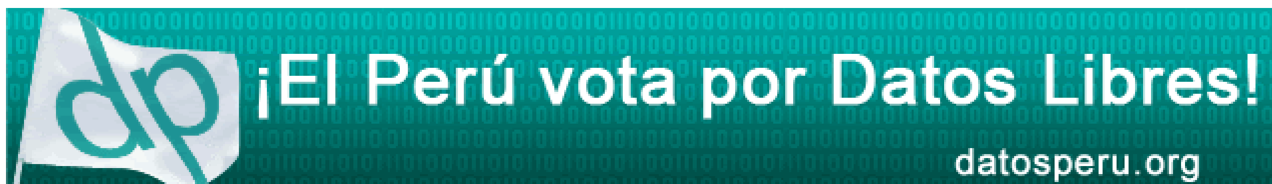
Tetra Pak S.A.

Financial statements as of December 31, 2014 and 2013 together with the Independent Auditors' Report



PROPÓSITO El Portal de data abierta de Datos Perú, fue creado para promover la transparencia, servir de fuente de datos al periodismo de investigación y para facilitar negocios nacionales e internacionales. El portal ofrece información relativa a empresas, marcas registradas, normas y leyes peruanas así como datos de comercio exterior en detalle. Lanzado en 2011, este portal es una iniciativa de los que éramos un grupo de estudiantes peruanos en el extranjero. Este portal fue multado de manera notoria en el 2014 por la Autoridad Nacional de Protección de Datos Personales en un asombroso despliegue de pobre interpretación de la legislación en esa materia. Esta mala interpretación así como un afán de figuración y un notorio abuso de poder tuvieron como consecuencia el cierre temporal de este portal. Al momento de escribir estas líneas, Datos Perú no tiene otros ingresos que los que sus promotores aportan y estamos a la espera que se pueda reactivar nuestro canal de ingresos publicitarios. La creación de este site ha demandado miles de horas de trabajo desinteresado por parte de sus fundadores e impulsores. Este grupo declara aquí su compromiso a: Aumentar la disponibilidad de información sobre las actividades gubernamentales Apoyar la participación ciudadana Fomentar un gobierno y un sector privado responsables Fomentar los negocios y la prosperidad Apoyar la lucha contra la corrupción Aumentar el acceso a las nuevas tecnologías para la apertura y la rendición de cuentas Combatir los intentos de cualquier gobierno a limitar el acceso a la información pública Combatir los intentos de cualquier gobierno a vigilarnos

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Tetra Pak S.A.

Financial statements as of December 31, 2014 and 2013 together with the Independent Auditors' Report

Contents

Independent Auditors' Report

Financial Statements

Statement of financial position
Statement of comprehensive income
Statement of changes in shareholders' equity
Statement of cash flows
Notes to the financial statements

Building a better working world

Paredes, Zaldívar, Burga & Asociados
Sociedad Civil de Responsabilidad Limitada

Independent Auditors' Report

To the Shareholders of **Tetra Pak S.A.**

We have audited the accompanying financial statements of **Tetra Pak S.A.** (a Peruvian company, subsidiary of Tetra Laval Holding & Finance S.A., domiciled in Switzerland), which comprise the statement of financial position, as of December 31, 2014 and 2013, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory notes (included in notes 1 to 22 enclosed).

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with International Auditing Standards approved for its application in Peru by the Peruvian Board of Public Accountants Associations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors´ judgment, including the assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statement.

Datos Perú - Cosapi S

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Independent Auditors' Report (continue)

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

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of Tetra Pak S.A. as of December 31, 2014 and 2013, and its financial performance and cash flows for the years ended December 31, 2014 and 2013, in accordance with International Financial Reporting Standards (IFRS).

Other aspects

As it is explained in note 1 to the financial statements, the Company has a deficit of approximately US$5,345,000; as it has loose more than two thirds of its net equity, in accordance with the Peruvian General Incorporation Law, the Company has a dissolution causal and has an irregular condition; the Company should reduce its deficit through new capital contribution. The accompanying financial statements have been prepared as the Company continues its operations, no adjustments due to going concerns issues have been recorded because the Company has the financial support of its Parent Company to comply with its financial obligations and continuing its operations.

Lima, Peru
February 28, 2015

Countersigned by:

Paredes, Zaldívar, Burga & Asociados

Mireille Silva
C.P.C.C. Matrícula No. 18381

Tetra Pak S.A.

Statement of financial position

As of December 31, 2014 and 2013

	Note	2014 US$(000)	2013 US$(000)
Assets			
Current assets			
Cash and cash equivalents	3	1,772	1,282
Accounts receivable, net	4	29,376	25,889
Accounts receivable from related parties	18(b)	1,267	4,542
Inventories, net	5	5,760	8,737
Prepaid expenses and taxes	6	5,450	4,080
Other receivable		103	927
Total current assets		43,728	45,457
Long-term accounts receivable from third parties	4(c)	28	136
Vehicles and equipment, net	7	1,021	828
Deferred tax assets, net	17(a)	1,003	1,745
Total assets		45,780	48,166
Liabilities and shareholders' equity			
Current liabilities			
Trade accounts payable	8	2,228	2,165
Accounts payable to related parties	18(b)	5,779	8,123
Financial obligations	10	41,993	41,293
Other accounts payable	9	628	773
		50,628	52,354
Deferred revenue		497	706
Total liabilities		51,125	53,060
Shareholders' net equity			
Capital stock	11	1,837	1,837
Legal reserve		44	44
Accumulated losses		(7,226)	(6,775)
Total shareholders' (deficit), net equity		(5,345)	(4,894)
Total liabilities and shareholders' equity		45,780	48,166

The accompanying notes are an integral part of these statement of financial position.

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Tetra Pak S.A.

Statement of comprehensive income

For the years ended December 31, 2014 and 2013

	Note	2014 US$(000)	2013 US$(000)
Income			
Gross sales of products and services, net of discounts	12	58,870	58,331
Cost of sales and services	13	(48,880)	(50,056)
Gross margin		9,990	8,275
Selling expenses	14	(2,619)	(3,257)
Administrative expenses	15	(6,733)	(6,857)
Others		1,280	(358)
Operating margin		1,918	(2,197)
Other expense (income)			
Financial income		1,708	1,697
Financial expenses		(1,065)	(946)
Exchange difference, net	20(c)	(1,740)	(1,199)
Expense before income tax		821	(2,645)
Income tax	17(b)	(1,272)	1,560
Net loss		(451)	(1,085)
Other comprehensive income		-	-
Net loss		(451)	(1,085)

The accompanying notes are an integral part of these financial statements.

Tetra Pak S.A.

Statement of changes in shareholders' equity

For the years ended December 31, 2014 and 2013

	Capital stock US$(000)	Legal Reserve US$(000)	Accumulated losses US$(000)	Total US$(000)
Balance as of January 1, 2013	1,837	44	(5,690)	(3,809)
Net loss	-	-	(1,085)	(1,085)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,085)	(1,085)
Balance as of December 31, 2013	1,837	44	(6,775)	(4,894)
Net loss	-	-	(451)	(451)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(451)	(451)
Balance as of December 31, 2014	1,837	44	(7,226)	(5,345)

The accompanying notes are an integral part of these financial statements.

Datos Perú - Cosapi S

Tetra Pak S.A.

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

	2014 US$(000)	2013 US$(000)
Operating activities		
Collections from customers	62,795	54,419
Payments to suppliers of goods and services	(53,575)	(54,232)
Payments of salaries and social benefits to employees	(6,073)	(7,092)
Payment of income tax	(1,392)	(2,154)
Payment of interest from bank loans	(538)	(640)
Payment of other taxes	(177)	(1,165)
Other collections (payments) related to the activity	(684)	405
Net cash provided from (used in) operating activities	356	(10,459)
Investing activities		
Purchase of vehicles and equipment	(565)	(269)
Net cash used in investing activities	(565)	(269)
Financing activities		
Proceeds from bank loans, net	699	11,000
Net cash provided by financing activities	699	11,000
Net increase of cash	490	272
Cash at the beginning of the year	1,282	1,010
Cash at year-end	1,772	1,282

The accompanying notes are an integral part of these financial statements.

1. Identification and business activity

Tetra Pak S.A. (hereinafter "the Company") is a Peruvian company, incorporated in Lima in 1997, subsidiary of Tetra Laval Holding & Finance S.A., a company domiciled in Switzerland, which holds an interest of 99.99 percent of the Company's capital stock; the Company performs significant purchases transactions with its affiliates, see Note 18. The Company's legal address is Av. Víctor A. Belaúnde 147, Centro Empresarial, Edificio Real Seis, Of. 403, Lima 27, Perú.

The Company's main activity is the trading of packing material, equipment, parts and components, accessories, spare parts and, in general basis, all kinds of items and services related to the food processing, packaging and distribution industry, also provides technical assistance, installation, maintenance and engineering services, as well as training of customers' personnel and any other service related to the aforementioned industry.

The Company has the financial support of its Parent Company in order to comply opportunely with the payments of its liabilities and continue its operations. As of December 31, 2014, the Company has a deficit by approximately US$ 5,345,000; as it has lose more than two thirds of its net equity, in accordance with numeral 4 of article 407 of the Peruvian General Incorporations Law, the Company has a dissolution causal, and in accordance with numeral 6 of article 423 of the same law, as the Company continues its operations it has an irregular condition which means the Company has to reduce its deficits through new capital contribution, furthermore in accordance with article 230 of the same Law, the entities in irregular situation with accumulated losses are forbidden distributing and paying dividends. In order to overcome this situation, the Management of the Company has taken the following actions:

(a) Reinforce Tetra Pak's brand and promote its quality through advertisement campaigns;

(b) Consolidate business relations with its customers, while trying to bring new ones thought better financing conditions, marketing support and development of new products;

(c) Renew bank loans conditions;

(d) Launching new products.

The Company's financial statements as of December 31, 2014 and 2013, were approved by Company's Management and in its opinion they will be approved without modifications by the General Shareholders' Meeting, within the terms established by law.

Datos Perú - Cosapi S

2. Basis of presentation and preparation, accounting principles and practices.

2.1 Basis of preparation -

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), issued by the International Accounting Standards Board (hereinafter "IASB").

The accompanying financial statements have been prepared on a historical cost basis, from the accounting records kept by the Company. The financial statements are stated in U.S. Dollars (functional and presentation currency) except when otherwise indicated.

The adopted accounting policies are consistent with those applied in previous years, except for the new IFRS and revised IAS norms that are mandatory for periods beginning on or after January 1, 2014, but which the Company has already adopted. However, due to the structure of the Company and the nature of its operations, adoption of these standards had no significant effect on its financial position and results; therefore it was not necessary to modify the comparative financial statements of the Company. These new and amended IFRS and IAS's are described below:

- IAS 32 "Offsetting Financial Assets and Financial Liabilities" (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. Furthermore, this amendment clarifies that in order to offset two or more financial instruments, entities must currently have a right of set-off that cannot be contingent on a future event, and must be legally enforceable in all of the following circumstances: (i) the normal course of business; (ii) an event of default; and (iii) an event of insolvency or bankruptcy of the entity or any of the counterparties.

- IAS 36 "Impairment of assets" (Amendments)
  These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period.

- IAS 39 "Novation of derivatives and continuation of hedge accounting" (Amendments)
  These amendments provide an exception to discontinue hedge accounting when is given the novation of a derivative designated as a hedging instrument that meets certain criteria.

- IFRIC 21 "Levies"
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognized before the specified minimum threshold is reached.

- Annual improvements to IFRS's (2010-2012 cycle) -
  In the cycle of annual improvements to IFRSs 2010-2012, the IASB issued seven amendments to six standards, including an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 immediately became effective for periods beginning on or after January 1, 2014 and clarifies the basis for conclusions that accounts receivable and payable in the short term without explicit interest rates can be measured through the amounts of invoices when the effect of discounts is not significant. These amendments to IFRS 13 have no effect on the Company.

- Annual improvements to IFRS's (2011-2013 cycle) -
  In the cycle of annual improvements to IFRSs 2011-2013, the IASB issued four amendments to four standards, including an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 immediately became effective for periods beginning on or after January 1, 2014 and clarifies the basis for conclusions that an entity may choose to apply a current standard or a new norm that is not yet compulsory. However, early application is permitted provided that any such rules are consistently applied to all periods presented in the first financial statements of the entity issued under IFRS. These amendments to IFRS 1 have no effect on the Company, since it already prepares its financial statements under IFRS and is not a first-time adopter of these rules.

Information on judgments, estimates and significant accounting assumptions used by Management in the preparation of the accompanying financial statements is included in note 2.3.

2.2 Basis of accounting principles and practices -

The accounting principles and practices of the company for the preparation of its financial statements are described below:

(a) Financial instruments – initial recognition and subsequent measurement

(a.1) Financial assets –

The financial assets within the scope of the International Accounting Standard 39: Financial Instruments: Recognition and Measurement (IAS 39) are classified as financial assets at fair value through changes in profits or losses, loans and accounts receivable, held-to-maturity investments or available-for-sale financial investments, or derivatives designated as hedging in instruments, as appropriate. The Company determines the classification of its financial assets on initial recognition.

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are initially recognized at fair value plus incremental costs related to the transaction that can be directly attributed to the acquisition or issuance of the instrument, except in the case of financial assets and liabilities carried at fair value through changes in profits or losses.

Datos Perú - Cosapi S

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the date of the transaction that the Company commits to purchase or sell the asset. Derivatives are recognized on the date of the transaction.

Subsequent measurement –
The subsequent measurement of financial assets depends on their classification. As of December 31, 2014 and 2013, the Company only has loans and receivables whose most important aspects are described below:

Loans and accounts receivable –
Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. After their initial recognition, these assets are carried at amortized cost using the effective interest method (EIR), less any provision for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. EIR's amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

As of December 31, 2014 and 2013, the Company held in this category cash and cash equivalents, trade receivables, receivables from related parties and other receivables, which are expressed at transaction value, net of the provision for doubtful accounts when applicable.

Derecognition –
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when: (i) the rights to receive cash flow from such asset have expired; or (ii) the Company has transferred the rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" agreement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control of itself.

(a.2) Impairment of financial assets –
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account

and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the book value of the asset does not exceed its amortized cost at the reversal date. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income. Any subsequent reversal of an impairment loss will be recognized in the statement of comprehensive income.

(a.3) Financial liabilities -

Initial recognition and measurement -

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans, and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

As of December 31, 2014 and 2013, financial liabilities of the Company include trade payables, payables to the affiliates, other payables and borrowings, all classified as liabilities at amortized cost.

Subsequent measurement -

After their initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest rate method. Gains and loss are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The amortization is included in finance costs in the statement of comprehensive income.

Financial liabilities are classified as current liabilities unless the Company has an irrevocable right to defer the settlement of obligations for more than twelve months after the date of the statement of financial position. Borrowing costs are recognized on the accrual method, including commissions related to the acquisition of financing.

Datos Perú - Cosapi S

Derecognition –
A financial liability is derecognized when the relevant obligation has been discharged or canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts are recognized in the statement of comprehensive income.

(a.4) Offsetting of financial instruments –
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(a.5) Fair value of financial instruments –
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Also, Management analyzes the movements in the values

of assets and liabilities to be valued in accordance with the accounting policies of the Company.

For purposes of the disclosures of fair value, the Company has determined the types of assets and liabilities based on their nature, characteristics and risks and the level of the fair value hierarchy as explained above.

(b) Transactions and balances in foreign currency -
Foreign currency transactions are those made in a currency different from the functional currency which is the U.S. dollar. Transactions in foreign currency are initially recorded at the functional currency rate in force at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the statement of financial position date and are recognized in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates as of the dates of the initial transactions.

(c) Cash and cash equivalents -
Cash and cash equivalents presented in the statement of financial position separately comprise cash balances and bank accounts, see note 3. For purposes of preparing the statements of cash flows, cash and cash equivalents includes cash and short-term deposits with original maturities of three months or less, net of bank overdrafts.

(d) Leases -
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a lessee -
Finance leases that substantially transfer to the Company all the risks and benefits inherent to the ownership of the leased item, are capitalized at the beginning of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as financial expenses in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Under the finance lease, a lessor retains legal title to an asset but passes substantially all the risks and rewards of ownership to the lessee in return for a stream of rentals.

In substance, therefore, the lessor provides finance and expects a return thereon.

Datos Perú - Cosapi S

The standard requires lessors to recognise assets held under a finance lease in their balance sheets as a receivable at an amount equal to the net investment in the lease.

The lease payments received from the lease are treated as repayments of principal and finance income.

Initial direct costs may include commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging the lease.

They are included in the measurement of net investment in the lease at inception and reflected in the calculation of implicit interest rare

The recognition of finance should be based on pattern reflecting a constant periodic rate of return on lessor's net investment outstanding in respect of the finance lease.

Operating lease payments are recognized as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Company as a lessor -
Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

(e) Inventories -
Inventories are stated at the lower of cost or net realizable value, net of the allowance for obsolescence of inventories. The cost of pack material, replaced equipment and spare parts, includes the acquisition cost to the affiliated companies plus import costs. Net realizable value is defined as the estimated selling price obtained in the ordinary course of business, less estimated costs of completion and estimated selling and distribution expenses. Inventories in transit are presented at their specific acquisition cost.

Allowance for obsolescence of inventories is estimated for those items which total realization is no longer probable and is determined based on an individual technical assessment, considering the age of the stored items.

(f) Vehicles and equipment -
Vehicles and equipment are stated at cost, net of accumulated depreciation and, if it's applicable, less the provision for impairment. The historical cost of acquisition includes all the expenses that are directly attributable to the acquisition of the assets. Repairs and maintenance costs are normally recognized as expenses as these are incurred.

In case it is clearly demonstrated that subsequent disbursements to replace or needed for the continuity of the vehicles and equipment will result in future economic benefits from the use of it, and the cost can be reliably measured, disbursements will be capitalized as an additional cost of vehicles and equipment.

Depreciation is computed based on the straight-line method in the following years:

	Years
Vehicles	5
Computer equipment	4
Furniture and fixture	10
Various equipment	10

The value in books of an asset writes-off immediately to its recoverable value if its value in books is major than its estimated recoverable value, see paragraph (g) below.

When the assets are sold or withdrawn, the cost and accumulated depreciation are eliminated and any profit or loss arising is included in the statements of income.

Residual values, useful lives and methods of depreciation are reviewed and adjusted when appropriate at each year end.

(g) Impairment of non-financial assets -

The Company reviews and evaluates the impairment of its long-lived assets when events or economic changes occur that indicate that the book value may not be recovered. An impairment loss is the amount by which the book value of long-lived assets exceeds the net selling price or value in use, whichever is higher. The net selling price is the amount that may be obtained in the sale of an asset in a free market, while the value in use is the present value of estimated future flows expected to be obtained from the continuous use of an asset and its disposal at end of its useful life. An impairment loss recognized in previous years is reversed if a change occurs in the estimates that were used on the last occasion in which said loss was recognized.

For the performance of the annual test of impairment loss of its assets, the Company uses the value in use by cash generating unit as the recoverable amount of the asset. When evaluating the value in use, the estimated future cash flows are discounted at their present value using a discount rate before taxes that reflects the current market evaluation of the time value of money and the specific risks of the asset. Impairment losses from continuous operations are recognized in the statements of comprehensive income in the expense categories consistent with the function of the impaired asset.

Likewise, an evaluation is performed on each report date to determine whether there are indications that previously recognized impairment losses have disappeared or decreased. If such indications are found, the Company makes an estimate of the recoverable amount. An impairment loss recognized in previous years is reversed if a change occurs in the estimates that were used on the last occasion in which a loss for deterioration was recognized. If applicable, the

Datos Perú - Cosapi S

book value of the asset is increased to its recoverable value. The reversal may not exceed the book value that would have resulted, net of depreciation, in the case that a loss for deterioration had not been recognized in previous years. Said reversal is recognized in the statements of comprehensive income.

(h) Provisions -

Provisions are recognized when the Company has a present obligation (whether legal or implied) as a result of a past event and it is probable that an outflow of resources of the Company will be required to settle the obligation and the amount can be fairly estimated. The amount of the provision is the present value of expenses that are intended to be incurred to cancel them. When the Company expects that a part or the whole of the provision will be recovered, those recovers are recognized as assets if there is certainty of the recover. The provision is shown in the statements of comprehensive income.

(i) Contingent assets and liabilities -

Contingent liabilities are shown in the financial statements when its considered likely that they will be confirmed in te future and can be reasonably quantified; otherwise, any contingencies are only shown in the notes to the financial statements.

Contingent assets are not recorded in the financial statements but are disclosed in the notes to the financial statements when is probable that the Company will recognise an economic benefit.

(j) Income tax -

(j.1) Current income tax -

The current income tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. Income tax is computed based on Company's individual financial statements.

(j.2) Deferred income tax –

Deferred income tax reflects the effects of the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial purposes. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which temporary differences are expected to be recovered or eliminated. The measurement of deferred assets and liabilities reflects the tax consequences that arise from the manner in which the Company expect, at the statement of financial position, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are recognized without taking into consideration the time in which it is estimated that temporary differences will be written off. Deferred assets are recognized when sufficient future tax benefits are probable to exist to apply the deferred assets. As of the date of the statement of financial position, the Company assesses the non-recognized deferred assets and the balances of the recognized assets.

(j.3) Value added tax -

Revenue from ordinary operations, expenses and assets are recognized excluding the value added tax, except when:

- The value added tax incurred in the acquisition of assets or services is not recoverable from the Tax Authority, in such case the tax is recognized as part of the acquisition cost of the assets or as expense, respectively;
- The accounts receivable and payable are stated including the value added tax.

The net value added tax expected to be recovered or paid to the Tax Authority, is presented as an account receivable or payable in the statement of financial position, respectively.

(k) Employees benefits -

The Company has current employees' benefits obligations that include compensation, social security, legal gratifications and workers' profit sharing. These obligations are charged to the statement of income as accrued.

(l) Revenue, cost and expenses recognition -

Revenues are recognized when the amount of the revenue can be reliably measured and it is probable that economic benefits associated with the transaction will flow to the Company. Revenues are recognized when the following criteria are met:

- Sales of packing supplies and equipment -
  Sales of packing supplies and equipment are recognized when all the risks and benefits inherent to product ownership have been transferred to the customer from the date of conformity with respect to the acquired good.
- Lease of equipments -
  Revenues from lease equipments are recognized as they accrue over the term of the contracts.
- Services rendered -
  Revenues for services are recognized on accrual basis.
- Interests -
  Interest revenues are recognized on accrual basis, unless collectability is uncertain.

The cost of sales corresponding to products, (packing supplies and packing equipment), sold by the Company, is recorded at the time the products are delivered, simultaneously with the recognition of sales revenue.

Financial costs are recorded as an expense on an accrual basis and include charges for interest and other costs incurred related to the loans.

Other costs and expenses are recognized as they are incurred, aside from the time when they are paid and are recorded in the related periods.

Datos Perú - Cosapi S

2.3 Significant accounting judgments, estimates and assumptions –

The preparation of financial statements in accordance with the International Financial Reporting Standards requires management to make judgments, significant estimates and assumptions in determining the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years ended December 31, 2014 and 2013.

In the management´s opinion, these estimates were made based on their best knowledge of relevant facts and circumstances at the time of preparation of financial statements, but the results could differ from those estimates. The Company's management does not expect significant changes if any, on the financial statements.

The most significant estimates considered by management in relation to the financial statements relate primarily to:

- Allowance for doubtful accounts, note 2.2 (a.2)
- Allowance for impairment of inventories, note 2.2 (e)
- Depreciation of vehicle and equipment, note 2.2(f)
- Provision for contingencies, note 2.2(i)

Any no material differences in the estimates in subsequent actual results are recorded in the statements of income in the year in which it occurs.

2.4 New accounting pronouncements -

The following list corresponds to the IFRS issued but not yet effective at the date of issuance of the Company's financial statements. In this regard, the following list includes the standards that the Company reasonably expects to be applicable in the future. The Company intends to adopt these standards when effective.

- IFRS 9 "Financial Instruments: Classification and Measurement"

  In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The application of IFRS 9 will have an effect on the classification and measurement of financial assets of the Company, but there will be no impact on the classification and measurement of financial liabilities.

- IFRS 15 Revenue from Contracts with Customers
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

- Amendments to IFRS 11 Joint Arrangements: Accounting for acquisitions of interests
  Where a joint operator acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, it must apply all of the principles on business combinations accounting as set out in IFRS 3 Business Combinations, and other standards. Amendments to IFRS 11 require that a joint operator record the acquisition of an interest in a joint venture in which the activity of the joint operation constitutes a business, according to IFRS 3. The amendments also clarify that a preexisting interest in a joint operation is not remeasured in the acquisition of an additional interest in the same joint operation, while joint control is maintained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including reporting entity, are under common control of the same main controller.

  The amendments apply to both the acquisition of the initial stake in a joint operation and the acquisition of any additional interest in such joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
  The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

  The amendments are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. It is not expected that these amendments will have an impact for the Company, since they have not used a method based on income to depreciate its non-current assets.

Datos Perú - Cosapi S

3. **Cash and cash equivalents**

This caption mainly comprises currents account in local banks, stated in Nuevos Soles and in U.S. dollars, earn interests at local market rates in each currency and are free of liens.

4. **Accounts receivable, net**

(a) This item is made up as follows:

	2014 US$(000)	2013 US$(000)
Invoices receivable from third parties (b)	29,638	27,207
Less		
Allowance for doubtful accounts receivable (d)	(234)	(1,182)
Non-current portion (c)	(28)	(136)
	29,376	25,889

Trade accounts receivable are mainly denominated in Peruvian Nuevos Soles. Long-term accounts receivable for sales of machinery earn interests at Libor plus 2 percent average per year rate, and are guaranteed with a first and preferential industrial lien on sold machinery.

(b) As of December 31, 2014 and 2013, the maturities of the trade accounts receivable, are as follows:

	Not Impaired US$(000)	Impaired US$(000)	Total US$(000)
As of December 31,2014 -			
Not yet due -	28,254	-	28,254
Up to 2 months (*)	929	-	929
From 2 to 6 months	26	-	26
More than 6 months	195	234	429
	29,404	234	29,638

	Not Impaired US$(000)	Impaired US$(000)	Total US$(000)
As of December 31,2013 -			
Not yet due -	25,236	-	25,236
From 2 to 6 months	198	-	198
More than 6 months	591	1,182	1,773
	26,025	1,182	27,207

Trade accounts receivable as of December 31, 2014, includes 24 customers (19 customers as of December 31, 2013).

(c) As of December 31, 2014, the recovering estimated dates of the long-term accounts receivable are until the year 2016, this account earns annual Libor plus 2 percent interest rate and matures as follows:

	2014 US$(000)	2013 US$(000)
2015	-	108
2016	28	28
	28	136

(d) Movements within the allowance for doubtful accounts receivable were as follows:

	2014 US$(000)	2013 US$(000)
Initial balance	1,182	1,021
Allowance of the period, Note 15(a)	4	335
Recovery of doubtful allowance	(354)	-
Writte - offs	(598)	(174)
Ending balance	234	1,182

In Management's opinion, the allowance for doubtful trade accounts receivable is enough to cover the credit risk as of December 31, 2014 and 2013.

5. Inventories, net

(a) This item is made up as follows:

	2014 US$(000)	2013 US$(000)
Filling machines (b)	4,139	4,099
Material and equipment (c)	1,064	3,629
Spare parts	386	746
Packing supplies	315	605
	5,904	9,079
Inventories in transit	1,652	1,556
Less - Allowance for obsolescence of inventories (d)	(1,796)	(1,898)
	5,760	8,737

Datos Perú - Cosapi S

(b) The equipment included in the caption "Inventories" are located in facilities of clients, however, since they are not totally installed and operative, the ownership and associated risks of these equipments have not been transferred to the clients.

(c) As of December 31, 2014 and 2013, this caption includes machinery ready to be sold.

(d) Movements within the allowance for obsolescence of inventories were as follows:

	2014 US$(000)	2013 US$(000)
Beginning balance	1,898	938
Allowance of the year, note 13(a)	562	960
Obsolete existence destroyed during the year, note 13(a)	(664)	-
Ending balance	1,796	1,898

In Management's opinion, the allowance for obsolescence of inventories covers such risk as of December 31, 2014 and 2013.

(e) During years 2014 and 2013, the Company recorded an allowance for obsolescence of inventories for an amount of approximately US$562,000 and US$960,000, respectively, corresponding to equipment with obsolete technology.

6. Prepaid expenses and taxes

(a) This item is made up as follows:

	2014 US$(000)	2013 US$(000)
Prepaid Income Tax, net (b)	2,087	1,225
Value Added Tax credit	1,358	1,126
Other deferred charges (c)	2,005	1,729
	5,450	4,080

(b) According to the Company's Management opinion, the prepaid income tax will be off-set with the current income tax expense of the next years.

(c) As of December 31, 2014 and 2013, corresponds mainly to advance payments made for maintenance of machinery.

7. Vehicles and equipment, net

(a) The annual movements within this item are as follows:

	Production Equipment US$(000)	Lease hold improvement US$(000)	Vehicles US$(000)	Computers equipment US$(000)	Furniture and fixtures / Various equipment US$(000)	Work in progress US$(000)	Total 2014 US$(000)	Total 2013 US$(000)
Cost								
Balance as of January 1st	81	357	456	385	332	19	1,630	1,454
Additions	-	376	-	55	101	33	565	269
Retirements	-	(357)	(41)	(2)	(99)	-	(499)	(93)
Balance as of December 31	81	376	415	438	334	52	1,696	1,630
Accumulated depreciation								
Balance as of January 1st	(12)	(219)	(152)	(218)	(201)	-	(802)	(715)
Additions (e)	(16)	(45)	(82)	(60)	(28)	-	(231)	(179)
Retirements and adjustments	-	264	24	-	70	-	358	92
Balance as of December 31	(28)	-	(210)	(278)	(159)	-	(675)	(802)
Net carrying value	53	376	205	160	175	52	1,021	828

Datos Perú - Cosapi S

(b) The fixed assets are free of liens as of December 31, 2014 and 2013.

(c) As of December 31, 2014 and 2013 the Company has an insurance coverage for vehicles and equipment amounting approximately to US$27,286,815 millions. In Management's opinion, the insurance policies of the Company are consistent with the international practice in the industry.

(d) The depreciation expense has been recorded in the following captions of the statements of income:

	2014 US$(000)	2013 US$(000)
Administrative expenses, note 15(a)	231	143
Sales expenses, note 14	-	36
	231	179

8. Trade accounts payable

This caption mainly comprises the obligations with suppliers for the purchase of raw materials. Trade accounts payable have current maturities, are denominated in Peruvian Nuevos Soles and U.S. Dollars, do not have specific guarantees and have normal market conditions.

9. Other accounts payable

(a) This item is made up as follows:

	2014 US$(000)	2013 US$(000)
Salaries and social benefits to workers	278	299
Taxes and contributions	159	104
Interest payable	51	49
Advance from customers	-	200
Other provisions	140	121
	628	773

(b) The other accounts payable have current maturities and do not accrue interests. The Company has not granted guarantees for these obligations.

10. Financial obligations

This item is made up as follows:

Creditor	Due date and annual interest rate	2014 US$(000)	2013 US$(000)
SEB Marchant	Libor + 0.60 percent of annual interest rate, with annual maturities, renewable at its maturity. Due date: 27.03.2015.	25,500	25,500
SEB Marchant	Libor + 0.60 percent of annual interest rate, with annual maturities, renewable at its maturity. Due date: 27.03.2015.	1,493	1,493
SEB Marchant	Libor + 0.60 percent of annual interest rate, with annual maturities, renewable at its maturity. Due date on 27.03.2015.	2,600	2,600
Citibank N.A., New York	Libor + 1.9 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 16.03.2015.	1,200	-
Citibank N.A., New York	Libor + 1.9 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 17.04.2015.	1,000	-
SEB Marchant	Libor + 0.60 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 23.01.2015.	1,500	1,500
SEB Marchant	Libor + 0.60 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 23.01.2015.	1,700	1,700
SEB Marchant	Libor + 0.60 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 23.01.2015.	2,500	2,500
SEB Marchant	Libor + 0.60 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 23.01.2015.	1,500	1,500
SEB Marchant	Libor + 0.60 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 23.01.2015.	2,000	-
SEB Marchant	Libor + 0.60 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 31.03.2015.	1,000	-
Citibank N.A., New York	Libor + 2.0 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 18.02.2014.	-	2,000
Citibank N.A., New York	Libor + 2.0 percent of annual interest rate, with three months maturities, renewable at its maturity. Due date: 18.02.2014.	-	2,500
		41,993	41,293

Datos Perú - Cosapi S

Bank loans will be paid with the collection of the short and long term accounts receivables. The Company has not granted guarantees for these loans. According to Management's opinion, these loans will be renew at its maturity days.

11. Capital stock

(a) As of December 31, 2014 and 2013, the Company's capital stock is comprised of 5,247,314 (equivalent to US$ 1,837,190) common shares, fully subscribed and paid, with a nominal value of S/.1.00 per share; the property of these shares corresponds to non-domiciled shareholders.

(b) Legal reserve –
In accordance with the Peruvian Companies Act, this reserve is created through the transfer of 10 percent of the earnings for the year up to a maximum of 20 percent of the paid-in capital. In the absence of profit or unrestricted reserves, the legal reserve must be used to compensate for losses in the absence of non-distributed earnings or non-restricted reserves, and transfers made to compensate for losses must be replaced with future earnings. The legal reserve can compensate losses or can be capitalized. In both cases, it is mandatory to replenish it.

12. Gross sales of products and services

(a) This item is made up as follows:

	2014 US$(000)	2013 US$(000)
Sales of packing material	60,114	58,451
Sales of services and spare parts	8,463	8,859
Sales of packing and filling equipment	7,853	6,610
	76,430	73,920
Discounts (c)	(17,560)	(15,589)
	58,870	58,331

(b) During the year 2014, four customers represented 97 percent of the total sales (74 percent during 2013). As of December 31, 2014 and 2013, 75 percent of the accounts receivable from third parties are related to these customers.

(c) Rebates accrued are determined according with certain volumes established in the trade agreements signed off. These amounts are paid when the packing material production comply with customer's conformity.

During 2014 and 2013, the Company has recorded discounts amounting to US$17,560,000 and US$15,589,000, respectively.

13. Cost of sales and services

(a) This item is made up as follows:

	2014 US$(000)	2013 US$(000)
Initial inventory	10,622	11,662
Purchases, note 18(a)	40,139	45,493
Final inventory	(5,734)	(10,622)
Cost of sold products	45,027	46,533
Allowance for obsolescence of inventories, note 5(d)	562	960
Personnel expenses	1,709	1,690
Outsourcing (b)	313	337
Services from third parties	90	108
Obsolete existence, note 5(d)	664	-
Other expenses	515	428
Cost of services	3,853	3,523
Total cost of sale	48,880	50,056

(b) Outsourcing from third party to improve the technical service provided to customers.

14. Selling expenses

(a) This item is made up as follows:

	2014 US$(000)	2013 US$(000)
Advertising expenses (b)	2,512	3,105
Services rendered by third parties	107	116
Depreciation, note 7(d)	-	36
	2,619	3,257

(b) In comparison with 2013, the Company only made joint advertising agreements with clients, reducing its advertising expenses.

Datos Perú - Cosapi S

15. Administrative expenses

(a) This item is made up as follows:

	2014 US$(000)	2013 US$(000)
Personnel expenses (b)	4,343	3,948
Professional fees and services rendered by third parties	1,917	2,163
Managing service, note 18(a)	-	210
Allowance for doubtful accounts receivable, note 4(d)	4	335
Depreciation, note 7(d)	231	143
Other expenses	238	58
	6,733	6,857

(b) Personal expenses:

	2014 US$(000)	2013 US$(000)
Salaries (c)	1,896	1,885
Gratifications	412	412
Taxes and contributions	326	355
Social benefits	408	241
Vacations	206	277
Profit shares	274	419
Other personal expenses	821	359
	4,343	3,948

(c) At December 31, 2014 and 2013, the number of administrative employees and operating in the Company is 64 and 62 people, respectively.

(d) During the Company´s management agreed to increase the accounting support.

16. Tax situation

(a) The Company is subjected to Peruvian tax regime. As of December 31, 2014 and 2013, the rate of income taxi s 30 percent on taxable income.

Beginning with fiscal 2015, in response to the Law 30296 published on December 31, 2014 and effective from January 1, 2015, the rate of income tax applicable on taxable income, after deducting the participation of workers, will be as follows:

- Exercises 2015 and 2016: 28 percent.
- Exercises 2017 and 2018: 27 percent.
- Exercises 2019 and forward: 26 percent.

Legal entities not domiciled in Peru and individuals are subject to retention of an additional tax on received dividends. In this regard, in accordance with Law 30296, the additional tax on dividend income generated is as follows:

- 4.1 percent for profits generated until December 31, 2014.
- For the profits generated from 2015, whose distribution is made from that date, it will be:
  - 2015 y 2016: 6.8 percent.
  - 2017 y 2018: 8 percent.
  - 2019 and forward: 9.3 percent.

(b) For the purpose of determining income tax and general sales tax, transfer pricing of transactions with related companies and resident companies in territories with low or no taxation must be supported by documentation and information on the valuation methods used and criteria used for its determination. Based on the analysis of operations of the Company, Management and its legal advisors believe that, as a result of the application of this standard, no significant contingencies for the Company will arise as of December 31, 2014 and 2013.

(c) Tax Authority has the power to review and, if necessary, adjust the income tax and general sales tax calculated by the Company during the four years following the filing of the tax return. Affidavits of Income Tax and General Sales Tax for the years 2010 to 2014 are subject to audit by the Tax Authority. Due to the possible interpretations that the Tax Authority can give to active legal norms, it is not possible to determine to date if of the reviews made will result or not liabilities for the Company, so any eventual higher tax or charge that could result from tax reviews would be charged to income in the period in which it is determined.

In the opinion of Management and its legal advisors, any additional tax settlement would not be significant to the financial statements as of December 31, 2014 and 2013.

Datos Perú - Cosapi S

17. Deferred income tax assets and liabilities, net

(a) This caption is made up as follows:

	As of January 1, 2013	Debit (credit) to the statement of income	As of December 31, 2013	Debit (credit) to the statement of income	Debit (credit) to income statement for rates change	As of December 31, 2014
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Deferred assets						
Provision for vacations	101	(101)	-	74	(5)	69
Allowance for doubtful accounts receivable	367	(189)	178	(149)	(2)	27
Allowance for obsolescence of inventories	281	196	477	62	(36)	503
Provision for impairment of inventories	150	(150)	-	-	-	-
Tax loss carryforward	-	450	450	(71)	(25)	354
Accruals	-	56	56	(2)	(4)	50
Financial lease treatment	226	358	584	(584)	-	-
Total deferred assets	1,125	620	1,745	(670)	(72)	1,003
Other provisions	940	(940)	-	-	-	-
Total deferred liabilities	940	(940)	-	-	-	-
Total deferred assets, net	185	1,560	1,745	(670)	(72)	1,003

In Management's opinion, the deferred income tax will be applied to future profits, according to the financial budgets prepared.

(b) The benefit (expense) for income tax presented in the statement of income as of 31 December 2014 and 2013 is composed as follows:

	2014	2013
	US$(000)	US$(000)
Income tax		
Deferred	(742)	1,560
Current	(530)	-
	(1,272)	1,560

(c) For the years 2013 and 2012, the reconciliation of the effective and legal rate of the income tax is presented below:

	2014		2013	
	S/.(000)	%	S/.(000)	%
Loss (income) before income tax	821	100.00	(2,645)	100.00
Income tax- legal rate	247	30.00	(794)	30.00
Effect of the change in income tax rate	(72)	8.77	-	-
Differences of permanent items	(1,447)	176.25	2,354	88.99
Tax expense	(1,272)	155.05	1,560	58.98

18. Transactions and balances with related parties

(a) The main transactions made with related parties for the years ended December 31, 2014 and 2013 are as follow:

	2014 US$(000)	2013 US$(000)
Sale of services and spare parts	236	940
Purchases of goods, equipment and spare parts, note 13(a)	40,139	45,493
Management service, note 15(a)	-	210

(b) As a consequence of these transactions, the Company has the following accounts receivable and payable as of December 31, 2014 and 2013:

	2014 US$(000)	2013 US$(000)
Accounts receivable		
Tetra Pak S.R.L.	879	-
Tetra Pak Ltda	105	85
Alfa Laval S.A.	76	-
Tetra Pak CIA Lta	60	49
Tetra Laval Credit AB	14	4,159
Tetra Pak CA	13	150
Tetra Laval Finance & Treasury	12	-
Others	108	99
	1,267	4,542
Accounts payable		
Tetra Pak International SA	3,315	6,502
Tetra Pak Dairy Beverage Systems AB	968	950
Tetra Pak Technical Service AB	282	419
Tetra Pak Processing Components AB	518	-
Tetra Pak Packaging Solutions AB	279	-
Tetra Laval Finance & Treasury	12	-
Tetra Pak Food Machinery	-	252
Others	405	-
	5,779	8,123

Datos Perú - Cosapi S

Purchases of packing materials and packing equipment from affiliated are made under market conditions. Tetra Laval Group has set a procedure for compensation accounts between the related companies (a process called "netting"), through which at the end of the month all balances (assets and liabilities) are transferred to the current account of Tetra Laval Finance Treasury, an entity which is responsible for carrying out the transfers for each related company. The deadline for payment of all balances determined on a monthly basis is 60 days and do not generate interests for the period.

19. Contingencies

The Company is involved in legal claims of a diverse mature. Management believes that any possible loss which may result from these claims will not have a materially adverse effect on the Company's financial position of reported results.

20. Management of financial risk

Company's activities expose it to a variety of financial risks, which include the effects of changes in exchange rates of foreign currency, credit and liquidity. The risk management program of the Company tries to minimize the potential adverse effects on its financial performance.

Management of the Company is aware of the conditions of the market and, on the basis of their knowledge and experience; it controls liquidity, currency and credit risks, according to policies approved by the Board. The most important aspects of managing these risks are:

(a) Market risk –

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices include three types of risk: interest rate risk, currency risk and risk on equity investments. In the case of the Company, financial instruments affected by market risk include deposits and loans, which are exposed to currency and interest rates risks.

The sensitivity analysis shown in the following section relates to the position as of December 31, 2014 and 2013. The sensitivity analysis has been prepared considering that the amount of net debt and the proportion of financial instruments in foreign currency are kept constant.

(b) Interest rate risk –

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As of December 31, 2013 and 2012, the Company holds variable rate debt, which is exposed to a risk of change in interest rate.

(c) Currency risk -

The exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Company's exposure to exchange rates relates primarily to its operational activities.

The Company makes no coverage of their exposure to exchange rate risk.

Transactions in foreign currency are made at the exchange rates published by Superintendencia de Banca, Seguros y AFP's (SBS). As of December 31, 2014, the weighted average free market exchange rates for transactions in Nuevos Soles were US$ 0.3355 for buying and US$ 0.3346 for selling (US$0.3579 for buying and US$0.3577 for selling as of December 31, 2013) for S/.1.00.

As of December 31, 2014 and 2013, the Company's assets and liabilities in foreign currency were as follows:

	2014 S/.(000)	2013 S/.(000)
Assets		
Cash and banks	1,808	3,582
Accounts receivable	20,696	71,068
Other accounts receivable	982	3,640
Prepaid expenses and taxes	22,085	12,040
Total assets	45,571	90,330
Liabilities		
Trade accounts payable	(1,912)	(6,053)
Other accounts payable	(2,767)	(2,024)
Total liabilities	(4,679)	(8,077)
Net liability position	40,892	66,573

As of December 31, 2014 and 2013, the Company had no derivative product operations in force to hedge its exchange risk. During 2014, the Company recorded a net loss from exchange difference of approximately US$1,740,000 (net loss by approximately US$1,199,000 as of December 31, 2013), which is presented in the statements of income.

Below is a table showing the impact on incomes before income tax and workers' profit sharing, with a reasonable variation in the exchange rate, holding constant all other variables.

Sensitivity analysis	Increase / decrease of the exchange rate	Effect on profit before income tax	
	%	2014 S/.(000)	2013 S/.(000)
Devaluation -			
U.S. Dollars	+5	(684)	(1,471)
U.S. Dollars	+10	(1,368)	(2,942)
Revaluation -			
U.S. Dollars	-5	684	1,471
U.S. Dollars	-10	1,368	2,942

Datos Perú - Cosapi S

(d) Credit risk -

Credit risk is the risk that a counterparty cannot meet its obligations in relation to a financial instrument or contract of sale, causing a financial loss. The Company is exposed to credit risk by operating activities (primarily accounts receivable and loans) and its financing activities, including bank deposits.

Credit risks related to accounts receivable: credit risk of clients is managed by Management, subject to policies, procedures and controls set properly. The outstanding balances of accounts receivable are periodically reviewed to ensure their recovery. As of December 31, 2014, the Company had 24 clients (19 clients as of December 31, 2013). As of December 31, 2014 and 2013, 4 customers concentrate 97 percent and 5 customers 89 percent of the accounts receivable, respectively. The maximum credit risk exposure to the statement of financial position date is the carrying value of each class of financial asset. See note 4(b).

Credit risk related to financial instruments and bank deposits: risks of credit balances with banks are managed by Management in accordance with Company policies. The investments of surplus cash are made with first class financial institutions. The maximum exposure to credit risk as of December 31, 2014 and 2013, is the carrying value of cash and bank balances shown in note 3.

(e) Liquidity risk -

The Company monitors its risk of shortage of funds using a short term and long term projected cash flow.

The Company's objective is to maintain continuity of funding and flexibility of these through the use of loans from the foreign financial institution. The following summarizes the maturity profile of assets and liabilities of the Company, based on the undiscounted contractual amounts to be disbursed.

	Less than 1 year US$(000)	**Between 1 and 2 years** US$(000)	**Between 2 and 5 years** US$(000)	**Total** US$(000)
As of December 31, 2014				
Trade accounts payable and other accounts payable, note 8 and 9	2,420	-	-	2,420
Accounts payable to related parties, note 18(b)	5,779	-	-	5,779
Financial obligations, note 10	41,993	-	-	41,993
	50,192	-	-	50,192

	Less than 1 year US$(000)	Between 1 and 2 years US$(000)	Between 2 and 5 years US$(000)	Total US$(000)
As of December 31, 2013				
Trade accounts payable and other accounts payable, note 8 and 9	2,889	-	-	2,889
Accounts payable to affiliates, note 18(b)	8,123	-	-	8,123
Financial obligations, note 10	41,293			41,293
	52,305	-	-	52,305

The Company has the financial support of its Parent Company in order to comply opportunely with the payments of its liabilities and continue its operations.

(f) Capital management -

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy financial ratios in order to support its business and maximize shareholders value.

Also, as it mentioned in note 1, the Company has the financial support of its Parent Company in order to continue its operations.

21. Information on the fair value of financial instruments

Accounting standards define a financial instrument like any contract that comes from any financial asset and a financial liability of a company or an equity instrument of another company. Fair value is defined as the amount to which a financial instrument can be exchanged in a transaction between two parts that wish it, different from a forced sale or from a liquidation, and the best evidence of its value is its price, if this one exists.

The methodologies and used suppositions depend on the terms and risks typical of the different financial instruments, and include the following:

- Accounts receivable from third parties, due to the fact that they are net of its allowance for uncollectibility, Management consider that their fair value is not significantly different from their books value.
- In case of the trade accounts payable, accounts payable to related parties and other accounts payable, due to the fact that these liabilities have current maturity, Management estimates that their books balances comes closer to their fair value.
- In case of the long-term debt and bank loans, due to the fact that they agree with market conditions and market interest rates, Management estimates that their book balances comes closer to their fair value.

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In Management's opinion, as of December 31, 2014 and 2013, the fair value of its financial instruments, taking into consideration the provisions recorded, is close to the values recorded in books.

22. Subsequent events

Between January 1, 2015 and the date of these financial statements were issued (February 28, 2015), there have not been significant subsequent events of financial-accounting matters that could affect the interpretation of the current financial statements.

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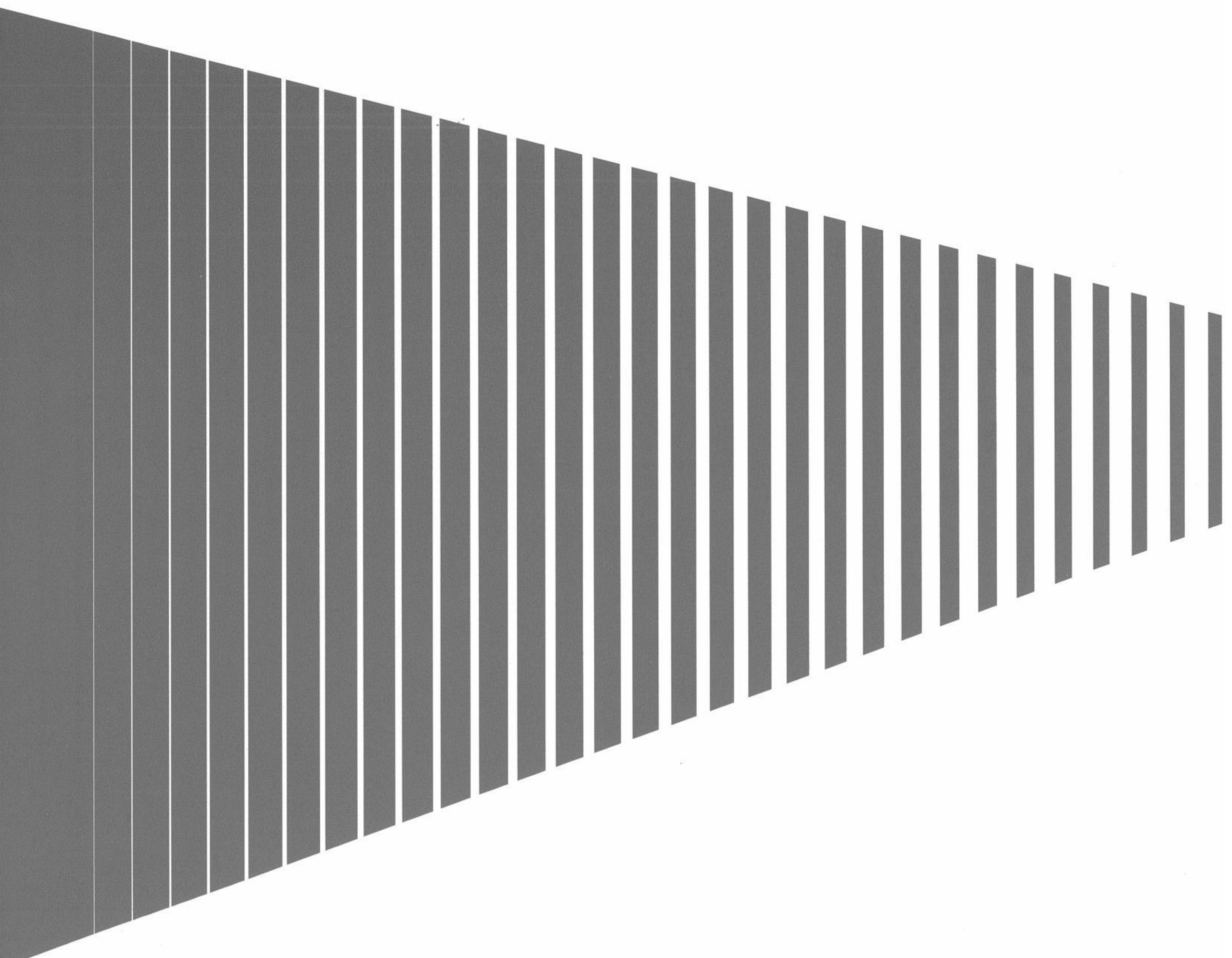

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