

Morningstar[®] Document ResearchSM

FORM 6-K

MASISA S.A. - MYSZY

Filed: August 29, 2006 (period: June 30, 2006)

Report of foreign issuer rules 13a-16 and 15d-16 of the Securities Exchange Act

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of August, 2006

Masisa S.A.

(Exact name of registrant as specified in its charter)

Masisa S.A.

(Translation of Registrant's name into English)

Av. Apoquindo 3650, Piso 10, Las Condes
Santiago, Chile

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover
Form 20-F or Form 40-F. Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form, the registrant is also thereby
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2 (b): 82-

NEWS RELEASE

For further information contact:

Investor Relations
 (56 2) 350 6038
investor.relations@masisa.com
 Internet: www.masisa.com

Peter Majeski
 i-advize Corporate Communications, Inc.
 (1-212) 406-3690
masisa@i-advize.com

MASISA S.A. REPORTS FINANCIAL RESULTS FOR THE PERIODS ENDED JUNE 30, 2006

Santiago, Chile, August 14, 2006 – MASISA S.A. (NYSE: MYS) (“Masisa” or “the Company”), a leading company in the Latin American forestry and wood products industries, announced its consolidated financial results for the second quarter ended June 30, 2006.

HIGHLIGHTS

- Net sales for the second quarter of 2006 increased by 24.1% over the same quarter of 2005, to US\$218.2 million, driven by higher prices and volumes. Compared to the first quarter of this year, sales increased by 2.7%.
- Gross profit as a percentage of sales fell from 26.6% to 22.1%, compared with the same quarter of 2005, basically due to rising costs. Compared with the first quarter of 2006, costs also increased, however, the operating margin remained flat due to the passing on of higher costs to sale prices.
- Administrative and selling expenses in the second quarter of this year were 13.8% of sales, an important improvement compared to the second quarter of 2005 when this figure was 15.6% of sales.
- Operating income declined by 5.8% with respect to the second quarter of 2005, to US\$18.1 million, due to a smaller sales margin, which was offset by greater cost efficiencies. Compared to the first quarter of 2006, operating income also fell by 5.8% mainly due to higher selling and administrative expenses.
- Net income for the second quarter of 2006 was US\$ 4.1 million, representing a decline of 42.7% compared to the same quarter of 2005, and an increase of approximately 250% with respect to the first quarter of 2006

| | Quarter ended | | | | |
|------------------------------------|---|-----------------|-----------------|-----------------|-----------------|
| | Jun 30, 2005 | Sep 30, 2005 | Dec 31, 2005 | Mar 31, 2006 | Jun 30, 2006 |
| | (in millions of US\$, except per share figures and percentages) | | | | |
| Net Sales | 175.9 | 195.9 | 194.1 | 212.6 | 218.2 |
| Gross Profit | 46.8 | 51.4 | 44.8 | 47.3 | 48.2 |
| % of sales (2) | 26.6% | 26.2% | 23.1% | 22.3% | 22.1% |
| S.G.& A. | (27.5) | (29.0) | (33.0) | (28.1) | (30.1) |
| % of sales (2) | -15.6% | -14.8% | -17.0% | -13.2% | -13.8% |
| Operating Income | 19.3 | 22.4 | 11.8 | 19.3 | 18.1 |
| Net Income | 7.1 | 6.1 | (1.3) | 1.2 | 4.1 |
| Earnings per Share (US\$) | 0.0014 | 0.0012 | -0.0002 | 0.0002 | 0.0007 |
| Earnings per ADS (US\$) (1) | 0.07 | 0.06 | -0.01 | 0.01 | 0.04 |
| Change (3) | | | | | |
| Net Income | — | 11.4% | -1.0% | 9.5% | 2.7% |
| Gross Profit Margin | — | 10.0% | -12.9% | 5.7% | 1.8% |
| Operating income | — | 16.5% | -47.3% | 62.9% | -5.8% |
| Net Income | — | -13.7% | -121.6% | -188.1% | 249.8% |
| Earnings per Share | — | -13.7% | -119.9% | -184.5% | 250.0% |

(1): An ADS is equal to 50 common shares.

(2): As % of Net Income for the quarter.

(3): Compared to the previous quarter.

Due to rounding, numbers may not add up.

Sales

Company sales in the second quarter of 2006 amounted to US\$218.2 million, representing a 2.7% increase over the first quarter of 2006.

The main factors in the second quarter's sales were:

- Sales of MDF boards remained at similar levels, but the effects of prices and volumes moved in opposing directions. The prices of MDF boards increased 5.6% in our principal markets, while MDF board sales volume fell 5.5%, mainly due to weak volumes in Brazil.
- Sales of MDF mouldings increased 37.3%, mainly in the U.S., where volume increased 27.7% and prices increased 7.5%.
- Sales of finger-joint mouldings increased 6.2%, mainly due to a 12.1% rise in prices in the U.S market, which was partially offset by a 5.2% decline in sales volume in the U.S. market.
- Sales of OSB boards fell by 23.4% due to the volume reductions of 38.0% in the U.S, which experienced unusually high sales in the first quarter as well as a plant stoppage in Brazil, in June 2006.

Operating Income

Operating income in the second quarter of 2006 was US\$18.1 million, representing a 5.8% decline compared to the first quarter of 2006.

The principal outstanding factors in the second quarter's operating income were:

- Increases in the production costs of knot-free boards of approximately 5% because of rises in chemical and wood prices, which represent 35.2% and 23.2%, respectively, of the total cost of boards.
 - Operating margin of mouldings improved due to higher prices (7.5% increase for MDF mouldings and 12.1% for finger-joint mouldings).
 - Administrative and selling expenses reached 13.8% of sales, slightly higher than the previous quarter, mainly because of extraordinary expenses during this period.
-

Sales

Company sales in the second quarter of 2006 were 24.1% higher than in the same quarter of 2005.

The main factors affecting the increase sales during the second quarter were:

- Increased sales of MDF boards of 24.1% due to a 6.8% rise in prices and a 16.1% increase in volumes.
- Increased sales of particle boards of 18.9%, due to a 12.6% rise in price and a 5.6% increase in volumes.
- Increased sales of MDF boards of 54.6% in the United States, due to a 62.2% rise in volumes and a 4.7% decline in prices in that market.
- Sales of OSB boards fell by 12.8% due to a 35.2% reduction in volume in the United States, partially offset by a 4.8% price increase over the same quarter of 2005.
- Sales of forestry logs rose by 79.2%, driven by a 55.8% rise in prices and 15% in volume, principally in Chile.

Operating Income

Operating income in the second quarter of 2006 was US\$18.1 million, 5.8% lower than that of the same quarter of 2005.

The main factors affecting operating income during the second quarter were:

- A 12.5% increase in the cost of board production, mainly due to a rise the price of chemicals and wood, which represent 35.2% and 23.2%, respectively, of total board costs.
 - Increase of 10.3% in the cost for the production of solid wood products, mainly due to higher labor costs and third-party services, due to the appreciation of the Brazilian real and the Chilean peso.
 - Administrative and selling expenses fell from 15.6% to 13.8% of sales.
 - Price increases and expense reductions were not enough to offset the higher costs during the period.
-

FINANCIAL SUMMARY

Second Quarter ended June 30, 2006:

The table below shows the main consolidated financial figures of the Company during the quarter and the percentage change year-over-year.

| | Quarter ended | | |
|-------------------------------------|-----------------------|-----------------|-------------|
| | Jun 30, 2006 | Jun 30, 2005 | Change % |
| | (in millions of US\$) | | |
| Net Sales | 218.2 | 175.9 | 24.1% |
| Gross Profit | 48.2 | 46.8 | 3.1% |
| Selling and Administrative Expenses | (30.1) | (27.5) | 9.3% |
| Operating Income | 18.1 | 19.3 | -5.8% |
| Net Income | 4.1 | 7.1 | -42.7% |
| Depreciation | - | - | |
| Amortization | 12.9 | 12.5 | 3.0% |
| Depletion | - | | |
| Earnings per Share (US\$) | 4.2 | 5.6 | -25.3% |
| Earnings per Share (US\$) | 0.0007 | 0.0014 | -49.1% |
| Earnings per ADS (US\$) (1) | 0.04 | 0.07 | -49.1% |

(1) One ADS is equivalent to 50 common shares. Masisa (formerly Terranova) ADSs began to trade on August 5th, 2005.

Due to rounding, numbers may not add up.

Six Months ended June 30, 2006:

The table below shows the main consolidated financial figures of the Company during the first half of 2006 and the percentage change year-over-year.

| | Six Months ended | | |
|-------------------------------------|-----------------------|-----------------|-------------|
| | Jun 30, 2006 | Jun 30, 2005 | Change % |
| | (in millones of US\$) | | |
| Net Sales | 430.8 | 354.0 | 21.7% |
| Gross Profit | 95.6 | 98.3 | -2.8% |
| Selling and Administrative Expenses | (58.1) | (50.7) | 14.8% |
| Operating Income | 37.4 | 47.6 | -21.4% |
| Net Income | 5.2 | 21.6 | -75.6% |
| Depreciation | - | | |
| Amortization | 25.6 | 25.2 | 1.7% |
| Depletion | - | | |
| Earnings per Share (US\$) | 10.5 | 11.7 | -10.7% |
| Earnings per Share (US\$) | 0.001 | 0.004 | -78.4% |
| Earnings per ADS (US\$) (1) | 0.05 | 0.21 | -78.4% |

(1) One ADS is equivalent to 50 common shares. Masisa (formerly Terranova) ADSs began to trade on August 5th, 2005.

Due to rounding, numbers may not add up.

Geographic Segment Information:

The table below describes the main Company segments, by origin of sales for the indicated periods.

| | Quarter ended | | Six Months ended | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Jun 30, 2006 | Jun 30, 2005 | Jun 30, 2006 | Jun 30, 2005 |
| | (in millions of US\$) | | (in millions of US\$) | |
| Net Sales | | | | |
| Chile | 79.6 | 58.0 | 153.2 | 111.8 |
| Brazil | 43.4 | 42.7 | 93.6 | 80.1 |
| Venezuela | 30.7 | 24.6 | 57.4 | 50.7 |
| Mexico | 28.5 | 25.1 | 59.0 | 56.2 |
| USA | 55.3 | 45.7 | 106.6 | 86.8 |
| Argentina | 30.6 | 24.9 | 58.5 | 48.6 |
| Others (1) | (49.9) | (45.2) | (97.4) | (80.1) |
| Total | 218.2 | 175.9 | 430.8 | 354.0 |
| Gross Profit | | | | |
| Chile | 16.8 | 14.1 | 30.6 | 28.8 |
| Brazil | 8.4 | 10.9 | 18.7 | 20.6 |
| Venezuela | 6.8 | 5.3 | 11.4 | 10.8 |
| Mexico | 3.3 | 4.5 | 7.6 | 9.8 |
| USA | 5.0 | 3.0 | 8.4 | 6.5 |
| Argentina | 8.4 | 6.0 | 15.7 | 12.2 |
| Others (1) | (0.6) | 2.9 | 3.1 | 9.5 |
| Total | 48.2 | 46.8 | 95.6 | 98.3 |
| Operating Income | | | | |
| Chile | 5.9 | 4.8 | 10.0 | 12.4 |
| Brazil | 4.6 | 7.1 | 10.8 | 13.6 |
| Venezuela | 2.4 | 1.8 | 2.6 | 3.8 |
| Mexico | (0.2) | 1.1 | 1.3 | 3.5 |
| USA | 1.5 | (0.2) | 1.4 | 0.8 |
| Argentina | 5.9 | 3.6 | 10.9 | 7.6 |
| Others (1) | (1.9) | 1.0 | 0.3 | 5.9 |
| Total | 18.1 | 19.2 | 37.4 | 47.6 |
| Depreciation + Amortization + Depletion (2) | | | | |
| Chile | 5.3 | 5.9 | 12.4 | 12.7 |
| Brazil | 4.4 | 4.8 | 9.4 | 9.7 |
| Venezuela | 4.7 | 3.7 | 8.5 | 7.8 |
| Mexico | 0.2 | 0.5 | 0.8 | 0.8 |
| USA | 0.1 | 0.2 | 0.3 | 0.4 |
| Argentina | 2.3 | 2.5 | 4.7 | 5.1 |
| Others (1) | 0.1 | 0.2 | 0.1 | 0.2 |
| Total | 17.1 | 17.8 | 36.1 | 36.6 |

(1): Includes Colombia, Peru, Ecuador and inter-company sales adjustments.

(2): Depletion, or stumpage, or consumption of own raw materials.

Due to rounding, numbers may not add up.

Product Segment Information:

The table below shows the Company's consolidated sales by type of product for the indicated periods:

| | Quarter ended | | Six Months ended | |
|-------------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | Jun 30, 2006 | Jun 30, 2005 | Jun 30, 2006 | Jun 30, 2005 |
| | (in millions of US\$) | | (in millions of US\$) | |
| MDF | 72.8 | 58.7 | 145.8 | 120.6 |
| Particle Boards | 45.0 | 37.9 | 89.7 | 72.2 |
| Finger-joint Mouldings | 23.3 | 20.0 | 45.3 | 40.4 |
| Sawn Wood | 20.4 | 16.5 | 39.3 | 32.3 |
| MDF Mouldings | 18.7 | 12.1 | 32.3 | 20.7 |
| OSB | 12.7 | 14.5 | 29.2 | 25.8 |
| Logs | 10.9 | 6.1 | 21.6 | 14.9 |
| Solid Wood Doors | 9.5 | 8.2 | 18.6 | 17.9 |
| Other products | 4.8 | 1.8 | 9.0 | 9.2 |
| Total | 218.2 | 175.9 | 430.8 | 354.0 |

Due to rounding, numbers may not add up.

The following table details the Company's sales volume in cubic meters sold, by product type and related to consolidated sales for the indicated periods:

| | Quarter ended | | Six Months ended | |
|-------------------------------|--------------------------------|-----------------|--------------------------------|-----------------|
| | Jun 30, 2006 | Jun 30, 2005 | Jun 30, 2006 | Jun 30, 2005 |
| | (thousands of m ³) | | (thousands of m ³) | |
| MDF | 231.6 | 199.4 | 476.7 | 423.3 |
| Particle Boards | 190.4 | 180.2 | 380.7 | 343.3 |
| Finger-joint Mouldings | 47.2 | 41.3 | 96.9 | 80.1 |
| Sawn Wood | 98.2 | 82.3 | 191.0 | 162.1 |
| MDF Mouldings | 46.5 | 28.6 | 82.9 | 47.0 |
| OSB | 55.7 | 66.5 | 127.9 | 119.8 |
| Logs | 357.1 | 310.5 | 739.3 | 733.8 |
| Solid Wood Doors | 10.3 | 8.6 | 20.5 | 18.6 |
| Total | 1,037.0 | 917.5 | 2,115.8 | 1,928.0 |

Due to rounding, numbers may not add up.

Detail of Sales and Markets:

The table below shows the percentage distribution of consolidated sales by destination market, for the indicated periods.

| | Quarter ended | | Six Months ended | |
|---------------|-----------------|-----------------|------------------|-----------------|
| | Jun 30, 2006 | Jun 30, 2005 | Jun 30, 2006 | Jun 30, 2005 |
| United States | 28.6% | 28.7% | 27.8% | 27.6% |
| Chile | 17.1% | 14.9% | 17.4% | 15.7% |
| Brazil | 14.8% | 14.2% | 15.6% | 13.7% |
| Mexico | 12.9% | 14.7% | 13.6% | 15.7% |
| Venezuela | 9.4% | 8.9% | 8.7% | 8.7% |
| Argentina | 7.7% | 7.9% | 7.3% | 7.3% |
| Others | 9.5% | 10.8% | 9.6% | 11.5% |

Due to rounding, numbers may not add up.

Detail of Production Costs:

The table below shows the percentage distribution of the average consolidated production costs for naked particle boards, MDF and OSB for the indicated periods.

| | Quarter ended | | Six Months ended | |
|--------------|-----------------|-----------------|------------------|-----------------|
| | Jun 30, 2006 | Jun 30, 2005 | Jun 30, 2006 | Jun 30, 2005 |
| Chemicals | 35.2% | 37.3% | 35.5% | 38.1% |
| Wood | 23.2% | 22.0% | 23.2% | 21.9% |
| Depreciation | 10.7% | 11.3% | 10.7% | 11.7% |
| Energy | 8.6% | 8.3% | 8.5% | 8.0% |
| Personnel | 8.0% | 6.8% | 7.8% | 6.6% |
| Others | 14.4% | 14.3% | 14.2% | 13.7% |

Due to rounding, numbers may not add up.

The table below shows the percentage distribution of the average consolidated production costs for doors, finger-joint mouldings and sawn wood for the indicated periods.

| | Quarter ended | | Six Months ended | |
|------------------------|-----------------|-----------------|------------------|-----------------|
| | Jun 30, 2006 | Jun 30, 2005 | Jun 30, 2006 | Jun 30, 2005 |
| Wood | 32.3% | 40.1% | 35.1% | 40.0% |
| Personnel | 24.7% | 18.9% | 23.9% | 18.6% |
| Services | 14.2% | 12.5% | 13.6% | 12.5% |
| Materials and Supplies | 10.1% | 10.4% | 9.6% | 9.9% |
| Depreciation | 7.5% | 8.4% | 7.5% | 8.8% |
| Energy | 3.4% | 3.1% | 3.3% | 3.3% |
| Others | 7.7% | 6.6% | 7.0% | 6.8% |

Due to rounding, numbers may not add up.

MASISA S.A. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

| | Six Months ended | |
|--|---------------------|------------------|
| | June 30, 2006 | June 30, 2005 |
| INCOME STATEMENT | (in US\$ thousands) | |
| GROSS MARGIN | 95,550 | 98,288 |
| Operating income | 430,809 | 353,992 |
| Operating costs (less) | -335,259 | -255,704 |
| Selling and administrative expenses (less) | -58,132 | -50,658 |
| OPERATING RESULT | 37,418 | 47,630 |
| Financial income | 2,909 | 1,735 |
| Net income on investments in related companies | 349 | 494 |
| Other non operating income | 1,790 | 2,282 |
| Loss on investments in related companies (less) | 0 | 0 |
| Amortization of goodwill (less) | -42 | -396 |
| Financial expenses (less) | -19,062 | -18,651 |
| Other non/operating expenses (less) | -5,301 | -2,997 |
| Price/level restatements | 0 | 0 |
| Exchange differences | -5,810 | -2,705 |
| NON-OPERATING RESULT | -25,162 | -20,238 |
| Result before income taxes and extraordinary items | 14,524 | 29,054 |
| Income taxes | -14,992 | -8,871 |
| Extraordinary items | 0 | 0 |
| Net income (loss) before minority interests | -468 | 20,183 |
| Minority interests | 5,717 | 1,367 |
| Amortization negative goodwill | 2,273 | 1,662 |
| NET INCOME (LOSS) FOR THE PERIOD | 5,249 | 21,550 |

Due to rounding, numbers may not add up.

MASISA S.A. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

| CONSOLIDATED BALANCE SHEET | Six Months ended | |
|--|---------------------|------------------|
| | June 30, 2006 | June 30, 2005 |
| | (in US\$ thousands) | |
| ASSETS | | |
| CURRENTS ASSETS: | | |
| Cash and Banks | 16,660 | 13,900 |
| Time deposits | 60,690 | 16,643 |
| Marketable securities (net) | 0 | 674 |
| Accounts receivable (net) | 126,970 | 112,297 |
| Notes receivable (net) | 11,232 | 10,097 |
| Sundry debtors | 23,410 | 34,767 |
| Notes and accounts receivable from related companies | 9,047 | 6,376 |
| Inventories (net) | 198,943 | 211,097 |
| Recoverable taxes | 45,902 | 46,924 |
| Prepaid expenses | 11,739 | 11,473 |
| Deferred taxes | 2,892 | 2,675 |
| Other current assets | 414 | 6,292 |
| Total Current Assets | 507,899 | 473,215 |
| FIXED ASSETS: | | |
| Lands | 132,755 | 124,684 |
| Buildings and infrastructure | 211,084 | 208,783 |
| Machinery and equipment | 838,309 | 835,149 |
| Other fixed assets | 677,942 | 596,868 |
| Goodwill from technical reappraisal of fixed asset | 7,390 | 7,390 |
| Depreciation (less) | -399,320 | -356,267 |
| Total Fixed Assets | 1,468,160 | 1,416,607 |
| OTHER ASSETS: | | |
| Investments in related companies | 4,409 | 3,834 |
| Investments in other companies | 205 | 199 |
| Goodwill | 1,207 | 1,645 |
| Negative goodwill (less) | -60,508 | -43,296 |
| Long term debtors | 4,837 | 5,255 |
| Long term notes and receivables from related companies | 0 | 0 |
| Long term deferred taxes | 0 | 0 |
| Intangible assets | 53 | 138 |
| Amortization (less) | -21 | -35 |
| Others | 26,769 | 30,325 |
| Total Other Assets | -23,049 | -1,935 |
| TOTAL ASSETS | 1,953,010 | 1,887,887 |

MASISA S.A. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

| CONSOLIDATED BALANCE SHEET | Six Months ended | |
|---|---------------------|------------------|
| | June 30, 2006 | June 30, 2005 |
| | (in US\$ thousands) | |
| LIABILITIES | | |
| CURRENT LIABILITIES: | | |
| Short term obligations to banks and financial institutions | 73,426 | 101,390 |
| Short term portion of long term obligations to banks and financial institutions | 51,622 | 73,250 |
| Obligations to the public -short-term portion (bonds) | 30,096 | 47,433 |
| Long term obligations due within one year | 0 | 271 |
| Dividends payable | 503 | 297 |
| Accounts payable | 52,469 | 62,632 |
| Notes payable | 727 | 484 |
| Sundry creditors | 2,540 | 2,007 |
| Notes and accounts payable to related companies | 6,500 | 2,913 |
| Provisions | 23,048 | 16,915 |
| Withholdings | 15,455 | 11,981 |
| Income tax | 5,004 | 4,298 |
| Revenue received in advance | 187 | 1,260 |
| Other current liabilities | 26 | 13 |
| Total Current Liabilities | 261,603 | 325,144 |
| LONG-TERM LIABILITIES: | | |
| Obligations to banks and financial institutions | 202,253 | 156,102 |
| Long term obligations to the Public (bonds) | 277,645 | 257,240 |
| Long term sundry creditors | 184 | 299 |
| Long term Provisions | 1,425 | 640 |
| Long term Deferred taxes | 46,599 | 41,278 |
| Other long term liabilities | 18,568 | 19,204 |
| Total Long-Term Liabilities | 546,674 | 474,763 |
| MINORITY INTEREST: | 19,419 | 99,018 |
| SHAREHOLDERS' EQUITY: | | |
| Paid/up capital stock | 812,880 | 696,481 |
| Capital revaluation reserve | 0 | 0 |
| Overcharge in company share sales | 0 | 0 |
| Other reserves | 182,689 | 159,379 |
| Retained Earnings | 129,745 | 133,102 |
| Reserves future dividends | 51,424 | 51,424 |
| Accumulated profits | 73,072 | 60,128 |
| Accumulated losses (less) | 0 | 0 |
| Net income (loss) for the period | 5,249 | 21,550 |
| Interim dividends (less) | 0 | 0 |
| Accumulated deficit for development period | 0 | 0 |
| Total Shareholders' Equity | 1,125,314 | 988,962 |
| TOTAL LIABILITIES | 1,953,010 | 1,887,887 |

MASISA S.A. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

| | Six Months ended | |
|---|------------------|------------------|
| | June 30, 2006 | June 30, 2005 |
| (in US\$ thousands) | | |
| CONSOLIDATED STATEMENT OF CASH FLOW – DIRECT | | |
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Collection of accounts receivable | 535,715 | 426,363 |
| Financial income received | 6,085 | 3,960 |
| Dividends and other distributions received | 0 | 0 |
| Other income received | 13,473 | 13,158 |
| Payments of suppliers and personnel (less) | -454,861 | -373,638 |
| Interest paid (less) | -29,649 | -16,317 |
| Income tax paid (less) | -7,110 | -5,735 |
| Other expenses paid (less) | -2,755 | -2,162 |
| V.A.T. and similar paid (less) | -7,708 | -8,185 |
| Net Cash Flow from Operating Activities | 53,190 | 37,444 |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Placement of shares | 44,012 | 0 |
| Loans drawn | 208,078 | 69,312 |
| Bonds | 162,965 | 0 |
| Documented loans from related companies | 0 | 0 |
| Other loans from related companies | 0 | 0 |
| Other financing sources | 0 | 0 |
| Dividends paid (less) | -11,491 | -52,111 |
| Distribution of capital (less) | 0 | 0 |
| Loans repaid (less) | -228,435 | -34,934 |
| Bonds paid (less) | -169,605 | -9,000 |
| Repayment of documented loans from related companies (less) | 0 | 0 |
| Repayment of other loan form related companies (less) | 0 | 0 |
| Stock issuance and placement expenses (less) | -852 | 0 |
| Bond issuance and placement expenses (less) | 0 | 0 |
| Other financing disbursements (less) | 0 | -6 |
| Cash Flow from Financing Activities | 4,672 | -26,739 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Sales of fixed assets | 1,588 | 1,062 |
| Sales of permanent investments | 0 | 0 |
| Sales of other investments | 212 | 0 |
| Collection of documented loans to related companies | 0 | 0 |
| Collection of other loans to related companies | 0 | 1,622 |
| Other investment income | 0 | 0 |
| Acquisition of fixed assets (less) | -54,463 | -31,561 |
| Interest capitalized repaid (less) | -1,172 | -2,744 |
| Permanent investments (less) | -24,340 | 0 |
| Investments in financial instruments (less) | -204 | -2 |
| Documented loans to related companies (less) | 0 | 0 |
| Other loans to related companies (less) | 0 | 0 |
| Other investment disbursements (less) | 0 | -5,017 |
| Net Cash Flow from Investing Activities | -78,379 | -36,640 |
| NET TOTAL CASH FLOW FOR THE PERIOD: | -20,517 | -25,935 |
| Effect of inflation on cash and cash equivalents | 10 | -8 |
| Net variation in cash and cash equivalents | -20,507 | -25,943 |
| Initial balance of cash and cash equivalents | 97,857 | 58,530 |
| FINAL BALANCE OF CASH AND CASH EQUIVALENTS | 77,350 | 32,587 |

MASISA S.A. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

| | Six Months ended | |
|---|------------------|------------------|
| | June 30, 2006 | June 30, 2005 |
| (in US\$ thousands) | | |
| CASH FLOW TO NET INCOME RECONCILIATION | | |
| NET INCOME (LOSS) FOR THE PERIOD | 5,249 | 21,550 |
| Results on sales of assets: | | |
| (Profit) loss on sales of fixed assets | -43 | -863 |
| Profit on sales of investments (less) | 0 | 0 |
| Loss on sales of investments | 0 | 0 |
| (Profit) loss on sales of other assets | 0 | 0 |
| Results on Sales of Assets: | -43 | -863 |
| CHARGES (CREDITS) TO INCOME NOT AFFECTING CASH FLOW: | | |
| Depreciation for the period | 25,408 | 24,793 |
| Amortization of intangible assets | 227 | 407 |
| Write-offs and provisions | 935 | 7,256 |
| Income from investment in related companies (less) | -349 | -494 |
| Loss from investment in related companies | 0 | 0 |
| Amortization of goodwill | 42 | 396 |
| Amortization of negative goodwill (less) | -2,273 | -1,662 |
| Net price-level restatements | 0 | 0 |
| Net foreign exchange difference | 5,810 | 2,705 |
| Other credit to income not affecting cash flow (less) | -57 | -276 |
| Other charges to income not affecting cash flow | 11,405 | 12,318 |
| Charges (Credits) to Income Not Affecting Cash Flow: | 41,148 | 45,443 |
| CHANGES IN ASSETS AFFECTING CASH FLOW: | | |
| Accounts receivable | -12,688 | -9,198 |
| Inventories | 12,469 | -12,446 |
| Other assets | -2,077 | -9,828 |
| Changes in Assets Affecting Cash Flow (increases) decreases | -2,296 | -31,472 |
| CHANGES IN LIABILITIES AFFECTING CASH FLOW: | | |
| Accounts payable related to operating income | 5,505 | 2,312 |
| Interest payable | 8,176 | 4,001 |
| Net income taxes payable | -4,138 | -5,792 |
| Other accounts payable related to non/operating income | 3,764 | 1,072 |
| Net value added tax and similar payable | 1,542 | 2,560 |
| Changes in liabilities affecting cash flow (increases) decreases | 14,849 | 4,153 |
| Profit (loss) of minority interest | -5,717 | -1,367 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 53,190 | 37,444 |

Forward-Looking Information

This news release may contain forward-looking statements. Forward-looking statements are statements other than statements of historical facts or current condition, and include without limitation management's current view and estimates of future circumstances, industry conditions and company performance. Some forward-looking statements may be identified by our use of the terms "may", "should", "anticipates", "believes", "estimates", "expects", "plans", "intends", "projects", and similar expressions. Statements regarding future market share, projected future competitive strength, the implementation of relevant operating and financing strategies, the direction of future operations, and the factors or trends affecting financial condition, liquidity, or operating results are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions and operating factors. Any changes in such assumptions or factors could cause the actual results of Masisa, and the planned actions of the company, to differ materially from current expectations.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 29, 2006

Masisa S.A.

By:

/s/ Patricio Reyes

Patricio Reyes

General Counsel

Created by Morningstar® Document ResearchSM
<http://documentresearch.morningstar.com>