010	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Total segment assets	115,547,155	159,014,896	204,632,461	479,194,512
Total amounts in affiliates and joint ventures recognized according to the equity method of accounting	.	3,535,176	83,538,118	87,073,294
Total segment liabilities	97,055,294	57,021,867	24,937,987	179,015,148

Profit or loss by segment is as follows:

	Retirement and Insurance Business 12-31-2011 ThCh$	**Healthcare Business 12-31-2011 ThCh$**	**Other businesses 12-31-2011 ThCh$**	**Total 12-31-2011 ThCh$**
Gross profit				
Total revenue	513,212,285	133,939,121	16,591,987	663,743,393
Cost of sales	(315,282,542)	(102,444,214)	(5,784,873)	(423,511,629)
Total gross profit	197,929,743	31,494,907	10,807,114	240,231,764

(38) Operating Segments, Continued

	Retirement and Insurance Business 12-31-2010 ThCh$	Healthcare Business 12-31-2010 ThCh$	Other businesses 12-31-2010 ThCh$	Total 12-31-2010 ThCh$
Gross profit				
Total revenue	423,524,844	107,113,939	13,748,451	544,387,234
Cost of sales	(280,084,693)	(78,163,893)	(5,610,173)	(363,858,759)
Total gross profit	143,440,151	28,950,046	8,138,278	180,528,475

The information required by IFRS 8 on profit or loss by segment is as follows:

	Retirement and Insurance Business 12-31-2011 ThCh$	Healthcare business 12-31-2011 ThCh$	Other businesses 12-31-2011 ThCh$	Total 12-31-2011 ThCh$
Total revenue	513,212,285	133,939,121	16,591,987	663,743,393
Cost of sales	(315,282,542)	(102,444,214)	(5,784,873)	(423,511,629)
Other income by function	1,242,150	.	43,262	1,285,412
Administrative and personnel expenses	(76,276,626)	(27,254,747)	(8,783,820)	(112,315,193)
Other expenses by function	(1,206,036)	.	(27,603)	(1,233,639)
Finance income	5,751,125	861,431	2,570,375	9,182,931
Finance costs	(542,642)	(3,630,731)	(7,508,383)	(11,681,756)
Share of profit of affiliates accounted for according to the equity method of accounting	2,259,366	1,040,364	35,534	3,335,264
Income tax expense	(24,254,681)	(717,526)	1,698,795	(23,273,412)
Gain (loss) attributable to owners of the Parent	83,249,861	828,510	(2,508,102)	81,570,269
Gain (loss) attributable to non-controlling interests	20,057,008	513,305	(359,193)	20,211,120

Segments by geographical areas

The Group operates solely in Chile and therefore, reporting geographical segments is not applicable and given the businesses in which the Company operates no customers are identified as being more important than others.

(39) Subsequent Events

(a) On January 26, 2012, our subsidiary EMPRESAS RED SALUD S.A. conducted its first placement of dematerialized bonds in the domestic market to the bearer with a charge to the series referred to above, whose most relevant conditions are as follows:

- *Series A Notes*: Red Salud issued in Chile an aggregate principal amount of Ch$21,800 million of its 6.70% Series A notes in its first placement of dematerialized notes. The notes accrue interest at a rate of 6.70% and mature on June 30, 2016.

- *Series C Notes*: Red Salud issued an aggregate principal amount of UF1,000,000 of its 4.14% Series C notes. The notes accrue interest at a rate of 4.14% and mature on June 30, 2032.

(b) The Series A and Series C notes have the following covenants:

- *Financial Debt Limitation*: At each quarter end beginning March 31, 2012, Red Salud's financial debt may not be greater than 2 times its total equity.

- *Net Interest Expense Coverage Ratio*: At each quarter end beginning March 31, 2012, Red Salud must maintain a net interest expense coverage ratio greater than 2.5 times, and starting from March 31, 2013 greater than 3 times, where net interest expense coverage ratio is defined as the ratio between Red Salud's earnings before interest, tax, depreciation and amortization (EBITDA) for the last twelve months and its net interest expense for the last twelve months. Red Salud will be deemed to be in violation of this covenant if its net interest expense coverage ratio falls below the required levels for two consecutive quarters.

- *Assets Free of Liens*: Red Salud must hold assets free of liens in an amount of at least 1.3 times the outstanding amount of its total unsecured financial debt.

(c) Via public deed entered into on January 31, 2012 at the notarial office of Mr. Iván Torrealba A., the directors of ASESORÍAS ASERMED S.A. recorded evidence that COMPAÑÍA DE SEGUROS DE VIDA CAMARA S.A. held, for more than 10 days, the total shares of that company and therefore, ASERMED was dissolved in conformity with the law, making a block transfer of its assets and liabilities to Vida Cámara, which were recorded in the Vida Cámara's equity at the date of dissolution.

(d) On the 16th April 2012 an Extraordinary Shareholders Meeting was held, at which the following agreements were made:

- The registration of the Company´s shares in the Registro de Valores de la Superintendencia de Valores y Seguros, so they can be the object of a public offering, maintaining the Society's inscription in said registry and keeping it subject to the supervision of the Superintendence.

- The modification of the name of the Company to "Inversiones La Construcción S.A.", also allowing the use of the abbreviations "ILC Inversiones S.A." and "ILC S.A".

(39) Subsequent Events, Continued

- To raise the current number of the Company's shares (37,031,543) representative of current subscribed and paid capital, to 96,282,038 shares of the new emission, through an exchange of 2.6 new shares for every share currently emitted.

- To raise the capital of the Society, from 213,772 million to 310,000 million through the emission of 13,717,962 shares, which will be offered preferentially, once, to the current shareholders, prorated based on the shares each owns on the fifth business day before the respective option.

- To modify the social statutes, adjusting them for the requirements of a Public Limited Company; and to include the possibility foreseen in art. 71-bis of law 18.046.

- To completely and organically replace the social statutes, adopting a new integral text of the same statutes, which will implicate the possibility for the meeting to adopt resolutions and approve norms concerning the name, address, duration and objective of the Society; the social capital and the form and opportunity of its entirety; the norms for shares emitted by the Society; the rights that they confer to the owners and the registry of shareholders; the composition, requirements, duration, replacement, faculty, remuneration and functional regime of the Directorate and its members; the quorum, attributions, functionality, minutes and periods of celebration of General Shareholder Meetings; norms for the regulators of the administration, management, agents, balances, distribution of profits, dividends, minimum amount of profits that should be distributed annually as dividends, dissolution and liquidation of the Society; faculties and functionality of the liquidators; arbitration, norms applicable to the Society and, in general, declarations about any issues directly or indirectly related to the above mentioned concepts, being able to in effect introduce, modify, replace or delete whichever permanent or transitory norm of the social act, adapting it to the legal norms applicable to Public Limited Companies, removing articles of the pact repetitive of legal or regulatory mandates, and introducing or modifying whichever norm of the statute that the meeting deems appropriate.

- To adopt all of the methods deemed necessary in order to materialize and legalize the statutory reform and other agreements adopted; and establish the conditions and modalities for their validity.

(e) On April 17, 2012, through private contracts, Fondo de Inversión Privado ILC acquired 1,550,987 shares of ILC S.A. of the total shares acquired, 1,253,935 shares were purchased from Caja de Compensación de Asignación Familiar de Los Andes and 297,052 Shares from Corporación de Capacitación de la Construcción.

On May 11th, 2012, through a private contract, Fondo de Inversión Privado ILC bought 50,000 shares of ILC S.A from Corporación Deportiva de la Construcción.

On May 22, 2012, by private contract, Fondo de Inversión Privado ILC purchased to Mutual de Seguridad de la Cámara Chilena de la Construcción the amount of 2,663,114 shares of ILC S.A.

With these acquisitions, Fondo de Inversión Privado ILC holds a 11.52% of ILC S.A.

(39) Subsequent Events, Continued

(f) On April 26, 2012, the Ordinary General Shareholders Meeting was carried out, where the following agreements were made:

- The approval of the report, balances, and other financial statements of the period 2011 and the external auditor´s report.
- An agreement to distribute a dividend of $316 per share on May 10, 2012.
- The current Directorate was reelected in its entirety.
- KPMG Auditores Consultores Limitada were elected as the external auditors for the 2012 reporting period.

An Extraordinary Shareholder Meeting was held on the same day, at which the following agreements were made:

(i) They approved the collaboration of the Society in an eventual process to sell part of the shares emitted in this meeting, that they expect to carry out in international markets, directed at qualified investors in these countries, which could implicate:

- Providing information about the Company, giving access to documentation to their controller, lawyers and underwriter banks.
- Registering actions relating to the Company, in the form of certificates, legal opinions or declarations contained in acts and contracts.
- To concur with the contracts that the controller has made with the underwriter banks and/or potentially interested parties, conforming to the usual practices of the international market, to effectively extend declarations and guarantees for this type of transaction, and likewise assume the obligations of indemnity.
- To agree with the controller of the Company the considerations that the Company will receive for the contribution that the meeting agrees.
- Establish the remaining terms and conditions that said contribution would grant.

(ii) Collaborate on whichever other issue is appropriate or necessary to carry out the eventual sale of shares, just as for the awarding of powers deemed necessary for the materialization of the agreements made by the meeting.

(g) On April 30, 2012, the third bidding process for Disability and Survival Insurance (SIS) was held by the six AFPs. 25 fractions for the 7 male fractions and 21 fractions for the 4 female fractions were offered. Vida Cámara did not submit a winning bid and therefore was not awarded any portion of the SIS insurance business for the period from July 1, 2012 to June 30, 2014. The revenue associated with these contracts were ThCh$156,907,252 and ThCh$132,572,171 for the years ended 2011 and 2010, respectively.

(39) Subsequent Events, Continued

(h) On the 25th of May 2012, ILC S.A. will acquire 232,800,000 shares of Red Salud S.A. from Cámara Chilena de la Construcción A.G. The price of the transaction rose to M$ 10,243,200, and the corresponding payment will be made over a period of 30 days. With this acquisition, ILC S.A. raises its share in Red Salud S.A. to 89.99%.

(i) Between December 31, 2011 and the date of issue of these financial statements there have been no other subsequent events which could affect their presentation and/or interpretation.

INVERSIONES LA CONSTRUCCION

Common Shares

Offering Memorandum

J.P. Morgan **BofA Merrill Lynch** **IM Trust**

July 19, 2012